

Stock Code : 4737

Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>

Company website: <http://www.bionime.com.tw>

A stylized world map in light blue and yellow tones serves as the background for the text.

# BIONIME

## Bionime Corporation

### 2022 Annual Report

Published on May 13, 2023

**1. Company Spokesman:**

Spokeman

Name: Huang Chu-Mu

Title: Chairman

Tel: (04) 2369-2388

Email: investor@bionime.com

Acting spokeman

Name: Chen Hui-Zhen

Title: Assistant Manager of Administration Division

Tel: (04) 2369-2388

Email: investor@bionime.com

**2. Address and telephone number of the Company:**

Address: No. 100, Section 2, Daqing Street, Southern District, Taichung

Tel: (04)2369-2388

Fax: (04)2261-7586

**3. Name, address and telephone number of the stock transfer agency:**

Name: Stock Agency Department, China Trust Commercial Bank

Address: 5<sup>th</sup> Floor, No. 82, Section 1, Chongqing South Road, Taipei

Website: www.chinatrust.com.tw

Tel: (02) 6636-5566

**4. CPAs certifying the latest financial statements**

Names of CPAs: Zhang Zi-Xing, Wu Jun-Yuan

Name of CPA firm: KPMG Taiwan

Address: 68<sup>th</sup> Floor, No. 7, Section 5, Xingyi Road, Xingyi District, Taipei

Website: www.kpmg.com.tw

Tel: (02) 8101-6666

**5. Venue for trading the Company's listed overseas securities and inquiry method for such overseas securities: Nil**

**6. Company website: <http://www.bionime.com.tw>**

## Table of Contents

|                                                                                                                                                                    |            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>I. Letter to Shareholders .....</b>                                                                                                                             | <b>1</b>   |
| <b>II. Company Profile .....</b>                                                                                                                                   | <b>7</b>   |
| <b>III. Corporate Governance .....</b>                                                                                                                             | <b>10</b>  |
| <b>IV. Capital Overview .....</b>                                                                                                                                  | <b>86</b>  |
| 1. Capital and Shares .....                                                                                                                                        | 86         |
| 2. Corporate Bonds.....                                                                                                                                            | 94         |
| 3. Preferred Shares.....                                                                                                                                           | 94         |
| 4. Global Depository Receipts (GDR) .....                                                                                                                          | 94         |
| 5. Employee Stock Warrants.....                                                                                                                                    | 94         |
| 6. New Restricted Employee Shares .....                                                                                                                            | 97         |
| 7. Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares.....                                                                              | 97         |
| 8. Financing Plans and Implementation .....                                                                                                                        | 97         |
| <b>V. Operations Profile.....</b>                                                                                                                                  | <b>98</b>  |
| 1. Business Scope .....                                                                                                                                            | 98         |
| 2. Market and Sales Overview .....                                                                                                                                 | 110        |
| 3. Employee Information for the Past Two Year and as of the Publication of the Annual<br>Report .....                                                              | 125        |
| 4. Environmental Expenditure Information .....                                                                                                                     | 125        |
| 5. Labor Relations.....                                                                                                                                            | 127        |
| 6. Important Contracts.....                                                                                                                                        | 129        |
| <b>VI. Financial Profile .....</b>                                                                                                                                 | <b>130</b> |
| 1. Condensed Balance Sheet and Comprehensive Income Statements for the Past Five<br>Years .....                                                                    | 130        |
| 2. Financial analysis for the Past Five Years .....                                                                                                                | 136        |
| 3. The Audit Committee's Review Report.....                                                                                                                        | 139        |
| 4. Financial Statement for the most Recent Fiscal Year .....                                                                                                       | 139        |
| 5. A Parent Company only Financial Statement for the most Recent Fiscal Year, Certified<br>by a CPA.....                                                           | 139        |
| 6. If the Company or its Affiliates have Experienced Financial Difficulties in the most<br>Recent Fiscal Year or During the Current Fiscal Years up to the Date of |            |

|                                                                                                                                                |     |
|------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Publication of the Annual Report, the Annual Report shall Explain how Said<br>Difficulties will affect the Company's Financial Situation ..... | 139 |
|------------------------------------------------------------------------------------------------------------------------------------------------|-----|

**VII. A Review and Analysis of the Company's Financial Position and Financial Performance,  
and a Listing of Risks .....288**

|                                                                                                                                                          |     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 1. Financial Position.....                                                                                                                               | 288 |
| 2. Financial Performance.....                                                                                                                            | 290 |
| 3. CashFlow.....                                                                                                                                         | 291 |
| 4. Major Capital Expenditures During the most Fiscal Year.....                                                                                           | 291 |
| 5. Investment Policy for the most Recent Year, the Reasons or the Profits or Losses,<br>Improvement Plans, and Investment Plans for the Coming Year..... | 291 |
| 6. Risk Management.....                                                                                                                                  | 293 |
| 7. Other Important Matters.....                                                                                                                          | 298 |

**VIII. Special Disclosure .....299**

|                                                                                    |     |
|------------------------------------------------------------------------------------|-----|
| 1. Information Related to the Company's Affiliates.....                            | 299 |
| 2. Transactions about the Company's Private Placement of Securities.....           | 303 |
| 3. Holding or Disposal of Shares in the Company by the Company's Subsidiaries..... | 303 |
| 4. Other Matters that Require Additional Description.....                          | 303 |

**IX. Substantial Impact on Owner's Equity or Securities' Prices .....303**

## I. Letter to Shareholders

### 1. Business Report

#### (1) 2022 Annual operating report

2022 Business result:

( Unit: NT\$ thousand )

| Annual                | 2022      | 2021      | Increase/Decrease | Percentage |
|-----------------------|-----------|-----------|-------------------|------------|
| Net Operating Revenue | 2,210,589 | 1,849,924 | 360,665           | 19.50%     |
| Gross Profit          | 1,004,126 | 783,131   | 220,995           | 28.22%     |
| Operating Expenses    | 872,709   | 707,837   | 164,872           | 23.29%     |
| Operating Income      | 131,417   | 75,294    | 56,123            | 74.54%     |
| Income after Tax      | 91,820    | 89,325    | 2,495             | 2.79%      |

Note: Operating income in 2022 increased by 19.5% compared to 2021; operating expenses decreased by 23.29% compared to 2021; overall, income after tax increased by 2.79% compared to 2021.

#### (2) The analysis of 2022 and 2021 financial structure and profitability:

| Annual              |                                    | 2022   | 2021   |
|---------------------|------------------------------------|--------|--------|
| Items               |                                    |        |        |
| Financial Structure | Debts ratio(%)                     | 58.24  | 54.51  |
|                     | Long Term Funds to Fixed Assets(%) | 144.20 | 127.41 |
| Profitability       | Return on Assets(%)                | 2.43   | 2.31   |
|                     | Return On Equity(%)                | 4.41   | 4.30   |
|                     | Profit Margin(%)                   | 4.15   | 4.82   |
|                     | Earnings Per Share                 | 1.50   | 1.45   |

Note: Earnings per share increased from 1.45 NTD in 2021 to 1.50 NTD in 2022, and profitability in 2022 was improved compared to 2021.

(3) Budget implementation: The execution of budget is not disclosed, as the 2022 financial forecast was not publicly released.

#### (4) Status of research and development:

(a). The ratio of research and development fee in net amount of revenue and the result of research and development in last 3 years

| Annual<br>Items                                      | 2022    | 2021    | 2020    |
|------------------------------------------------------|---------|---------|---------|
| R&D Expenses                                         | 201,977 | 187,860 | 247,875 |
| R&D Expenses<br>to Net<br>Operating<br>Revenue ratio | 9.14%   | 10.16%  | 14.86%  |

(b). Machine types expected to be developed in 2022:

- A. The development of the wireless network-enabled touchscreen blood glucose meter (BGM), GM777, is integrated with the well-established IoT Cloud System Platform of our company. It has completed clinical trials in the United States and a FDA certification will be applied afterward. Once approved, it can attract more business cooperation opportunities with third-party companies in the remote medical platform.
- B. The company's new product, the Continuous Glucose Monitor (CGM), has completed clinical trials in seven major teaching hospitals in Taiwan in 2022. We have submitted an application to the Taiwan Food and Drug Administration (TFDA) for CGM certification, and it is expected that at the end of 2023, an approval letter for registration will be received.
- C. Following the international CGM industrial trend of size minimization of CGM for easy to wear, the company has completed the mechatronics integration design of the third-generation CGM, and developed the Bionime third-generation CGM prototype which has a smaller size.
- D. As the manufacturing process improves and the enhancement in CGM specifications, the warm-up time of machines will gradually shorten, and calibration methods will be refined to increase wearing duration. It is expected to undergo verification in clinical trials conducted in Taiwan and internationally in 2023, and to provide evidence through clinical trial reports to achieve the new specifications.
- E. The team has solely designed and manufactured the automatic production equipment in CGM production. It has gradually completed the third phase of the machine installation and pilot production.
  - In the need for self-design and assembling various machines in automatic production, currently there are preliminary prototypes available to achieve swift operation processes, and it is expected that the processing time will be significantly reduced.
  - The need for self-building AOI (Optical microscopic photography and AI-based automatic defect detection) devices with various functions to increase product

quality and yield.

- Constructing CIM (Computer Integrated Manufacturing) and MES (Manufacturing Execution System) software systems to progressively integrate and connect automated machines and the online product testing information of AOI (Automated Optical Inspection)

F.Solely completed the development of both the IOS and Android version of CGM cellphone App and the Cloud backstage and it is currently undergoing pilot testing.

G.Continuously developing the CGM self-processing technology, and as of the end of 2022, there was an accumulated total of 366 applications of Taiwan and international patents, and 135 patents had been certified.

(c).Product technology development in 2023

A.The third-generation miniaturized CGM from Bionime will undergo mold making in 2023, and conduct Verification & Validation, including external testing such as EMC/EMI, to ensure products comply with regulatory requirements. It is expected that international clinical trials will be conducted directly using the third-generation miniaturized CGM, which is estimated to significantly enhance the performance and business competitiveness of Bionime's CGM products.

B.In addition to the completed iOS and Android versions of the CGM App, Bionime will develop the CGM Partner App. This app will allow users to sync and receive CGM data shared by their family and friends, achieving parental care and synchronized support. Furthermore, a blood glucose management system operated by healthcare professionals will be concurrently established, enabling effective management of patients' blood glucose trends and providing a basis for appropriate medication adjustments.

C. Continuously self-construct CGM automated production equipment and complete the setup of machinery and equipment by the end of 2023, so that the basis of mass production can be established. This includes:

- Completion and Replication of self-designs and assembling automated production machines of different functions, including automatic assembling machines for components of CGM sensing probes and CGM implanter, to fulfill capacity requirements and optimization.
- Completion of self-building AOI (Optical microscopic photography and AI-based automatic defect detection) devices and their installation on automated production machines to execute On Line full-automated quality check of the product line.
- Utilization of CIM (Computer Integrated Manufacturing) and MES (Manufacturing Execution System) software systems to integrate and connect

automated machines and online product testing information of AOI (Automated Optical Inspection), adding marks to remove defective products and implement real-time supervision on automated machines in the product line. There is also a real-time response mechanism for real-time adjustments, thus achieving an outstanding Industry 4.0 production system.

## **2. 2023 Business Plan**

### **(1) Operating Strategies**

1. Create high-quality and affordable Continuous Glucose Monitors (CGM) devices to make CGM accessible to those in need of them.
2. Establish an automated production line with an intelligent manufacturing execution system and the 6 $\sigma$  spirits of corporate culture, striving for the highest quality to ensure users can use it at ease and live freely and comfortably
3. Within the existing operational resources, besides maintaining the growth dynamics of current customers, we still actively explore new niche markets. By identifying potential distributors and agents, we devise strategic planning and expand the market share.
4. Innovative use of the CDMO (Contract Development and Manufacturing Organization) business collaboration model, and collaboration with multiple international major manufacturers simultaneously through resource sharing are ways to reduce setup costs for both partners and Bionime, which can increase the chance of success of business collaborations and secure the large volume of orders and economies of scale.
5. Actively establish "local production" customers, expanding the company's product market share in specific regions and deepening cooperative relationships with customers.
6. Strengthen the company's own private brand in various countries through market positioning in e-commerce, thus increasing brand exposure and company recognition.
7. Continuously develop network-enabled blood glucose meters and their application in iOS and Android operating systems, including mobile Apps and telemedicine cloud service systems.
8. Enhance supply chain management to improve product quality and reduce costs effectively.
9. Continuously create and apply for different international patents to increase product value and enhance international competitiveness.

### **(2) Sales volume and estimations**

The Company's sales volume is estimated according to conditions as follows: sales results of 2022, references to the industrial environment, market demands, and considerations of the Company's production capacity and future requirements of customers. As for CGM, we must wait for the product to be launched before it can contribute to the revenue.

### **(3) Production and sales policy**

1. Strengthen the Customer Relationship Management (CRM) system to monitor the



status of business orders, align with customer order requirements and future developments, and adjust and expand production capacity accordingly to meet customers' demands and delivery schedules.

2. Effective supplier management planning and execution, including inventory level management, price negotiations, and delivery coordination, to meet customers' demand and achieve a competitive advantage in the market.
3. Stay informed about international raw material prices and trends to mitigate cost risks and make necessary price adjustments to customers.
4. Achieve an effective inventory management by analyzing the inventory status of raw materials, semi-finished products, and finished goods, and make appropriate adjustments to procurement and production quantities.

#### (4) The Expected Development Strategy

1. Continuously research and enhance Continuous Glucose Monitors (CGM) and execute international clinical trials in different countries.
2. Expand business with international major manufacturers with the CDMO (Contract Development and Manufacturing Organization) model of business collaborations.
3. Invest in software and hardware equipment of smart manufacturing, and enhance the performance of production management of the company and the quality of products.
4. Strengthen research and development capabilities to enhance product performance and quality, ensuring users can use our products at ease and live freely and comfortably.

### **3.External competition environment, Legislation and the influence of Overall Management**

#### (1) External competition environment

The big four suppliers of traditional blood glucose meters (BGM), namely Abbott, Roche, Johnson & Johnson, and Ascensia, have combined a nearly 82% of the worldwide market shares. But in recent years continuous glucose monitors (CGM) have been gradually replacing BGMs in Europe and America, thus causing a decline in the growth dynamics of the BGM market.

Estimations from professional investment agencies show that in 2024, the industrial output value of CGM factories will exceed BGM factories. Currently, the three international giant manufacturers Abbott, Dexcom, and Medtronic have dominated the global CGM market, with a combined market share of over 99%.

Bionime is aiming to cut costs by establishing a highly automated production line, and protecting its intellectual property rights by creating sufficient patent families. It plans to collaborate with established international BGM manufacturers and adopts a low-price strategy to jointly occupy the international CGM market. The goal is to make affordable CGM devices accessible to those in need of CGM.

#### (2) Legislation

The medical equipment industry is strictly regulated and controlled by laws. In each

country, medical devices must be registered with the respective national food and drug administration before they can be sold in the market and used. The registration process for medical devices involves submitting relevant product information, including the name of the product, classification, specifications, usages, structure, performance, and testing reports. Bionime is committed to upholding the quality of its products and quality systems, and conducts regular verifications on various laws and regulations, as well as quality systems, so that it can be ensured that the products and quality management systems meet all regulatory requirements.

### (3) The influence of Overall Management

The current overall global business environment is full of uncertainty and volatility. Companies need to continuously focus on the changes in the global economy, politics, and society, as well as developments in emerging technologies and awareness of environmental protection. Flexible measures should be taken to enhance the competitiveness of the company and mitigate risks that come from these changes.

The competitive environment of the medical equipment industry presents both challenges and opportunities. To win market shares and ensure sustainable growth, Bionime needs to enhance its competitiveness through innovation, cost control, brand promotion, market segmentation, and compliance with laws and regulations.

While pursuing corporate growth and maximizing shareholders' profits, the company also values the importance of ESG (Environmental, Social, and Governance) corporate responsibility. The company actively adheres to various indicators guided by the competent authority to meet the expectations of all interested parties.

We would like to thank our colleagues, for your persistent efforts in upholding the strategic goal of the company, and to the shareholders, for your supports and encouragements. Looking ahead, through augmented hard-work and competitiveness, we relish the sustainable prospect of our business playing the international leading role in the industry of medical measurement devices. We shall not fail your expectation and concern.

Best Regards.

Chairman and General Manager: Huang, Chun-Mu



Accounting Supervisor: Chen, Ya-Wen



## II. Company Profile

### 1. Company Profile

(1) Date of Establishment: April 14, 2003

(2) Address and telephone number of the head office branch office and factory

No. 100, Sec. 2 Daqing Street, South District, Taichung.

Head office telephone number: (04)2369-2388

Da-Wei factory address: No. 34, Da-Wei Road, Dali District, Taichung

Da-Wei factory telephone number: (04) 2406-5558

(3) Company History

2003 April "BIONIME" was founded

2004 November The Subsidiary BVI was set up - BIONIME INCORPORATED

2005 April The Subsidiary BIONIME GmbH Switzerland was set up

June Passed Taiwan GMP Certification

2006 February The Subsidiary BIONIME (ShenZhen) was set up

June Obtained the structure of disposable electrochemical test piece from the United States and Taiwan and the patent for its production

2007 July Passed TNO Certification: BIONIME blood glucose detection system Rightest passed the European TNO Certification, Report Number CERTI 06.20578

2008 February American subsidiary - BIONIME USA Corporation was set up.

2009 January Cash increased by NT\$13,281 thousand, and the paid-in capital increased to NT\$278,844 thousand

September Capital surplus transferred to capital was NT\$27,884 thousand, dividend and employee dividends were converted into common stock of NT\$43,757 thousand, employee stock option certificates were converted into common stock of NT\$1,871 thousand, and the paid-in capital increased to NT\$352,356 thousand

2010 February Employee stock option certificates converted to common stock of NT\$10,000 thousand, paid-in capital increased to NT\$362,356

thousand.

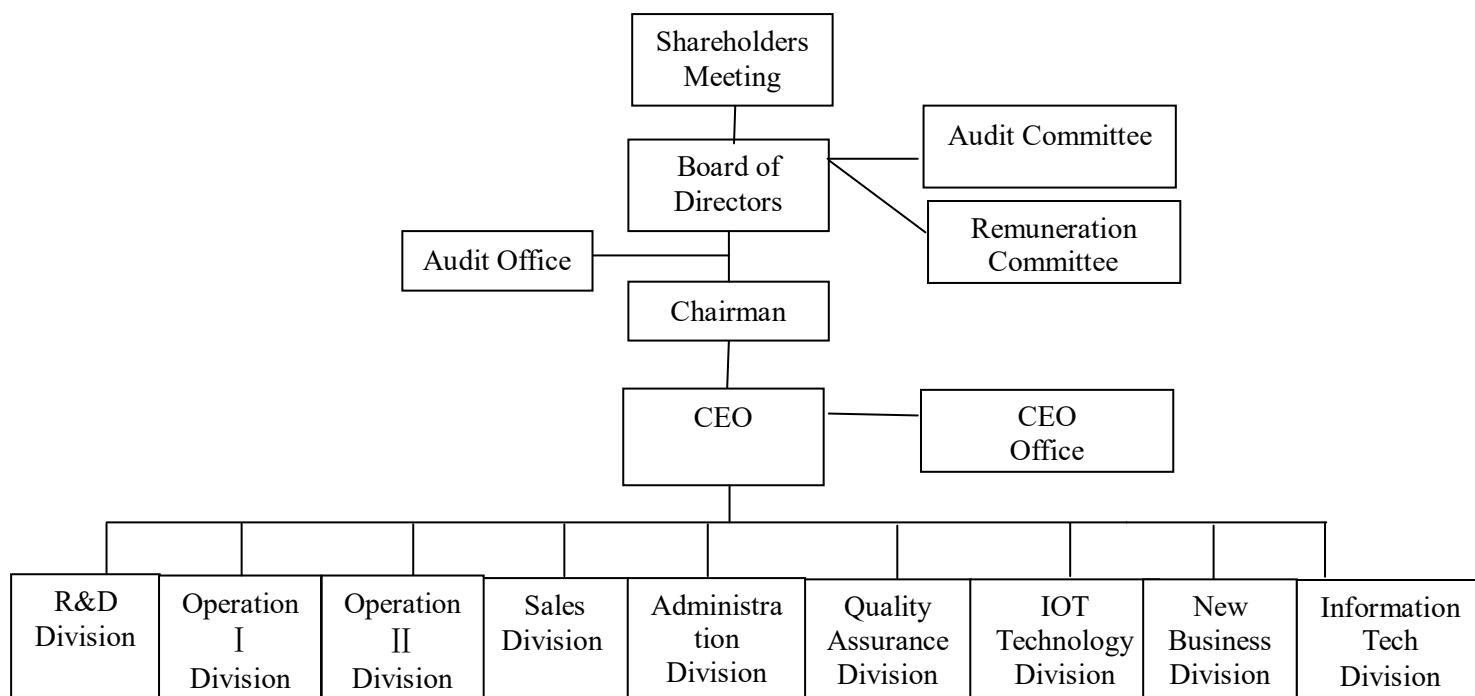
- 2010   February   Australian subsidiary - Bionime Australia Pty Ltd. was set up
- August   Approved to apply a high-tech list company by Industrial Development Bureau, Ministry of Economic Affairs.
- September   Won the highest award of Taipei Biotech competition – Technical Commoditization Gold Award
- December   Cash increased and was officially listed
- 2011     March   Strategic global cooperation with GE during term of Licensing Agreement in diabetes technology
- July   Purchase of land property for extending operation
- July   Passed Taiwan AEO Certification –for import and export industry and manufacturing industry
- September   Passed certification of OHSAS 18001 (Occupational Health and Safety Assessment Series)
- December   Won the Innovation Award from Taiwan Ministry Economic Affair
- 2012     January   The first domestic unsecured convertible corporate bond issuance completed
- January   The new plant broke ground
- January   Officially launched the blood glucose meter GE100 in North America
- February   The first domestic private placement of unsecured convertible corporate bonds
- December   New product “Mylife Unio” shipped to European Market
- 2013     March   New building & factory completion
- March   Mylife Unio won Reddot Design Award

- September The new plant Daqing factory passed Taiwan GMP certification
- September The blood collection pen GD500 won the Silver Award of National Invention Award
- October The new blood glucose meter GM720 won the praise of the Ministry of Economics for industrial innovation achievements
- 2014 January GM720 won the Taiwan Excellence Award
- June Members of the Diplomatic and Economic Representatives based in Taiwan visited Bionime for exchange of international business.
- November Won the silver medal of 2014 Invention Creation Award
- 2015 December Private placement of securities of NT\$1.14billion
- 2016 August Certified by Brazil's National Health Surveillance Agency and received ANVISA Certificate
- 2017 February GM700 Pro GM700 won the Taiwan Excellence Award
- 2018 March Established Malaysian subsidiary – Bionime (Malaysia) SDN BHD  
Rightest smart blood glucose management won the 27<sup>th</sup> Taiwan Excellence Award in 2019
- November
- 2019 November "Rightest Precision Healthcare Ecosystem" won the 28<sup>th</sup> Taiwan Excellence Award in 2020
- 2020 January Obtained the Medical Device Single Audit Program(MDSAP)  
March Rightest CARE App passed CE certification
- 2021 May Launched GM700 Pro 2  
July Launched the Rightest CARE Partner App
- 2022 November New product CGM "Continuous Monitoring Glucose Meter" obtained clinical trial report from Taiwan Hospital  
Application for CGM product inspection and registration with TFDA, Taiwan Food and Drug Administration, Ministry of Health and Welfare

### III. Corporate Governance Report

#### 1. Organization System

##### (1). Organization Structure (2023/1/1)



##### (2). Division Functions

| Division               | Functions                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audit Committee        | To assist the Board in performing its role of overseeing the quality and integrity of the Company's execution of accounting, auditing, financial reporting processes and financial controls.                                                                                                                                                                                                                    |
| Remuneration Committee | Assist the board of directors to implement and evaluate the company's overall remuneration and welfare policies, and the remuneration of directors, supervisors, and managers.                                                                                                                                                                                                                                  |
| Audit Office           | Report to the Board and Administration Division to take in the extent to which the operational effectiveness and efficiency objectives have been achieved as well as the reliability of the financial statements and relevant laws and regulations to comply with the relevant internal controls. Point out internal control deficiencies and any suggestions as well as abnormal matters tracking improvement. |
| CEO Office             | Abide by the resolutions of the shareholders' meeting and the board of directors, and orders from the board of directors, concerning all matters with the Company.                                                                                                                                                                                                                                              |
| R&D Division           | Responsible for blood glucose meter, test strip software and                                                                                                                                                                                                                                                                                                                                                    |

|                               |                                                                                                                                                                                                                                                                     |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                               | hardware design for new product development                                                                                                                                                                                                                         |
| Operation I<br>Division       | In charge of the Company's production and outsourcing processing, and achieve the Company's annual production plans and goals.                                                                                                                                      |
| Operation II<br>Division      | In charge of the Company's New production and outsourcing processing, and achieve the Company's annual production plans and goals.                                                                                                                                  |
| Sales Division                | In charge of the Company's product business sales and customer service.                                                                                                                                                                                             |
| Administration<br>Division    | Responsible for the Company's administrative affairs, human resources management, information management, financial management and accounting.                                                                                                                      |
| Quality Assurance<br>Division | Independently responsible for company quality management matters.                                                                                                                                                                                                   |
| IOT Technology<br>Division    | Apply innovate software technology to build a diabetes health care Cloud system.                                                                                                                                                                                    |
| New Business<br>Division      | Research evaluation and development design of new products.                                                                                                                                                                                                         |
| Information Tech<br>Division  | Planning and management of computer software and hardware maintenance and expansion, information security management, computer system analysis and program design maintenance and improvement, information system/network system database planning and maintenance. |

2. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistant General Managers and other Departments and Branch Managers

(1) Information of Directors

| Title<br>(Note 1) | Nationality<br>or Place of<br>Registration | Name                                             | Gender<br>Age              | Elected<br>Date | Term | Date<br>First<br>Elected<br>(Note 2) | Shareholding when Elected |        |        |       | Current<br>Shareholding |        |        |       | Spouse & Minor<br>Children Current<br>Shareholding |       |        |       | Current<br>Shareholding<br>in the name<br>of others |       | Experience<br>(Education) (Note4)                                                                                                                                | Current<br>Positions at<br>the Company<br>and other<br>Companies                                                                                                                                                        | Executives, Directors<br>or Supervisors who<br>are spouses or<br>within two degrees<br>of kinship |      |          |        | Remarks<br>(Note5) |
|-------------------|--------------------------------------------|--------------------------------------------------|----------------------------|-----------------|------|--------------------------------------|---------------------------|--------|--------|-------|-------------------------|--------|--------|-------|----------------------------------------------------|-------|--------|-------|-----------------------------------------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|------|----------|--------|--------------------|
|                   |                                            |                                                  |                            |                 |      |                                      | Shares                    | Ratio  | Shares | Ratio | Shares                  | Ratio  | Shares | Ratio | Shares                                             | Ratio | Shares | Ratio | Shares                                              | Ratio |                                                                                                                                                                  |                                                                                                                                                                                                                         | Title                                                                                             | Name | Relation | Shares |                    |
| Chairman          | R.O.C                                      | Huang, Chun-Mu                                   | Male<br>61~70<br>Years old | 2022.6.22       | 3    | 2003.4.14                            | 2,474,492                 | 4.08%  |        |       | 2,474,492               | 4.07%  |        |       | 1,120,380                                          | 1.84% | 0      | 0%    |                                                     |       | National Taipei<br>University of<br>Technology<br>MS Tech General<br>Manager                                                                                     | Note 6                                                                                                                                                                                                                  | -                                                                                                 | -    | -        | -      | Note 6             |
| Director          | China                                      | Tonghua<br>Dongbao<br>Pharmaceutical<br>co.,Ltd. | -                          | 2022.6.22       | 3    | 2016.2.5                             | 12,000,000                | 19.80% |        |       | 12,000,000              | 19.74% |        |       | 0                                                  | 0.00% | 0      | 0%    |                                                     |       | -                                                                                                                                                                | -                                                                                                                                                                                                                       | -                                                                                                 | -    | -        | -      | -                  |
|                   |                                            | Representative:<br>Leng, Chun-Sheng              | Male<br>41~50<br>Years old | 2022.6.22       | 3    | 2022.6.22                            | 0                         | 0.00%  |        |       | 0                       | 0.00%  |        |       | 0                                                  | 0.00% | 0      | 0%    |                                                     |       | Doctor of<br>Cell Biology, Liaoning<br>Normal University<br>Chairman, General<br>Manager & Deputy<br>General Manager of<br>TONGHUA DONGBAO<br>Pharmaceutical CO. | Chairman and<br>General<br>Manager of<br>TONGHUA<br>DONGBAO<br>Pharmaceutical<br>CO.<br>Chairman of<br>Beijing<br>Dongbao<br>Bio-Tech Co.Ltd<br>Executive<br>Director of<br>TONGHUA<br>DONGBAO<br>Pharmaceutical<br>CO. | -                                                                                                 | -    | -        | -      |                    |



[illegible]

|                      |       |              |                              |           |   |           |        |       |        |       |   |       |   |    |                                                                                                                                                                                                                                                                                                                                                                                                                                              |        |   |   |   |   |   |  |
|----------------------|-------|--------------|------------------------------|-----------|---|-----------|--------|-------|--------|-------|---|-------|---|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|---|---|---|---|---|--|
| Independent Director | R.O.C | Zeng,Hui-Jin | Female<br>61~70<br>Years old | 2022.6.22 | 3 | 2022.6.22 | 0      | 0.00% | 0      | 0.00% | 0 | 0.00% | 0 | 0% | Partner, Deputy Director,<br>Chief Operating Officer,<br>Chief Strategy Officer of<br>PricewaterhouseCoopers<br>Taiwan<br>NTU-Fudan EMBA<br>Program<br>Master of Accounting,<br>National Chengchi<br>University                                                                                                                                                                                                                              | Note 9 | - | - | - | - | - |  |
| Independent Director | R.O.C | Liu,Mei-An   | Female<br>61~70<br>Years old | 2022.6.22 | 3 | 2022.6.22 | 96,171 | 0.16% | 96,171 | 0.16% | 0 | 0.00% | 0 | 0% | Doctor of cell biology at<br>Harvard University<br>Master of Entomology,<br>University of<br>Massachusetts<br>Bachelor of Plant<br>Pathology and<br>Microbiology, National<br>Taiwan University<br>Consulting Co., Ltd.<br>Deputy General<br>Manager of Technology<br>at PRESIDENT LIFE<br>SCIENCES CO., LTD.<br>Executive Vice President<br>of Tongcheng Biosystems<br>Postdoctoral researcher<br>at National Health<br>Research Institutes | None   | - | - | - | - | - |  |

|                      |       |              |                            |           |   |          |        |       |        |       |   |    |                                                                                                                                                                                                                                             |      |   |   |   |
|----------------------|-------|--------------|----------------------------|-----------|---|----------|--------|-------|--------|-------|---|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---|---|---|
| Independent Director | R.O.C | Chen,Rui-Xin | Male<br>61~70<br>Years old | 2022.6.22 | 3 | 111.6.22 | 20,000 | 0.03% | 20,000 | 0.01% | 0 | 0% | Graduated from the Department of Law, National Chung Hsing University<br>Senior Examination Financial Personnel Legal Group Passed<br>Former Deputy Director at the Trademark Division, Bureau of Standards, Metrology and Inspection, MOEA | None | - | - | - |
|----------------------|-------|--------------|----------------------------|-----------|---|----------|--------|-------|--------|-------|---|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---|---|---|

Note1 : The corporate shareholders shall list the names of the corporate shareholder and the name of the representative of the corporate shareholder (if a representative, the names of the corporate shareholder shall be listed) separately and shall be stated in the following Table 1.

Note2 : Please list the actual age and express it in a range, such as 41~50 years old or 51~60 years old.

Note3 : If there is an interruption during the first elected term of the directors or supervisors, it shall be stated.

Note 4 : The experience related to the current position, has held a position at the accounting firm or its affiliates before disclosure, the titles and responsibilities shall be stated.

Note 5 : If the general manager or the equivalent (top management) are the chairman are the same person or spouses or the relative within the first degree of kinship, it shall disclosure the related information such as the cause, rationality, necessity and measures taken (such as adding the seats of independent directors, and requiring more than half of the directors not serving as employees or managers concurrently). °

Note 6 : Huang,Chun-Mu , The Current Positions at the Company and other Companies : Chairman and General Manager of Bionime Corporation 、Corporate chairman of Bionime USA Corp. 、Corporate chairman of Bionime (Shenzhen) 、Corporate chairman of Bionime (Pingtan) Corporate chairman of Bionime GmbH 、Corporate chairman of Bionime Inc 、Corporate chairman of Bionime(Malaysia) SDN BHD 、Director at Bionime Australia Pty Ltd 、Corporate director representative at Bonraybio Co., Ltd.

(1).The Chairman also concurrently serves as the general manager of the Company. It aims to improve the operation efficiency and the decision execution, and make the Board know the operation condition of the Company better. However, to enhance the independence of the Company, the Company already plans to recruit excellent talents externally and also train competent candidates internally.

(2). At present, the company has taken the following specific measures: (a) The knowledge, skills, literacy and overall competency of the current three independent directors shall be professional to perform the business and effectively play their supervisory functions. (b) More than half of the directors don't serve as employees or managers concurrently.

Note 7 : Liou,Xiu-Mei,The Current Positions at the Company and other Companies : Director at China Ecotek Corporation 、Director at Wafer Works Corp.Director at Co-Tech Development Corporation 、Director at Savior Lifetec Corporation 、Supervisor at Hua Ho Engineering Co., Ltd. 、Manager at Hua Eng Wire&Cable Co., Ltd.

Note 8 : Liou,Ke-Chen, Simultaneously act as the chairman of the following companies:

Advantech Foundation 、Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN) 、Advantech Investment Fund-A Co., Ltd.

Representative 、Advanixs Corporation.Representative. 、Advantech Technology (China) Company Ltd. (AKMC) - Shanghai Advantech Intelligent Services Co., Ltd.

(AiSC) 、Xian Advantech Software Ltd. (AXA) - Advantech Intelligent City Services Co., Ltd. Representative 、K&M Investment Co.,Ltd. - ADVANTECH SERVICE-IOT

(SHANGHAI) CO., LTD. (Slot(China)) 、Advantech Japan Co., Ltd. (AJP). Simultaneously act as the director of the following companies: 、Yanben Investment Co., Ltd. 、

Advantech Europe B.V. (AEU) 、 Advantech Technology Co., Ltd. (ATC) 、 HK Advantech Technology Co., Ltd (ATC (HK)) 、 Advantech Automation Corp. (BVI)(AAC(BVI)) 、 Advantech Automation Corp.(HK) Limited. (AAC (HK)) 、 Advantech Corp. (ANA) 、 Advantech Europe Holding B.V. (AEUH) 、 Advantech KR Co.,Ltd (AKR).

Note 9 : Zeng,Hui-Jin The Current Positions at the Company and other Companies : Advisory Member at Executive Yuan Bio Taiwan Committee 、 Consultant at Biomedical Translation Research Center, Academia Sinica 、 Director at T-E Pharma Holding ( Cayman) 、 Independent Director at Onward Therapeutics SA (Switzerland) 、 Director at HanchorBio Inc.(Cayman) 、 Corporate Director Representative of BONRAYBIO CO., LTD. 、 Corporate Director Representative of AP BIOSCIENCES INC. 、 Director at BRIM BIOTECHNOLOGY, INC. 、 Director at the New Taipei City Contemporary Legend Culture and Art Foundation 、 Director at Chi Po-lin Foundation 、 Supervisor at Medical and Pharmaceutical Industry Technology and Development Center 、 Supervisor at Food Industry Research and Development Institute 、 Vice President of Precision Medicine Industry Association of Taiwan 、 Executive Supervisor of Taiwan Bio Industry Organization 、 Director of Taiwan Digital Health Industry Development Association.

Table 1: Major Shareholders of Institutional Shareholders

April 23, 2023

| Name of Institutional Shareholder<br>(Note 1) | Major Shareholders(Note 2)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Hua Eng Wire & Cable Co., Ltd.                | First Copper Technology Co., Ltd.(32.96%), Huahong Investment Co., Ltd.(7.23%), Wang Yang Bi-E(3.49%), Wang Feng-Shu(2.55%), Wang Wen-Ling(2.20%), Wang Hong-Ren(2.12%), Wang Yu-Fa(1.75%), Wang Hong-Ming(1.46%), Chen Kun-Rong(0.80%), MEI DA WOODS INDUSTRY CO., LTD (0.62%)                                                                                                                                                                                                                                 |
| Tonghua Dongbao Pharmaceutical Co., Ltd.      | Dongbao Industrial Group Co., Ltd. (29.68 %), Tianjin Zhenyi Enterprise Management Consulting LP (9.18%) 、Chang,Wei (1.91%) 、 Abu Dhabi Investment Authority (1.60%) 、 Biomedical Index Graded Securities Investment Fund (1.11%)、HKEX (1.01%)、Bank of China Limited — Jiashi value selected stock securities investment fund (0.87%) 、 Agricultural Bank Of China Limited – CSI 500 ETF (0.58%) 、 LI,YI-KUEI (0.57%) 、 Wu,Chien-Hsin(0.55%) 、 Shang,Chi-Wei(0.48%) 、 National Social Security Fund 503 (0.50%) |
| Yanben Investment Co., Ltd.                   | Liou,Ke-Chen (18.77%) 、 Advantech Foundation (10.08%) 、 Chang,Mei-ling(5.08%) 、 Liou,Wei-Chih(1%)                                                                                                                                                                                                                                                                                                                                                                                                               |

Note 1: If the Director or Supervisor is the representative of a corporate shareholder, please fill in the name of the corporate shareholder.

Note 2: Please fill in the name of the major shareholder of the corporate shareholder (top 10 in shareholding) and the shareholding ratio. If the major shareholder is a corporate shareholder, please also fill in Table 2.

Table 2: Major shareholders of the major shareholders in Table 1 who are Institutional shareholders

April 23, 2023

| Name of Institutional Shareholder  | Major Shareholder                                                                                                                                                                                                                                                               |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| First Copper Technology Co., Ltd.  | Hua Eng wire&cable co.,ltd (39.44%)、 Wang Yu-Fa (7.98%)、 Wang Yang Bi-E (2.52%)、 Wang Wen-Ling (1.82%)、 Wang Feng-Yuan (0.67%)、 International Ship Recycling Corporation (0.50%)、 Wang Feng-Juan (0.43%)、 Wang Hong-Ming (0.41%)、 Wang Feng-Qin (0.23%)、 Wang Feng-Juan (0.19%) |
| Huahong Investment Co., Ltd.       | Hong Kong Gongsheng Industrial Company(79.79%), Wang Wen-Ling (3.19%), Wang Feng-Juan(3.19%), Wang Feng-Shu(3.19%), Wang Hong-Ren(3.19%), Wang Hong-Ming(2.87%), Wang Yu-Ting (2.13%), Wang Yu-Fa (1.07%), Wang Feng-Qin(0.85%), Wang Yang Bi-E (0.53%)                         |
| MEI DA WOODS INDUSTRY CO., LTD     | Wang Yu-Fa (25.26%)、 Wang Wen-Ling (16.32%)、 Wang Yang Bi-E (15.79%)、 Wang Feng-Yuan (15.79%)、 Wang Feng-Shu (15.79%)、 Wang Feng-Juan (5.26%)、 Wang Hong-Ming (5.26%)、 WANG,YU-TING (0.53%)                                                                                     |
| Dongbao Industrial Group Co., Ltd. | Li Yi-kui (16.71%)、 Li Chia-Wei (15.24%)、 Li Chia- Hong (14.47%)、 sao,Fu-Po (7.98%) 、 Hsing,Cheng (7%) 、 Cheng Jian-Chiu (7%) 、 Sun Shiao-Ling (6.69%) 、 Cheng Jian-Chiu (6.4%) 、 Hsu,Ning (6.35%) 、 Leng,Chun-Sheng (6.23%)                                                    |

Note 1: If the major shareholder in Table 1 is a corporate shareholder, please fill in its name.

Note 2: Please fill in the name of the corporate shareholder's major shareholder (top 10 in shareholding) and the shareholding ratio.

Note 3: For the institutional shareholder that is not a company, the names of shareholders and shareholding ratios shall be disclosed above, namely, names of investors or donors and their capital contribution or donation ratios.

## (2). Information of Directors and Supervisors

### (a) Professional Qualifications and Independence Analysis of Directors :

| Name                                                                                  | Criteria | Meet one of the Following Professional Qualification Requirements, together with at Least Five Years Work Experience (Note1)                                                                                                                                                                                                                                                                                      | Independence Attribute (Note 2)                                                                                                                                                                                                           | Number of holding concurrent independent director position in other public companies |
|---------------------------------------------------------------------------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Director<br>Huang, Chun-Mu                                                            |          | Mr. Huang is the founder of Bionime and has served in the Company since its establishment in 2003. Mr. Huang is the chairman and general manager of Bionime Corporation. He does not constitute the circumstances defined in Article 30 of the Company Act.                                                                                                                                                       | An employees of the Bionime Corp.                                                                                                                                                                                                         | None                                                                                 |
| Director<br>Yanben Investment Co., Ltd.<br>Representative: Liou, Ke-Chen              |          | Yanben Investment Co., Ltd. Representative: Liou, Ke-Chen. Mr. Liou is the founder of Advantech Co., Ltd. He does not constitute the circumstances defined in Article 30 of the Company Act.                                                                                                                                                                                                                      | Not an employees of the Bionime Corp. or a subsidiaries                                                                                                                                                                                   | None                                                                                 |
| Director<br>Hua Eng wire&cable co., Ltd.<br>Representative: Liou, Xiu-Mei             |          | Hua Eng wire&cable co., Ltd. Representative: Liou, Xiu-Mei. Now is the Manager of Accounting Department of Huarong Wire & Cable Co., Ltd. She does not constitute the circumstances defined in Article 30 of the Company Act.                                                                                                                                                                                     | Not an employees of the Bionime Corp. or a subsidiaries                                                                                                                                                                                   | None                                                                                 |
| Director<br>Tonghua Dongbao Pharmaceutical co., Ltd. Representative: Leng, Chun-Sheng |          | Tonghua Dongbao Pharmaceutical co., Ltd. Representative: Leng, Chun-Sheng. He is the chairman and general manager of Tonghua Dongbao Pharmaceutical Co., Ltd. He does not constitute the circumstances defined in Article 30 of the Company Act.                                                                                                                                                                  | Not an employees of the Bionime Corp. or a subsidiaries                                                                                                                                                                                   | None                                                                                 |
| Director<br>Tonghua Dongbao Pharmaceutical co., Ltd. Representative: Zhang, Wen Hai   |          | Mr. Zhang serves as the deputy general manager of Sales in Tonghua Dongbao Pharmaceutical co., Ltd. He has been designated as the representative of Tonghua Dongbao which is one of the directors of the Company since June 22, 2019. He does not constitute the circumstances defined in Article 30 of the Company Act.                                                                                          | Not an employees of the Bionime Corp. or a subsidiaries                                                                                                                                                                                   | None                                                                                 |
| Independent Director<br>Zeng Hui-Jin                                                  |          | She was a partner and Vice President of PricewaterhouseCoopers Taiwan, Chief Operating Officer of the Audit Department, Chief Strategy Officer, and the convener of the company's audit committee, with expertise in accounting and taxation. Currently an advisory member of the Bio Taiwan Committee of the Executive Yuan. She does not constitute the circumstances defined in Article 30 of the Company Act. | In the two years before the election and during the term of office, they have met the independence assessment conditions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". | 3                                                                                    |

|                                      |                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                           |      |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| Independent Director<br>Liu Mei-An   | Ph.D. in Cell Biology, Harvard University. He was the Executive Vice President of Fubon Financial Holding Venture Capital Co. and Head of Direct Investment Function of Fubon Financial Holding Investment Management Headquarter.<br>As the company's audit committee, with financial expertise.<br>She does not constitute the circumstances defined in Article 30 of the Company Act. | In the two years before the election and during the term of office, they have met the independence assessment conditions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". | None |
| Independent Director<br>Chen Rui-Xin | He is a law graduate of Chung Hsing University, former Deputy Chief of Trademark Office of Central Bureau of Standards, MOEA, and former Director of Intellectual Property Office, MOEA. As the company's audit committee, with legal expertise.<br>He does not constitute the circumstances defined in Article 30 of the Company Act.                                                   | In the two years before the election and during the term of office, they have met the independence assessment conditions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". | None |

(b). Diversity and independence of the board of directors:

i. Member Composition Diversity Policy: In nominating and qualifying directors (including independent directors), the Board of Directors considers the professional background of the directors (including independent directors) and the knowledge, skills and qualities necessary to perform their duties. The Company has implemented a policy of diversifying the Board of Directors with reference to the "Code of Corporate Governance Practices". The Board of Directors should have the following competencies: operational judgment, accounting and financial analysis, operational management, crisis management, industry knowledge, international market perspective, leadership, and decision-making ability.

ii. Diversity objectives of the Board and implementation status

The Company currently has 9 board members (including 3 independent directors), of which 3 are female, 2 are Chinese, and 7 are Taiwanese, of which 1 is an employee (11% of the total number of directors); all 3 independent directors have a term of less than 1 year. The Company is also mindful of the gender equality of its board of directors, and currently there are three female directors among the nine directors (33% of the total number of directors). The Board of Directors is comprised of members with expertise in industrial management, technology research and development, marketing management, finance, accounting and taxation, and law, and are industry operators. With their diverse backgrounds in industry, academia and knowledge, the board members are able to provide professional advice from different perspectives, which is of great benefit to the Company's operational performance and management.

| Diversity management objectives                                                                                                                      | Achievement Status |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| It is advisable that the number of the director who concurrently serve as the managers of the Company should not exceed one-third of the board seats | Done               |
| At least on female director                                                                                                                          | Done               |
| The number of independent directors exceeds one-third of the board seats                                                                             | 33.3%              |
| The independent directors shall not hold office for more than 3 terms.                                                                               | Done               |

| Diversification<br>Item<br><br>Director<br>Name                                                      | gender | Nationality | Also an<br>employee<br>of the<br>company | Years served<br>as an<br>independent<br>director | Professional knowledge and skills |                                              |                         |         |                               |     |
|------------------------------------------------------------------------------------------------------|--------|-------------|------------------------------------------|--------------------------------------------------|-----------------------------------|----------------------------------------------|-------------------------|---------|-------------------------------|-----|
|                                                                                                      |        |             |                                          |                                                  | Industrial<br>Management          | Technology<br>Research<br>And<br>Development | Marketing<br>Management | Finance | Accounting<br>And<br>Taxation | Law |
| Huang, Chun-Mu                                                                                       | Male   | R.O.C       | V                                        |                                                  | V                                 | V                                            | V                       |         |                               |     |
| Director<br>Yanben Investment<br>Co., Ltd.<br>Representative:<br>Liou, Ke-Chen                       | Male   | China       |                                          |                                                  | V                                 | V                                            | V                       |         |                               |     |
| Director<br>Hua Eng<br>wire&cable<br>co., Ltd.<br>Representative:<br>Liou, Xiu-Mei                   | Male   | China       |                                          |                                                  | V                                 |                                              | V                       |         |                               |     |
| Director<br>Tonghua<br>Dongbao<br>Pharmaceutical<br>co., Ltd.<br>Representative:<br>Leng, Chun-Sheng | Female | R.O.C       |                                          |                                                  |                                   |                                              |                         | V       | V                             |     |
| Director<br>Tonghua<br>Dongbao<br>Pharmaceutical<br>co., Ltd.<br>Representative:<br>Zhang, Wen Hai   | Male   | R.O.C       |                                          |                                                  | V                                 | V                                            | V                       |         |                               |     |
| Zeng Hui-Jin                                                                                         | Female | R.O.C       |                                          | Less than one<br>year                            |                                   |                                              |                         |         | V                             |     |
| Liu Mei-An                                                                                           | Female | R.O.C       |                                          | Less than one<br>year                            |                                   |                                              |                         | V       |                               |     |
| Chen Rui-Xin                                                                                         | Male   | R.O.C       |                                          | Less than one<br>year                            |                                   |                                              |                         |         |                               | V   |



(2). Information of General Managers, Deputy General Managers, Assistant General Managers and other Department and Branch Managers:

May 2, 2023; Unit: Share

| Title                                            | Nationality | Name             | Gender | Date Effective | Shareholding       |                | Spouse & Minor Children Shareholding |                | Current Shareholding in the Name of others |             | Experience (Education)                                                                                      | Current Positions at the Company and Other Companies | Executives, Directors or Supervisors who are spouses or within two degrees of kinship |         |
|--------------------------------------------------|-------------|------------------|--------|----------------|--------------------|----------------|--------------------------------------|----------------|--------------------------------------------|-------------|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------------------------|---------|
|                                                  |             |                  |        |                |                    |                |                                      |                |                                            |             |                                                                                                             |                                                      | Relationship                                                                          | Remarks |
| Chairman and General Manager                     | R.O.C.      | Huang, Chun-Mu   | Male   | 2010.07.09     | Share<br>2,474,492 | Ratio<br>4.07% | Share<br>1,120,380                   | Ratio<br>1.84% | Share<br>0                                 | Ratio<br>0% | National Taipei University of Technology<br>MS Tech General Manager                                         | Note1                                                | -                                                                                     | -       |
| Deputy General Managers of New Business Division | R.O.C.      | Chen Chieh-Shing | Male   | 2016.05.14     | 146,250            | 0.24%          | 17,489                               | 0.03%          | 0                                          | 0%          | Master of Bio-Industry Mechanical and Electrical Engineering Institute from National Chung Hsing University | -                                                    | -                                                                                     | -       |
| Deputy General Managers of R&D Division          | R.O.C.      | Chen Bi-Hsun     | Female | 2016.02.01     | 105,582            | 0.17%          | 0                                    | 0.00%          | 0                                          | 0%          | Master of Biotechnology from National Cheng Kung University                                                 | -                                                    | -                                                                                     | -       |

|                                                         |        |               |        |            |        |       |   |       |   |    |                                                                                                                                                                                                                       |       |   |   |
|---------------------------------------------------------|--------|---------------|--------|------------|--------|-------|---|-------|---|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|---|---|
| Deputy General Managers of IOT Technology Division      | R.O.C. | Yeh Zhi-Long  | Male   | 2018.11.07 | 53,000 | 0.09% | 0 | 0.00% | 0 | 0% | Department of Information Management at Chaoyang University of Technology                                                                                                                                             | -     | - | - |
| Assistant General Manager of Information Tech Division  | R.O.C. | Li Chia-Ming  | Male   | 111.8.10   | 0      | 0.00% | 0 | 0.00% | 0 | 0% | Master Degree in Institute of Control Engineering, National Chiao Tung University<br>Senior Chief of NEXPOWER TECHNOLOGY CORPORATION.                                                                                 | -     | - | - |
| Assistant General Manager of Quality Assurance Division | R.O.C. | Li Ming-Tsan  | Male   | 111.8.10   | 0      | 0.00% | 0 | 0.00% | 0 | 0% | Master of Microelectronics, National Tsinghua University<br>Chief of Chicony Power Technology Co., Ltd. Quality Assurance Department.<br>Chief of Topcell Solar International Co., Ltd. Quality Assurance Department. | -     | - | - |
| Assistant General Managers and Chief Financial Officer  | R.O.C. | Chen Hui-Zhen | Female | 106.11.6   | 93,591 | 0.15% | 0 | 0.00  | 0 | 0% | Department of Business Administration at Feng Chia University                                                                                                                                                         | Note2 | - | - |

|                    |        |             |        |          |       |       |   |      |   |    |                                                                                 |   |   |   |   |
|--------------------|--------|-------------|--------|----------|-------|-------|---|------|---|----|---------------------------------------------------------------------------------|---|---|---|---|
| Accounting Officer | R.O.C. | Chen Ya-Wen | Female | 110.02.1 | 7,000 | 0.01% | 0 | 0.00 | 0 | 0% | Department of Accounting Information, National Taichung Institute of Technology | - | - | - | - |
|--------------------|--------|-------------|--------|----------|-------|-------|---|------|---|----|---------------------------------------------------------------------------------|---|---|---|---|

Note 1 : The Current Positions at the Company and other Companies : Chairman and General Manager of Bionime Corporation 、Corporate chairman of Bionime Inc 、Corporate chairman of Bionime (Shenzhen) 、Corporate chairman of Bionime (Pingtan) Corporate chairman of Bionime GmbH 、Corporate chairman of Bionime USA Corp. 、Director at Bionime(Malaysia) SDN BHD 、Director at Bionime Australia Pty Ltd 、Corporate director representative at Bonraybio Co., Ltd.

Note 2 : The Current Positions at the Company and other Companies : Corporate director representative at Bionime(Malaysia) SDN BHD 、Corporate director representative at Bionime Australia Pty Ltd 。

(3). Remuneration for Directors (including Independent Directors), Supervisors, General Managers, Deputy General Managers

(a) Most Recent (2021) Traveling Expenses and Remuneration of the Directors

Unit: NT\$ thousand

| Title    | Name                                                                                 | Directors Compensation         |                                                                |             |                                                                |             |                                                                | Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10) |                                                                   | Relevant remuneration received by directors who are also employees |                                             |                       |       | Ratio of total compensation (A+B+C+D+E+F+G) to net income (%) (Note 10) |       | Comparison paid from an investment company other than the company's subsidiary (Note 11) |             |                                                                |
|----------|--------------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------|-------------|----------------------------------------------------------------|-------------|----------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------|-----------------------|-------|-------------------------------------------------------------------------|-------|------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------|
|          |                                                                                      | Base Compensation (A) (Note 2) | Severance Payment (B)                                          |             | Directors Compensation (C) (Note 3)                            |             | Business Execution Expenses (D) (Note 4)                       |                                                                   | Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10) |                                                                    | Salary, Bonuses and Allowances (E) (Note 5) | Severance Payment (F) |       | Employee Compensation (G) (Note 6)                                      |       |                                                                                          | The Company | All companies in the consolidated financial statement (Note 7) |
|          |                                                                                      |                                | All companies in the consolidated financial statement (Note 7) | The Company | All companies in the consolidated financial statement (Note 7) | The Company | All companies in the consolidated financial statement (Note 7) | The Company                                                       | All companies in the consolidated financial statement (Note 7)    | The Company                                                        |                                             | Cash                  | Stock | Cash                                                                    | Stock |                                                                                          |             |                                                                |
| Chairman | Huang, Chun-Mu                                                                       | 0                              | 0                                                              | 0           | 313                                                            | 313         | 310                                                            | 310                                                               | 623                                                               | 623                                                                | 4,011                                       | 0                     | 638   | 0                                                                       | 5,272 | 5,272                                                                                    | None        |                                                                |
|          | Hua Eng Wire & Cable Co., Lt                                                         | 0                              | 0                                                              | 0           | 313                                                            | 313         | 233                                                            | 233                                                               | 546                                                               | 546                                                                | 0                                           | 0                     | 0     | 0                                                                       | 546   | 546                                                                                      | None        |                                                                |
|          | Hua Eng Wire & Cable Co., Lt Representative: Lin Ming-Xiang (Dismissed on 2022.1.10) | 0                              | 0                                                              | 0           | 0                                                              | 0           | 7                                                              | 7                                                                 | 7                                                                 | 7                                                                  | 0                                           | 0                     | 0     | 0                                                                       | 7     | 7                                                                                        | None        |                                                                |
| Director | Hua Eng Wire & Cable Co., Lt Representative: Liou, Xiu-Mei (Appoint on 2022.2.1)     | 0                              | 0                                                              | 0           | 0                                                              | 0           | 50                                                             | 50                                                                | 50                                                                | 50                                                                 | 0                                           | 0                     | 0     | 0                                                                       | 50    | 50                                                                                       | None        |                                                                |
|          | Tonghua Dongbao Pharmaceutical Co., Ltd.                                             | 0                              | 0                                                              | 0           | 477                                                            | 477         | 0                                                              | 0                                                                 | 477                                                               | 477                                                                | 0                                           | 0                     | 0     | 0                                                                       | 477   | 477                                                                                      | None        |                                                                |

|           |                                                                                                                |   |   |   |   |   |   |   |   |   |   |              |              |     |   |   |   |   |   |              |              |      |
|-----------|----------------------------------------------------------------------------------------------------------------|---|---|---|---|---|---|---|---|---|---|--------------|--------------|-----|---|---|---|---|---|--------------|--------------|------|
|           | Tonghua Dongbao Pharmaceutical Co., Ltd Representative: Leng, Chun-Sheng (Newly-elected on 2022.6.22)          | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 155<br>0.17% | 155<br>0.17% | 0   | 0 | 0 | 0 | 0 | 0 | 155<br>0.17% | 155<br>0.17% | None |
|           | Tonghua Dongbao Pharmaceutical Co., Ltd. Representative :Zhang,Wen-Hai                                         | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 300<br>0.33% | 300<br>0.33% | 0   | 0 | 0 | 0 | 0 | 0 | 300<br>0.33% | 300<br>0.33% | None |
|           | Yanben Investment Co., Ltd. (Newly-elected on 2022.6.22)                                                       | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 155          | 319<br>0.35% | 155 | 0 | 0 | 0 | 0 | 0 | 319<br>0.35% | 319<br>0.35% | None |
| Direct or | Yanben Investment Co., Ltd. Representative: Liou,Ke-Chen (Newly-elected on 2022.6.22)                          | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0            | 0            | 0   | 0 | 0 | 0 | 0 | 0 | 0            | 0            | None |
|           | Baijue Investment Co., Ltd. (Newly-elected on 2022.6.22, Dismissed on 2023.4.30)                               | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0            | 164<br>0.18% | 0   | 0 | 0 | 0 | 0 | 0 | 164<br>0.18% | 164<br>0.18% | None |
| Direct or | Baijue Investment Co., Ltd. Representative: Tai,Tsung-Kai (Newly-elected on 2022.6.22, Dismissed on 2023.4.30) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 155          | 155<br>0.17% | 155 | 0 | 0 | 0 | 0 | 0 | 155<br>0.17% | 155<br>0.17% | None |



# Range of Remuneration

| Range of Remuneration                                 | Names of Directors                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                       | Total of (A+B+C+D)                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                        | Total of (A+B+C+D+E+F+G)                                                                                                                                                                                                               |                                                                                                                                                                                                                                        |
|                                                       | The Company (Note 9)                                                                                                                                                                                                                                   | All Companies in the Consolidated Financial Statement (Note 10) I                                                                                                                                                                                      | The Company (Note 9)                                                                                                                                                                                                                   | All Companies in the Consolidated Financial Statement (Note 10) J                                                                                                                                                                      |
| Under NT\$1,000,000                                   | Huang, Chun-Mu, Hua Eng Wire & Cable Co., Ltd, Chiang, Tai-Hsiung, Tsai, Gan-Ren, Kuo, Li-Jen, Lu, Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd., Yanben Investment Co., Ltd. Baijue Investment Co., Ltd., Zeng Hui-Jin, Liu Mei-An, Chen Rui-Xin | Huang, Chun-Mu, Hua Eng Wire & Cable Co., Ltd, Chiang, Tai-Hsiung, Tsai, Gan-Ren, Kuo, Li-Jen, Lu, Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd., Yanben Investment Co., Ltd. Baijue Investment Co., Ltd., Zeng Hui-Jin, Liu Mei-An, Chen Rui-Xin | Hua Eng Wire & Cable Co., Ltd, Chiang, Tai-Hsiung, Tsai, Gan-Ren, Kuo, Li-Jen, Lu, Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd., Yanben Investment Co., Ltd. Baijue Investment Co., Ltd., Zeng Hui-Jin, Liu Mei-An, Chen Rui-Xin | Hua Eng Wire & Cable Co., Ltd, Chiang, Tai-Hsiung, Tsai, Gan-Ren, Kuo, Li-Jen, Lu, Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd., Yanben Investment Co., Ltd. Baijue Investment Co., Ltd., Zeng Hui-Jin, Liu Mei-An, Chen Rui-Xin |
| NT\$1,000,000 (included) ~<br>NT\$2,000,000(excluded) |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |
| NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)   |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |
| NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)   |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |
| NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)  |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        | Huang, Chun-Mu                                                                                                                                                                                                                         |
| NT\$10,000,000 (included) ~ NT\$15,000,000 (excluded) |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |
| NT\$15,000,000 (included) ~ NT\$30,000,000(excluded)  |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |
| NT\$30,000,000 (included) ~ NT\$50,000,000(excluded)  |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |
| NT\$50,000,000 (included) ~ NT\$100,000,000(excluded) |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                        |

|                      |                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                      |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Over NT\$100,000,000 | Huang,Chun-Mu, Hua Eng Wire & Cable Co., Ltd, Chiang,Tai-Hsiung, Tsai ,Gan-Ren, Kuo, Li-Jen, Lu,Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd., Yanben Investment Co., Ltd. Baijue Investment Co., Ltd., Zeng Hui-Jin,Liu Mei-An, Chen Rui-Xin | Huang,Chun-Mu, Hua Eng Wire & Cable Co., Ltd, Chiang,Tai-Hsiung, Tsai ,Gan-Ren, Kuo, Li-Jen, Lu,Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd., Yanben Investment Co., Ltd. Baijue Investment Co., Ltd., Zeng Hui-Jin, Liu Mei-An, Chen Rui-Xin | Hua Eng Wire & Cable Co., Ltd, Chiang,Tai-Hsiung, Tsai ,Gan-Ren, Kuo, Li-Jen, Lu,Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd., Yanben Investment Co., Ltd. Baijue Investment Co., Ltd., Zeng Hui-Jin, Liu Mei-An, Chen Rui-Xin | Hua Eng Wire & Cable Co., Ltd, Chiang,Tai-Hsiung, Tsai ,Gan-Ren, Kuo, Li-Jen, Lu,Hsueh-Yu, Tonghua Dongbao Pharmaceutical Co., Ltd., Yanben Investment Co., Ltd. Baijue Investment Co., Ltd., Zeng Hui-Jin, Liu Mei-An, Chen Rui-Xin |
| Total                |                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                      |

Note1: The Directors' names should be listed separately (if a corporate shareholder, the corporate name and the representative's name should be listed separately), and the payments should be consolidated for disclosure. The amount of cash payment is disclosed in a summary. If the director is also the general manager or deputy general manager, this table and the following table (3-1) or (2-2) shall be filled in.

Note2: The Director's remuneration for the most recent year (including salary, job allowances, Retirement Pension, various bonuses and incentives).

Note3: The latest amount of Director's remuneration as passed by the board of directors.

Note4: The latest annual business execution expenses of the Director (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration.

Note5: The latest salary, job allowances, Retirement Pension, various bonuses, incentives, car expenses, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions for the Director's other jobs (including the positions of General Manager, Deputy General Manager, Manager and other positions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note6: If a Director receives employee remuneration (including stock and cash) on his/her other job(s) (including the positions of General Manager, Deputy Manager, Manager and other positions) in the latest year, please disclose the amount of employee remuneration as passed by the board of directors in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year, and Appendix 1-3 should be filled out.

Note7: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's Director.

Note8: The total remuneration paid by the Company to each Director; the Director's name should be disclosed in the respective tier.



Note9: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's Directors should be disclosed, and the Director's names should be disclosed in the respective tier.

Note10: Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note11: a. In this field the amount of remuneration paid to the Director by the Company's re-invested businesses other than the subsidiaries should be clearly indicated.

b. If the Director receives remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration should be incorporated into column I of the Remuneration Tiers Table, and the name of the field should be changed to "All re-invested businesses".

c. Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's Director for acting as a director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries.

\* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

(b).Remunerations of the Supervisors:

Unit: NT\$ thousand

| Title                | Name<br>(Note 1)                                | Remunerations of the Supervisors |                                                                             |                                         |                                                                             |                                                   |                                                                                        | Ratio of Total<br>Remuneration<br>(A+B+C) to Net<br>Income (Note 8) |                                                                                        | Remune-<br>ration<br>from<br>Reinvest-<br>ed<br>Business<br>es other<br>than<br>Subsidia-<br>ries<br>(Note 9) |
|----------------------|-------------------------------------------------|----------------------------------|-----------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
|                      |                                                 | Remuneration<br>(A) (Note 2)     |                                                                             | Bonus to<br>Supervisors<br>(B) (Note 3) |                                                                             | Business<br>Execution<br>Expenses<br>(C) (Note 4) |                                                                                        |                                                                     |                                                                                        |                                                                                                               |
|                      |                                                 | The<br>Com-<br>pany              | Companies<br>in the<br>Consolidate<br>d Financial<br>Statements<br>(Note 5) | The<br>Compa-<br>ny                     | Companies<br>in the<br>Consolidate<br>d Financial<br>Statements<br>(Note 5) | The<br>Comp-<br>any                               | Compani-<br>es in the<br>Consolid-<br>ated<br>Financial<br>State-<br>ments (Note<br>5) | The<br>Comp-<br>any                                                 | Compani-<br>es in the<br>Consolid-<br>ated<br>Financial<br>State-<br>ments (Note<br>5) |                                                                                                               |
| Sup-<br>ervi-<br>sor | Tai,Tsung-Kai<br>(Dismissed on<br>2022/6/22)    | 0                                | 0                                                                           | 150                                     | 150                                                                         | 155                                               | 155                                                                                    | 305<br>0.34%                                                        | 305<br>0.34%                                                                           | 0                                                                                                             |
| Sup-<br>ervi-<br>sor | Lin,Chien-Hsi-<br>ng(Dismissed on<br>2022/6/22) | 0                                | 0                                                                           | 150                                     | 150                                                                         | 145                                               | 145                                                                                    | 295<br>0.32%                                                        | 295<br>0.32%                                                                           | 0                                                                                                             |
| Sup-<br>ervi-<br>sor | Su,Chin-Pin(Di-<br>smitted on<br>2022/6/22)     | 0                                | 0                                                                           | 150                                     | 150                                                                         | 145                                               | 145                                                                                    | 295<br>0.32%                                                        | 295<br>0.32%                                                                           | 0                                                                                                             |

Range of Remuneration

| Range of Remuneration Paid to The General Managers<br>and Deputy General Managers | Name of Supervisor                                       |                                                   |
|-----------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------|
|                                                                                   | Total Amount of the First Three Remunerations<br>(A+B+C) |                                                   |
|                                                                                   | The Company (Note 6)                                     | The Company (Note7)                               |
| Under NT\$1,000,000                                                               | Tai,Tsung-Kai,<br>Lin,Chien-Hsing,<br>Su,Chin-Pin        | Tai,Tsung-Kai,<br>Lin,Chien-Hsing,<br>Su,Chin-Pin |
| NT\$1,000,000(included) ~ NT\$2,000,000(excluded)                                 |                                                          |                                                   |
| NT\$2,000,000(included) ~ NT\$3,500,000 (excluded)                                |                                                          |                                                   |
| NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)                               |                                                          |                                                   |
| NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)                              |                                                          |                                                   |
| NT\$10,000,000(included) ~ NT\$15,000,000 (excluded)                              |                                                          |                                                   |
| NT\$15,000,000 (included) ~ NT\$30,000,000(excluded)                              |                                                          |                                                   |
| NT\$30,000,000 (included) ~ NT\$50,000,000(excluded)                              |                                                          |                                                   |
| NT\$50,000,000 (included) ~ NT\$100,000,000(excluded)                             |                                                          |                                                   |
| Over NT\$100,000,000                                                              |                                                          |                                                   |
| Total                                                                             | Tai,Tsung-Kai,<br>Lin,Chien-Hsing,<br>Su,Chin-Pin        | Tai,Tsung-Kai,<br>Lin,Chien-Hsing,<br>Su,Chin-Pin |

- Note 1: The Supervisors' names should be listed separately (if a corporate shareholder, the corporate name and the representative's name should be listed separately), and the payments should be consolidated for disclosure.
- Note 2: The Supervisor's remuneration for the most recent year (including salary, job allowances, Retirement Pension, various bonuses and incentives).
- Note 3: The latest amount of Supervisor's remuneration as passed by the board of directors.
- Note 4: The latest annual business execution expenses of the Supervisor (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration.
- Note 5: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's Supervisor.
- Note 6: The total remuneration paid by the Company to each Supervisor; the Supervisor's name should be disclosed in the respective tier.
- Note 7: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's Supervisors should be disclosed, and the Supervisor's name should be disclosed in the respective tier.
- Note 8: Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.
- Note 9: a. In this field the amount of remuneration paid to the Supervisor by the Company's re-invested businesses other than the subsidiaries should be clearly indicated.
- b. If the Supervisor receives remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration should be incorporated into column D of the Remuneration Tiers Table, and the name of the field should be changed to "All re-invested businesses".
- c. Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's Supervisor for acting as a director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries.
- \* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

(c).Most Recent (2022) Remunerations of the General Manager and Deputy General Manager (Including Independent Director):

Unit: NT\$ thousand

| Title                        | Name                              | Salary<br>(A) (Note 2) |                                                                                               | Severance<br>Payment (B)                                                                           |                                                                                               | Bonus and<br>Special Fees<br>(C) (Note 3) |                                                                                               | Employee Remuneration<br>(D) (Note 4) |       |                                                                      |                                                                      | The Sum of A, B, C and D as a percentage<br>of After-tax Net Profit (%) (Note 6) |                  | Remuneration<br>from<br>Reinvested<br>Business<br>other than<br>Subsidiaries<br>(Note 7) |
|------------------------------|-----------------------------------|------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------|-------|----------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------|------------------------------------------------------------------------------------------|
|                              |                                   | The<br>Comp<br>any     | Compa<br>nies in<br>the<br>Consol<br>idated<br>Financ<br>ial<br>System<br>ents<br>(Note<br>5) | The<br>Comp<br>any<br>in the<br>Consol<br>idated<br>Financ<br>ial<br>System<br>ents<br>(Note<br>5) | Compan<br>ies in<br>the<br>Consol<br>idated<br>Financ<br>ial<br>System<br>ents<br>(Note<br>5) | The<br>Comp<br>any                        | Compa<br>nies in<br>the<br>Consol<br>idated<br>Financ<br>ial<br>System<br>ents<br>(Note<br>5) | The Company                           |       | Companies in the<br>Consolidated<br>Financial Statements<br>(Note 5) | Companies in the<br>Consolidated<br>Financial Statements<br>(Note 5) |                                                                                  |                  |                                                                                          |
|                              |                                   |                        |                                                                                               |                                                                                                    |                                                                                               |                                           |                                                                                               | Cash                                  | Stock |                                                                      |                                                                      | Cash                                                                             | Stock            |                                                                                          |
| General<br>Manager           | Huang,<br>Chun-<br>Mu             |                        |                                                                                               |                                                                                                    |                                                                                               |                                           |                                                                                               |                                       |       |                                                                      |                                                                      |                                                                                  |                  |                                                                                          |
| Deputy<br>General<br>Manager | Chen<br>Chieh-<br>Shing<br>(Note) |                        |                                                                                               |                                                                                                    |                                                                                               |                                           |                                                                                               |                                       |       |                                                                      |                                                                      |                                                                                  |                  |                                                                                          |
|                              | Chen<br>Bi-Hsua<br>n<br>(Note)    | 10,581                 | 10,581                                                                                        | 0                                                                                                  | 0                                                                                             | 0                                         | 0                                                                                             | 1,311                                 | 0     | 1,311                                                                | 0                                                                    | 11,892<br>13.06%                                                                 | 11,892<br>13.06% | 0                                                                                        |
|                              | Yeh<br>Zhi-Lo<br>ng<br>(Note)     |                        |                                                                                               |                                                                                                    |                                                                                               |                                           |                                                                                               |                                       |       |                                                                      |                                                                      |                                                                                  |                  |                                                                                          |

Note: Effective November 9, 2022, the Assistant Manager was promoted to Deputy General Manager, and the salary is calculated based on the salary in 2022 (including the salary before promotion).

# Range of Remuneration

| Range of Remuneration (NT\$)                          | Name of General Manager and Deputy General Manager |                                                              |
|-------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------|
|                                                       | The Company (Note 6)                               | Companies in the Consolidated Financial Statements (Note 7)E |
| Under NT\$1,000,000                                   |                                                    |                                                              |
| NT\$1,000,000 (included) ~ NT\$2,000,000(excluded)    |                                                    |                                                              |
| NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)   | Chen Chieh-Shing<br>Chen Bi-Hsuan<br>Yeh Zhi-Long  | Chen Chieh-Shing<br>Chen Bi-Hsuan<br>Yeh Zhi-Long            |
| NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)   | Huang, Chun-Mu                                     | Huang, Chun-Mu                                               |
| NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)  |                                                    |                                                              |
| NT\$10,000,000(included) ~ NT\$15,000,000 (excluded)  |                                                    |                                                              |
| NT\$15,000,000 (included) ~ NT\$30,000,000(excluded)  |                                                    |                                                              |
| NT\$30,000,000 (included) ~ NT\$50,000,000(excluded)  |                                                    |                                                              |
| NT\$50,000,000 (included) ~ NT\$100,000,000(excluded) |                                                    |                                                              |
| Over NT\$100,000,000                                  |                                                    |                                                              |
| Total                                                 | 4                                                  | 4                                                            |

Note1: The General Managers and Deputy General Managers' names should be listed separately, and the payments should be consolidated for disclosure. If the Directors are also General Managers or Deputy General Managers, this table and the table above (1-1) or (1-2) shall be filled in.

Note2: The latest amount of the General Manager's and the Deputy General Managers' remunerations (including salary, job allowances and severance payment).

Note3: The latest annual business execution expenses of the General Manager and the Deputy General Managers (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall also include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

- Note4: The employee remuneration (including stock and cash) distributed to the General Manager or Deputy General Manager as passed by the board of directors in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year, and Appendix 1-3 should be filled out. Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.
- Note5: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's General Manager and Deputy General Managers.
- Note6: The total remuneration paid by the Company to each General Manager and Deputy General Manager; the General Manager's and the Deputy General Managers' names are to be disclosed in the respective tiers
- Note7: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's General Manager and Deputy General Managers should be disclosed, and the General Manager's and the Deputy General Managers' names should be disclosed in the respective tier.
- Note8: Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.
- Note9: a. In this field the amount of remuneration paid to the General Manager or the Deputy General Managers by the Company's re-invested businesses other than the subsidiaries should be clearly indicated.
- b. If the General Manager and Deputy General Managers receive remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration should be incorporated into column D of the Remuneration Tiers Table, and the name of the field should be changed to "All re-invested businesses".
- c. Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's General Manager or Deputy General Manager for acting as a director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries.

\* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

(d).Managers with Employee Remuneration Distribution

Unit: NT\$ thousand; Date: April 30, 2023

| Title                                                 | Name             | Stock Bonus | Cash Bonus | Total | Ratio of Total Amount to Net Income (%) |
|-------------------------------------------------------|------------------|-------------|------------|-------|-----------------------------------------|
| Chairman as well as General Manager                   | Huang,Chun-Mu    | 0           | 2,574      | 2,574 | 2.83%                                   |
| Deputy General Manager                                | Chen Chieh-Shing |             |            |       |                                         |
|                                                       | Chen Bi-Hsuan    |             |            |       |                                         |
|                                                       | Ye Zhi-Long      |             |            |       |                                         |
| Assistant General Manager                             | Li Chia-Ming     |             |            |       |                                         |
|                                                       | Li Ming-Tsan     |             |            |       |                                         |
| Assistant General Manager and Chief Financial Officer | Chen Hui-Zhen    |             |            |       |                                         |
| Accounting Officer                                    | Chen Ya-Wen      |             |            |       |                                         |

Note1:The names and titles should be listed separately, and the remuneration distribution may be consolidated for disclosure.

Note2:The latest amount of the manager's employee remuneration as passed by the board of directors (including shares and cash) in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year. Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note3:The definition of manager, as governed by the letter of the SFC on March 27, 2003 with a reference no. of Tai-Tsai-Cheng III 0920001301, is as follows:

- (1) General Manager and equivalent.
- (2) Deputy General manager and equivalent.
- (3) Associate and equivalent.
- (4) Head of financial department.
- (5) Head of accounting department
- (6) Other people who have the right to manage the company's affairs and are the company's authorized signatories.

Note4:If the Directors, General Managers and Deputy General Managers have received employee compensation (including stocks and cash), they shall fill in Table 1 (2) and this table.

(4). Analysis of the Proportion of the Total Remuneration, Directors, Supervisors, General Managers And Deputy General Managers of the Company Paid the Company and all Companies in the Consolidated Financial Statement to Net Profit After Tax in Individual Financial Statements of the Recent Two Years. Explanation of Remuneration Policies, Standards and Packages, the Procedure for Determining Remuneration, and its Linkage to Operating Performance and Future Risk Exposure:

- (a) Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid the Company and all companies in the consolidated financial statements to net profit after tax in individual financial statements of the recent two years:

| Proportion of the Total Remuneration of Directors, Supervisors, General Managers and Deputy General Managers | 2021        |                                                        | 2022        |                                                        |
|--------------------------------------------------------------------------------------------------------------|-------------|--------------------------------------------------------|-------------|--------------------------------------------------------|
|                                                                                                              | The Company | All Companies in the Consolidated Financial Statements | The Company | All Companies in the Consolidated Financial Statements |
|                                                                                                              | 12.35%      | 12.35%                                                 | 19.67%      | 19.67%                                                 |

(b) Explanation of remuneration policies, standards and packages, the procedure for determining remunerations, and its linkage to operating performance:

i. Directors and Supervisors

Remuneration to directors includes traveling expenses, director compensation, and business compensation. The directors' compensation is thoroughly stated in the Company's article of association. The company has not issued other alterations in remuneration, except for the payment of the directors' attendance fees and the distribution of directors' remuneration which is based on the results of directors' performance evaluation.

ii. General Managers and Deputy General Managers

Remuneration to general managers and deputy general managers includes wages, various bonuses, and employees' compensation, and the negotiated remuneration is considered the salary standard of same business; bonuses are highly related to the company's operating results and performance. Based on the company's OKR indicators each year (indicators include revenue, net profit, new products, management, etc.) and the manager's personal performance to determine remuneration proposal, the proposal is submitted to the board of directors for resolution after deliberation by the remuneration committee. The distribution standard for employee remuneration follows the company's articles of association and is issued after the resolution and approval of the board of directors.

(c) Linkage to Future Risk: The performance of the Company's important decisions refers the Company's profitability, so there is a positive correlation between the remuneration to directors, supervisors and managers.



### 3. Implementation of Corporate Governance

#### (1) Operation of the board meeting

(a) A total of 6 board meetings were held in 2022, and the attendance of Directors (including independent Directors) is as follows:

| Title                | Name (Note 1)                                                                 | Actual<br>no. of<br>Meetings<br>Attended<br>(B) | No. of<br>Meetings<br>with<br>Entrusted<br>Attendance | Actual<br>Attendance<br>Rate (%)<br>【B/A】<br>(Note 2) | Remarks                                                                                        |
|----------------------|-------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------|
| Chairman             | Huang, Chun-Mu                                                                | 6                                               | 0                                                     | 100%                                                  | 2022/6/22 re-election                                                                          |
| Director             | Hua Eng Wire & Cable Co., Ltd.<br>Representative:<br>Liou, Xiu-Mei            | 5                                               | 0                                                     | 100%                                                  | 2022/2/1 new appointment, during the working period, the number of meetings should be 5 times. |
| Director             | Tonghua Dongbao Pharmaceutical Co., Ltd.<br>Representative: Chang Wen-Hai     | 6                                               | 0                                                     | 100%                                                  | 2022/6/22 re-election                                                                          |
| Director             | Tonghua Dongbao Pharmaceutical co., ltd.<br>Representative : Leng, Chun-Sheng | 3                                               | 0                                                     | 100%                                                  | 2022/6/22 new appointment, the number of meeting times during the in-service period is 3 times |
| Director             | Yanben Investment Co., Ltd.<br>Representative : Liou, Ke-Chen                 | 3                                               | 0                                                     | 100%                                                  | 2022/6/22 new appointment, the number of meeting times during the in-service period is 3 times |
| Director             | Bai Jue Investment Co., Ltd.<br>Representative : Tai, Tsung-Kai               | 3                                               | 0                                                     | 100%                                                  | 2022/6/22 new appointment, the number of meeting times during the in-service period is 3 times |
| Director             | Chiang, Tai-Hsiung                                                            | 3                                               | 0                                                     | 100%                                                  | 2022/6/22 new appointment, the number of meeting times during the in-service period is 3 times |
| Independent Director | Tsai, Gan-Ren                                                                 | 3                                               | 0                                                     | 100%                                                  | 2022/6/22 dismissal, the number of meetings should be 3 times during the working period        |
| Independent Director | Kuo, Li-Jen                                                                   | 3                                               | 0                                                     | 100%                                                  | 2022/6/22 dismissal, the number of meetings should be 3                                        |

|                      |                 |   |   |      |                                                                                                |
|----------------------|-----------------|---|---|------|------------------------------------------------------------------------------------------------|
|                      |                 |   |   |      | times during the working period                                                                |
| Independent Director | Lu,Hsueh-Yu     | 3 | 0 | 100% | 2022/6/22 dismissal, the number of meetings should be 3 times during the working period        |
| Independent Director | Zeng Hui-Jin    | 3 | 0 | 100% | 2022/6/22 new appointment, the number of meeting times during the in-service period is 3 times |
| Independent Director | Liu Mei-An      | 3 | 0 | 100% | 2022/6/22 new appointment, the number of meeting times during the in-service period is 3 times |
| Independent Director | Chen Rui-Xin    | 3 | 0 | 100% | 2022/6/22 new appointment, the number of meeting times during the in-service period is 3 times |
| Supervisor           | Tai,Tsung-Kai   | 3 | 0 | 100% | 2022/6/22 dismissal, the number of meetings should be 3 times during the working period        |
| Supervisor           | Lin,Chien-Hsing | 3 | 0 | 100% | 2022/6/22 dismissal, the number of meetings should be 3 times during the working period        |
| Supervisor           | Su,Chin-Pin     | 3 | 0 | 100% | 2022/6/22 dismissal, the number of meetings should be 3 times during the working period        |

Other matters to be recorded:

1. If any of the following circumstances occurs in the operation of the board meeting, please indicate the date of the board meeting, the session number, the contents of the resolution, the opinions of all independent directors and the Company's handling of the opinions of the independent directors:

(1) Matters listed in Article 14-3 of the Securities Exchange Act.

6 Board meetings were held in the year of 2022. The contents of the resolution are on pages 72 to 76 of the annual report. All independent directors had no objections to the matters listed in Article 14-3 of the Securities Exchange Act.

(2) Other than the aforementioned matters, the board resolutions which independent directors object to or have reservations about and there are records or written statements for them: None.

2. To avoid conflict of interest among directors, the Director's name, meeting content, and reason

for avoiding conflict of interest and participation in the voting process must be properly recorded:

(1) 2022/01/19 Board meeting- motion Regular review salary and year-end bonus of 2021 for managers payment details:

Resolution: The director Huang, Chun-Mu who acts as the manager of the Company concurrently didn't participate in the voting due to the conflict of interest. The acting chairman Tsai Gan-Ren who was elected by the directors consulted the opinion of other attending directors, and all of them approved the motion unanimously.

(2) 2022/8/9 Board meeting-motion: Employee remuneration distributed for the managers in 2021:

Resolution: The director Huang, Chun-Mu who acts as the manager of the Company concurrently didn't participate in the voting due to the conflict of interest. The acting chairman Chen Rui-Xin who was elected by the directors consulted the opinion of other attending directors, and they approved the motion unanimously.

3. The TWSE/GTSM Listed Companies shall disclose the evaluation cycles, evaluation periods, scope, method and content of the board of directors' self-evaluation by the board members of themselves or peers and fill in the attached Table 2 (2) Board of Directors' Evaluation Implementation Status.

4. The goals for strengthening the board's functions in the current and the previous year (e.g., establishment of an audit committee, promotion of information transparency, etc.):

(1) On March 14, 2023, the board of directors resolved to pass the 2022 board members and board performance evaluation results.

(2) The Company had purchased the liability insurance for all directors, which have been filed as required.

(3) The company has established an audit committee on June 22, 2022.

Note 1: If a director or supervisor is a legal entity, please disclose the name of the corporate shareholder and of its representative.

Note 2: (1) If there is a director or supervisor leaving the company before the end of the year, please indicate the date of departure in Remarks field. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual number of meetings attended during the tenure.

(2) If there is a director or supervisor election before the end of the year, please list both the new and the old directors and supervisors, and indicate in the Remarks field whether the director or supervisor is old, new or re-elected and the date of election. The actual attendance rate (%) is calculated based on the number of board meeting held and the actual number of meeting attended during the tenure.

(b). Board of Directors' Evaluation Implementation Status

| Evaluation cycles (Note1) | Evaluation periods (Note2)           | Evaluation scope (Note3) | Evaluation method (Note4)                          | Evaluation content (Note5)                                                                                                                                                               |
|---------------------------|--------------------------------------|--------------------------|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Once a year               | January 1, 2022 to December 31, 2022 | All Board of Directors'  | Internal self-evaluation of the board of directors | Board performance evaluation items:<br>A. Participation in the operation of the company.<br>B. Improving the quality of decision-making of the board of directors.<br>C. Composition and |

|             |                                      |                        |                                             |                                                                                                                                                                                                                                                                                                                                                                           |
|-------------|--------------------------------------|------------------------|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|             |                                      |                        |                                             | structure of the board of directors.<br>D. Election and continuing education of the directors.<br>E. Internal control.                                                                                                                                                                                                                                                    |
| Once a year | January 1, 2022 to December 31, 2022 | Individual directors   | Self-evaluation of the board of directors   | Performance evaluation projects for individual directors:<br>A. Alignment of the goals and missions of the company.<br>B. Awareness of the duties of a director.<br>C. Participation in the operation of the company.<br>D. Management of internal relationship and communication.<br>E. The director's professionalism and continuing education.<br>F. Internal control. |
| Once a year | January 1, 2022 to December 31, 2022 | Audit Committee        | Self-evaluation of the functional committee | Performance evaluation items for the functional committee:<br>A. Participation in the operation of the company.<br>B. Awareness of the duties of the functional committee.<br>C. Improving the quality of decision-making by functional committees<br>D. Composition and structure of the functional committee<br>E. Internal control.                                    |
|             | January 1, 2022 to December 31, 2022 | Remuneration Committee |                                             |                                                                                                                                                                                                                                                                                                                                                                           |

Evaluation results:

- (a). The overall results of the internal performance self-evaluation of the company's board of directors in 2022 were scored as 4.79 (The full score is 5), which means "excellent"
- (b). The overall results of self-evaluation of individual directors in 2022 were scored as 4.80 (The full score is 5), which means "excellent"
- (c). The overall results of the internal performance self-evaluation of the company's Audit Committee in 2022 were scored as 4.88 (The full score is 5), which means "excellent"
- (d). The overall results of the internal performance self-evaluation of the company's Remuneration Committee in 2022 were scored as 4.85 (The full score is 5), which means "excellent"

The conclusion: The company's board of directors is operating well as a whole.

(2) Supervisors' Participation in the Operation of Board of Directors Meetings:

A total of 3 board meeting was held in 2022, and the attendance of Supervisors is as follows:

| Title      | Name            | Actual no. of Meetings Attended (B) | Actual Attendance Rate 【B/A】 (Note) | Remarks                                                                                 |
|------------|-----------------|-------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------|
| Supervisor | Tai,Tsung-Kai   | 3                                   | 100%                                | 2022/6/22 dismissal, the number of meetings should be 3 times during the working period |
| Supervisor | Lin,Chien-Hsing | 3                                   | 100%                                | 2022/6/22 dismissal, the number of meetings should be 3 times during the working period |
| Supervisor | Su,Chin-Pin     | 3                                   | 100%                                | 2022/6/22 dismissal, the number of meetings should be 3 times during the working period |

Other matters to be recorded

1. Composition and responsibilities of Supervisors:

(1) Communication among Supervisors and Company employees and shareholders

Have better understanding of Company's profitability during board meetings or telephone enquiry.

(2) Communication between Supervisor and the Head of Internal Audit and the accountant:

The Audit produces a monthly audit report which is presented to the supervisor at the end of the following month or by email.

2. If Supervisors state their opinions in a board meeting, please indicate the date of the board meeting, the session number, the contents of the motion, the results of the board resolution and the Company's handling of the Supervisors' opinions: None.

Note: If there is any supervisor leaving the Company before the end of the year, please indicate the date of departure in the Remarks field. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual number of meetings attended during the tenure.

If there is a supervisor election before the end of the year, please list both the new and the old supervisors, and indicate in the Remarks field whether the supervisor is old, new or re-elected and the date of election. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual number of meetings attended during the tenure.

### (3) Information on the operation of the Audit Committee

A total of 3 Audit Committee meeting was held in 2022, and the attendance of Supervisors is as follows:

| Title                | Name         | Actual no.<br>of<br>Meetings<br>Attended<br>(B) | Actual<br>Attendance<br>Rate<br>【B/A】<br>(Note) | Remarks | Title                      |
|----------------------|--------------|-------------------------------------------------|-------------------------------------------------|---------|----------------------------|
| Independent Director | Zeng,Hui-Jin | 2                                               | 0                                               | 100%    | Newly-elected on 2022.6.22 |
| Independent Director | Liu,Mei-An   | 2                                               | 0                                               | 100%    | Newly-elected on 2022.6.22 |
| Independent Director | Chen,Rui-Xin | 2                                               | 0                                               | 100%    | Newly-elected on 2022.6.22 |

#### Other matters to be recorded

- If any of the following circumstances occurs in the operation of the Audit Committee meeting, please indicate the date of the Audit Committee meeting, the session number, the contents of the resolution, the opinions of all independent directors and the Company's handling of the opinions of the independent directors:  
 (1)Matters listed in Article 14-5 of the Securities and Exchange Act => From June 22, 2022 to December 31, 2022, two audit committee meetings were held, and all independent directors did not object to the matters listed in Article 14-5 of the Securities and Exchange Act and approved them.  
 (2)Except for the aforementioned matters, other matters not approved by the Audit Committee and approved by two-thirds or more of all directors => None.
- To avoid conflict of interest among Independent Directors, the Independent Director's name, meeting content, and reason for avoiding conflict of interest and participation in the voting process must be properly recorded:None
- Communication between the independent directors and the chief of internal audit and the accountant (should include the significant matters, methods and results of communication regarding the Company's financial and business status).  
 (1) The chief of the Company's internal audit regularly conducts audits operations, and reports audit results and their tracking status to the independent directors at the audit committee meetings held quarterly.  
 (2) The CPA attends the quarterly audit committee meetings to explain the process of reviewing the Company's financial statements, the scope of issues and the update of related regulations in the quarterly and annual financial reports, and discusses fully with the independent directors.  
 (3) The Company's CPA reports the results of the quarterly financial statement audits at the Audit Committee meetings and other communication matters required by the relevant laws and regulations, and the communication between the members of the Company's Audit Committee

and the certified public accountant is good.

| Date                                      | Nature          | Significant item communicated with internal audit supervisor                  | Significant item communicated with the accountant                                                                                          | Communication Results |
|-------------------------------------------|-----------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Aug 10, 2022<br>First Board First Meeting | Audit Committee | Audit Operations Execution and Communication for the Second Quarter of 2022   | The accountants conducted a presentation and communication regarding the consolidated financial statements for the second quarter of 2022. | No Opinion            |
| Nov 9, 2022<br>First Board Second Meeting | Audit Committee | Auditing Operations Execution and Communication for the Third Quarter of 2022 | The accountants conducted a presentation and communication regarding the consolidated financial statements for the third quarter of 2022.  | No Opinion            |

Note: If there is any Independent Director leaving the Company before the end of the year, please indicate the date of departure in the Remarks field. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual number of meetings attended during the tenure.

If there is a Independent Director election before the end of the year, please list both the new and the old supervisors, and indicate in the Remarks field whether the Independent Director is old, new or re-elected and the date of election. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual number of meetings attended during the tenure.

(4). The state of the Company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for any such departure:

| Evaluation Item                                                                                                                                                                       | Implementation Status (Note 1) |    | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons                                                                                                                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                       | Yes                            | No |                                                                                                                                                                                                                                                                                                                                       |
| 1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"? |                                | ✓  | It hasn't been established so far.<br>The Company has not established a code of corporate governance practices, but the Company operates in accordance with the code of corporate governance practices.                                                                                                                               |
| 2. Shareholding structure & shareholders' rights                                                                                                                                      |                                |    | No difference.                                                                                                                                                                                                                                                                                                                        |
| (1) Has the company established an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?       | ✓                              |    | (1) The Company has spokespersons, legal and shareholder personnel and other relevant departments to deal with shareholders' suggestions, disputes and other issues.<br><br>(2) With the management of dedicated personnel, the Company is able to keep track of the major shareholders and the relationship with them remains sound. |
| (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?                                                                       | ✓                              |    | No difference.                                                                                                                                                                                                                                                                                                                        |
| (3) Has the company established and implemented risk management and firewall mechanisms with its affiliates?                                                                          | ✓                              |    | No difference.                                                                                                                                                                                                                                                                                                                        |
| (4) Has the Company established internal rules against insiders trading with                                                                                                          | ✓                              |    | No difference.                                                                                                                                                                                                                                                                                                                        |



| Evaluation Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Implementation Status (Note 1) |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Yes                            | No       | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                  |
| undisclosed information?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                |          | information.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                  |
| <p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the board of directors formulate a diversity policy, specific management objectives and implement it in terms of membership?</p> <p>(2) Has the company voluntarily establishes other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported</p> | <p>✓</p>                       | <p>✓</p> | <p>(1) The Company has seven directors, including three independent directors, three of whom is a female. The professional background to the members covers business management, finance, accounting and law. The board members have a diverse background in industry, profession and knowledge, and provide professional advice from difference perspectives with their experiences, which shall greatly enhance the Company's business performance and management efficiency. The Company has established “Regulations of the Board of Directors” and “Regulations on the Election of Directors and Supervisors”.</p> <p>(2) Except for Compensation Committee, there are no other functional committees yet as there is currently no requirement.</p> <p>(3) The Company has formulated the board performance evaluation regulations in 2020, and will conduct the performance evaluation for the individual directors and the overall board after the end of the year.</p> | <p>No difference.</p> <p>It will be determined according the operation status and scale in the future.</p> <p>No difference.</p> |

| Evaluation Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Implementation Status (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Yes                            | No | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                |
| <p>the result of performance evaluation to the Board as reference for remuneration paid to the directors and their nomination for succession?</p> <p>(4) Does the Company regularly evaluate the independence of CPAs?</p>                                                                                                                                                                                                                                                                                                             | ✓                              |    | (4) The certified accountants appointed by the Company is one of the worlds’ four largest accounting firms, and has avoided its direct or indirect interest, which is fully independent.                                                                                                                                                                                                                                                                                                                                                                                          | No difference.                                                                                                 |
| <p>4. Has the Company established adequate and competent corporate governance personnel, and assigned a corporate governance manager in charge of corporate governance affairs (including but not limited to provision of information required by directors and supervisors for business execution, by laws for matters relating to board meetings and shareholders’ meetings, and information on corporate registration and amendment registration, as well as record minutes of board meetings and shareholders meetings, etc.)?</p> | ✓                              |    | The company appoints the corporate governance officer who are responsible for related matters regarding corporate governance, including providing the directors and supervisors with required information to carry out their business, handling matters related to board of directors and shareholders according to the law, handling corporate registration and change of corporate registration related matters, taking the minutes of board meeting s and shareholders’ meetings. The Company has set up “Standard Operating Procedures for Handling Directors’ Requirements.” | No difference.                                                                                                 |
| <p>5. Has the Company established communication channels and dedicate section for stakeholder (including but not</p>                                                                                                                                                                                                                                                                                                                                                                                                                   | ✓                              |    | The Company’s website has a stakeholder section, and dedicated personnel responds to important corporate social responsibility                                                                                                                                                                                                                                                                                                                                                                                                                                                    | No difference.                                                                                                 |

| Evaluation Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Implementation Status (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Yes                            | No | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                |
| limited to the shareholders, employees, clients and suppliers) on its website to respond to important issues of corporate social responsibility concerns?                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                |    | concerns.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                |
| 6. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | ✓                              |    | In 2008, the Company appointed Chinatrust Commercial Bank as the stock agency to handle shareholders’ related affairs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | No difference.                                                                                                 |
| 7. Disclosure of information<br>(1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?<br>(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information on collection and disclosure, creating a spokesperson system, webcasting investor conferences)?<br>(3) Did the company announce and file its annual financial reports within 2 months from the end of the fiscal year? Did the company announce and file the financial | ✓<br><br>✓                     |    | (1) The Company has set up both Chinese and English websites to provide information related to financial business and corporate governance. The website: <a href="http://www.bionime.com.tw">http://www.bionime.com.tw</a> ; Dedicated personnel is responsible for maintenance of the website and immediate updates are available for shareholders and interest parties.<br>(2) The Company has spokespersons and acting spokespersons according to the regulations. It has appointed dedicated personnel to collect company information and put onto MOPS on a regular basis.<br>(3) Except for the annual financial reports announced within 3 months after the end of the fiscal year, the Company has announced and filed the | No difference.<br><br>No difference.                                                                           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                | ✓  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | It will be determined according to the operation status and scale in the                                       |

| Evaluation Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Implementation Status (Note 1) |    |                                                                                                                                                                                                                                                                                                    | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Yes                            | No | Description                                                                                                                                                                                                                                                                                        |                                                                                                                |
| reports for Q1, Q2 and Q3, as well as the operation status of each month before the due date?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                |    | financial reports for Q1, Q2 and Q3, as well as the operation status of each month before the due date.                                                                                                                                                                                            | future.                                                                                                        |
| 8. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?                                                                       | ✓                              |    | 1. The status of directors and supervisors’ further training: It has been disclosed in the “Corporate Governance Section of the MOPS”.<br>2. The Company has purchased Liability Insurance for Directors, Supervisors and Important Managers to strengthen the protection of shareholder’s equity. | No difference.                                                                                                 |
| <p>9. Please state the improvements made to the items in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd., and indicate the enhancement and improvement measures for the items not yet improved (not applicable if not included as a company to be evaluated).</p> <p>The Company carries out self-evaluation of corporate governance according to the regulations of the competent authorities, and gradually improves the corporate governance, in order to enhance the corporate governance image:</p> |                                |    |                                                                                                                                                                                                                                                                                                    |                                                                                                                |

| Evaluation Item                                                                                                                                                                                                                                            | Implementation Status (Note 1) |    | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----|----------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                            |                                |    |                                                                                                                |
|                                                                                                                                                                                                                                                            | Yes                            | No |                                                                                                                |
| Description                                                                                                                                                                                                                                                |                                |    |                                                                                                                |
| Improvements: The company conducts corporate governance evaluation and self-evaluation in accordance with the regulations of the competent authority, and improves the corporate governance situation gradually to enhance the corporate governance image. |                                |    |                                                                                                                |

Note1 : Assessment criteria of accountant’s independence

| Evaluation Item                                                                                                                                                                                                                                                                                                                                          | Evaluation Result                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| 1.Does the CPA have a direct or indirect financial interest in Bionime.                                                                                                                                                                                                                                                                                  | ■YES <input type="checkbox"/> NO |
| 2.Does the CPA have a significant-close business relationship with Bionime.                                                                                                                                                                                                                                                                              | ■YES <input type="checkbox"/> NO |
| 3. Is the CPA entering into potential employment negotiations with Bionime.                                                                                                                                                                                                                                                                              | ■YES <input type="checkbox"/> NO |
| 4. The CPA has not had any monetary borrowings with the Company.                                                                                                                                                                                                                                                                                         | ■YES <input type="checkbox"/> NO |
| 5. The CPA has not received any gifts or presents of significant value (the value of which exceeds normal standards of social etiquette) from the Company, its directors or managers.                                                                                                                                                                    | ■YES <input type="checkbox"/> NO |
| 6. The CPA has not provided audit services to the Company for seven consecutive years.                                                                                                                                                                                                                                                                   | ■YES <input type="checkbox"/> NO |
| 7. The CPA does not hold any shares of the Company.                                                                                                                                                                                                                                                                                                      | ■YES <input type="checkbox"/> NO |
| 8. The CPA, his or her spouse or dependent, and his or her audit team did not hold any position as a director, manager, or officer of the Company during the audit period or within the last two years that has significantly affected the audit case, and has determined that he or she will not hold any such position during the future audit period. | ■YES <input type="checkbox"/> NO |
| 9. Whether the CPA has complied with Accountants Code of Ethics Statement No. 18 on Independence and obtained a "Statement of Independence" from the CPA.                                                                                                                                                                                                | ■YES <input type="checkbox"/> NO |

(5) If the Company has a Remuneration Committee, Please Disclose its Composition, duties and Operation:

(a) Remuneration Committee Member Information

| Title<br>(Note<br>Name                |               | Criteria<br>1)<br>Meet one of the<br>Following<br>Professional<br>Qualification<br>Requirements,<br>together with at<br>Least Five Years<br>Work<br>Experience(Note2)                | Independence Attribute (Note3) | May,2,2023                                                                                                                                                |  |
|---------------------------------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|                                       |               |                                                                                                                                                                                      |                                | Concurrent<br>members of the<br>compensation<br>and<br>remuneration<br>committees of<br>other public<br>offering<br>companies<br>(Number of<br>companies) |  |
| Independent<br>Director<br>(Chairman) | Liu, Mei-An   | Please refer to the information disclosed on<br>directors and supervisors on page 18-19, 1.<br>Professional Qualifications and Independence<br>Analysis of Directors and Supervisors |                                | 1                                                                                                                                                         |  |
| Independent<br>Director               | Zeng, Hui-Jin |                                                                                                                                                                                      |                                | 3                                                                                                                                                         |  |
| Independent<br>Director               | Chen, Rui-Xin |                                                                                                                                                                                      |                                | 0                                                                                                                                                         |  |

Note1: Please specify in the form the relevant working years, professional qualifications and experience, and independence of the members of the Compensation Committee. If they are independent directors, please refer to Table 1 Information of Directors and Supervisors (1) on page 00 for remarks. Please fill in the Title as an independent director or others (if one is an organizer, please add a note).

Note2: Professional qualifications and experience: please state the professional qualifications and experience of each compensation committee members.

Note3: Condition of independence: please state that the members of the Compensation Committee meet the conditions of independence, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the company or its affiliated companies; The number and proportion of the company's shares held by the person, spouse, relatives within the second degree of kinship (or in the name of another person); Whether one is a director, supervisor or employee of a company that has a specific relationship with the (Refer to 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, Article 6, Item 1, Subparagraphs 5 to 8); The amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

(b) Remuneration Committee Operation Status

i. The Company's Remuneration Committee is composed of three people.

ii. Term of the fourth committee : 2019/6/20~2022/6/22

Term of the Fifth Committee : 2022/6/22~2025/6/21

The Remuneration Committee held four meetings (A), and the member qualifications and attendance are as follows:

| Title    | Name          | Actual No. of Meetings Attended (B) | No. of Meetings with Entrusted Attendance | Actual Attendance Rate (%) (B/A) | Remarks                                                                                           |
|----------|---------------|-------------------------------------|-------------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------------|
| Convener | Tsai ,Gan-Ren | 2                                   | 0                                         | 100%                             | 2022/6/22 dismissal, the number of meetings should be 2 times during the working period °         |
| Member   | Kuo, Li-Jen   | 2                                   | 0                                         | 100%                             | 2022/6/22 dismissal, the number of meetings should be 2 times during the working period °         |
| Member   | Lu,Hsueh-Yu   | 2                                   | 0                                         | 100%                             | 2022/6/22 dismissal, the number of meetings should be 2 times during the working period °         |
| Convener | Liu,Mei-An    | 2                                   | 0                                         | 100%                             | 2022/6/22 new appointments, the number of meetings should be 2 times during the in-service period |
| Member   | Zeng,Hui-Jin  | 2                                   | 0                                         | 100%                             | 2022/6/22 new appointments, the number of meetings should be 2 times during the in-service period |
| Member   | Chen,Rui-Xin  | 2                                   | 0                                         | 100%                             | 2022/6/22 new appointments, the number of meetings should be 2 times during the in-service period |

Other matters to be recorded:

1. If the board of directors did not adopt or amend the suggestion of the remuneration committee, please indicate the date and session number of the board meeting, the contents of the motion, the result of the resolution and the Company's handling of the suggestion of the remuneration committee (if the remuneration passed by the board is better than the suggestion of the remuneration committee, please state the difference and the reasons): None.
2. If any member had objections or reservations about the resolution of the remuneration committee and there is a record or a written statement please indicate the date and session number of the remuneration committee meeting, the contents of the motion,

all the opinions of the members and how the opinions were handled: None.

Notes:

- (1) If any remuneration committee member leaves the company before the end of the year, please state in the Remarks field the departure date, the actual attendance rate (%) calculated based on the number of remuneration committee meetings and the number of the actual meetings attended during the tenure.
- (2) If there is a remuneration committee member election before the end of the year, please list both the new and the old members, and indicate in the Remarks field whether the member is old, new or re-elected and the date of election. The actual attendance rate (%) is calculated based on the number of remuneration committee meetings held and the actual number of meetings attended during the tenure.

iii. Content of motions, resolution results and the Company's handling of the opinion of the remuneration committee members in the most recent year :

| Remuneration committee meeting /date                                                               | Motion                                                                                                                                                                                                                                                                                                                                           | Results of the resolutions                                                                                                       | The Company's handling of the opinion of the remuneration committee members  |
|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| The 9 <sup>th</sup> meeting of the 4 <sup>rd</sup> remuneration committee held on January 27, 2022 | 1. 2021 Year-end Bonus Manager Payment Details                                                                                                                                                                                                                                                                                                   | After the chairman consulted the opinion of committee members, the motion was approved upon the consent of all attending members | Approved by the Board of Directors with the consent of all directors present |
| The 10 <sup>th</sup> meeting of the 4 <sup>rd</sup> remuneration committee held on March 22, 2022  | 1. Performance evaluation results of the company's 2021 board members and board of directors<br>2. Proposal of 2021 remuneration distributed for employees, directors and supervisors<br>3. Review of Manager's Salary Adjustment for 2022                                                                                                       |                                                                                                                                  |                                                                              |
| The 1 <sup>th</sup> meeting of the 5 <sup>rd</sup> remuneration committee held on August 10, 2022  | 1. Review of new manager remuneration<br>2. Proposal of 2021 remuneration distributed for directors and supervisors<br>3. Proposal of the formulation of the company's "Remuneration Measures for Directors, Supervisors and Functional Committee Members" and the revision of the organizational rules of the Salary and Compensation Committee |                                                                                                                                  |                                                                              |
| The 2 <sup>th</sup> meeting of the 5 <sup>rd</sup> remuneration committee held on November 9, 2022 | 1. Promotion of our managers and review of managerial salary structure adjustment<br>2. 2023 Annual Salary Increase Plan                                                                                                                                                                                                                         |                                                                                                                                  |                                                                              |



(6). The implementation status of promoting sustainable development initiatives and the deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons

| Evaluation item                                                                                                                                                                                                                                                                                        | Implementation Status(Note1) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                        | Yes                          | No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                           |
| 1. Does the company establish a management structure to implement the sustainable development initiatives and set up a dedicated (part-time) unit to implement, which shall be handled by senior management authorized by the board of directors, and the board of directors supervises the situation? | ✓                            | Under the President's Office, a Sustainable Development Office is set up, which is authorized by the Board of Directors to be handled by senior management. Regularly reports to the Board of Directors on a quarterly basis on the results of the implementation of sustainable development and future work plans, and the Board of Directors regularly receives reports from the management team on a quarterly basis to monitor the implementation of sustainable management issues and evaluate the implementation status.<br>In addition, the company has formulated "Management Procedures for Preventing Insider Trading", "Code of Ethical Conduct" and "Internal Control System", etc. With the continuous operation of various management systems and procedures, the company can immediately detect and respond to risks associated with the operating environment, employee safety, customers, suppliers, and various stakeholders. | No difference.                                                                                                            |
| 2. Does the company proceed the risk assessments on environmental, social and corporate governance issues associated with company operations according to the principle of                                                                                                                             |                              | ✓<br>Plan in progress.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Depending on the Company's operating conditions and                                                                       |

| Evaluation item                                                                                                                                    | Implementation Status(Note1) |    | Deviations from<br>“the Corporate<br>Social<br>Responsibility<br>Best-Practice<br>Principles for<br>TWSE/TPEx<br>Listed<br>Companies” and<br>Reasons                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                    | Yes                          | No |                                                                                                                                                                                                                                                                                                                                                                                                 |
| materiality, and formulate the relevant policies or strategies of risk management? (Note 2)                                                        |                              |    | scale.                                                                                                                                                                                                                                                                                                                                                                                          |
| 3. Environmental issues<br>(1) Does the Company establish proper environmental management systems based on the characteristics of its businesses?  | ✓                            |    | (1) The Company conducts EHS (Environment Health and Safety) promotion and auditing to all major suppliers, and conducts implementation on the employees’ physical health examinations, occupational injury prevention, fire safety, environmental health, etc. Suppliers shall fully cooperate with requirements and improve to achieve the implementation of corporate social responsibility. |
| (2) Is the Company committed to improving the efficiency in the use of resources, and the use of recycled materials with low environmental impact? | ✓                            |    | (2)The Company has a recycling area, which regularly recycles re-usable resources, and has also set up wastewater and rainwater recycling for re-using.                                                                                                                                                                                                                                         |
|                                                                                                                                                    |                              |    | No difference.                                                                                                                                                                                                                                                                                                                                                                                  |

| Implementation Status(Note1)                                                                                                                                                                                                                                                           |        |        | Deviations from<br>“the Corporate<br>Social<br>Responsibility<br>Best-Practice<br>Principles for<br>TWSE/TPEx<br>Listed<br>Companies” and<br>Reasons                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                  |      |      |                         |        |        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------|------|-------------------------|--------|--------|
|                                                                                                                                                                                                                                                                                        |        |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                  |      |      |                         |        |        |
| Evaluation item                                                                                                                                                                                                                                                                        | Yes    | No     | Description (Note 2)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                  |      |      |                         |        |        |
| (3) Does the Company evaluate the current and future potential risks and opportunities brought by the climate change, and take measure to respond to the climate related issues?                                                                                                       | ✓      |        | (3) The company pays great attention to issues related to climate change, so employees are asked to start from daily works. For example, double-sided printing is adopted for document printing, and a recycling box is set next to the photocopier for reuse of recycled paper. The company uses electronic invoices and implements an online approval system to reduce paper waste. Install power-saving devices in the new plant area, strengthen the maintenance of the air-conditioning system, and install a solar power generation system on the roof. Employees are responding to the company’s policy to develop the good habit of turning off the lights and saving energy in order to slow down global warming. |                                  |      |      |                         |        |        |
| (4) Does the company calculate the greenhouse gases (GHG) emission, water consumption and total weight of wastes for the past two years, and formulated the strategies for energy conservation, carbon reduction, GHG emission reduction, water saving and management of other wastes? | ✓      |        | (4) There are statistics on greenhouse gas emissions, water consumption, waste water and total waste weight every year. The company also formulates energy saving, carbon reduction, greenhouse gas reduction, and water consumption policies to achieve the goal of reducing emissions by 1% per year. The solar power generation system on the top floor of the plant was completed in 2019, in response to the green energy saving policy. <table><tr><td>Our Daqing plant and Dawei plant</td><td>2021</td><td>2022</td></tr><tr><td>Total water consumption</td><td>26,423</td><td>28,890</td></tr></table>                                                                                                           | Our Daqing plant and Dawei plant | 2021 | 2022 | Total water consumption | 26,423 | 28,890 |
| Our Daqing plant and Dawei plant                                                                                                                                                                                                                                                       | 2021   | 2022   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                  |      |      |                         |        |        |
| Total water consumption                                                                                                                                                                                                                                                                | 26,423 | 28,890 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                  |      |      |                         |        |        |
|                                                                                                                                                                                                                                                                                        |        |        | No difference                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                  |      |      |                         |        |        |

| Evaluation item                                                                                                                                                                             | Implementation Status(Note1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Deviations from<br>“the Corporate<br>Social<br>Responsibility<br>Best-Practice<br>Principles for<br>TWSE/TPEx<br>Listed<br>Companies” and<br>Reasons |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                             | Yes                          | No | Description (Note 2)                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                      |
|                                                                                                                                                                                             |                              |    | (kilowatt hour)<br>Greenhouse Gas<br>Type 1: Common services (direct emissions)<br>Type 2: Electricity (indirect emissions) (kg CO2 e/kWh)<br>Waste (tons) - Non-hazardous waste<br>Waste (tons) - Hazardous waste<br>Wastewater (tons)                                                                                                                                                                                                             | <br><br><br><br><br><br>                                                                                                                             |
|                                                                                                                                                                                             |                              |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                      |
|                                                                                                                                                                                             |                              |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                      |
|                                                                                                                                                                                             |                              |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                      |
|                                                                                                                                                                                             |                              |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                      |
|                                                                                                                                                                                             |                              |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                      |
|                                                                                                                                                                                             |                              |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                      |
| 4. Social issues<br>(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions? | ✓                            |    | (1) The Company's implementation of human rights protection policies is as follows:<br>The Company complies with local applicable laws and international standards.<br>The Company and its subsidiaries abide by the relevant local laws and regulations of each operating site, support and respect relevant international labor human rights norms, including the ILO Tripartite Declaration of Principles and the United Nations Global Compact. | No difference                                                                                                                                        |
|                                                                                                                                                                                             |                              |    | Human Rights Management Policy                                                                                                                                                                                                                                                                                                                                                                                                                      | Specific Solutions                                                                                                                                   |

| Evaluation item | Implementation Status(Note1) |    | Deviations from<br>“the Corporate<br>Social<br>Responsibility<br>Best-Practice<br>Principles for<br>TWSE/TPEx<br>Listed<br>Companies” and<br>Reasons                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------|------------------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                 |                              |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                 | Yes                          | No |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                 |                              |    | <div><div><div>Provide a safe and healthy work environment to help employees maintain physical and mental health and work-life balance</div><div>➢ Quality staff restaurant, balanced diet and good food.<br/>➢ We promote the "Sunshine Workplace Program" to enable our management staff to create a good working atmosphere while pursuing organizational goals, so that all colleagues can work happily.<br/>➢ Regular employee health checkups, from caring about the results to developing actions.<br/>➢ Monthly on-site doctor visits to provide the most professional health consultation.</div><div>Prohibit forced labor and comply with local government labor laws</div><div>Implement a leave system to encourage colleagues to focus on work-life balance.</div></div></div> <div>In 2022, we implemented human rights protection-related training for</div> |

| Evaluation item                                                                                                                                                 | Implementation Status(Note1) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Deviations from<br>“the Corporate<br>Social<br>Responsibility<br>Best-Practice<br>Principles for<br>TWSE/TPEx<br>Listed<br>Companies” and<br>Reasons |                  |                      |                                                     |     |     |                                                                                                                                                                 |     |       |                                                                                               |     |     |                                  |   |    |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|-----------------------------------------------------|-----|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-------|-----------------------------------------------------------------------------------------------|-----|-----|----------------------------------|---|----|--|
|                                                                                                                                                                 | Yes                          | No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                      |                  |                      |                                                     |     |     |                                                                                                                                                                 |     |       |                                                                                               |     |     |                                  |   |    |  |
|                                                                                                                                                                 | Description (Note 2)         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                      |                  |                      |                                                     |     |     |                                                                                                                                                                 |     |       |                                                                                               |     |     |                                  |   |    |  |
|                                                                                                                                                                 |                              | employees, with a total of 3,986 hours and 767 employees (1,971 attendances) completing the training, accounting for 75% of the total number of employees. In the future, the Company will continue to pay attention to human rights protection issues and promote related education and training to raise awareness of human rights protection and reduce the possibility of related risks.                                                                                                                                                                                                                             |                                                                                                                                                      |                  |                      |                                                     |     |     |                                                                                                                                                                 |     |       |                                                                                               |     |     |                                  |   |    |  |
|                                                                                                                                                                 |                              | <table><tr><th>Course Name</th><th>Total Attendance</th><th>Total Training Hours</th></tr><tr><td>【Newcomer Training】 Newcomer Education and Training</td><td>159</td><td>600</td></tr><tr><td>【Occupational safety and health】 Occupational safety and health education and training (including on-the-job training and retraining for operation supervisors)</td><td>583</td><td>1,846</td></tr><tr><td>【Occupational Safety and Health】 Safety Education and Training on Workplace Injury Prevention</td><td>775</td><td>348</td></tr><tr><td>【Occupational Safety and Health】</td><td>9</td><td>23</td></tr></table> | Course Name                                                                                                                                          | Total Attendance | Total Training Hours | 【Newcomer Training】 Newcomer Education and Training | 159 | 600 | 【Occupational safety and health】 Occupational safety and health education and training (including on-the-job training and retraining for operation supervisors) | 583 | 1,846 | 【Occupational Safety and Health】 Safety Education and Training on Workplace Injury Prevention | 775 | 348 | 【Occupational Safety and Health】 | 9 | 23 |  |
| Course Name                                                                                                                                                     | Total Attendance             | Total Training Hours                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                      |                  |                      |                                                     |     |     |                                                                                                                                                                 |     |       |                                                                                               |     |     |                                  |   |    |  |
| 【Newcomer Training】 Newcomer Education and Training                                                                                                             | 159                          | 600                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                      |                  |                      |                                                     |     |     |                                                                                                                                                                 |     |       |                                                                                               |     |     |                                  |   |    |  |
| 【Occupational safety and health】 Occupational safety and health education and training (including on-the-job training and retraining for operation supervisors) | 583                          | 1,846                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                      |                  |                      |                                                     |     |     |                                                                                                                                                                 |     |       |                                                                                               |     |     |                                  |   |    |  |
| 【Occupational Safety and Health】 Safety Education and Training on Workplace Injury Prevention                                                                   | 775                          | 348                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                      |                  |                      |                                                     |     |     |                                                                                                                                                                 |     |       |                                                                                               |     |     |                                  |   |    |  |
| 【Occupational Safety and Health】                                                                                                                                | 9                            | 23                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                      |                  |                      |                                                     |     |     |                                                                                                                                                                 |     |       |                                                                                               |     |     |                                  |   |    |  |

| Evaluation item                                                                                                                                                                                  | Implementation Status(Note1) |    |                                                                                                                                                                                                                                                                      | Deviations from<br>“the Corporate<br>Social<br>Responsibility<br>Best-Practice<br>Principles for<br>TWSE/TPEx<br>Listed<br>Companies” and<br>Reasons |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                  | Yes                          | No | Description (Note 2)                                                                                                                                                                                                                                                 |                                                                                                                                                      |
|                                                                                                                                                                                                  |                              |    | First responder and occupational nursing related education and training                                                                                                                                                                                              |                                                                                                                                                      |
|                                                                                                                                                                                                  |                              |    | 【Sustainable Development】 Starting Zero-Carbon Transformation to Build a Sustainable Enterprise                                                                                                                                                                      | 87 174                                                                                                                                               |
|                                                                                                                                                                                                  |                              |    | 【Corporate Culture】 Appointment with CEO                                                                                                                                                                                                                             | 122 244                                                                                                                                              |
|                                                                                                                                                                                                  |                              |    | 【Corporate Governance】 The Three Rules of Honest Management, Corporate Governance and Corporate Social Responsibility and Practical Cases                                                                                                                            | 13 39                                                                                                                                                |
|                                                                                                                                                                                                  |                              |    | 【Information Security】 Information Security Promotion                                                                                                                                                                                                                | 223 712                                                                                                                                              |
|                                                                                                                                                                                                  |                              |    | Total                                                                                                                                                                                                                                                                | 1,971 3,986                                                                                                                                          |
|                                                                                                                                                                                                  |                              |    | (2)Employee benefit measures and remuneration policies are implemented in accordance with the Company's "Work Rules", "Payroll Cycle - Benefit Operations", "Payroll Cycle - Evaluation Operations" and "Performance Evaluation Management Regulations", The Company | No difference                                                                                                                                        |
| (2) Does the Company formulate and implement reasonable policies of staff welfare (including compensation, vacation and other welfares), and reflect the operating performance or achievement in | ✓                            |    |                                                                                                                                                                                                                                                                      |                                                                                                                                                      |

| Evaluation item                                                                                                              | Implementation Status(Note1) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Deviations from<br>“the Corporate<br>Social<br>Responsibility<br>Best-Practice<br>Principles for<br>TWSE/TPEx<br>Listed<br>Companies” and<br>Reasons |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                              | Yes                          | No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                      |
| the compensation of the employees properly?                                                                                  |                              | <p>implements performance management through a performance evaluation system that does not differ by gender or age. Through performance management operations, the Company hopes to integrate the Company's overall operational objectives with the individual work goals of employees, which will serve as the basis for annual performance evaluation and feedback, as well as subsequent employee training and development. In addition, the Company's Articles of Incorporation stipulate that employees of the Company and its subsidiaries shall be compensated at a rate of not less than 1.5% of the Company's profit for the year.</p> |                                                                                                                                                      |
| (3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training? | ✓                            | <p>(a). In order to prevent the occurrence of occupational disasters, the Company spares no effort to improve the working environment to ensure the safety of employees (including all partners). Moreover, it has passed ISO 45001 occupational health and safety management system certification to provide a safe working environment for the employees.</p> <p>(b). The Company provides employees with safety and health work relevant items as follows:<br/> 1. Regularly conduct employee health checks every year.<br/> 2. Schedule safety and health education and training courses every year.</p>                                    | No difference                                                                                                                                        |





| Evaluation item                                                                                                                                                                                                                                                                              | Implementation Status(Note1) |    |                                                                                                                                                                                                                                                                                                                                                                                                     | Deviations from<br>“the Corporate<br>Social<br>Responsibility<br>Best-Practice<br>Principles for<br>TWSE/TPEx<br>Listed<br>Companies” and<br>Reasons |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                              | Yes                          | No | Description (Note 2)                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                      |
| (5) Does the Company follow regulations and international standards in the customer health, safety, customer privacy, marketing and labeling of its products and services, and set policies and appeal procedures for protection of consumer's rights and interests?                         | ✓                            |    | (5) The company has set up a 0800 free customer service line. Services include customer appeals, dispute resolution and after-customer service mechanisms. For customer data, confidential file management is adopted in accordance with the Personal Data Protection Law, and non-related business personnel are not allowed to access it.                                                         | No difference                                                                                                                                        |
| (6) Does the Company formulate the supplier management policies and require suppliers to follow relevant norms on environmental protection, occupational safety and health, or labor's human rights, and disclose the implementation?                                                        | ✓                            |    | (6) The Company conducts EHS (Environment Health and Safety) promotion and auditing to all major suppliers, and conducts implementation on the employees' physical health examinations, occupational injury prevention, fire safety, environmental sanitation, etc. Suppliers shall fully cooperate with requirements and improve to achieve the implementation of corporate social responsibility. | No difference                                                                                                                                        |
| 5. Does the Company, following internationally recognized guidelines, prepare and publish reports such as its corporate social responsibility report to disclose non-financial information of the Company? Does the Company obtain a third-party verification or assurance for such reports? |                              | ✓  | The Company hasn't prepared a CSR report.                                                                                                                                                                                                                                                                                                                                                           | Depending on the Company's operating conditions and scale.                                                                                           |

| Evaluation item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Implementation Status(Note1) |    | Deviations from<br>“the Corporate<br>Social<br>Responsibility<br>Best-Practice<br>Principles for<br>TWSE/TPEX<br>Listed<br>Companies” and<br>Reasons |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Yes                          | No |                                                                                                                                                      |
| 6.If the company has its own sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the difference between its operation and the principles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                              | ✓  | Depending on the corporate governance needs in the future.                                                                                           |
| <p>7.Other important information to help understand the operation of corporate social responsibility:</p> <p>(1).Bromine is committed to promoting people's quality and healthy living, as well as to research and development of home health medical equipment that is trusted by everyone. Therefore, professional-grade medical equipment is equipped with a user-friendly operating interface, so that high- medical meters have a simple operating interface, and people can easily check their own health at home.IN addition, due to changes in people's diet and living styles in recent years, the age group of people who have high blood pressure, high blood sugar, and high cholesterol have tendency to decrease year by year. In order to implement the business philosophy of improving people's quality and healthy life, we cooperate with the health education department of major hospitals and distributors to educate the public to understand the relevant diseases and their correct health care concepts, so people have a better understanding of better health care for themselves and their families.</p> <p>(2). In order to support local education to utilize students' knowledge, accumulate practical experience in the workplace, and enhance their competitiveness in the workplace, the Company actively cooperates with local senior secondary schools and colleges and universities to arrange for students to receive practical training in the workplace during their school years, so that their learning can be put to use. Through the K-12 Education Administration, MOE's "Industry-Academia Partnership Program", the National Chin-Yi University of Technology and The Affiliated Industrial Vocational High School of National Changhua University of Education collaborated in 2022. National Chung Cheng University also provides summer internship</p> |                              |    |                                                                                                                                                      |

| Evaluation item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Implementation Status(Note1)                                                                  |                  | Deviations from<br>“the Corporate<br>Social<br>Responsibility<br>Best-Practice<br>Principles for<br>TWSE/TPEx<br>Listed<br>Companies” and<br>Reasons |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                               |                  |                                                                                                                                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Yes                                                                                           | No               |                                                                                                                                                      |
| Description (Note 2)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                               |                  |                                                                                                                                                      |
| opportunities for students, combining practical industrial experience and academic research resources to help professional and internship students experience the workplace early and give full play to their strengths, creating a win-win situation for enterprises, schools and students.<br>The following table summarizes the status of industry-academic cooperation for the year 2022 :                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                               |                  |                                                                                                                                                      |
| Type                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Academic Institution                                                                          | Number of People | Period                                                                                                                                               |
| Industry-Academic Cooperation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | National Chin-Yi University of Technology                                                     | 3                | Jul 18, 2022-Jun 30, 2026                                                                                                                            |
| Corporate Internship                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | National Chung Cheng University                                                               | 1                | Jun 04, 2022 -Aug 26, 2022                                                                                                                           |
| Building Education Cooperation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | The Affiliated Industrial Vocational High School of National Changhua University of Education | 1                | May 23, 2022-Jun 30, 2022                                                                                                                            |
| (3)Succession planning and operation of board members and key management personnel:(1)Regarding the succession planning of the Board of Directors, the Company plans to train senior managers to join the Board of Directors to familiarize them with the operation of the Board of Directors and the business of each unit of the Group, and to deepen their industrial experience through job rotation.(2)In addition to excellent professional and leadership skills, the successor of our key management should have values that are in line with our corporate culture, and should have sharp observation skills, good organizational skills, the ability to identify problems, and the ability to solve them. The cultivation of key management personnel covers management function strengthening, duty rotation and project experience, and systematically cultivates management personnel with timely and precise wisdom in decision-making and problem-solving abilities. In addition to cultivating management with growth-oriented values internally, we also recruit outstanding managers externally to strengthen the breadth and depth of the company's succession talent pool. |                                                                                               |                  |                                                                                                                                                      |
| (4)Workplace Diversity Policy: Our company has a "Safety and Health Management Manual" and a "Workplace Sexual Harassment Prevention and Control Measures for Complaints and Discipline" document that are posted on bulletin boards and our internal website. We have a health room, a gym                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                               |                  |                                                                                                                                                      |

| Evaluation item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Implementation Status(Note1) |                      | Deviations from<br>“the Corporate<br>Social<br>Responsibility<br>Best-Practice<br>Principles for<br>TWSE/TPEx<br>Listed<br>Companies” and<br>Reasons |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Yes                          | No                   |                                                                                                                                                      |
| and a breastfeeding room in our factory and employ occupational safety personnel and workplace nurses to provide a dignified and safe workplace environment for our employees. We offer and provide disadvantaged positions, such as physically and mentally challenged, aboriginal, and secondary employment, to ensure employment diversity, fairness in remuneration and advancement opportunities, and that employees are not discriminated against, harassed, or treated unequally on the basis of race, gender, religion, age, political affiliation, or any other status protected by applicable laws and regulations. |                              | Description (Note 2) |                                                                                                                                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                              |                      |                                                                                                                                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                              |                      |                                                                                                                                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                              |                      |                                                                                                                                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                              |                      |                                                                                                                                                      |

Note1: If “Yes” is selected under the Implementation Status, it shall explain the important policies, strategies, measures and implementations. If “No” is selected under the Implementation Status, it shall explain the reason and detail the plan to carry out the policies, strategies and measures in the future.

Note2: The Company has compiled a corporate social responsibility report, and the Description indicates the method of reviewing the CSR report and the replacement of index page.

Note3: The materiality principle refers to those related to environmental, social and corporate governance issues that have significant influence on the Company's investors and other interested parties.

(6) Implementation of Integrity Management

Based on the concept of co-prosperity, the Company maintains friendly interaction and cooperation with suppliers and related stakeholders, and provides a good and effective communication channel and information transmission to establish long-term partnership and economic operation mode as the development direction.

| Evaluation Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Implementation Status (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Yes                            | No | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                           |
| 1. Setting business integrity policies and programs<br>(1) Does the Company have its regulations and publicly available documents addressing its corporate ethics principles and programs, and the commitment regarding implementation of such programs from the Board of Directors and the management team?<br>(2) Does the company establish appropriate preventive measures for the business activities prescribed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" or any other such activities associated with high risk of unethical conduct?<br>(3) Does the Company formulate the operation procedures, guidelines, disciplinary and appeal system against unethical conduct? Does the Company implement and regularly review to revise them? | V                              |    | (1) The Company has established the Code of Ethical Conduct approved by the board of directors. All directors, managers and all employees should be responsible for the compliance.<br>(2) The Company has established the Code of Ethical Conduct, Employee Code of Practice, and work rules, which clearly state that employees must not engage illegal interests with their job titles, and accept hospitality, gifts, rebates, embezzlement of public funds, or other illegal interests. It is expected to prevent unethical misconduct that may affect business or trade relations.<br>(3) The Company has established the Code of Ethical Conduct, and Employee Code of Practice, which clearly stipulate terms and guidelines regarding conflicts of interest, customer information confidentiality, business gifts, fair trading and competition. Through trainings and | No difference.                                                                                                            |

| Evaluation Item                                                                                                                                                                                                   | Implementation Status (Note 1) |    | Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                   | Yes                            | No |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                                                                                                                                                                                                                   |                                |    | initiatives, the directors, managers and employees can truly understand and follow this concept. Any behavior against ethics and integrity, regardless of position levels, will be punished in accordance with the Work Rules. It also provides complaint channels for employees, so as to handle employees' opinions towards unfair and unreasonable treatment.                                                                                               |
| 2. Implementation of integrity management<br>(1) Does the Company assess the integrity record of its business partner, and stipulate the terms of conduct on integrity in the contract with the business partner? | V                              |    | (1) The Company conducts business activities in a fair and transparent manner, and stipulates that employees are responsible for protecting the Company's intellectual property and not disclosing any information that should not be disclosed or having connection with any dishonest manufacturers or customers. In case of any abnormal condition, it should be reported any time. Moreover, the terms of business integrity are included in the contract. |
| (2) Has the Company set up a dedicated (or concurrent) corporate integrity promotion unit under the board of directors which regularly reports to the board on its work?                                          | V                              |    | (2) In compliance with Company Law, Stock Exchange, Commercial Accounting Law, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Public Officer Conflict of Interest Avoidance Act, other relevant laws and regulations. As well as                                                                                                                                                                                                    |

| Evaluation Item                                                                                                                                                                                                                               | Implementation Status (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                               | Yes                            | No | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                           |
| (3) Has the Company formulated policies to prevent conflicts of interest, provided appropriate channels for statements and implemented them?                                                                                                  | V                              |    | <p>relevant internal regulation such as auditing and internal control, and considers the “Code of Integrity Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” as the basis for implementing integrity management.</p> <p>(3) The Company stipulates provisions to prevent conflicts of interest in the Code of Ethical Conduct, Management Regulations for Employees ‘Code of Practice, labor contracts, and work rules, so as to provide employees with complete guidelines. It has an internal mailbox for suggestions and an external reporting mailbox to provide a smooth reporting and expressing channel.</p> |                                                                                                                           |
| (4) Has the Company established an effective accounting system and internal control system for the implementation of integrity management, which is checked by the internal auditing unit on a regular basis or audited by external auditors? | V                              |    | <p>(4) The Company has established an accounting system and internal control system to ensure the validity of the financial reporting process and internal control. The internal audit unit prepares the audit plan based on the risk assessment results, regularly performs audit operations, and performs audits randomly upon demand. The audit results are also reported to the Board.</p>                                                                                                                                                                                                                                                   |                                                                                                                           |



| Evaluation Item                                                                         | Implementation Status (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|-----------------------------------------------------------------------------------------|--------------------------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
|                                                                                         | Yes                            | No | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                           |
| (5) Does the Company hold regular internal and external training on business integrity? | V                              |    | <p>(5)It explains the Company's relevant regulations for the new recruits and request them to labor contracts. It also holds various internal meetings, conducts advocacy in various forms, and arranges trainings for new recruits at the first day when they come to work. Moreover, it organizes related internal educations and trainings (including courses on integrity management, regulatory compliance, intellectual property rights, business secrets, etc.) to illustrate the importance of integrity management.</p> <p>a).In 2022, we prepared education and training sessions for every newcomer to explain the code of conduct and work rules for employees for 1 hour each time, with a total of 266 participants.</p> <p>b).In 2022, we prepared education and training sessions for every newcomer to introduce "Intellectual Property Rights", which was conducted for 0.5 hours each time, with a total of 154 participants.</p> <p>c).In 2022, we prepared education and training</p> |                                                                                                                           |

| Evaluation Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Implementation Status (Note 1) |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Yes                            | No | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                |    | <p>sessions for "Information Security and Business Secrets", which was held for colleagues in various departments, for 2 hours each time, with a total of 314 participants.</p> <p>d).In 2022, we prepared education and training sessions for "Prevention of Insider Trading and Integrity Management", which was held for directors, supervisors, and managers, for 1 hour each time, with 10 participants.</p>                                                                                                                                                           |                                                                                                                           |
| <p>3. Operation of the Company Reporting System</p> <p>(1)Has the Company set up specific reporting and reward systems and a convenient reporting channel, and does the Company assign appropriate personnel to investigate the person being reported?</p> <p>(2)Has the Company established standard operating procedures for investigating complaints, and the subsequent measures taken after the investigation and ensuring that such complaints are handled in a confidential manner?</p> <p>(3)Does the Company take measures to protect the reporter from improper treatment?</p> | V                              |    | <p>(1) The opinions of employees can be reflected through multiple channels including management and human resources units, and shall be properly handled and communicated smoothly.</p> <p>(2) The Company has a whistleblowing system and protects its employees from revenge by reporting their violations.</p> <p>(3) The Company handles the reporting cases in a confidential manner to protect the whistleblower's identity. If the whistleblower is an employee, the Company guarantees that he will not be subject to improper treatment due to the reporting.</p> | No difference.                                                                                                            |
| 4. Strengthening of Information Disclosure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | V                              |    | The Company's performances of integrity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | No difference.                                                                                                            |

| Evaluation Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Implementation Status (Note 1) |    | Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----|---------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Yes                            | No |                                                                                                                           |
| (1) Does the Company disclose the contents of its Code of Practice for Business Integrity and the effectiveness on its website and MOPS?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                |    | management and adoption measures are disclosed on its website and annual reports.                                         |
| 5. If the Company has its own Corporate Governance Best Practice Principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, please describe the difference between them:<br>The Company has not set up Corporate Governance Best Practice Principles but complies with the Company Law, Stock Exchange, Commercial Accounting Law, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Public Officer Conflict of Interest Avoidance Act, other relevant laws and regulations and relevant internal regulation such as auditing and internal control, and considers the “Code of Integrity Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” as the basis for implementing integrity management. |                                |    |                                                                                                                           |
| 6. Other important information that will help to understand the operation of the Company’s integrity (eg. the Company reviews and amends its established code of conduct, etc.): the Company keeps an close eye on the developments of relevant norms of integrity management at home and abroad in order to review and improve the Company’s integrity management policy to enhance the effectiveness.                                                                                                                                                                                                                                                                                                                                                                                                   |                                |    |                                                                                                                           |

Note 1: Regardless of whether “Yes” or “No” is checked, it shall be specified in the Description field.

(8) If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how they are to be searched:

Such rules can be referred to the Company's website, under the Investors/Corporate Governance page.

(9) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed:  
None.

(10) Implementation of the internal control system:

i. Statement of Internal Control System (refer to p.78)

ii. If the CPA was engaged to conduct a Special Audit of Internal Control System, provide its audit report: None.

(11) 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 its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

(12) Important resolutions of the shareholders' meeting and the board meetings during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

| <u>Date /<br/>Meeting</u>                        | <u>Important Resolutions</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| June 22, 2022<br>General<br>Shareholders Meeting | <ul style="list-style-type: none"><li>● Recognition of the 2021 Annual Report of Operations and Financial Statements<br/>Implementation status: The resolution was passed and the execution was completed in accordance with the resolution of the shareholders' meeting.</li><li>● Recognition of 2021 earnings distribution<br/>Implementation status: The base date of distribution is set at Jul 27, 2022 and the dividend payment date is set at Aug 19, 2022.</li></ul> |

| <u>Date / Meeting</u>                         | <u>Important Resolutions</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                               | <ul style="list-style-type: none"> <li>● Approved amendments to certain provisions of the Articles of Incorporation<br/>Implementation status: The shareholders' meeting approved the amendment of the Company's business project and obtained the approval letter from the Investment Commission on Mar 4, 2022 and the approval letter from the Ministry of Economic Affairs on Jul 14, 2022 for the change of registration.</li> <li>● Approved amendments to the procedures for the acquisition and disposal of assets, the methods for election of directors and supervisors, and certain provisions of the Rules of Procedure of the Shareholders' Meeting<br/>Implementation status: The amendment was completed and announced on the Company's website.</li> <li>● Approved the general re-election of directors (including independent directors)<br/>Implementation status: The re-election was completed, and on July 14, 2022, a letter of approval was obtained from the Ministry of Economic Affairs for the re-election of directors, the election of the chairman, and the registration change of the established audit committee.</li> <li>● Approved the release of the Company's new directors from the prohibition of competition<br/>Implementation status: The resolution is approved, and the director's concurrent employment is reported to the shareholders' meeting for approval.</li> </ul> |
| Jan.19,2022<br>Board of Directors' Meeting    | <ul style="list-style-type: none"> <li>● Approved the 2022 Operation Plan</li> <li>● Approved the 2021 year-end Bonus Distribution for Managers</li> <li>● Approved the bank financing application</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| March 22, 2022<br>Board of Directors' Meeting | <ul style="list-style-type: none"> <li>● Approved the 2020 remuneration distribution for employees and directors</li> <li>● Approved the review of the 2022 annual manager salary adjustment</li> <li>● Approved the company's 2021 board of directors and board performance evaluation results.</li> <li>● Approval of the Company's 2021 business report and financial</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| <u>Date / Meeting</u>                         | <u>Important Resolutions</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                               | <p>statements</p> <ul style="list-style-type: none"> <li>● Approved the Company's 2021 profit distribution plan</li> <li>● Approved Distribution of Legal Reserves and Capital Reserves by paying cash</li> <li>● Approved the Re-election of all Directors</li> <li>● Approved the amendments to the Company's Articles of Association</li> <li>● Approved the amendment to the Procedures for Acquisition and Disposal Assets</li> <li>● Approved the amendment to the Procedures for Election of Directors and Supervisors.</li> <li>● Approved the amendments to the Procedural Rules for Shareholders' Meeting</li> <li>● Approved the Proposal of Release the Prohibition on Directors from Participation in Competitive Business</li> <li>● Approved the convening of 2021 general shareholders' meeting</li> <li>● Approved the announcement of nominations for Directors (Including Independent Directors) of the 2022 General Shareholders' Meeting</li> <li>● Approved the convening of 2020 general shareholders' meeting</li> <li>● Approved the issuance of new shares by exercising subscription of the employee stock option certificates in Q4, 2021, and the settlement of reference date for capital increase</li> <li>● Approved for the cancellation of the treasury shares of the company</li> <li>● Approved the 2021 internal control system statement</li> <li>● Approved the bank financing application</li> </ul> |
| May 11,2022<br>Board of Directors'<br>Meeting | <ul style="list-style-type: none"> <li>● Approved the company's greenhouse gas inventory and verification schedule</li> <li>● Approved and reviewed the list of nominated directors (including independent directors)</li> <li>● Approved amendments to part of the company's "Rules of Procedure for the Board of Directors"</li> <li>● Approved the proposal to formulate the company's "Organization Regulations of the Audit Committee"</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| July 5,2022<br>Board of Directors'<br>Meeting | <ul style="list-style-type: none"> <li>● Approved the election of the new Chairman of the Tenth Board of Directors of the Company</li> <li>● Approved amendments to certain provisions of the "Regulations Governing the Remuneration of Directors, Supervisors and Functional Members" of the Company</li> <li>● Approved the appointment of the Fifth Remuneration Committee of the Company</li> <li>● Approved the appointment of the first Audit Committee of the Company</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| August 10,2022<br>Board of Directors'         | <ul style="list-style-type: none"> <li>● Approved the personnel promotion</li> <li>● Approved the details of employee remuneration manager's payment for 2021</li> <li>● Approved the details of directors' and supervisors' remuneration for</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| <u>Date / Meeting</u>                           | <u>Important Resolutions</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Meeting                                         | <p>the year 2021</p> <ul style="list-style-type: none"> <li>●Approved the exercise of purchasing new shares through employee stock certificates and setting of capital increase base date</li> <li>●Approved the bank financing application</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Nov.9,2022<br>Board of Directors'<br>Meeting    | <ul style="list-style-type: none"> <li>●Approved the planned capital expenditure for the expansion of the dust-free room production area</li> <li>●Approved the promotion and salary structure adjustment of our managers</li> <li>●Approved the salary adjustment plan for 2023</li> <li>●Approved the Company's audited financial statements for the third quarter of 2022</li> <li>●Approved amendments to certain provisions of the Company's "Procedures for Handling Internal Significant Information</li> <li>●Approved the audit plan for 2023</li> <li>●Approved the amendments to the Company's internal control system</li> <li>●Approved the exercise of purchasing new shares through employee stock certificates and setting of capital increase base date</li> <li>●●Approved the bank financing application</li> </ul>                                                                                                                                                                                                                                        |
| Jan.10,2023<br>Board of Directors'<br>Meeting   | <ul style="list-style-type: none"> <li>●Approved the 2023 annual operating plan</li> <li>●Approved the details of the 2022 year-end bonus payment for the managers</li> <li>●Approved the "2023 Regulations for the Issuance of Employee Stock Options and Stock Options" of the Company</li> <li>●Approved the change of CPA in line with KPMG in Taiwan business restructuring</li> <li>●Approved the Company's regular evaluation of the independence and suitability of CPAs</li> <li>●Approved amendments to certain provisions of the Company's Articles of Incorporation</li> <li>●Approved amendments to certain provisions of the Company's "Procedures for Application for Suspension and Resumption of Trading</li> <li>●Approved the amendment of the "Board of Directors' Performance Evaluation Method" of the Company</li> <li>●Approved the amendment of the Company's "Remuneration Committee Organizational Rules".</li> <li>●Approved the amendments to the Company's internal control system</li> <li>●Approved the bank financing application</li> </ul> |
| March 14,2023<br>Board of Directors'<br>Meeting | <ul style="list-style-type: none"> <li>●Approved the remuneration for employees and directors and supervisors of the Company for the year 2022.</li> <li>●Approved the Company's 2022 Annual Report of Operations and Financial Statements</li> <li>●Approved the 2022 Annual Earnings Distribution</li> <li>●Approved the cash distribution through the processing of capital surplus</li> <li>●Approved the addition (replacement) of 1 member to the tenth</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

| <u>Date / Meeting</u>                          | <u>Important Resolutions</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                | <p>independent directors</p> <ul style="list-style-type: none"> <li>●Approved the amendment to the Company's Internal Control Management Method</li> <li>●Approved the convening of the 2023 Annual General Meeting of Shareholders of the Company</li> <li>●Approved the announcement of the nomination of independent directors for the 2023 Annual General Meeting of Shareholders</li> <li>●Approved to accept matters related to shareholders' rights of proposal for the 2023 Annual General Meeting of the Company</li> <li>●Approved the exercise of purchasing new shares through employee stock certificates and setting of capital increase base date</li> <li>●Approved the results of the evaluation of the performance of the members of the Board of Directors and the Board of Directors of the Company for the 2022</li> <li>●Approved the "2022 Statement of Internal Control" of the Company</li> <li>●Approved the general principles for establishing the Company's pre-approved non-confirmation service policy</li> <li>●Approved the bank financing application</li> </ul> |
| May 10, 2023<br>Board of Directors'<br>Meeting | <ul style="list-style-type: none"> <li>●Approved the Company's audited financial statements for the first quarter of 2023</li> <li>●Approved the establishment of a corporate governance officer in accordance with the Act</li> <li>●Approved the review of the list of candidates for independent director of the Company</li> <li>●Approved the exercise of purchasing new shares through employee stock certificates and setting of capital increase base date</li> <li>●Approved the amendment to the Company's Statement of Earnings Distribution for 2022</li> <li>●Approved the amendment of the capital surplus for cash distribution</li> <li>●Approved the amendment to the Company's "2023 Employee Stock Option Issuance and Stock Option Regulations"</li> <li>●Approved the bank financing application</li> </ul>                                                                                                                                                                                                                                                                   |

(13) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a resolution approved by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(14) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairman, general manager, principal accounting officer,



principal financial officer, chief internal auditor, and principal research and development officer: None.

Bionime Corporation  
Statement of Internal Control System



Date: March 14, 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. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reason assurance of accomplishing its three state objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluate the design and operating effectiveness of its internal control system Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: i. control environment, ii. risk assessment, iii. control activities, iv. information and communication, and v. monitoring activities.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evolution, the Company believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company's annual report for the year 2022 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Law.
7. This statement was approved by the board of directors in the meetings held on March 14, 2023, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

BIONIME Corporation  
Chairman: Huang,Chun-Mu



General Manager: Huang,Chun-Mu



#### 4. Information on CPA Profession Fees

##### Information on CPA Profession Fees

Unit: NT\$ thousand

| Accounting Firm | CPA Name                    | Audit period              | audit fee | Non-audit fee | Total | Remarks                                                                                                |
|-----------------|-----------------------------|---------------------------|-----------|---------------|-------|--------------------------------------------------------------------------------------------------------|
| KPMG            | Zhang Zi-Shin<br>Wu Junyuan | 2022.01.01<br>~2022.12.31 | 2,910     | 780           | 3,690 | TP Report NT\$340 thousand, Tax Certification NT\$250 thousand, Business Registration NT\$190 thousand |

Please specify the content of non-audit public services: (such as tax visa, assurance or other financial advisory services)

Note: If there is any change of accountants or accounting firm this year, please list the audit period separately, explain the reason of the change in the remarks column, and disclose the audit and non-audit fees paid in sequence. The non-audit fees should be noted and should explain its service content.

- (1) If there is a change of the accounting firm, and in the year of the change the audit fee is lower than that in the previous year, please disclose the audit fees before and after the change and the reasons: None.
- (2) If the audit fee is reduced more than 15% compared with the previous year the reduction in the amount of audit fees, the proportions, and reason (s) there for shall be disclosed: There is no reduction in the audit fees.

#### 5. Change of Accountants:None

##### (1) About Former Accountants

|                                   |                                                                                                                                                                                          |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of change                    | Jan. 2023                                                                                                                                                                                |
| Reason for change and description | In line with the internal business restructuring of the accountants, the CPAs will be replaced by Chen Yan Hui and Guo Shi Hua from Zhang Zi-Xing and Wu Jun-Yuan with effect from 2023. |

|                                                                                                                            |                                      |     |                                    |           |
|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----|------------------------------------|-----------|
| Indicate whether the appointment is terminated or not accepted by the appointee or accountant                              | Party Involved                       |     | Accountant                         | Appointee |
|                                                                                                                            | Status                               |     |                                    |           |
|                                                                                                                            | Proactive termination of appointment |     | N/A                                | N/A       |
| No longer accept (continued) appointment                                                                                   |                                      | N/A | N/A                                |           |
| Opinions on audit reports issued within the last two years excluding for those issued without reservation, and the reasons | No                                   |     |                                    |           |
| Any disagreement with the issuer                                                                                           | Yes                                  |     | Accounting Principles or Practices |           |
|                                                                                                                            |                                      |     | Disclosure of Financial Reports    |           |
|                                                                                                                            |                                      |     | Audit scope or steps               |           |
|                                                                                                                            |                                      |     | Others                             |           |
|                                                                                                                            |                                      |     |                                    |           |
|                                                                                                                            | No                                   | ✓   |                                    |           |
|                                                                                                                            | Description                          |     |                                    |           |
| Other disclosures (Items 1.4 to 1.7 of paragraph 6 of Article 10 of this Standard should be disclosed)                     | None                                 |     |                                    |           |

(2) About Successor Accountants

|                         |                |
|-------------------------|----------------|
| Name of accounting firm | KPMG in Taiwan |
|-------------------------|----------------|

|                                                                                                                                                                                                       |                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Name of CPA                                                                                                                                                                                           | CPA Chen Yan Hui and CPA Guo Shi Hua |
| Date of appointment                                                                                                                                                                                   | Jan.2023                             |
| Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement. | N/A                                  |
| Succeeding CPA's written opinion of disagreement toward the former CPA                                                                                                                                | N/A                                  |

(3) Reply from the former accountant on the matters in paragraph 6(1) and (2)(3) of Article 10 of the Standards: N/A

6. The Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Auditing CPA Firm or its Affiliated Businesses in the Past Year, Name, Title as well as Serving Period of the Accounting Firm or its Affiliate shall be Disclosed: None.

7. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer; or Shareholder with a Stake of More than 10 Percent during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report:

(1) Changes of directors, supervisors, managers or shareholders holding greater than a 10 percent stake in the Company

| Title                                              | Name                                                                        | 2022                            |                                   | Current year to May. 2          |                                   |
|----------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
|                                                    |                                                                             | Shareholding Increase/ Decrease | Pledged Shares Increase/ Decrease | Shareholding Increase/ Decrease | Pledged Shares Increase/ Decrease |
| Chairman as well as CEO                            | Huang, Chun-Mu                                                              | 0                               | 0                                 | 0                               | 0                                 |
| Director                                           | Hua Eng Wire & Cable Co., Lt<br>Representative: Liou, Xiu-Mei               | (322,000)                       | 0                                 | 0                               | 0                                 |
| Shareholders holding more than 10% shares          | Hua Eng Wire & Cable Co., Lt                                                |                                 |                                   |                                 |                                   |
| Director concurrently holding more than 10% shares | Tonghua Dongbao Pharmaceutical Co., Ltd.                                    | 0                               | 0                                 | 0                               | 0                                 |
| Director                                           | Tonghua Dongbao Pharmaceutical Co., Ltd<br>Representative: Leng, Chun-Sheng |                                 |                                   |                                 |                                   |
| Director                                           | Tonghua Dongbao Pharmaceutical Co., Ltd.<br>Representative :Zhang, Wen-Hai  |                                 |                                   |                                 |                                   |
| Director                                           | Yanben Investment Co., Ltd.<br>(Date onboard:2022/06/22)                    | 0                               | 0                                 | 0                               | 0                                 |
| Representative                                     | Liou, Ke-Chen( Date onboard:2022/06/27)                                     | 0                               | 0                                 | 0                               | 0                                 |
| Director                                           | Baijue Investment Co., Ltd.<br>(Date onboard:2022/06/22)                    | 0                               | 0                                 | 0                               | 0                                 |

|                                     |                                                                   |          |           |          |   |
|-------------------------------------|-------------------------------------------------------------------|----------|-----------|----------|---|
|                                     | Date dismissal :2022/4/30)                                        |          |           |          |   |
| Representative                      | Tai,Tsung-Kai (Date onboard:2022/06/22) Date dismissal :2022/4/30 | (32,000) | 0         | (30,000) | 0 |
| Independent director                | Zeng,Hui-Jin(Date onboard:2022/06/22)                             | 0        | 0         | 0        | 0 |
| Independent director                | Liu,Mei-An (Date onboard:2022/06/22)                              | 0        | 0         | 0        | 0 |
| Independent director                | Chen,Rui-Xin(Date onboard:2022/06/22)                             | 0        | 0         | 0        | 0 |
| Deputy General Managers             | Chen Bi-Hsuan                                                     | (23,000) | 0         | 0        | 0 |
| Deputy General Managers             | Chen Chieh-Shing                                                  | 0        | 0         | 0        | 0 |
| Deputy General Managers             | Yeh Zhi-Long                                                      | (9,000)  | 0         | 0        | 0 |
| Associate Manager                   | Li Chia-Ming(Date onboard:2022/08/10)                             | 0        | 0         | 0        | 0 |
| Associate Manager                   | Li Ming-Tsan(Date onboard:2022/08/10)                             | 0        | 0         | 0        | 0 |
| Associate Manager & Finance Manager | Chen,Hui-Zhen                                                     | 0        | 0         | 0        | 0 |
| Accounting Manager                  | Chen,Ya-wen                                                       | 2,000    | 0         | 0        | 0 |
| Director                            | Chang,Tai- Hsiung (Dismissed on 2022/6/22)                        | 0        | 0         | 0        | 0 |
| Independent director                | Tsai ,Gan-Ren (Dismissed on 2022/6/22)                            | 0        | 0         | 0        | 0 |
| Independent director                | Kuo, Li-Jen (Dismissed on 2022/6/22)                              | 0        | 0         | 0        | 0 |
| Independent director                | Lu,Hsueh-Yu (Dismissed on 2022/6/22)                              | 0        | 0         | 0        | 0 |
| Supervisor                          | Tai,Tsung-Kai(Dismissed on 2022/6/22)                             | (32,000) | 0         | (30,000) | 0 |
| Supervisor                          | Lin,Chien-Hsing(Dismissed on 2022/6/22)                           | 0        | 0         | 0        | 0 |
| Supervisor                          | Su,Chin-Pin(Dismissed on 2022/6/22)                               | 0        | (100,000) | 0        | 0 |
| Associate Manager                   | Hsu Yu-Jen(Dismissed on 2022/9/1)                                 | 0        | 0         | 0        | 0 |

Note 1: Shareholders with more than 10% of the Company's shares shall be listed as major shareholders, and shall be listed separately.

Note 2: If the counterparties of equity transfer are related parties, please specify in below.

(2) Information on equity transfer:

| Name | Reasons for pledge | Date | Counterparty | Counterparty's relationship with company directors, supervisors, managers and shareholders who | Share | Trading price |
|------|--------------------|------|--------------|------------------------------------------------------------------------------------------------|-------|---------------|
|------|--------------------|------|--------------|------------------------------------------------------------------------------------------------|-------|---------------|

|               | changes |          |               | hold more than 10% of the shares |        |      |
|---------------|---------|----------|---------------|----------------------------------|--------|------|
| Dai, Zong-Kai | Gifted  | 2022/1/9 | TAI,PO-HSIANG | -                                | 15,000 | 76.9 |
| Dai, Zong-Kai | Gifted  | 2022/1/9 | TAI,PO-YU     | -                                | 15,000 | 76.9 |
| Dai, Zong-Kai | Gifted  | 2021/1/7 | TAI,PO-HSIANG | -                                | 16,000 | 75.7 |
| Dai, Zong-Kai | Gifted  | 2021/1/7 | TAI,PO-YU     | -                                | 16,000 | 75.7 |

(3) Information on equity pledge:

| Name        | Reasons for pledge changes | Date      | Counterparty              | Counterparty's relationship with company directors, supervisors, managers and shareholders who hold more than 10% of the shares | Share   | Shareholding ratio | Pledge ratio | Pledged (redemption) amount |
|-------------|----------------------------|-----------|---------------------------|---------------------------------------------------------------------------------------------------------------------------------|---------|--------------------|--------------|-----------------------------|
| Su,Chin-Pin | Redemption                 | 2022/4/13 | Yuanta Securities Finance | -                                                                                                                               | 100,000 | 1.79%              | 45.96%       | -                           |

8. Relationship Information, if among the Company's 10 Largest Shareholders any one is a Related Party or a Relative within the Second Degree of Kinship of another:

May. 2.2023

| Name                                                                       | Shareholding |        | Spouse & Minor Children Current Shareholding |       | Current Shareholding in the Name of others |   | Relationships among the Top Ten Shareholders, anyone who is a Related Party, Spouse, or Second-Degree Kinship of another: Name and Relation |                                        | Remarks |
|----------------------------------------------------------------------------|--------------|--------|----------------------------------------------|-------|--------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|---------|
|                                                                            | Share        | %      | Share                                        | %     | Share                                      | % | Title (Name)                                                                                                                                | Relation                               |         |
| Tonghua Dongbao Pharmaceutical Co., Ltd.<br>Representative: Leng Chun-Shen | 12,000,000   | 19.74% | -                                            | -     | -                                          | - | -                                                                                                                                           | -                                      | -       |
| Hua Eng Wire & Cable Co., Ltd<br>Representative: Wang, Ho-Jen              | 7,374,900    | 12.13% | -                                            | -     | -                                          | - | -                                                                                                                                           | -                                      | -       |
| Huang, Chun-Mu                                                             | 2,474,492    | 4.07%  | 1,120,380                                    | 1.84% | -                                          | - | Huang Shiu-Chin Shih, Chin-Hsiu                                                                                                             | Husband and wife<br>Brother and sister | -       |
| Yen-Pen Investment Co., Ltd.<br>Representative : Chang, Mei-Ling           | 1,500,000    | 2.47%  | -                                            | -     | -                                          | - | -                                                                                                                                           | -                                      | -       |
| Cathy Life Insurance<br>Representative: Huang                              | 1,461,000    | 2.40%  | -                                            | -     | -                                          | - | -                                                                                                                                           | -                                      | -       |



|                               |           |       |           |       |   |   |                                 |                                  |   |
|-------------------------------|-----------|-------|-----------|-------|---|---|---------------------------------|----------------------------------|---|
| Tiao-Gui                      |           |       |           |       |   |   |                                 |                                  |   |
| Tseng,chin-Cheng              | 1,130,000 | 1.86% | -         | -     | - | - | -                               | -                                | - |
| Huang Shiu-Chin               | 1,121,869 | 1.85% | -         | -     | - | - | Huang,Chun-Mu                   | Brother and sister               | - |
| Shih,Chin-Hsiu                | 1,120,380 | 1.84% | 2,474,492 | 4.07% | - | - | Huang,Chun-Mu                   | Husband and wife                 | - |
| Shih,Tsui-o                   | 983,292   | 1.62% | -         | -     | - | - | Shih,Chin-Hsiu<br>Huang,Chun-Mu | Sister and sister<br>The In-laws | - |
| Chaoyang Investment Co., Ltd. | 722,200   | 1.19% | -         | -     | - | - | -                               | -                                | - |

Note 1: The top ten shareholders shall be listed, and the corporate shareholders shall list the names of the corporate shareholder and the name of the representative of the corporate shareholder separately.

Note 2: The shareholding ratio refers to the calculation of the shareholding ratio in the name of the shareholder, spouse, minor children or shareholding in the name of others.

Note 3: The shareholders listed in the previous disclosure, including corporate shareholders and natural persons, shall disclose the relationship between them.

9. 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: None.

## IV. Capital Overview

### 1. Capital and Shares

#### (1) Source of capital

Unit: NT\$ thousand; 1000 shares

| Year/<br>Month | Par<br>Value | Approved Capital |         | Paid-in Capital |         | Remarks                                                                       |                                                      |         |
|----------------|--------------|------------------|---------|-----------------|---------|-------------------------------------------------------------------------------|------------------------------------------------------|---------|
|                |              | Shares           | Amount  | Shares          | Amount  | Source of Capital                                                             | Capital<br>Increased by<br>Assets other<br>than Cash | Others  |
| 2003/4         | 10           | 750              | 7,500   | 750             | 7,500   | Capital at establishment 7,500                                                | None                                                 | Note 1  |
| 2003/6         | 10           | 1,500            | 15,000  | 1,500           | 15,000  | Capital increase 7,500 by cash                                                | None                                                 | Note 2  |
| 2003/11        | 10           | 4,500            | 45,000  | 4,500           | 45,000  | Capital increase 30,000 by cash                                               | None                                                 | Note 3  |
| 2004/7         | 10           | 11,000           | 110,000 | 9,000           | 90,000  | Capital increase 45,000 by cash                                               | None                                                 | Note 4  |
| 2005/1         | 30           | 11,000           | 110,000 | 10,000          | 100,000 | Capital increase 30,000 by cash                                               | None                                                 | Note 5  |
| 2005/3         | 30           | 15,000           | 150,000 | 11,000          | 110,000 | Capital increase 30,000 by cash                                               | None                                                 | Note 6  |
| 2005/7         | 15           | 15,000           | 150,000 | 12,000          | 120,000 | Capital increase 15,000 by cash                                               | None                                                 | Note 7  |
| 2005/9         | 30           | 15,000           | 150,000 | 13,500          | 135,000 | Capital increase 45,000 by cash                                               | None                                                 | Note 8  |
| 2006/4         | 31.5         | 50,000           | 500,000 | 16,500          | 165,000 | Capital increase 63,000 by cash                                               | Capital increase 31,500 by creditor's right          | Note 9  |
| 2006/4         | 31.5         | 50,000           | 500,000 | 18,500          | 185,000 | Capital increase 63,000 by cash                                               | None                                                 | Note 10 |
| 2007/4         | 31.5         | 50,000           | 500,000 | 21,500          | 215,000 | Capital increase 94,500 by cash                                               | None                                                 | Note 11 |
| 2007/10        | 10/15        | 50,000           | 500,000 | 21,935          | 219,350 | Employee stock option certificates 5,069                                      | None                                                 | Note 12 |
| 2008/5         | 39           | 50,000           | 500,000 | 26,189          | 261,898 | Capital increase 17,548 by capital surplus<br>Capital increase 97,500 by cash | None                                                 | Note 13 |
| 2008/8         | 10           | 50,000           | 500,000 | 26,345          | 263,447 | Employee stock option certificates NT\$1,549 thousand                         | None                                                 | Note 14 |
| 2008/9         | 15           | 50,000           | 500,000 | 26,556          | 265,563 | Employee stock option certificates 3,174                                      | None                                                 | Note 15 |
| 2008/12        | 64           | 50,000           | 500,000 | 27,884          | 278,844 | Capital increase 85,000 by cash                                               | None                                                 | Note 16 |
| 2009/8         | 10/11.9      | 50,000           | 500,000 | 35,236          | 352,356 | Capital increase 71,641 by earnings                                           | None                                                 | Note 17 |

| Year/<br>Month | Par<br>Value | Approved Capital |           | Paid-in Capital |         | Remarks                                                               |                                                      |         |
|----------------|--------------|------------------|-----------|-----------------|---------|-----------------------------------------------------------------------|------------------------------------------------------|---------|
|                |              | Shares           | Amount    | Shares          | Amount  | Source of Capital                                                     | Capital<br>Increased by<br>Assets other<br>than Cash | Others  |
|                |              |                  |           |                 |         | Employee stock<br>option<br>certificates 2,226                        |                                                      |         |
| 2010/1         | 14.4         | 50,000           | 500,000   | 36,236          | 362,356 | Employee stock<br>option<br>certificates<br>14,400                    | None                                                 | Note 18 |
| 2010/12        | 95           | 50,000           | 500,000   | 39,952          | 399,516 | Capital increase<br>NT\$353,020<br>thousand by cash                   | None                                                 | Note 19 |
| 2011/8         | 10           | 50,000           | 500,000   | 43,947          | 439,468 | Capital increase<br>NT\$39,952<br>thousand by<br>capital surplus      | None                                                 | Note 20 |
| 2014/12        | 38           | 70,000           | 700,000   | 51,447          | 514,468 | Capital increase<br>NT\$285,000<br>thousand by cash                   | None                                                 | Note 21 |
| 2015/12        | 95           | 70,000           | 700,000   | 63,447          | 634,468 | Capital increase<br>NT\$1,140,000<br>thousand by<br>private placement | None                                                 | Note 22 |
| 2017/8         | 10           | 70,000           | 700,000   | 59,447          | 594,468 | Capital increase<br>NT\$40,000,000 by<br>treasury stock               | None                                                 | Note 23 |
| 2019.7         | 10           | 100,000          | 1,000,000 | 59,501          | 595,008 | Employee stock<br>option certificates<br>NT\$540,000                  | None                                                 | Note 24 |
| 2019.11        | 47.7         | 100,000          | 1,000,000 | 59,670          | 596,698 | Employee stock<br>option certificates<br>NT\$1,690,000                | None                                                 | Note 25 |
| 2020.2         | 47.7         | 100,000          | 1,000,000 | 60,536          | 605,358 | Employee stock<br>option certificates<br>NT\$8,660,000                | None                                                 | Note 26 |
| 2020.6         | 47.7<br>49.4 | 100,000          | 1,000,000 | 61,522          | 615,218 | Employee stock<br>option certificates<br>NT\$9,860,000                | None                                                 | Note 27 |
| 2020.11        | 46.4<br>48   | 100,000          | 1,000,000 | 61,756          | 617,558 | Employee stock<br>option certificates<br>NT\$2,340,000                | None                                                 | Note 28 |
| 2021.3         | 46.4<br>48   | 100,000          | 1,000,000 | 61,963          | 619,633 | Employee stock<br>option certificates<br>NT\$2,075,000                | None                                                 | Note 29 |
| 2021.7         | 48           | 100,000          | 1,000,000 | 62,195          | 621,953 | Employee stock<br>option certificates<br>NT\$2,320,000                | None                                                 | Note 30 |
| 2021.10        | 48           | 100,000          | 1,000,000 | 62,236          | 622,358 | Employee stock<br>option certificates<br>NT\$405,000                  | None                                                 | Note 31 |
| 2021.12        | 48<br>46.6   | 100,000          | 1,000,000 | 62,289          | 622,888 | Employee stock<br>option certificates<br>NT\$530,000                  | None                                                 | Note 32 |

| Year/<br>Month | Par<br>Value | Approved Capital |           | Paid-in Capital |         | Remarks                                                                                               |                                             |         |
|----------------|--------------|------------------|-----------|-----------------|---------|-------------------------------------------------------------------------------------------------------|---------------------------------------------|---------|
|                |              | Shares           | Amount    | Shares          | Amount  | Source of Capital                                                                                     | Capital Increased by Assets other than Cash | Others  |
| 2022.05        | 46.6<br>56.7 | 100,000          | 1,000,000 | 60,580          | 605,810 | Employee stock option certificates NT\$2,922,000<br>Capital increase NT\$20,000,000 by treasury stock | None                                        | Note 33 |
| 2022.06        | 56.7         | 100,000          | 1,000,000 | 60,602          | 606,022 | Employee stock option certificates 212,000                                                            | None                                        | Note 34 |
| 2022.09        | 56.7         | 100,000          | 1,000,000 | 60,624          | 606,240 | Employee stock option certificates 218,000                                                            | None                                        | Note 35 |
| 2022.12        | 56.7<br>55.1 | 100,000          | 1,000,000 | 60,687          | 606,870 | Employee stock option certificates 630,000                                                            | None                                        | Note 36 |

Note 1: The capital increase was approved by Ministry of Economic Affairs on April 14, 2003 No. 09231929030.

Note 2: The capital increase was approved by Ministry of Economic Affairs on June 19, 2003 No. 09232227670.

Note 3: The capital increase was approved by Ministry of Economic Affairs on November 27, 2003 No. 09233029400.

Note 4: The capital increase was approved by Ministry of Economic Affairs on August 26, 2004 No. 09332627270.

Note 5: The capital increase was approved by Ministry of Economic Affairs on February 25, 2005 No. 09431721640.

Note 6: The capital increase was approved by Ministry of Economic Affairs on May 13, 2005 No. 09432106330.

Note 7: The capital increase was approved by Ministry of Economic Affairs on September 16, 2005 No. 09432834870.

Note 8: The capital increase was approved by Ministry of Economic Affairs on October 5, 2005 No. 09432935950.

Note 9: The capital increase was approved by Ministry of Economic Affairs on May 5, 2006 No. 09532127100.

Note 10: The capital increase was approved by Ministry of Economic Affairs on May 17, 2006 No. 09532182970.

Note 11: The capital increase was approved by Ministry of Economic Affairs on May 14, 2007 No. 09632110580.

Note 12: The capital increase was approved by Ministry of Economic Affairs on October 22, 2007 No. 09632934410.

Note 13: The capital increase was approved by Ministry of Economic Affairs on June 20, 2008 No. 09732462450.

Note 14: The capital increase was approved by Ministry of Economic Affairs on August 8, 2008 No. 09732815110.

Note 15: The capital increase was approved by Ministry of Economic Affairs on October 22, 2008 No. 09733293140.

- Note 16: The capital increase was approved by Ministry of Economic Affairs on January 6, 2009 No. 09831508980.
- Note 17: The capital increase was approved by Ministry of Economic Affairs on September 10, 2009 No. 09833037820.
- Note 18: The capital increase was approved by Ministry of Economic Affairs on February 22, 2010 No. 09931699410.
- Note 19: The capital increase was approved by Ministry of Economic Affairs on January 4, 2011 No. 10031506780.
- Note 20: The capital increase was approved by Ministry of Economic Affairs on August 25, 2011 No. 10032427660.
- Note 21: The capital increase was approved by Ministry of Economic Affairs on January 8, 2015 No. 10301266680.
- Note 22: The capital increase was approved by Ministry of Economic Affairs on January 12, 2016 No. 10401278900.
- Note 23: The capital increase was approved by Ministry of Economic Affairs on August 29, 2017 No. 10601121050.
- Note 24: The capital increase was approved by Ministry of Economic Affairs on July 22, 2019 No. 10801090630.
- Note 25: The capital increase was approved by Ministry of Economic Affairs on November 28, 2019 No. 108011721120.
- Note 26: The capital increase was approved by Ministry of Economic Affairs on February 14, 2020 No. 10901014580.
- Note 27: The capital increase was approved by Ministry of Economic Affairs on June 9, 2020 No. 10901095090.
- Note 28: The capital increase was approved by Ministry of Economic Affairs on Nov. 17, 2020 No. 10901204940.
- Note 29: The capital increase was approved by Ministry of Economic Affairs on March. 9, 2021 No. 11001036530.
- Note 30: The capital increase was approved by Ministry of Economic Affairs on July. 14, 2021 No. 11001117870.
- Note 31: The capital increase was approved by Ministry of Economic Affairs on October. 1, 2021 No. 11001170820.
- Note 32: The capital increase was approved by Ministry of Economic Affairs on December. 30, 2021 No. 11001222170.
- Note 33: The capital increase was approved by Ministry of Economic Affairs on May. 17, 2022 No. 11101083910.
- Note 34: The capital increase was approved by Ministry of Economic Affairs on June. 13, 2022 No. 11101092240.
- Note 35: The capital increase was approved by Ministry of Economic Affairs on Nov. 14, 2022 No. 11101173000.
- Note 36: The capital increase was approved by Ministry of Economic Affairs on December. 16, 2022 No. 11101236530.

May,2,2023 Unit: thousand shares

| Type of Stock | Approved Capital |                  |         | Remarks |
|---------------|------------------|------------------|---------|---------|
|               | Issued Shares    | Un-issued Shares | Total   |         |
| Common stock  | 60,802           | 39,198           | 100,000 |         |

## (2) Shareholder Structure

May,2,2023

| Shareholder Structure | Government Agencies | Financial Institutions | Other Judicial Persons | Foreign Institutions and Foreign Persons | Domestic Natural Persons | Treasury Stock | Total      |
|-----------------------|---------------------|------------------------|------------------------|------------------------------------------|--------------------------|----------------|------------|
| Number                | 0                   | 2                      | 109                    | 24                                       | 8,487                    | 0              | 8,622      |
| Shareholding          | 0                   | 1,463,000              | 11,078,727             | 13,325,710                               | 34,934,757               | 0              | 60,802,194 |
| %                     | 0.00%               | 2.41%                  | 18.22%                 | 21.92%                                   | 57.45%                   | 0.00%          | 100.00%    |

## (3) Diffusion of Ownership

May,2,2023

| Shareholding Tiers | No. of Shareholders | Shareholding | %       |
|--------------------|---------------------|--------------|---------|
| 1-999              | 6,424               | 94,834       | 0.16%   |
| 1,000-5,000        | 1,553               | 3,018,193    | 4.96%   |
| 5,001-10,000       | 233                 | 1,824,829    | 3.00%   |
| 10,001-15,000      | 87                  | 1,123,120    | 1.85%   |
| 15,001-20,000      | 65                  | 1,176,792    | 1.94%   |
| 20,001-30,000      | 62                  | 1,572,930    | 2.59%   |
| 30,001-40,000      | 28                  | 969,701      | 1.59%   |
| 40,001-50,000      | 31                  | 1,407,349    | 2.31%   |
| 50,001-100,000     | 57                  | 4,054,820    | 6.67%   |
| 100,001-200,000    | 46                  | 6,334,298    | 10.42%  |
| 200,001-400,000    | 19                  | 5,471,745    | 9.00%   |
| 400,001-600,000    | 5                   | 2,533,033    | 4.17%   |
| 600,001-800,000    | 3                   | 2,054,617    | 3.38%   |
| 800,001-1,000,000  | 1                   | 983,292      | 1.62%   |
| 1,000,001 股以上      | 8                   | 28,182,641   | 46.34%  |
| 合計                 | 8,622               | 60,802,194   | 100.00% |

Note: Face value of NT\$10 per share.

(4) Major Shareholders

List all shareholders with a stake of five percent or greater, or the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list

May,2,2023; Unit: Share

| Name of Major Shareholders               | Shares | Shareholding | %      |
|------------------------------------------|--------|--------------|--------|
| Tonghua Dongbao Pharmaceutical Co., Ltd. |        | 12,000,000   | 19.74% |
| Hua Eng Wire & Cable Co., Ltd            |        | 7,374,900    | 12.13% |
| Huang, Chun-Mu                           |        | 2,474,492    | 4.07%  |
| Yen-Pen Investment Co., Ltd.             |        | 1,500,000    | 2.47%  |
| Cathy Life Insurance.                    |        | 1,461,000    | 2.40%  |
| Tseng, chin-cheng                        |        | 1,130,000    | 1.86%  |
| Huang Shiu-Chin                          |        | 1,121,869    | 1.85%  |
| Shih, Chin-Hsiu                          |        | 1,120,380    | 1.84%  |
| Shih, Tsui-o                             |        | 983,292      | 1.62%  |
| Chaoyang Investment Co., Ltd.            |        | 722,200      | 1.19%  |

(5) The Company's net worth per share, earnings per share, dividends per share, and related information

Unit: NT\$; thousand shares

| Item                            |                             |                    | Year | 2021       | 2022    | Current year to March 31, 2023 (Note 8) |
|---------------------------------|-----------------------------|--------------------|------|------------|---------|-----------------------------------------|
| Market Price per Share (Note 1) | Highest                     |                    |      | 87.8       | 97.8    | 84.5                                    |
|                                 | Lowest                      |                    |      | 62.2       | 67.0    | 75.3                                    |
|                                 | Average                     |                    |      | 71.6       | 75.0    | 78.7                                    |
| Net Worth per Share (Note 2)    | Before Adjustment           |                    |      | 34.16      | 34.11   | 31.95                                   |
|                                 | After Adjustment            |                    |      | -          | -       | -                                       |
| Earnings per Share              | Weighted Average Shares     |                    |      | 60,078     | 60,533  | 60,687                                  |
|                                 | Earnings per Share (Note 3) |                    |      | 1.45       | 1.50    | -0.09                                   |
| Dividend per Share              | Cash Dividends              | Before Adjustment  |      | 2.00       | 2.10    | -                                       |
|                                 |                             | After Adjustment   |      | 1.99918189 | (Note9) | -                                       |
|                                 | Stock Dividends             | Earnings per Share |      | -          | -       | -                                       |

|                            |  |                                                   |       |       |   |
|----------------------------|--|---------------------------------------------------|-------|-------|---|
|                            |  | Stock Dividends Appropriated from Capital Surplus | -     | -     | - |
|                            |  | Accumulated Undistributed Dividends (Note 4)      | -     | -     | - |
| Investment Return Analysis |  | Price / Earnings Ratio (Note 5)                   | 49.38 | 50    | - |
|                            |  | Price / Dividend Ratio (Note 6)                   | 35.81 | 35.71 | - |
|                            |  | Cash Dividend Yield Rate (Note 7)                 | 0.028 | 0.028 | - |

\* If there is capital increase by earnings or capital surplus, the market price and cash dividend information adjusted retrospectively based on the number of shares to be issued shall be disclosed.

Note 1: The highest and lowest market prices of common stock in each year and the average annual market price is calculated based on the annual turnover and volume.

Note 2: Based on the number of shares issued as of the end of the year, and in accordance with the resolution of the annual shareholders' meeting on earnings distribution.

Note 3: If there are retrospective adjustments due to stock dividends, the earnings per share before adjustment and after adjustment shall be listed.

Note 4: If there are provisions for equity securities of the year to be undistributed but accumulated to the year when there are earnings. It shall be disclosed separately to accumulated undistributed dividends of the year.

Note 5: Price / Earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price / Dividend ratio = average closing price per share for the year / cash dividend per share.

Note 7: Cash dividend yield rate = cash dividend per share / average closing price per share for the year.

Note 8: The net value per share and the earnings per share shall be filled in with the information of the account audited (reviewed) by the accountant in the most recent quarter of the annual report. The remaining fields shall be filled with the annual information as of the date of publication of the annual report.

Note 9: As for the 2020 profit distribution plan, the chairman is authorized to set the distribution reference date upon the approval of the Board.

## (6) Dividend Policy and Implementation Status

### (a) Dividend Policy:

The Company's dividend policy is based on current and future investment environment, capital needs, capital budget and changes in internal and external environment, as well as taking into account the interests of shareholders, balanced dividends and the long-term plans of the Company.



The Company is in technology industry which is at growing stage; therefore, the Company's dividend policy is based on the principle of issuing cash dividends. The cash dividends distributed shall not be less than 50% of the total shareholder dividend of the year. The actual ratio of distribution shall be determined by the board of director based on the Company's funding status and capital budget.

(b) Implementation Status

The Company's future dividend distribution process is stipulated by the Company Law. At the end of each business year, the chairman of the board of directors takes into account the Company's profitability and future operation needs, and drafts a proposal of profit distribution. The dividend distribution will proceed after it is passed by the resolution of the board meeting, which will be also reported to the shareholders' meeting.

The Company's surplus of 2022 was issued by the board of directors on May 22, 2023.

The types and amounts of dividends were: (a) The cash dividends of shareholders were distributed by surplus and NT\$0.38 was distributed per thousand shares, the total of NT\$23,104,834 was distributed.

(b) The cash dividend for shareholders is distributed by capital reserve. A total of NT\$104,579,774 is distributed based on the rate NT\$1.72 /1,000 shares.

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted this year:

The Company has no stock dividend; therefore they have no significant impact on the Company's business performance and earnings per share.

(8) Compensation of employees, directors, and supervisors

(a). Ratio or scope of compensation for employees, directors, and supervisors, as set forth in the Company's Article of Incorporation:

Article 28 of the Company's Article of Incorporation: The Company shall distribute the compensation of employees at a rate not less than 1.5% of the profitability of the current year and shall distribute the compensation of directors and supervisor at a rate not higher than 3% of the profitability of the current year. It shall make up the Company's accumulated losses if any. The

Company shall deduct the benefits of the employees' compensation and the compensation of the directors and supervisors from the current year's pre-tax benefits.

(b). The estimated amount of compensation for employees, directors, and supervisors for the current period.

(i). Employee compensation of 12%

(ii)Directors and Supervisor compensation of 2.99%

(c)Distribution of compensation approved by the board of directors:

On March 14, 2023, the board of directors of the Company approved to issue a compensation of NT\$11,850,000 for employees and NT\$2,970,000 for directors.

(d) The distribution of compensation for employees, directors, and supervisors in the previous fiscal year:

On March 22, 2022, the board of directors of the Company approved to issue a compensation of NT\$10,000,000 for employees and NT\$2,430,000 for directors.

(9) In accordance with the provisions of Article 28-2 "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies". The implementation of the Company's share repurchase is as follows: None.

2. Corporate Bonds: None.

3. Preferred Shares: None.

4. Global Depositary Receipts (GDR): None.

5. Employee Stock Warrants:

(1)The employee stock option certificate of the Company that has not expired:

April 30, 2023

| Types of Employ Stock Option Certificates<br>(Note 2)       | 2019<br>Employ Stock Option Certificates                          |
|-------------------------------------------------------------|-------------------------------------------------------------------|
| Date of Effective Registration from the Competent Authority | Effective date of declaration:2019.8.12<br>Total shares:2,930,000 |
| Issuing (handling) Date (Note 4)                            | 2019.11.05                                                        |
| Numbers of Units Issued                                     | 2,930,000                                                         |
| Number of units still                                       | 0                                                                 |

|                                                                                  |                                                                                                                                          |
|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| a v a i l a b l e                                                                |                                                                                                                                          |
| Ratio of Subscribable Shares to Total Issued Shares                              | 4.92%                                                                                                                                    |
| Subscription Period                                                              | 10years                                                                                                                                  |
| Exercise Method (Note 3)                                                         | By issuing new shares                                                                                                                    |
| Period and Ratio in which Subscription is Restricted (%)                         | Maturity of 2 years: 20%<br>Maturity of 3 years: 20%<br>Maturity of 4 years: 20%<br>Maturity of 5 years: 20%<br>Maturity of 6 years: 20% |
| Number of Shares that have been Obtained through Exercise of Subscription Rights | 366,400                                                                                                                                  |
| NT\$ Amount of the Shares Subscribed                                             | 20,494,560                                                                                                                               |
| Number of Shares that have not been Subscribed                                   | 1,745,600                                                                                                                                |
| Subscription Price per Share of the Unsubscribed Shares                          | NTD55.1                                                                                                                                  |
| Ratio of the Number of Unsubscribed Shares to Total Issued Share                 | 2.87%                                                                                                                                    |
| Effect on Shareholders' Equity                                                   | Little impact on the dilution of the original common stockholders' equity                                                                |

Note 1: The description of the status of employee stock warrants includes public placement and private placement of employee stock warrants. Public placement of employee stock warrants in the process of handling refers to effective by this meeting. Private placement of employee stock warrants in the process of handling refers to the approval made by the board meeting.

Note 2: The number of fields depends on the actual number of adjustments.

Note 3: It shall list the issued shares or new shares.

Note 4: If the issuing (handling) date is different, it shall be listed separately.

Note 5: If private placement, it shall be marked in a noticeable method.

(2) Names and subscription status of managerial officers who have obtained employee stock warrants and of employees who rank among the top ten in terms of the number of shares to which they have subscription rights through employee stock warrants acquired, cumulative to the date of publication of the annual report:

April 30, 2023

|                     | Title<br>(Note 1)       | Name                | Number of<br>Shares<br>Subscribed | Ratio of<br>Total<br>Issued<br>Shares to<br>Number of<br>Shares<br>Subscribed<br>(Note4) | Subscribed (Note2)                |                                             |                                   |                                                                                          | Unsubscribed (Note 2)             |                                              |                                   |                                                                                          |
|---------------------|-------------------------|---------------------|-----------------------------------|------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------|
|                     |                         |                     |                                   |                                                                                          | Number of<br>Shares<br>Subscribed | Price of<br>Share<br>Subscribed<br>(Note 5) | Amount of<br>Shares<br>Subscribed | Ratio of<br>Total<br>Issued<br>Shares to<br>Number of<br>Shares<br>Subscribed<br>(Note4) | Number of<br>Shares<br>Subscribed | Price of<br>Shares<br>Subscribed<br>(Note 5) | Amount of<br>Shares<br>Subscribed | Ratio of<br>Total<br>Issued<br>Shares to<br>Number of<br>Shares<br>Subscribed<br>(Note4) |
| Managerial Officers | CEO                     | Huang, Chun-Mu      | 634,000                           | 1.02%                                                                                    | 59,000                            | 56.7<br>55.1<br>(Note5)                     | 3,328,020                         | 0.10%                                                                                    | 575,000                           | 55.1                                         | 31,682,500                        | 0.95%                                                                                    |
|                     | Deputy General Managers | Chen Bi-Hsuan       |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | Chen Chieh-Shing    |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | Yeh Zhi-Long        |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     | Associate manager       | Li Chia-Ming        |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | Li Ming-Tsan        |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | Hsu, Yu-Jen (Note7) |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
| Employee (Note 3)   | Finance Manager         | Chen, Hui-Zhen      | 507,000                           | 0.83%                                                                                    | 78,200                            | 56.7<br>55.1<br>(Note5)                     | 4,359,380                         | 0.13%                                                                                    | 428,800                           | 55.1                                         | 23,626,880                        | 0.71%                                                                                    |
|                     | Accounting Manager      | Chen, Ya-Wen        |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | Employee            |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | Chang Heng-Jia      |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | Huang, Li-Gang      |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | CHEN, CHI-HAO       |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | Zhang, Guan-lin     |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | LU, CHENG-WEI       |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | Chen, Jian-zhong    |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | Xiao, Fang-Wei      |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | Liu Ting-Hao        |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | Lu, Guan-yu         |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |
|                     |                         | Chen, Jian-hao      |                                   |                                                                                          |                                   |                                             |                                   |                                                                                          |                                   |                                              |                                   |                                                                                          |

Note 1: Including managerial officers and employees (those who have been resigned or deceased shall be stated) shall disclose individual names and titles, but may be aggregated to disclose their acquisition and subscription status.

Note 2: The number of fields depends on the actual number of adjustments.

Note 3: Employees obtained employee stock warrants that rank among the top ten refers to the employees other than managerial officers.

Note 4: The total number of issued shares refers to the number of shares listed in the Ministry of Economic Affairs' change of registration information.

Note 5: The employee stock warrants that have been subscribed shall disclose the price at the time of the subscription. The subscription price of the employee stock options issued by the company in 2019 was NT\$56.7. From July 28, 2022, due to the ex-dividend adjustment of the subscription price, the subscription price per share has been adjusted to NT\$55.1

Note 6: The employee stock warrants that have not been subscribed shall disclose the adjusted subscription price which is calculated according to the issuance method.

Note 7: Assistant Manager Hsu, Yu-Jen left the company on September 1, 2022 and the information was disclosed until the date of termination.

(3) Private placement of employee stock warrants in the past three years: None.

6. New Restricted Employee Shares: None

7. Issuance of New Shares for Acquisition or Exchange of other Companies' Shares

8. Financing Plans and Implementation:

Previously issued or private placement securities have not been completed or have been completed in the last three years and profits have not yet been appeared: None

## **V. Operational Highlights**

### **1. Business Activities**

#### **(1) Scopes of the business**

##### **(a). Main contents of operating business of the Company**

The business contents as stated in the Company's Articles of Association are as follows:

- i. F108031 Wholesale of Medical Devices (limited to the Standard Industrial Classification of the Republic of China 4565 Wholesale of Watches and Glasses, 4571 Wholesale of Pharmaceutical and Medical Goods and 4649 Wholesale of Other Machinery and Equipment).
- ii. IG01010 Biotechnology Services (limited to the Standard Industrial Classification of the Republic of China 7210 Research and Experimental Development on Natural Sciences and Engineering).
- iii. F113030 Wholesale of Precision Instruments (limited to the Standard Industrial Classification of the Republic of China 4564 Wholesale of Household-type Photographic and Optical Goods, and 4649 Wholesale of Other Machinery and Equipment).
- iv. CF01011 Manufacture of Medical Instruments (limited to the Standard Industrial Classification of the Republic of China 2760 Manufacture of Irradiation and Electromedical Equipment, 3321 Manufacture of Eyeglasses and 3329 Manufacture of Other Medical Instruments and Supplies).
- v. CC01101 Restrained Telecom Radio Frequency Equipment and Materials (limited to the Standard Industrial Classification of the Republic of China 2721 Manufacture of Telephones and Cellular Phones, 2729 Manufacture of Other Communication Equipment, 2751 Manufacture of Measuring, Navigating and Control Equipment and 2760 Manufacture of Irradiation and Electromedical Equipment).
- vi. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import (limited to the Standard Industrial Classification of the Republic of China 4642 Wholesale of Electronic Equipment and Parts).
- vii. F399040 Retail business without a store (limited to the Republic of China's Industry Standard Classifications 4871 e-shopping and mail order industries, and other unclassified retailing without a store 4879; except for pharmacies, drug stores, chemist stores, or live animal retails)

viii. . F203010 food & beverage retailing (limited to the Republic of China Industry Standard Classification 4711 Food and Beverage-based General Merchandise Retailing and 4729 Other Food and Beverage, Tobacco Products Retailing; Excluding Pharmacy, Drugstore or Retail Sale of Live Animals)

(b). The sales proportion of the main products of the business

Unit: NT\$ Thousand

| Item                      | 2022      |            |
|---------------------------|-----------|------------|
|                           | Amount    | Percentage |
| Blood glucose meter       | 269,084   | 12%        |
| Blood glucose test strips | 1,655,197 | 75%        |
| Others                    | 286,308   | 13%        |
| Total                     | 2,210,589 | 100%       |

(c). Existing main products (services)

Blood glucose meter.

Blood glucose test strips.

(d). New products (services) development projects

Continuous blood glucose monitoring system (CGM) , Wireless touchscreen

BGM glucose meter, Partner App and blood glucose management system (DMS)

## (2) Industry Overview

(a). Current status and development of industry

According to the research report on the medical materials market by Fortune Business Insight<sup>1</sup>, the market size of global medical equipment will reach US\$432.2 billion in 2020, and it is expected to reach US\$455.3 billion in 2021. It is expected to grow at a compound annual growth rate (CARD) of 5.4% from 2021 to 2028, reaching US\$658 billion by 2028. It shows that the demand for medical devices continues to increase and is gradually recovering from the pandemic. The "Digital Health Industry Development Key Trend Forum" jointly organized by PwC Taiwan and Taiwan Digital Health Industry Development Association also mentioned that the rapid expansion of the global medical devices market in recent years is due to the impact of the zero-contact economy and long-distance services initiated by the pandemic.

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<sup>1</sup> Fortune Business Insight (2021/09), "Medical Devices Market Size, Share & COVID-19 Impact Analysis, By Type; BY End-user, and Regional Forecast, 2021-2028" Retrieved from <https://www.fortunebusinessinsights.com/industry-reports/medical-devices-market-100085>

Consumers awareness and requirements for health management of medical materials are rising, and the government and medical institutions are preparing to the digital transformation. Due to the application of new technologies such as the Internet of Medical Things (IoMT) cloud technology and computer intelligence digitalization, the global medical devices market is facing the transformation and growth.

According to the information of the International Diabetes Federation (IDF)<sup>2</sup> in 2021, diabetes will become the seventh leading cause of death in the world in 2030, and it is estimated that 700 million people will suffer from diabetes in 2045; the report also shows that the cost of diabetes treatment in various countries has grown from US\$232 billion in 2007 to US\$966 billion in 2021 and is expected to reach US\$1.05 trillion in 2045. People's demand for diabetes care is increasing day by day.

Diagnosing diabetes early on and monitoring it effectively during diabetes care can slow the onset of subsequent complications. In recent years, continuous blood glucose monitoring (CGM) products as diagnostic aids have received high attention internationally. Statistics from IDF in 2021 also show that in developing countries such as Central and South America, the Middle East, Africa, and Southeast Asia, although the population suffering from diabetes accounts for about 40.8% of the world's total, medical expenses only account for 12.5% of the world's total, mainly due to the poor allocation of medical resources. If we can provide products with relatively competitive prices in the market, it will help us enter the developing country market and become a competitive advantage for manufacturers.

#### (b). Current status and development of the domestic medical devices market

##### 1). Current status and development

The estimation from the National Development Council<sup>3</sup>, we will enter a super-aged society by 2025, with 20% of the population over 65 years old, and nearly 40% of the population over 65 years old by 2060. In an ageing society, how to allocate medical resources has received increasing attention. It is expected that the medical device industry will develop towards the precise medical care and preventive medicine. It will make effective medical judgments based on

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<sup>2</sup> The relevant data in this paragraph are from IDF Diabetes Atlas 2021, 10<sup>th</sup> edition, p50, p57

<sup>3</sup> The data is extracted from the National Development Council, Population Estimation Inquiry System - Common Information Inquiry, the extraction date is 2022/05/05, data source: <https://pop-proj.ndc.gov.tw>



different patient situations, and also combine with the individualized big data into health management. It analyzes and traces massive data for effective judgement, and non-essential medical expenses can be reduced to achieve the goals of early diagnosis and preventive medicine.

## 2). Industrial characteristics of products

The industry relevance of upstream, midstream and downstream of the Company is due to the fact that the biotechnology industry covered extensive industries, and there are quite a few types of manufacturers involved in its upstream raw materials. Basically, the supply of upstream raw materials can be divided into two categories: (1) reagents and (2) consumables and components, while the downstream industries include domestic and foreign medical device importers and exporters, and distribution channels like medical device lines, medical institutions, distributors, pharmacy chains and warehouses. The purity and quality specifications of biochemical materials are subjected to stringent requirements in order to control the quality of the final product. Therefore, if the model of outsourcing materials is adopted, the long-term cooperation and partnership are usually established in the form of contractual services once the upstream and downstream cooperation is successfully achieved, and continuous mentorship on the quality control of its production is provided to ensure the quality and quantity of its supply are in line with expectations. Also, the blood glucose meter and blood glucose test strips of the Company are own brand products. The Company develops its own downstream sales channels to enable more flexible and closer cooperation between the midstream and downstream companies

## 3). Development trends of products

The market has developed more than 20 years of research on non-invasive and low-invasive blood glucose meters, mainly to provide a solution to address the burden of frequent blood collection caused by the invasive blood glucose meters. However, the non-invasive blood glucose meter is derived from the indirect measurement, and the estimated value will vary from person to person, and the same person will vary from time to time, resulting in unstable measurement values, and even millions worth of desktop non-invasive blood glucose meter is still in this unstable stage. Therefore, the world's largest manufacturers still focus on the

invasive blood glucose meter as the mainstream, but develop towards the main directions of low blood volume and painless blood sampling test.

The main requirements for the blood glucose testing products in the future market are as follow:

- A. The blood is drawn using a lancing device, only a small drop of blood is required, almost painless.
- B. In addition to blood collection by finger prick, the blood can be drawn from the palms and arms, and the same accurate test results can be obtained.
- C. Emphasize on “absolute clean”, regardless of whether the test strip is inserted or removed, it can avoid blood stains on both hands.
- D. The test response time is short, and the test result can be known quickly.
- E. The test results are highly accurate, error-free, and reliable.
- F. The test strip is thicker and stronger that gives better convenience to diabetic.
- G. Equipped with blood glucose management software and transmission hardware which computerized blood glucose management to enable easier health management of patients.
- H. After inserting the test strip, the blood glucose meter will activate automatically, and start measuring.
- I. The LCD with large screen design that clearly displays the message.
- J. The ergonomic design of the blood glucose meter which is more user-friendly.

The products of Bionime are quality-oriented, and always adhere to the principle of providing users with “safe to use” as the highest guiding principle for R&D and manufacturing, and high accuracy, low blood volume and fast response time are the competitive edges that will be used to compete in the future market. In view of the existing technology platform, the future new product development such as products of uric acid, cholesterol testing and hemoglobin A1c testing, in addition to increasing product diversity and market competitiveness, it can even increase the value of the company.

#### 4). Competitive landscape

In the early period, the competition in the blood glucose monitoring market was divided by four major manufacturers to form an oligopoly trend. Due to United States' Healthcare reform and European insurance subsidies and other policies, a price-competitive market has been formed since 2013, which indirectly reduces product profits when costs are not easily reduced. With the continuous tightening of blood glucose testing accuracy standards, manufacturers must consider both cost control and product quality. Many global medical equipment manufacturers continue to invest in R&D and production, gradually making the market become more and more competitive.

By understanding the business roadmap of international manufacturers and the practices of international manufacturers' M&A strategies, focusing on development is the key to limited resources and efficient solutions. Moreover, the smart healthcare with the continuous optimization of the care environment, the wireless medical appliances, the development of the Internet of Things, the combination of cloud computing and big data, Bionime has committed to pursue innovation, although at present, it only accounted for about 1% of the global market share. However, with the continuous launching of new products, it will accelerate the expansion of the Company.

### 3. Technology and R&D Overview

#### 1). Technology level and R&D status of operating business

The existing personal invasive blood glucose meters can be divided into two types, which are optical and electrochemical. As the electrochemical products is more stable, hence, it has become the mainstream in the market. The earliest commercialized electrochemical blood glucose meter is YSI 2300 from United States, which uses precious metal electrodes and unique sensing film technology to achieve 98% accuracy and stability of laboratory-grade instruments. Its measurement quality always been the benchmark for all blood glucose meters for more than 30 years. However, in view of the instrument is a high-priced product which costs hundreds of thousands of dollars and required operates by professional, therefore, it is not possible to enter the home healthcare market. How to reduce the cost and convenient operation of electrochemical blood glucose testing products, as well as take into account the accuracy of the test results have been the main axis of the R&D of Bionime's blood glucose meter products.

For the blood glucose test strip, the R&D team of Bionime has designed its own production technology which is fully automatic machinery equipment for test strip in addition to the unique embedded precious metal electrode sensor test strip, and used the computer to detect precious metal electrodes to enhance the accuracy of the test strip, and achieve the effects of time-saving and increase productivity. Along with the precious metal electrode material of the test strip, Bionime has the capability of self-design blood glucose meter, which added unique auxiliary functions that give better convenience to the users. Moreover, the products of Bionime have received favorable reviews from Science Citation Index (SCI) and journals of international seminar, which showed that Bionime has competitive edges. In addition, its measurement accuracy and long-term stability, published in international journals in relevant clinical performance have been well-acclaimed by international research scholars, it has established a certain status in the blood glucose meter and test strip industry.

At present, most of the products of the major international manufacturers in the market are electrochemical blood glucose meters, but the test strips are mostly made by carbon printing and lamination. Bionime's patented structure technology enables nanometer-grade precious metal electrodes to be used in the disposable test strip structures with a low-cost structure and manufacturing processes, and integrated with technologies such as chemistry, electronics, software, mechanism and precision manufacturing, etc. to produce blood glucose meters and test strips of "achieving instrumental testing result at the cost of home blood glucose meter". In the future, the patented structure of this blood glucose test strip can also be used for other various disposable test strips, such as uric acid, cholesterol, etc. The first continuous glucose meter (CGM) was approved by FDA in 1999, and the first CGM that can replace BGM in measuring blood glucose was approved by FDA in 2014. There are several journals that prove that users wearing CGM have more significant effect in reducing HbA1c than those using BGM, and it can achieve daily life monitoring and allow users to further adjust their lifestyle to produce the effect of continuous blood glucose management.

It is estimated that the turnover of continuous glucose meters (CGM) will reach over USD 20 billion by 2030, far exceeding the highest historical record of BGM. In addition to the insurance coverage market for diabetic patients, CGM has an expected market size in the non-health insurance coverage market, including type 2

diabetic patients without insulin and healthy groups (weight loss, athletes, health checkups, etc.). The development of high quality and affordable continuous glucose meters (CGM) will effectively increase market share and generate significant revenue.

Bionime has obtained a number of patents for the continuous glucose meter (CGM), which has broken through the patent layout of many competing products in the market and gained a ticket to the international market. We have designed and developed our own fully automatic machines with online AOI inspection machines, and integrated all the production data and inspection results into our CIM (Computer Integrated Manufacturing)/MES (Intelligent Manufacturing Control) software system to provide real-time monitoring and real-time adjustment mechanism for the automatic machines to optimize production stability and yield rate, creating high quality and low cost Continuous Glucose Meters (CGM), and greatly improving our competitiveness in the market.

## 2). R&D personnel and their academic qualifications/experience

Unit: People

| Year<br>Academic qualifications    | 2020 | 2021 | 2022 |
|------------------------------------|------|------|------|
| Ph. D.                             | 6    | 5    | 5    |
| Master                             | 60   | 58   | 60   |
| University                         | 79   | 73   | 81   |
| College                            | 3    | 5    | 5    |
| General and vocational high school | 6    | 5    | 5    |
| Total                              | 154  | 146  | 156  |

## 3). R&D expenses invested in the most recent five fiscal years

Unit: NT\$ Thousand

| Year              | 2018      | 2019      | 2020      | 2021      | 2022      |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| R&D Expense       | 201,186   | 255,121   | 247,875   | 187,860   | 201,977   |
| Operating revenue | 2,007,222 | 2,172,923 | 1,668,586 | 1,849,924 | 2,210,589 |

|                                                         |       |       |       |       |      |
|---------------------------------------------------------|-------|-------|-------|-------|------|
| Percentage of operating revenue for the fiscal year (%) | 10.02 | 11.74 | 14.86 | 10.16 | 9.14 |
|---------------------------------------------------------|-------|-------|-------|-------|------|

4). Technology or product development accomplishments

| Year of patent application | Technology or product development accomplishments                                                                                       |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Jul-2018                   | Obtained the China invention patent (CN110755088B) of "Elastic Physiological Patch" in 2022                                             |
| Jul-2019                   | Received U.S. invention patent (US11426517) for "Elastic Physiological Patches" in 2022                                                 |
| Jul-2019                   | U.S. design patent (US D954067) for "Graphical User Interface for Screens" granted in 2022                                              |
| Aug-2019                   | U.S. design patent (US D942985) for "Graphical User Interface for Screens" granted in 2022                                              |
| Mar-2020                   | Taiwan design patent (KR 10-2411270) for "Method of data transmission between sensor and electronic device and its system" in 2022      |
| Jul-2020                   | Taiwan invention patent (TW I760796) for "Needle Implant Module and Implant Device with Needle Implant Module" was granted in 2022      |
| Jul-2020                   | "A container for carrying a sensor and a method of operating the container" was granted a Japan invention patent (JP 7102469) in 2022   |
| Jul-2020                   | Taiwan design patent (TW I754329) for "Physiological signal monitoring device and its sensor assembly method" was granted in 2022       |
| Jul-2020                   | Taiwan invention patent (TW I755802) for "Implantable Miniature Biosensor" was granted in 2022                                          |
| Jul-2020                   | Taiwan invention patent (TW I755803) for "Implantable Miniature Biosensor and its Manufacturing Method" was granted in 2022             |
| Jul-2020                   | Australia invention patent (AU 2020210301) for "Miniature Biosensors and Methods for Reducing Measurement Interference" granted in 2022 |
| Jul-2020                   | U.S. invention patent (US11319570) for "Miniature Biosensor and Method of Measurement" granted in 2022                                  |
| Mar-2020                   | Taiwan design patent (TW I772920) for "Physiological Signal Sensing Device" was granted in 2022                                         |
| Jul-2020                   | U.S. invention patent (US11369291) for "Physiological Signal Sensing Device" was granted in 2022                                        |
| Jul-2020                   | Japan invention patent (JP 7014865) for "Physiological Signal Sensing Device" was granted in 2022                                       |
| Aug-2020                   | Japan invention patent (JP 7078677) for "Physiological Signal Sensing Device" was granted in 2022                                       |
| Aug-2020                   | Japan invention patent (JP 7134201) for "Physiological Signal Sensing Device" was granted in 2022                                       |
| Aug-2020                   | Korea invention patent (KR 10-2442999) for "Physiological Signal Sensing Device" was granted in 2022                                    |
| Aug-2020                   | Korea invention patent (KR 10-2443000) for "Physiological Signal Sensing Device"                                                        |

| Year of patent application | Technology or product development accomplishments                                                                                                   |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
|                            | was granted in 2022                                                                                                                                 |
| Aug-2020                   | Korea invention patent (KR 10-2443002) for "Physiological Signal Sensing Device" was granted in 2022                                                |
| Aug-2020                   | Korea invention patent (KR 10-2449252) for "Physiological Signal Sensing Device" was granted in 2022                                                |
| Aug-2020                   | Korea invention patent (KR 10-2443001) for "Physiological Signal Sensing Device" was granted in 2022                                                |
| Aug-2020                   | Japan invention patent (JP 7077370)for "Physiological Signal Sensing Device" was granted in 2022                                                    |
| Aug-2020                   | Taiwan invention patent (TW I764223) for "Physiological Signal Sensing Device" was granted in 2022                                                  |
| Aug-2020                   | Taiwan invention patent (TW I756768) for "Physiological Signal Sensing Device" was granted in 2022                                                  |
| Aug-2020                   | U.S. invention patent (US11399747) for "Physiological Signal Sensing Device" was granted in 2022                                                    |
| Aug-2020                   | U.S. invention patent (US11504032) for "Physiological Signal Sensing Device" was granted in 2022                                                    |
| Aug-2020                   | Korea invention patent (KR 10-2449247) for "Needle implant module and implant device with needle implant module" was granted in 2022                |
| Aug-2020                   | Taiwan invention patent (TW I770572) for "Physiological Signal Monitoring System for Quick Installation" was awarded in 2022                        |
| Aug-2020                   | Japan invention patent (JP 7050863) for "Physiological signal sensing device with electrostatic discharge protection mechanism" was granted in 2022 |
| Aug-2020                   | Korea invention patent (KR 10-2417943) for "Implantable micro-bio-sensor and its method of operation" was granted in 2022                           |
| Aug-2020                   | Japan invention patent (JP 7143373) for "Implantable Miniature Biosensor" was granted in 2022                                                       |
| Aug-2020                   | Taiwan design patent (TW I757811) for "Miniature Biosensor and its Method for Reducing Interference in Measurement" was granted in 2022             |
| Aug-2020                   | Taiwan invention patent (TW I770571) for "Miniature Biosensor and its Method for Reducing Measurement Interference" was granted in 2022             |
| Aug-2020                   | Obtained the China design patent (CN307385863S) of "Medical Monitoring Device" in 2022                                                              |
| Aug-2020                   | Korea invention patent (KR10-2464784) for "A container for carrying a sensor and a method of operating the container" was granted in 2022           |
| Oct-2020                   | Taiwan invention patent (TW I783249) for "Miniature Biosensor and its Measurement Method" was granted in 2022                                       |
| Oct-2020                   | Taiwan invention patent (TW I783250) for "Miniature Biosensor and its Measurement Method" was granted in 2022                                       |
| Oct-2020                   | Taiwan invention patent (TW I788274) for "Miniature Biosensor and its Measurement Method" was granted in 2022                                       |
| Oct-2020                   | U.S. invention patent (US11506627) for "Miniature Biosensor and Method of Measurement" was granted in 2022                                          |
| Oct-2020                   | Korea invention patent (KR 10-2446995) for "Implantable Miniature Biosensor" was                                                                    |

| Year of patent application | Technology or product development accomplishments                                                                                                         |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
|                            | granted in 2022                                                                                                                                           |
| Dec-2020                   | Japan invention patent (JP 7104109) for "Miniature Biosensor and its Method for Reducing Measurement Interference" was granted in 2022                    |
| Dec-2020                   | Japan invention patent (JP 7089559) for "Miniature Biosensor and its Method for Reducing Measurement Interference" was granted in 2022                    |
| Dec-2020                   | U.S. invention patent (US11315671) for "Charging Device and Charging Method for Physiological Signal Sensor" was granted in 2022                          |
| Dec-2020                   | Taiwan invention patent (US11361858) for "Charging Device and Charging Method for Physiological Signal Sensor" was granted in 2022                        |
| Jan-2021                   | Taiwan invention patent (TW I761023) for "Charging Device and Charging Method for Physiological Signal Sensor" was awarded in 2022                        |
| Jan-2021                   | U.S. invention patent (US 11315672) for "Charging Device and Charging Method for Physiological Signal Sensor" was granted in 2022                         |
| Mar-2021                   | Taiwan invention patent (TW I770871) for "Method of Restoring Biosensors and Apparatus Using Such Method" was granted in 2022                             |
| Jun-2021                   | Taiwan design patent (TW D218187) for "Medical Monitoring Device" was granted in 2022                                                                     |
| Jul-2021                   | Taiwan design patent (TW D221353) for "Method of Dynamic Analysis of Blood Glucose Plant and its System and Computer Program Product" was granted in 2022 |
| Sep-2021                   | U.S. design patent (US D954727) for "Graphical User Interface for Screens" granted in 2022                                                                |
| Oct-2021                   | Taiwan design patent (TW D220134) for "Analyte Measuring Instrument" was granted in 2022                                                                  |
| Oct-2021                   | Taiwan design patent (TW D220135) for "Analyte Measuring Instrument" was granted in 2022                                                                  |
| Oct-2021                   | Taiwan design patent (D220136) for "Analyte Measuring Instrument" was granted in 2022                                                                     |
| Oct-2021                   | Taiwan invention patent (TW I782385) for "Charging device for physiological signal sensor and its charging method" was granted in 2022                    |
| Oct-2022                   | Europe design patent (EP 009185796-0001) for "physiological signal sensing device" was granted in 2022                                                    |
| Oct-2022                   | Europe design patent (EP 009186596-0001) for "physiological signal sensing device" was granted in 2022                                                    |
| Oct-2022                   | Europe design patent (EP 009185838-0001) for "physiological signal sensing device" was granted in 2022                                                    |

#### (4) Long-term and short-term business development plans

##### (a). Short-term business development plans of the Company

##### i. Marketing strategies

- 1). Re-allocate marketing resources, focus on supporting key markets, flexibly adjust business strategies, and develop new markets and new customers.



2) Deploy CGM brand related marketing and promotion activities.

ii. Research and development (R&D) aspect

1).Introduction of medical cholesterol and uric acid test strips.

2).Development of a new wireless interconnected model BGM.

3). Introduce the home ketone test strips.

4). Develop new models with high specifications and low cost. Upgrade the new generation of POCT hospital glucose testers.

iii. Production aspect

1). Introduce automation equipment and MES system to save costs and increase production efficiency.

2). Maintain close partnership with domestic and foreign suppliers to ensure product delivery.

3). Strictly implement the quality policy of designing and manufacturing world-class quality and high accuracy glucose testers and strips at low cost to achieve the quality goal of 99.9% product yield.

4). Actively adopt advanced manufacturing process, expand R&D for highly accurate biotechnology detecting instruments, and expand market share with its technology and cost advantages.

iv. Operational and financial aspects

1). Introduce KPI and OKR management systems, clearly define the objectives and more active long-term development goals of each department. Through organizational cooperation and competition, it further enhances the overall execution of the Company and strengthens the operating efficiency and effectiveness.

2). Increase capital by cash at the appropriate time and make proper use of financial leverage to issue bonds or apply for bank loans based on the capital requirements of the Company's business development and R&D technology improvement without affecting the profitability.

(b). Long-term business development plans

(i). Sales and marketing aspects

1). Establish the Rightest's brand image and develop a remote glucose monitoring and caring platform. Use Internet technology to transform into a data enterprise.

- 2). Flexibly expand ODM customers, enhance their brand awareness and establish market protection mechanisms.
  - 3). Develop e-commerce sales business, and test e-commerce models in Taiwan, Mainland China, Singapore and other places.
- (ii). R&D aspect
- a. Continue to develop home use blood ketone, uric acid, and cholesterol test kits to expand our complete product line.
  - b. Continuously expand IoT functions to achieve Ecosystem by connecting users, medical staff, and on line/off line connection.
  - c. Actively cultivate R&D talents, establish a strong R&D team, and make good knowledge overlap and experience transmission to enhance the efficiency and effectiveness of R&D.
- (iii). Production aspect:
- 1) Establish a lean supply chain and operating procedures in response to the changes in the medium and long-term market structure and corporate strategy.
  - 2) More than 90% of the production line is automated to improve efficiency, product quality and profit.
- (iv). Operational and financial aspects:
- 1) Actively develop globally, develop international talents, and continue to expand the scale of operations to become a world-class company.
  - 2) Acquire stable and low-cost global cost of capital as a capital support of the Company's rapid expansion of business scale to reduce operating costs and reduce operating risks.

## 2. Market and Sales Overview

### (1) Market analysis

#### A. Sales regions of main products

Unit: NT\$ Thousand

| Region | 2021    |                | 2022    |                |
|--------|---------|----------------|---------|----------------|
|        | Amount  | Percentage (%) | Amount  | Percentage (%) |
| Europe | 622,309 | 33             | 441,439 | 20             |
| Asia   | 663,475 | 36             | 658,092 | 30             |

|         |           |     |           |     |
|---------|-----------|-----|-----------|-----|
| America | 200,567   | 11  | 180,486   | 8   |
| Others  | 363,573   | 20  | 930,572   | 42  |
| Total   | 1,849,924 | 100 | 2,210,589 | 100 |

#### B. Product market share

Since the establishment of the Company for more than ten years, the glucose testers and strips produced by the Company have become an excellent example of the balanced development of accuracy, stability and cost in the global industry under the continuous improvement of R&D and production technology. The product is positioned as high-quality and high-accuracy high-end brand, and has been highly recognized by the customers from more than 100 countries globally. Although the current market share is still low, has yet to reach 1% of the global market share, after ten years of hard work by Bionime, most products have passed the FDA and CE certifications. In the future, it will continue to develop the new products with higher specification, and will be committed to benefiting the diabetes patients with high quality and price competitiveness.

#### C. The future supply and demand situation and growth of the market

Physiological signal measurement equipment was only used in medical institutions in the early days. It is a medical professional measurement equipment, which is expensive, and its use and maintenance are complicated and required operates by professional. With the rapid development of sensing technology, the cost of medical electronic products has been greatly reduced, and the awareness of home health care has also been significantly improved. The market demand for physiological signal measuring equipment that can be operated by general users has shown a steady growth trend. It is coupled with modern people focus on “preventive medicine”, instruments that can be measured at any time can assist in early detection and early treatment for general users. In addition, in modern society where chronic disease of civilization becoming more serious, if chronic diseases such as diabetes has been diagnosed, the disease will no longer deteriorate only through disease control management, thereby gradually restoring health. Therefore, regardless of the prevention point of view or disease control, the market demand for future home medical measuring instruments will continue to grow.

Due to medical measurement is a cross-disciplinary and integration of inter-industry, the accuracy and stability of products have certain technical bottlenecks. It is coupled with the characteristics of medical equipment industry are greatly affected by the government policies of the place of sale. As it involved personal health and safety, hence, the product verification system requirements are very stringent. The Company has unique patented technologies that enable it can achieve home-based blood glucose test strips with laboratory grade by using low-cost structure and manufacturing processes. It not only avoids the hundreds of patent restrictions of the existing international manufacturers, but also jumped out of the technical framework of international manufacturers, and achieving competitive advantages of high accuracy, high stability, low cost and enhanced competitiveness. It is qualified to cooperate with the world's largest manufacturers or has the competitive edge to compete globally. In the future, the Company will actively engage in R&D with the concept of biotechnology industry rooted in Taiwan, integrate domestic upstream, midstream and downstream industries to complete the manufacturing processes from autonomous production of raw materials to the final biotechnology products, and enhance the technical level of Taiwan's biotechnology industry. It also adopts the coexistence strategy of own brand and ODM, and actively expands the markets of emerging countries such as Southeast Asia, Mainland and Central and South America to increase the product market share.

Smart phones and Internet applications drive the innovation and development of global smart medical care technologies. Through the acquisition of personal physiological information, it connects with the medical staff and the user to improve the efficiency of medical resources. For example, diabetes patient requires long-term control or even real-time treatment. Through the smart healthcare, it can break through the geographical limitations and time restrictions of traditional medical diagnosis models, and get better care. All these are also the future development focus of smart healthcare or telemedicine industry. The Rightest glucose care service application (Ecosystem) developed by the Company is an interdisciplinary integrated IoT aquaponics system. The patient authorizes medical staff, friends and family members to access the mobile phone App. The glucose data are converted into easy-to-understand charts on the platform, which are shared with each other to transmit and remind. It also integrates with the health education information provided by professional health organization and the

economy of points, a new retail model of offline pharmacy. It actively lays out digital development in the glucose care industry to keep in line with the global trend of smart medical development.

#### D. Competitive Niches

##### (i). Product and R&D technology are competitive:

The Company has mastered the whole process of technology from R&D to production. The structure and shape of the test strip are different from the existing commercial products. The product has the advantage of product differentiation of nanometer-grade precious metal electrodes, and the developed products have been patented. In addition, the rapid development of new products of the Company, and continuous improvement on quality, yield, manufacturing processes, cost, and active supply chain integration to enhance the technology of the third-party manufacturers.

Bionime's unique embedded precious metal electrode sensor test strip, was evaluated in 2009 by the IDT, Germany diabetes authoritative organization according to ISO15197 for rating of 27 blood glucose meters worldwide. As the model of GM101 and GM300 blood glucose meters have excellent performance which enable the technology of Bionime to keep pace with other world's largest manufacturers, and its accuracy of the products have attained the first-class standards. In the future, Bionime will use this production technology in the blood lipids testing such as cholesterol and triglycerides for the cardiovascular diseases prevention to enhance its competitive advantages.

The full technologically developed CGM continuous glucose monitor has also met the requirements of the US FDA iCGM special control specification in clinical testing in Taiwan. The new generation of miniaturized CGM developed by the company is between the two major competitors in the market, and is quite competitive in size, when international clinical reports are available, we will be able to enter the major CGM markets in the US and Europe.

##### (ii). Global e-medical are and application of telemedical technologies

In order to allow diabetic patients to get better disease management, assisting medical institutions in introducing "digital solutions" will be an important trend for medical care in the future. Bionime takes the lead in developing an overall glucose care management ecosystem. With an IoT platform and a connected glucose monitoring instrument, Bionime has built an

innovative model of overall glucose management in and out of hospitals in many countries. Faced with the requirements for product interconnection under the global digital transformation trend, this competitive niche is conducive to the promotion of Company's businesses further increases our market share.

(iii). The management team is expertise in integration of systems across chemistry, electronics, software, institutions, precision manufacturing, IoT, industrial management, etc. All employees are highly competent, and the organizational response is efficient.

(iv). Government incentives and promotion:

The government has listed the biotechnology industry as a key driver in the 21st century and has offered a number of preferential measures. The Ministry of Economic Affairs also established the Biotechnology and Pharmaceutical Industry Task Force in 1995 to facilitate upgrading of industries, and to recruit talents from overseas to participate in the R&D of biotechnology development in order to improve the technical level and competitiveness of Taiwan's biotechnology industry.

In view of the surge in the population has diabetes, the government has reduced the financial burden of patients with type I diabetes (IDDM) and increased their willingness to measure blood glucose. As the pancreas of the patients with IDDM unable to secrete insulin by itself due to some reasons, the patients have to take insulin for life and monitor the efficacy of the treatment with blood glucose test strips. The Department of Health and the Ministry of the Interior currently plan to include Type I diabetes in the scope of major organ-disabled diseases that meet the issuance criteria of disability card. The Bureau of National Health Insurance also included the blood glucose test strips required for this type of patient in the NHI Payment on June 1, 2010, and subsidized four test strips per day to facilitate the blood glucose control of patients, reduce the risk of complications and the probability of dialysis, should be served several purposes at the same time.

(v). High strength of global marketing

Bionime has a strong international marketing team, and has developed a global distribution system, coupled with the publication of professional journals and clinical trial reports from renowned European and American hospitals or diabetes centers have enabled Bionime to become an own brand biosensor

technology manufacturing company in Taiwan, BIONIME and Rightest successfully marketed worldwide.

(vi). Higher living standards of people

Domestic living standards have improved, Taiwanese have attached great importance to the health and the domestic elderly population is increasing. It is estimated that the demand for preventive medical care will continue to increase; and the growth of the elderly population and the steady growth of home care product consumption in the world will facilitate business development.

(vii). American health care reform program

The United States passed the medical device rapid customs clearance program in 2018. For the related equipment with innovative treatments, it can be discussed in cooperation with the FDA during the development stage to achieve the advantage of rapid approval. This plan also received Medicare health insurance certification in January 2021, and the product can enjoy health insurance benefits for up to four years after being launched. The continuous implementation of this policy will help Taiwanese manufacturers gain the advantage of quick authorization in the development of new products, and the health insurance subsidy policy can also help manufacturers quickly enter the US market and communicate with consumers in the early stage.

(viii). Health China Action (2019-2030) strategy of Mainland China

The Health China Action of Mainland China is expected to promote the fast development of the industries such as chronic disease treatment and telemedicine. Mainland China will carry out major actions with the two cores of disease prevention and health promotion to transform people's conceptual focus from "disease treatment" to "health". It makes full use of information technology such as the Internet and big data, conduct large-scale cohort research, and improve the medical insurance payment policy for the treatment of chronic diseases, which is expected to bring obvious opportunities for sales.

(E)Development outlook - favorable and unfavorable factors

| Item                  | Favorable factors                           | Unfavorable factors                    | Countermeasures                                |
|-----------------------|---------------------------------------------|----------------------------------------|------------------------------------------------|
| Production technology | The unique test strip production technology | Biotechnology belongs to the high-tech | Training is provided to the relevant technical |

|                    |                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                    | has been protected by patents.                                                                                                                                     | industry, and related production technologies are strictly protected by patents regulations. The competitors of the Company are all large foreign manufacturers, which investing considerable capital and manpower for improvement and R&D in production technology. Therefore, the Company needs to conduct a comprehensive investigation or take an approach entirely different from them to develop its own production technology when developing new technologies to avoid patent infringement. | personnel to enhance product competition and responsiveness, and seek other alternative technologies for production, and develop higher quality products. And actively seek and train upstream and downstream suppliers in order to produce products that are better than the quality of international manufacturers at lower cost. It actively invests in product development and production of continuous glucose monitors, gaining a place in this market with high-tech requirements and highly explosive growth. |
| R & D capabilities | The company has been leading the world's advanced countries by using unique technology to develop products with outstanding performance in accuracy and precision. | There is a lack of communication in relevant domestic industry information, and the transfer of outsourcing technology is not smooth; the training environment for R&D personnel needs to be improved, resulting                                                                                                                                                                                                                                                                                    | Keep abreast of the development of international technology information, actively participate in international exhibitions, understand global market trends and used them as a reference for R&D, and actively arrange training                                                                                                                                                                                                                                                                                       |



|                        |                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                          |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                        |                                                                                                                                                                                                                                                                                                                               | in a slower transmission of experience.                                                                                                                                                                                                                                           | courses for R&D personnel to acquire the latest knowledge. And the Company continues to develop new products as its research and development goals every year to improve the morale of R&D personnel.                                                                                                                                                    |
| Marketing capabilities | The Company's products have been certified by the US FDA and the European Union CE, and have passed ISO13485 and Taiwan GMP certification, which is a valuable sales tool. Also, the Company is the first own brand biochemical sensor manufacturing company in Taiwan, BIONIME and Rightest successfully marketed worldwide. | The competitors are all international large manufacturers with abundant funds. They not only provide low-cost or free blood glucose meters in the market, but also cause industrial imbalances through mergers and acquisitions, which hinders the Company's sales in the market. | Actively participate in international exhibitions and journal publication to establish brand image awareness and enhance product credibility through regional and professional marketing. Provide marketing tools to regional distributors and build a complete distribution network to establish a closer "partnership" relationship with distributors. |
| Raw material supply    | The main raw material of the Company's products is the plastic substrate of the test strip. The plastic substrate manufacturer and the Company has signed a contract, and the Company has maintained a long-term                                                                                                              | The biotechnology industry is an emerging industry of two trillion and twin star in Taiwan. At present, the entire industry development is only in its infancy stage, and the satellite system has not yet been completed. Suppliers are                                          | 1.The core materials are self-made by the Company's production line.<br>2.Establish a professional supplier coaching team, and seek suppliers with the capabilities to manufacture high                                                                                                                                                                  |

|                      |                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                      | <p>partnership with the supplier. 95% of the core raw materials are supplied by domestic manufacturers, and all of them have more than 2-3 suppliers as substitutable, therefore the satellite system in the supply chain is in a stable state.</p>                                                                                                                          | <p>not yet aware of the quality specifications of the biotechnology industry, but the quality requirements of the biotechnology industry have reached the nanometer specifications. General suppliers need a longer period of time to gear in, and learn from each other, and Bionime is responsible to coach the suppliers in order to lead its supply chain system into a highly competitive market.</p> | <p>quality materials</p> <p>3.The supplier coaching team actively invested in engineering resources to cultivate the concept of one of the Company's production lines, strengthen the guidance of existing suppliers, improve their manufacturing process capability and management capabilities, and bring greater opportunities for the Company to create a win-win situation.</p> |
| Regulatory standards | <p>The blood glucose test strips of GM101 and GM300 of Bionime were evaluated in 2009 by the IDT, Germany diabetes authoritative organization for the evaluation of 27 blood glucose test strips. If the result of the evaluation is changed to the range of <math>\pm 15\%</math> of the error, it still conforms to the ISO 15197 specification, hence, its quality is</p> | <p>As the quality of medical device is critical to human safety, governments have established strict regulations to manage them. Medical device manufacturers need to pass production quality certification or clinical trials in order to obtain relevant quality certifications in each country prior to the product selling. At</p>                                                                     | <p>In the production process of its blood glucose meters and test strips, Bionime adopts high-standard manufacturing processes, quality control and stable accuracy requirements to meet the product requirements of medical device worldwide. And it continues to invest in R&amp;D of product improvement</p>                                                                      |

|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                       | well-recognized. At the same time, the IoT platform conforms to ISO 27001, HIPAA, and GDPR specifications, and is certified by TFDA and CE. It is recognized in the IoT medical device, personal privacy and information security.                                                                                                                                                                                                                                                                        | present, the specification of blood glucose testing according to ISO 15197 will change the error range of current blood glucose test results above 75 mg/dL (inclusive) from $\pm 20\%$ to $\pm 15\%$ , which will improve the accuracy of blood glucose testing. | to continuously improve its precision, accuracy and stability.                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Foreign exchange risk | The financial situation of Bionime is healthy, the cash position on the account is sufficient, and it has good relationship with financial institutions such as banks, etc., and there are sufficient resources to hedge the exchange rates. In the past, due to the Euro- and US dollar-denominated sales are equivalent, which imposed a natural hedging effect. However, in recent years, the international exchange market is dynamic, the Company has begun to adopt the asset and liability hedging | The dependence on export is high, and it is vulnerable to exchange rate fluctuations and thereby affecting the level of profitability.                                                                                                                            | Continue to strengthen the concept of currency hedging of financial personnel, and strengthen the interaction with financial institutions in order to assess the trend of changes in exchange rates, and used as a reference for hedging. At the same time, try to pay the purchase expenses in the same currency with the sales revenues in order to achieve natural hedging effect. In addition, the Company also will consider the future exchange rate trend before provide quotation for new orders. |

|  |                                                                                                                 |  |  |
|--|-----------------------------------------------------------------------------------------------------------------|--|--|
|  | methods by this year, and continued to review in response to fluctuations in the international exchange market. |  |  |
|--|-----------------------------------------------------------------------------------------------------------------|--|--|

## (2) Important use and production process of main products

### (a). Important use of main products

| Name of product           | Important uses and functions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Blood glucose meter       | The main function of the Company's blood glucose meter is to measure the glucose concentration in the blood (referred to as blood glucose concentration) of users quickly and accurately. It provides a complete information to the users and the medical personnel, and further control the blood glucose changes in the body by measuring the level of blood glucose.                                                                                                                                                                                                                                                                                        |
| Blood glucose test strips | In addition to the blood glucose meter, it needs to pair with the blood glucose test strip in order it can measure the blood glucose concentration normally and correctly. Blood glucose test strip looks like a thin piece, and usually has an enzyme in biochemical sensor, such as glucose oxidase (GOD) in the blood area.<br>This type of enzyme substance plays an important role in the blood glucose test strip by generating a specific biochemical reaction with blood glucose, and further generating a current that can be measured by the blood glucose meter, and thereby converting to the concentration value that can be interpreted by user. |

### (b). Production process

#### (i)Blood glucose meter

The blood glucose meter is an electronic product, which is divided into the following major production processes:

##### 1)PCBA processing process

Includes IC version processing and LCD screen processing.

##### 2)Pre-assembly process

Includes the assembly procedures of components like PCBA, upper and lower cover modules, LCD, button, etc., and the calibration check of the tester.

##### 3)Functional verification

Includes warm-up verification, current measurement verification, actual verification and reliability verification.

#### 4)Final-assembly process

Includes serial number printing, appearance parts assembly, appearance wiping, date and unit setting adjustment, test strip insertion and removal test, etc.

#### (ii) Blood glucose test strips

The manufacturing process of blood glucose test strip needs to cover the following three major production processes:

##### 1) Manufacturing process of overlay

Includes raw material processing, rubberize, printing, and exterior punching.

##### 2) Manufacturing process of precious metal electrodes

Includes exterior stamping and surface treatment.

##### 3) Manufacturing process of plastic film

Includes exterior stamping and plastic injection.

##### 4) Test piece assembly production process

Includes electrode assembly, reagent coating, and placement of overlay.

##### 5) Test piece stability quality control

Includes setting test piece formula, measurement precision, and balance stability.

#### (iii) Supply situation of main raw materials

| Name of raw material | Supplier  | Supply situation |
|----------------------|-----------|------------------|
| Gold salt            | Company F | Good             |
| Test piece container | Company C | Good             |

(iv) Details of suppliers (customers) accounted for more than 10% of total procurement (sales) amount in either of the most recent two fiscal years

1) List of suppliers for procurement in the most recent two fiscal years

Unit: NT\$ Thousand

| Item | 2021         |         |                                       |                              | 2022         |         |                                       |                              | Current fiscal year up to previous quarter (Note 2) |         |                                       |                              |
|------|--------------|---------|---------------------------------------|------------------------------|--------------|---------|---------------------------------------|------------------------------|-----------------------------------------------------|---------|---------------------------------------|------------------------------|
|      | Name         | Amount  | Percentage of annual net purchase (%) | Relationship with the issuer | Name         | Amount  | Percentage of annual net purchase (%) | Relationship with the issuer | Name                                                | Amount  | Percentage of annual net purchase (%) | Relationship with the issuer |
| 1    | Company F    | 58,840  | 8.7                                   | -                            | Company F    | 63,931  | 10.8                                  | -                            | Company F                                           | 21,583  | 11.97                                 | -                            |
|      | Others       | 615,194 | 91.3                                  | -                            | Others       | 624,148 | 89.2                                  | -                            | Others                                              | 158,678 | 88.03                                 | -                            |
|      | Net purchase | 674,034 | 100                                   |                              | Net purchase | 688,079 | 100                                   |                              | Net purchase                                        | 180,261 | 100                                   |                              |

Note 1: Details of suppliers accounted for more than 10% of total procurement amount in the most recent two fiscal years, where the company is prohibited by contract from revealing the name of a supplier, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: As of the date of publication of the annual report, if there is any financial data for the most recent period audited and attested or reviewed by a CPA for a company whose stock is listed on the stock exchange or traded over the counter, it shall also be disclosed therewith.

Description: Company F mainly supplies gold salts for test strip electrodes. Because the test strips are the main products sold by the company, Company F is the main supplier of the company's purchases.

2) List of customers for sales in the most recent two fiscal years

Unit: NT\$ Thousand

| Item | 2021      |           |                                    |                              | 2022      |           |                                    |                              | Current fiscal year up to previous quarter<br>(Note 2) |         |                                    |                              |
|------|-----------|-----------|------------------------------------|------------------------------|-----------|-----------|------------------------------------|------------------------------|--------------------------------------------------------|---------|------------------------------------|------------------------------|
|      | Name      | Amount    | Percentage of annual net sales (%) | Relationship with the issuer | Name      | Amount    | Percentage of annual net sales (%) | Relationship with the issuer | Name                                                   | Amount  | Percentage of annual net sales (%) | Relationship with the issuer |
| 1    | Company Y | 234,484   | 12.68                              | -                            | Company E | 728,548   | 32.96                              | -                            | Company E                                              | 65,531  | 15.79                              | -                            |
| 2    | Company E | 141,809   | 7.67                               | -                            | Company Y | 136,449   | 6.17                               | -                            | Company Y                                              | 21,240  | 5.11                               | -                            |
|      | Others    | 1,473,631 | 79.65                              | -                            | Others    | 1,345,592 | 60.87                              | -                            | Others                                                 | 328,352 | 79.10                              | -                            |
|      | Net sales | 1,849,924 | 100                                |                              | Net sales | 2,210,589 | 100                                |                              | Net sales                                              | 415,123 | 100                                |                              |

Note 1: Details of customers accounted for more than 10% of total sales amount in the most recent two fiscal years, where the company is prohibited by contract from revealing the name of a customer, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: As of the date of publication of the annual report, if there is any financial data for the most recent period audited and attested or reviewed by a CPA for a company whose stock is listed on the stock exchange or traded over the counter, it shall also be disclosed therewith.

Description: Company E is a customer of the Company in North Africa, as the customer has set up a factory there, the sales have grown significantly in 2022. Company Y is a famous foreign medical equipment manufacturer, and the demand for BGM products has been reduced in recent years due to the growth of CGM in the European market.

(v) Production volume for the most recent two fiscal years

Unit: Thousand groups; thousand pieces; NT\$ thousand

| Year<br>Production volume<br>Main product | 2021     |         |              | 2022     |         |              |
|-------------------------------------------|----------|---------|--------------|----------|---------|--------------|
|                                           | Capacity | Output  | Output value | Capacity | Output  | Output value |
| Blood glucose meter kit                   | 1,200    | 1,183   | 435,182      | 1,200    | 1,144   | 416,760      |
| Blood glucose test strips                 | 550,000  | 515,600 | 579,290      | 550,000  | 530,988 | 619,825      |
| Total                                     | 551,200  | 516,783 | 1,014,472    | 551,200  | 532,132 | 1036,585     |

The value of production increased slightly from the previous year as production returned to normal since the global Covid-19 outbreak has been ebbing.

(vi) Sales volume for the most recent two fiscal years

Unit: Thousand groups; thousand pieces; NT\$ thousand

| Year<br>Sales volume<br>Main product | 2021     |              |         |              | 2022     |              |         |              |
|--------------------------------------|----------|--------------|---------|--------------|----------|--------------|---------|--------------|
|                                      | Domestic |              | Foreign |              | Domestic |              | Foreign |              |
|                                      | Output   | Output value | Output  | Output value | Output   | Output value | Output  | Output value |
| Blood glucose meter kit              | 42       | 10,115       | 1,118   | 264,027      | 46       | 13,418       | 1,178   | 255,666      |
| Blood glucose test strips            | 21,484   | 140,186      | 456,689 | 1,386,722    | 22,450   | 140,191      | 512,476 | 1,515,006    |
| Others                               | -        | 9,340        | -       | 39,534       | -        | 10,215       | -       | 276,093      |
| Total                                | -        | 159,641      | -       | 1,690,283    | -        | 163,824      | -       | 2,046,765    |



3.The number of employees employed for the most recent two fiscal years, and during the current fiscal year up to the date of publication of the annual report

| Year                             |                                | 2021   | 2022   | 2023/3/31 |
|----------------------------------|--------------------------------|--------|--------|-----------|
| Number of Employee               | R&D personnel                  | 146    | 156    | 158       |
|                                  | Management and sales personnel | 247    | 256    | 259       |
|                                  | Manufacturing personnel        | 681    | 699    | 698       |
|                                  | Total                          | 1,074  | 1,111  | 1,115     |
| Average age                      |                                | 33.9   | 34.6   | 34.8      |
| Average years of service         |                                | 4.7    | 5.2    | 5.3       |
| Academic distribution percentage | Ph. D.                         | 0.65%  | 0.63%  | 0.72%     |
|                                  | Master                         | 11.54% | 11.34% | 11.84%    |
|                                  | College                        | 50.79% | 51.31% | 51.12%    |
|                                  | High School                    | 34.88% | 34.11% | 33.72%    |
|                                  | Below high school              | 2.14%  | 2.61%  | 2.60%     |

Note: The number of people does not include temporary personnel.

#### 4. Information on environmental protection expenditures

(1). According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made.

Setting forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced:

(a). Daqing Plant: Water pollution prevention and control permit, no employment of wastewater treatment exclusive personnel is required.

(b). Dawei Plant: Water pollution prevention and control permit, an exclusive personnel of Class B is employed. There is currently a Class A wastewater specialist and a specialist agent.

(2). Setting forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced: None.

(3). The process undertaken by the company on environmental pollution improvement for the most recent two fiscal years and up to the date of publication of the annual report. If there had been any pollution dispute, its handling process shall also be described: None.

(4). The total amount of losses and penalties due to environmental pollution in the past two years and as of the date of publishing the Annual Report(including compensation and environmental protection audit results that violate environmental protection laws and regulations, it shall list the

date of punishment, the code of the punishment, the violation provision of the laws and regulations, the content of the provisions, and the content of the punishment), actions to be taken in the future and the possible expenditures:

Year of occurrence: 2021

NO.

Year of occurrence: 2022

- (a) Background: The Da-Wei factory of the company is engaged in the electroplating industry. The Environmental Protection Administration Central Branch Bureau of Environmental Inspection (BEI) inspected on February 22, 2022, to check the Industrial Waste - sludge generated from waste water disposal in the electro-plating process (A-8801) the factory generated in 2021. The declared output in January, July and August 2021 were 2.328 metric tons, 1.9 metric tons, and 1.8 metric tons respectively, exceeding the maximum production volume (1.586 metric tons) published in the approved business waste disposal plan. Then received Zhongshi Huan Shui Zi No. 1110032091 on April 7, 2022, court order: 40-111-040002, found to have violated Article 31 of the Waste Disposal Act, Paragraph 1, Subparagraph 1 and was fined a total of NTD 60,000.
- (b) Improvement procedures and countermeasures: In order to meet the requirements of the company's production capacity improvement, we apply to the administration to change the relevant pollution source flow charts such as the Da-Wei factory water pollution prevention and the plan of control measures and waste cleanup. We corrected the wastewater treatment sludge (A-8801) of its electroplating process to the maximum output of the production capacity to avoid the situation of exceeding the limit again.
- (c) The Dawei plant's water pollution control measures plan and waste removal plan will be changed to increase its monthly electroplating sludge output from a maximum of 1.586 tons per month to a maximum of 3.562 tons per month, etc. The project is expected to be approved in May and June to meet the demand for future capacity increase.
- (5).The current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming two fiscal years: None.

## 5. Labor relations

(1). 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 welfare measures: Talents are the most important assets of the Company. We carefully cultivate, treasure and care for each and every colleague in order they can achieve work-life balance. The Company also adheres to the principle of profit sharing and performance-oriented to develop compensation policies in order to provide a comprehensive welfare system and measures.

i. Labor insurance and National Health Insurance.

ii. Annual festival bonus, quarterly performance bonus.

iii. Employee stock ownership plan, Employee stock option certificates.

iv. Regularly organize employee travel and various cultural and recreational and festival activities.

v. Festival gift vouchers, wedding gifts, maternity gifts, condolence gifts, birthday celebrations and birthday vouchers.

vi. Employee overtime meal allowances.

(b) Employee continuing education, training: Based on the corporate culture of integrity, the Company is constantly striving towards the goal of sustainable management and maintaining market competitiveness. With the comprehensive education and training plan, each colleague can continuously improve work performance, develop self-potential, and achieve a win-win goal of enterprise development and self-growth in a working environment of right person in the right place.

i. New employee orientation: There will be an exclusive instructor guides the newcomers to familiarize the working environment, and also strengthen their recognition and understanding of the Company. In addition, all departments have planned new basic training related courses for newcomers to help them to learn work related knowledge.

ii. Professional training: The Company is committed to nurturing challenging chemical and electronic design talents, and encourages colleagues to participate in external professional training courses to enhance personal expertise and skills. In addition, all departments will regularly conduct various professional training courses to

achieve the goals of knowledge sharing and improvement of job function.

- iii. Management training: The Company arranges various management training program for each level of supervisors to establish their team's shared vision and operational consensus.

(c). Retirement system and its implementation status:

Since the establishment of the Company, the "Supervisory Committee of Labor Pension" has been established for safeguarding the rights and interests of colleagues, taking care of the retirement life of colleagues and promoting labor relations. In addition, the Company makes a monthly pension to employees' individual pension fund accounts at the Bureau of Labor Insurance in order to provide greater protection to the retirement life of colleagues according to the Labor Pension Statutes since July 1994.

| Pension system           | Old system                                                                                                                                                                       | New system                                                                                                                |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| Applicable source of law | Labor Standards Act                                                                                                                                                              | Labor Pension Act                                                                                                         |
| How to contribute        | Appropriate 2% of the total monthly salary of the employees, and deposit in the special account of Bank of Taiwan (formerly the Central Trust Bureau) in the name of the company | According to the employee's insurance level, 6% will be allocated to the individual account of the Labor Insurance Bureau |
| Contribution             | Cumulative amount of labor retirement reserve NT\$ 5,044 thousand                                                                                                                | Contribution of NT\$24,029 thousand in 2022                                                                               |

(d). The status of agreements between labor and management:

- (i) The establishment of the Employees' Welfare Committee: In addition to improve employee benefits, it also acts as an important channel for colleagues to participate in the development of the Company's employee welfare policy. Since its establishment, colleagues have been willing to dedicate themselves to the full play of their functions, and create a win-win situation for both colleagues and the Company.
- (ii) Regularly monthly meeting: As an important channel for the Company to make public announcement for various information, as well as an important channel for colleagues to express their opinions and two-way communication.

(iii) Mailbox for exchange of views: It is a complaint channel for colleagues which managed by dedicated personnel. It encourages colleagues to express various suggestions, which will be used as a reference for the continuous improvement of corporate policies.

2. List any loss sustained(including the incident against the Labor Standards Act according to the labor inspection results, and it shall list the date of punishment, the code of the punishment, the violation provision of the laws and regulations, the content of the provisions, and the content of the punishment) as a result of labor disputes in the past two years and as of the Annual Report publication date, disclose the estimated amount of loss incurred to date or likely to be incurred in the future, and indicate mitigation measures being undertaken or to be taken:

The Company has always attached importance to employee welfare and rights, and actively maintains harmonious labor relations. It respects the opinions of employees. Employees can always express their opinions through email, telephone, employee suggestion box or meeting. With smooth labor communication channels, no major labor disputes occurred in the past two years.

#### 6. Important contracts

| Nature of Contracts          | Contracting parties         | Commencement dates and expiration dates of contracts | Major content                | Restriction clause                            |
|------------------------------|-----------------------------|------------------------------------------------------|------------------------------|-----------------------------------------------|
| Trademark licensing contract | GE Trademark Licensing, Inc | 2020.2.1~2029.12.31                                  | GE Trademark licensing       | Exclusive license                             |
| Sales contract               | AFDZ01                      | 2021.1.1~2030.12.31                                  | Middle East Product Sales    | Local production of semi-finished test pieces |
| Sales contract               | B04                         | 2020.12.7~2026.12.31                                 | Italian product ODM contract | Exclusive models and future derivatives       |

## VI. Financial Overview

### 1. Summary financial data for the most recent five fiscal years

(1) Condensed balance sheet and consolidated income statement- International Financial Reporting Standards (IFRS)

(a) Condensed balance sheet (This sheet is prepared in consolidated financial statements)

Unit: NT\$ Thousand

| Year<br><br>Item                          |                         | Financial data for the most recent five financial years (Note 1) |           |           |           |           | Current fiscal year<br>a n d u p t o<br>March 31, 2023<br>Financial data (Note<br>3) |
|-------------------------------------------|-------------------------|------------------------------------------------------------------|-----------|-----------|-----------|-----------|--------------------------------------------------------------------------------------|
|                                           |                         | 2018                                                             | 2019      | 2020      | 2021      | 2022      |                                                                                      |
| Current assets                            |                         | 1,769,945                                                        | 1,595,432 | 1,457,309 | 1,389,717 | 1,636,615 | 1,483,791                                                                            |
| Property, plant and equipment (Note 2)    |                         | 2,689,666                                                        | 2,669,672 | 2,620,183 | 2,536,803 | 2,472,543 | 2,462,330                                                                            |
| Intangible assets                         |                         | 8,550                                                            | 49,503    | 205,774   | 342,114   | 506,846   | 548,981                                                                              |
| Other assets (Note 2)                     |                         | 121,243                                                          | 89,633    | 201,786   | 295,248   | 367,057   | 452,439                                                                              |
| Total assets                              |                         | 4,589,404                                                        | 4,404,240 | 4,485,052 | 4,563,882 | 4,983,061 | 4,947,541                                                                            |
| Current liabilities                       | Before distributio<br>n | 1,481,422                                                        | 1,380,966 | 1,241,045 | 1,329,432 | 1,410,960 | 1,603,767                                                                            |
|                                           | After distributio<br>n  | 1,596,316                                                        | 1,499,630 | 1,365,329 | 1,450,637 | 1,538,561 | -                                                                                    |
| Non-current liabilities                   |                         | 1,114,874                                                        | 976,429   | 1,173,224 | 1,158,373 | 1,491,565 | 1,393,916                                                                            |
| Total liabilities                         | Before distributio<br>n | 2,596,296                                                        | 2,357,395 | 2,414,269 | 2,487,805 | 2,902,525 | 2,997,683                                                                            |
|                                           | After distributio<br>n  | 2,711,190                                                        | 2,476,059 | 2,538,553 | 2,609,010 | 3,030,126 | -                                                                                    |
| Equity attributable to the parent company |                         | 1,991,237                                                        | 2,042,577 | 2,065,627 | 2,069,349 | 2,072,425 | 1,941,982                                                                            |
| Capital stock                             |                         | 594,468                                                          | 638,006   | 627,260   | 637,971   | 606,870   | 606,870                                                                              |
| Capital reserves                          | Before distributio<br>n | 1,314,899                                                        | 1,337,126 | 1,402,306 | 1,362,223 | 1,302,633 | 1,191,418                                                                            |
|                                           | After distributio<br>n  | 1,314,899                                                        | 1,308,053 | 1,329,600 | 1,316,771 | 1,190,223 | -                                                                                    |
| Retained                                  | Before                  | 225,511                                                          | 216,593   | 189,752   | 225,521   | 163,030   | 142,187                                                                              |

|                                    |                           |           |           |           |           |           |           |
|------------------------------------|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| earnings                           | distributio<br>n          |           |           |           |           |           |           |
|                                    | After<br>distributio<br>n | 110,617   | 127,002   | 138,174   | 149,768   | 147,839   | -         |
| Other Equity                       |                           | (5,500)   | (11,007)  | (15,550)  | (18,225)  | (3,513)   | (4,179)   |
| Treasury stock                     |                           | (138,141) | (138,141) | (138,141) | (138,141) | -         | -         |
| Non-controlling<br>i n t e r e s t |                           | 1,871     | 4,268     | 5,156     | 6,728     | 8,111     | 7,876     |
| E q u i t y                        | Before                    |           |           |           |           |           |           |
| T o t a l                          | distributio<br>n          | 1,993,108 | 2,046,845 | 2,070,783 | 2,076,077 | 2,080,536 | 1,949,858 |
|                                    | After<br>distributio<br>n | 1,878,214 | 1,928,181 | 1,946,499 | 1,954,872 | 1,952,935 | -         |

Note 1: The financial data from 2018-2022 have been audited and attested by a CPA.

Note 2: Those who have applied for asset revaluation in the current fiscal year should be listed the date of processing and the reevaluation surplus.

Note 3: The financial data for the first quarter of 2023 is the consolidated financial data prepared in accordance with IFRSs, and is reviewed by a CPA.

## (b). Condensed balance sheet (This sheet is prepared in individual financial statement)

Unit: NT\$ Thousand

| Year<br>Item                              |                     | Financial data for the most recent five financial years (Note 1) |           |           |           |           |
|-------------------------------------------|---------------------|------------------------------------------------------------------|-----------|-----------|-----------|-----------|
|                                           |                     | 2018                                                             | 2019      | 2020      | 2021      | 2022      |
| Current assets                            |                     | 1,622,090                                                        | 1,439,323 | 1,274,592 | 1,202,277 | 1,436,828 |
| Property, plant and equipment (Note 2)    |                     | 2,678,843                                                        | 2,659,787 | 2,610,332 | 2,526,673 | 2,462,556 |
| Intangible assets                         |                     | 8,223                                                            | 49,273    | 205,569   | 341,958   | 506,720   |
| Other assets (Note 2)                     |                     | 261,904                                                          | 253,009   | 377,210   | 481,576   | 579,187   |
| Total assets                              |                     | 4,571,060                                                        | 4,401,392 | 4,467,703 | 4,552,484 | 4,985,291 |
| Current liabilities                       | Before distribution | 1,464,949                                                        | 1,384,166 | 1,233,337 | 1,326,039 | 1,425,707 |
|                                           | Before distribution | 1,579,843                                                        | 1,502,830 | 1,357,621 | 1,447,244 | 1,553,308 |
| Non-current liabilities                   |                     | 1,114,874                                                        | 974,649   | 1,168,739 | 1,157,096 | 1,487,159 |
| Total liabilities                         | Before distribution | 2,579,823                                                        | 2,358,815 | 2,402,076 | 2,483,135 | 2,912,866 |
|                                           | Before distribution | 2,694,717                                                        | 2,477,479 | 2,526,360 | 2,604,340 | 3,040,467 |
| Equity attributable to the parent company |                     | -                                                                | -         | -         | -         | -         |
| Capital stock                             |                     | 594,468                                                          | 638,006   | 627,260   | 637,971   | 610,275   |
| Capital reserves                          | Before distribution | 1,314,899                                                        | 1,337,126 | 1,402,306 | 1,362,223 | 1,302,633 |
|                                           | Before distribution | 1,314,899                                                        | 1,308,053 | 1,329,600 | 1,316,771 | 1,190,223 |
| Retained earnings                         | Before distribution | 225,511                                                          | 216,593   | 189,752   | 225,521   | 163,030   |
|                                           | Before distribution | 110,617                                                          | 127,002   | 138,174   | 149,768   | 147,839   |



|                          |                     |           |           |           |           |           |
|--------------------------|---------------------|-----------|-----------|-----------|-----------|-----------|
| Other Equity             |                     | (5,500)   | (11,007)  | (15,550)  | (18,225)  | (3,513)   |
| Treasury stock           |                     | (138,141) | (138,141) | (138,141) | (138,141) | 0         |
| Non-controlling interest |                     | -         | -         | -         | -         | -         |
| Equity<br>Total          | Before distribution | 1,991,237 | 2,042,577 | 2,065,627 | 2,069,349 | 2,072,425 |
|                          | Before distribution | 1,876,343 | 1,923,913 | 1,941,343 | 1,948,144 | 1,944,824 |

Note 1: The financial data from 2018-2022 have been audited and attested by a CPA.

Note 2: Those who have applied for asset revaluation in the current fiscal year should be listed the date of processing and the reevaluation surplus.

(c). Condensed consolidated income statement (This statement is prepared in consolidated financial statements)  
Unit: NT\$ Thousand

| Item \ Year                                                                | Financial data for the most recent five financial years (Note 1) |           |           |           |           | Current fiscal year up to March 31, 2023<br>Financial data (Note 2) |
|----------------------------------------------------------------------------|------------------------------------------------------------------|-----------|-----------|-----------|-----------|---------------------------------------------------------------------|
|                                                                            | 2018                                                             | 2019      | 2020      | 2021      | 2022      |                                                                     |
| Operating revenues                                                         | 2,007,222                                                        | 2,172,923 | 1,668,586 | 1,849,924 | 2,210,589 | 415,123                                                             |
| Gross profit                                                               | 916,999                                                          | 948,418   | 749,125   | 783,131   | 1,004,126 | 172,875                                                             |
| Operating income                                                           | 240,551                                                          | 156,271   | 21,121    | 75,294    | 131,417   | (7,119)                                                             |
| Non-Operating revenues and expenditures                                    | (78,588)                                                         | (21,704)  | 9,990     | (709)     | (44,934)  | (8,446)                                                             |
| Net profit before tax                                                      | 161,963                                                          | 134,567   | 31,111    | 74,585    | 86,483    | (15,565)                                                            |
| Net income from continuing operation                                       | 127,892                                                          | 106,711   | 63,520    | 89,325    | 91,820    | (5,091)                                                             |
| Loss from discontinued operations                                          | -                                                                | -         | -         | -         | -         | -                                                                   |
| Net profit (loss)                                                          | 127,892                                                          | 106,711   | 63,520    | 89,325    | 91,820    | (5,091)                                                             |
| Other comprehensive income for the current period (net)                    | 2,763                                                            | (5,828)   | (4,425)   | (3,081)   | 16,423    | (663)                                                               |
| Total comprehensive income                                                 | 130,655                                                          | 100,883   | 59,095    | 86,244    | 108,243   | (5,754)                                                             |
| Net income attributable to the parent company                              | 128,032                                                          | 106,258   | 62,434    | 87,413    | 91,025    | (5,652)                                                             |
| Net income attributable to the non-controlling interest                    | (140)                                                            | 453       | 1,086     | 1,912     | 795       | 561                                                                 |
| Total comprehensive income attributable to the owner of the parent company | 130,832                                                          | 100,469   | 58,207    | 84,672    | 107,190   | (6,318)                                                             |
| Total comprehensive income attributable to the non-controlling interest    | (177)                                                            | 414       | 888       | 1,572     | 1,053     | 564                                                                 |
| Earnings per share                                                         | 2.23                                                             | 1.85      | 1.06      | 1.45      | 1.50      | (0.09)                                                              |

Note 1: The financial data from 2018-2022 have been audited and attested by a CPA.

Note 2: The financial data for the first quarter of 2023 is the consolidated financial data prepared in accordance with IFRSs, and is reviewed by a CPA.

Note 3: The loss from discontinued operations is stated in net amount after the income tax has been deducted.

(d). Condensed consolidated income statement (This statement is prepared in individual financial statements)

Unit: NT\$ Thousand

| Year<br>Item                                            | Financial data for the most recent five financial years<br>(Note 1) |           |           |           |           |
|---------------------------------------------------------|---------------------------------------------------------------------|-----------|-----------|-----------|-----------|
|                                                         | 2018                                                                | 2019      | 2020      | 2021      | 2022      |
| Operating revenues                                      | 1,946,211                                                           | 2,053,362 | 1,601,953 | 1,692,350 | 2,071,747 |
| Gross profit                                            | 861,992                                                             | 870,030   | 664,546   | 660,602   | 903,783   |
| Operating income                                        | 206,593                                                             | 125,709   | (8,510)   | 60,898    | 103,458   |
| Non-Operating revenues and expenditures                 | (54,728)                                                            | 4,230     | 37,669    | 7,865     | (19,085)  |
| Net profit before tax                                   | 151,865                                                             | 129,939   | 29,159    | 68,763    | 84,369    |
| Net income from continuing operation                    | 128,032                                                             | 106,258   | 62,434    | 87,413    | 91,025    |
| Loss from discontinued operations                       | -                                                                   | -         | -         | -         | -         |
| Net profit (loss)                                       | 128,032                                                             | 106,258   | 62,434    | 87,413    | 91,025    |
| Other comprehensive income for the current period (net) | 2,800                                                               | (5,789)   | (4,227)   | (2,741)   | 16,165    |
| Total comprehensive income                              | 130,832                                                             | 100,469   | 58,207    | 84,672    | 107,190   |

Note 1: The financial data from 2018-2022 have been audited and attested by a CPA.

(2) The name of the CPAs and the auditor's opinion for the most recent five fiscal years

| Year | CPA                             | Name of accounting firm | Audit opinion       |
|------|---------------------------------|-------------------------|---------------------|
| 2018 | Zi-Xin Zhang,<br>Hai-Ning Huang | KPMG                    | Unqualified opinion |
| 2019 | Zi-Xin Zhang,<br>Hai-Ning Huang | KPMG                    | Unqualified opinion |
| 2020 | Zi-Xin Zhang,<br>Jun-Yuan Wu    | KPMG                    | Unqualified opinion |
| 2021 | Zi-Xin Zhang,<br>Jun-Yuan Wu    | KPMG                    | Unqualified opinion |
| 2022 | Zi-Xin Zhang,<br>Jun-Yuan Wu    | KPMG                    | Unqualified opinion |

## 2. Financial analyses for the most recent five fiscal years

### (1) Financial Analyses - IFRS (this statement is prepared in consolidated financial statements)

| Analysis item<br>Year (Note 1)                                                                                                                                                        |                                                          | Financial analyses for the most recent five fiscal years |        |        |        |        | Current fiscal year up to March 31, 2023 (Note 2) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|--------|--------|--------|--------|---------------------------------------------------|
|                                                                                                                                                                                       |                                                          | 2018                                                     | 2019   | 2020   | 2021   | 2022   |                                                   |
| Financial structure (%)                                                                                                                                                               | Debts ratio                                              | 56.57                                                    | 53.52  | 53.82  | 54.51  | 58.24  | 60.58                                             |
|                                                                                                                                                                                       | Long-term funds to property, plant and equipment ratio   | 115.53                                                   | 113.08 | 123.58 | 127.41 | 144.2  | 135.15                                            |
| Solvency (%)                                                                                                                                                                          | Current ratio                                            | 119.47                                                   | 115.53 | 117.42 | 104.53 | 115.99 | 92.51                                             |
|                                                                                                                                                                                       | Quick ratio                                              | 90.99                                                    | 84.52  | 71.20  | 53.38  | 70.55  | 49.01                                             |
|                                                                                                                                                                                       | Times interest earned                                    | 6.57                                                     | 5.23   | 2.44   | 4.91   | 3.82   | -0.58                                             |
| Operating capacity                                                                                                                                                                    | Accounts receivable turnover ratio (times)               | 2.78                                                     | 2.73   | 2.67   | 4.26   | 3.97   | 2.80                                              |
|                                                                                                                                                                                       | Average collection days                                  | 131.29                                                   | 133.69 | 136.70 | 85.68  | 91.93  | 130.35                                            |
|                                                                                                                                                                                       | Inventory turnover ratio (times)                         | 2.62                                                     | 2.85   | 1.87   | 1.79   | 1.99   | 1.58                                              |
|                                                                                                                                                                                       | Accounts payable turnover ratio (times)                  | 7.08                                                     | 7.85   | 6.20   | 7.13   | 7.26   | 5.44                                              |
|                                                                                                                                                                                       | Days' sales in inventory                                 | 139.31                                                   | 128.00 | 195.18 | 203.91 | 183.41 | 231.01                                            |
|                                                                                                                                                                                       | Property, plant and equipment turnover ratio (times)     | 0.74                                                     | 0.81   | 0.63   | 0.71   | 0.88   | 0.67                                              |
|                                                                                                                                                                                       | Total assets turnover ratio (times)                      | 0.44                                                     | 0.48   | 0.37   | 0.40   | 0.46   | 0.33                                              |
| Profitability                                                                                                                                                                         | Return on total assets (%)                               | 3.39                                                     | 2.93   | 1.81   | 2.31   | 2.43   | 0.22                                              |
|                                                                                                                                                                                       | Return on equity (%)                                     | 6.28                                                     | 5.28   | 3.08   | 4.30   | 4.41   | -1.01                                             |
|                                                                                                                                                                                       | Pre-tax net profit to paid-in capital ratio (%) (Note 7) | 27.24                                                    | 22.55  | 5.03   | 11.97  | 14.25  | -10.25                                            |
|                                                                                                                                                                                       | Profit margin (%)                                        | 6.37                                                     | 4.91   | 3.80   | 4.82   | 4.15   | -1.22                                             |
|                                                                                                                                                                                       | Earnings per share (NT)                                  | 2.23                                                     | 1.85   | 1.06   | 1.45   | 1.5    | -0.09                                             |
| Cash flow                                                                                                                                                                             | Cash flow ratio (%)                                      | 8.22                                                     | 29.36  | 17.53  | 20.28  | 10.08  | 10.77                                             |
|                                                                                                                                                                                       | Cash flow adequacy ratio (%)                             | 97.79                                                    | 96.46  | 79.02  | 56.95  | 66.52  | 82.54                                             |
|                                                                                                                                                                                       | Cash flow reinvestment ratio (%)                         | -2.90                                                    | 7.17   | 2.24   | 3.24   | 0.42   | 3.65                                              |
| Leverage                                                                                                                                                                              | Degree of operating leverage                             | 4.3                                                      | 6.21   | 39.92  | 12.79  | 7.86   | -29.18                                            |
|                                                                                                                                                                                       | Degree of financial leverage                             | 1.13                                                     | 1.25   | -49    | 1.33   | 1.3    | 0.41                                              |
| Analysis of significant changes in the financial ratio over the last two years. (Not required if the change does not exceed 20%):                                                     |                                                          |                                                          |        |        |        |        |                                                   |
| 1. Increase in quick ratio: The quick ratio increased due to the increase in current assets.                                                                                          |                                                          |                                                          |        |        |        |        |                                                   |
| 2. Decrease in times interest earned: The decrease in times interest earned was mainly due to the increase in interest expense.                                                       |                                                          |                                                          |        |        |        |        |                                                   |
| 3. Increase in property, plant and equipment turnover ratio: The increase in property, plant and equipment turnover ratio was mainly due to the increase in net operating profit.     |                                                          |                                                          |        |        |        |        |                                                   |
| 4. Increase in return on total assets and return on equity: The return on total assets and return on equity increased due to the increase in net income.                              |                                                          |                                                          |        |        |        |        |                                                   |
| 5. Decrease in cash flow ratio: The cash flow ratio decreased due to the decrease in net cash flow from operating activities.                                                         |                                                          |                                                          |        |        |        |        |                                                   |
| 6. Decrease in cash flow reinvestment ratio: The cash reinvestment ratio decreased due to the decrease in net cash flow from operating activities and the increase in current assets. |                                                          |                                                          |        |        |        |        |                                                   |
| 7. Decrease in degree of operating leverage: Degree of operating leverage decreased mainly due to the increase in operating profit.                                                   |                                                          |                                                          |        |        |        |        |                                                   |

Note 1: The financial data from 2018-2022 have been audited and attested by a CPA.

Note 2: As of the date of publication of the annual report, if there is any financial data for the most

recent period audited and attested or reviewed by a CPA for a company whose stock is listed on the stock exchange or traded over the counter, it shall also be analyzed therewith.

(2) Financial Analysis - Enterprise Accounting Standard of R.O.C (this statement is based on the individual financial statements)

| Year (Note 1)<br>Analysis item                                                                                                                                                        |                                                        | Financial analyses for the most recent five fiscal years |        |        |        |        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|--------|--------|--------|--------|
|                                                                                                                                                                                       |                                                        | 2018                                                     | 2019   | 2020   | 2021   | 2022   |
| Financial structure (%)                                                                                                                                                               | Debts ratio                                            | 56.43                                                    | 53.59  | 53.76  | 54.54  | 58.42  |
|                                                                                                                                                                                       | Long-term funds to property, plant and equipment ratio | 115.93                                                   | 113.34 | 123.85 | 127.66 | 144.46 |
| Solvency (%)                                                                                                                                                                          | Current ratio                                          | 110.72                                                   | 103.98 | 103.34 | 90.66  | 100.78 |
|                                                                                                                                                                                       | Quick ratio                                            | 84.18                                                    | 74.60  | 61.99  | 43.97  | 60.18  |
|                                                                                                                                                                                       | Times interest earned                                  | 6.4                                                      | 5.21   | 2.37   | 4.65   | 3.76   |
| Operating capacity                                                                                                                                                                    | Accounts receivable turnover ratio (times)             | 2.99                                                     | 2.55   | 2.55   | 3.61   | 3.55   |
|                                                                                                                                                                                       | Average collection days                                | 122                                                      | 143    | 143    | 101    | 102    |
|                                                                                                                                                                                       | Inventory turnover ratio (times)                       | 2.79                                                     | 2.96   | 2.10   | 1.95   | 2.16   |
|                                                                                                                                                                                       | Accounts payable turnover ratio (times)                | 6.14                                                     | 7.61   | 6.35   | 6.99   | 7.15   |
|                                                                                                                                                                                       | Days' sales in inventory                               | 130                                                      | 123    | 173    | 187    | 168    |
|                                                                                                                                                                                       | Property, plant and equipment turnover ratio (times)   | 0.72                                                     | 0.76   | 0.60   | 0.65   | 0.83   |
|                                                                                                                                                                                       | Total assets turnover ratio (times)                    | 0.43                                                     | 0.45   | 0.36   | 0.37   | 0.43   |
| Profitability                                                                                                                                                                         | Return on total assets (%)                             | 3.39                                                     | 2.91   | 1.78   | 2.27   | 2.41   |
|                                                                                                                                                                                       | Return on equity (%)                                   | 6.29                                                     | 5.26   | 3.03   | 4.22   | 4.39   |
|                                                                                                                                                                                       | Percentage of paid-in capital ratio (%)                | Operating profit                                         |        | -1.37  | 9.77   | 17.04  |
|                                                                                                                                                                                       |                                                        | Net profit before tax                                    |        | 4.72   | 11.03  | 13.9   |
|                                                                                                                                                                                       | Profit margin (%)                                      |                                                          | 6.57   | 5.17   | 3.89   | 5.16   |
|                                                                                                                                                                                       | Earnings per share (NT)                                |                                                          | 2.23   | 1.85   | 1.06   | 1.45   |
| Cash flow                                                                                                                                                                             | Cash flow ratio (%)                                    | 6.96                                                     | 28.82  | 15.71  | 16.89  | 12.94  |
|                                                                                                                                                                                       | Cash flow adequacy ratio (%)                           | 99.04                                                    | 100.89 | 84.84  | 56.52  | 65.08  |
|                                                                                                                                                                                       | Cash flow reinvestment ratio (%)                       | -3.41                                                    | 7.04   | 1.71   | 2.23   | 1.29   |
| Leverage                                                                                                                                                                              | Degree of operating leverage                           | 4.58                                                     | 6.94   | -89.65 | 14.05  | 8.79   |
|                                                                                                                                                                                       | Degree of financial leverage                           | 1.15                                                     | 1.32   | 0.28   | 1.44   | 1.41   |
| Analysis of significant changes in financial ratio over the last two years. (Not required if the change does not exceed 20%):                                                         |                                                        |                                                          |        |        |        |        |
| 1. Increase in quick ratio: The quick ratio increased due to the increase in current assets.                                                                                          |                                                        |                                                          |        |        |        |        |
| 2. Increase in property, plant and equipment turnover ratio: The increase in property, plant and equipment turnover ratio was mainly due to the increase in net operating profit.     |                                                        |                                                          |        |        |        |        |
| 3. Increase in the percentage of paid-in capital ratio: Mainly due to the increase in operating profit and therefore the percentage of paid-in capital ratio increased.               |                                                        |                                                          |        |        |        |        |
| 4. Profit margin increased: Profit margin increased due to the increase in net profit before tax.                                                                                     |                                                        |                                                          |        |        |        |        |
| 5. Decrease in cash flow ratio: The cash flow ratio decreased due to the decrease in net cash flow from operating activities                                                          |                                                        |                                                          |        |        |        |        |
| 6. Decrease in cash flow reinvestment ratio: The cash reinvestment ratio decreased due to the decrease in net cash flow from operating activities and the increase in current assets. |                                                        |                                                          |        |        |        |        |
| 7. Decrease in degree of operating leverage: Degree of operating leverage decreased mainly due to the increase in operating profit.                                                   |                                                        |                                                          |        |        |        |        |

Note 1: The financial data from 2018-2022 have been audited and attested by a CPA.

Note 2: As of the date of publication of the annual report, if there is any financial data for the most recent period audited and attested or reviewed by a CPA for a company whose stock is listed on the stock exchange or traded over the counter, it shall also be analyzed therewith.

3. The Audit Committee's Review Report (see page 140)
4. Annual financial statements of 2022 (refer to page 141-208)
5. A Parent Company only Financial Statement for the most Recent Fiscal Year, Certified by a CPA: (refer to page 209-287)
6. If the company or its affiliates have experienced financial difficulties during the most recent fiscal year or the current fiscal year and up to the date of publication of annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

Bionime Corporation  
Audit Committee's Review Report

Appropriate

The Board of Directors made the Company's 2022 business report, consolidated financial statements, parent company only financial statements and appropriation of earnings, among which the consolidated financial statements and the parent company only financial statements were certified by the accountants who are KPMG International Cooperative Tzu-Hsin Chang and Jun-Yuan Wu and issued a verification report. The above-mentioned business report, financial statements and appropriation of earnings are approved by the Audit Committee, and it is considered that there is no disagreement, and in accordance with Article 220 of the Company Act made a report, please review it.

Chairman of the Audit Committee: Zeng, Hui-Jin

A handwritten signature in black ink, appearing to read '曾惠瑾' (Zeng Hui-Jin), is positioned to the right of the printed name.

May 10, 2023



## **Representation Letter**

The entities that are required to be included in the combined financial statements of Bionime Corporation ("the Company") 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 International Financial Reporting Standards No. 10 , "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Bionime Corporation ("the Company") and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Bionime Corporation ("the Company") and Subsidiaries

Chairman: HUANG, CHUN-MU

Date: March 14, 2023

## **Independent Auditors' Report**

To the Board of Directors of Bionime Corporation:

### **Opinion**

We have audited the consolidated financial statements of Bionime Corporation ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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. We have determined the matter described below to be the key audit matters to be communicated in our report.

#### **1. Revenue Recognition**

The accounting principle of revenue recognition, refer to consolidated financial statements Note 4 (m); The explanation about revenue recognition, refer to consolidated financial statements Note 6 (s).

#### Description of key audit matters:

The Group's revenue are from sales of blood glucose meter and test strips to domestic and foreign clients such as hospitals, dealers and pharmacies. Most of them are foreign clients. As industry peculiarities, clients in higher latitude countries tend to purchase more and increase their inventory at the end of the year in order to prevent the risk of paralysis of shipment due to frozen water in the winter. As a result, the revenue at the end of the year is higher causing the transactions before and after the balance sheet date to have material impact on financial reporting.

Therefore, testing whether revenue was recognized in the correct period is one of our key audit matters.

#### How the matter was addressed in our audit

Our principal audit procedures included: testing the Group's efficacy on the design and operation of internal controls surrounding revenue, which includes confirming the terms in the sales contract to ensure the revenue is being recorded accurately; selecting the sales transaction before and after the balance sheet date on a sample basis, inspecting the related accounting documents, as well as evaluating whether the revenue is recorded in the appropriated period.

### 2. Assessment of Inventory

The accounting principle of inventory, refer to consolidated financial statements Note 4 (h) "inventories", the assessment of accounting estimate and assumption uncertainty, refer to consolidated financial statements Note 5 (b); the explanation of inventory assessment refers to consolidated financial statements Note 6 (e).

#### Description of key audit matters:

The Group's inventories are measured at the lower of cost and net realizable value. However, the cost of inventory might exceed its net realizable value due to the rapid advancement in technology and the changes in market demand. Therefore, inventory evaluation is one of our key audit matters.

#### How the matter was addressed in our audit

Our principal audit procedures included: assessing the Group's allowance amount of inventory according to its characteristics; including conducting sampling test to examine accuracy of inventory aging; assessing the Group's inventory decline or rationality of debt ratio; examine accuracy of allowance amount of inventory past for past years, and comparing with this period, in order to assess whether estimation method for this period is presented fairly.

### 3. Assessment of Trade Receivable

The accounting principle of Trade Receivables refers to consolidated financial statements Note 4 (g) "Financial instruments"; Trade Receivables of Accounting Assumptions, Judgments and Estimation Uncertainty, refers to consolidated financial statements Note 5 (a); The explanation of trade receivables refer to consolidated financial statements Note 6 (c) "Notes and Trade Receivables (including related parties)".

#### Description of key audit matters:

The Group's trade receivables are concentrated among certain customers. Allowance evaluation on trade receivables contains management's subjective judgment. Therefore, the assessment on trade receivables is one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedure included: analyzing trade receivables aging schedule, collection reports and customers' credit concentration risk, etc., in order to assess whether estimation method and the amount of trade receivables for this period is presented fairly.

4. Development Costs of Intangible Assets

The accounting principle of intangible asset development cost and explanation of intangible asset, please refer to Notes 4 (k) "Intangible Assets" and Notes 6 (h) "Intangible Assets", respectively.

Description of key audit matters:

The Group focuses on developing new type of blood glucose meter, wherein it incurred a massive amount of research and development expenses before and during clinical trial stage. This research has reached to a developed stage and now classified as asset. Whether to capitalize development cost relies on the subjective judgement of the Group's management. Therefore, the cost on research and development is one of our key audit matters.

We focus on whether there is bias in the management's judgement on determining the capitalization or expensing of related costs, especially for the feasibility of the technology of the new blood glucose meter, whether it has met the criteria to be capitalized and obtained the approval from authority.

How the matter was addressed in our audit:

Our principal audit procedures included:

1. Understanding whether the management has adequately evaluated the feasibility of the technology of the new blood glucose meter to determine it has met the criteria to be capitalized.
2. Assessing whether the Group's accounting policy for development costs is in accordance with accounting regulations.
3. Obtaining the management's analysis on the schedule of the new type blood glucose meter and verifying whether the developing process has remained in its original schedule.
4. Conducting sampling of research and development cost in the current period by inspecting those supporting documents such as clinic trial contracts, invoice by vender, and payment records, to verify whether its nature, amount and classification of the expenses were appropriate.
5. Assessing whether it is appropriate for the Group's management to capitalize the development costs as asset.

**Other Matter**

The Company has prepared its parent-company-only-financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

**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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC, endorsed and issued into effect by the 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, 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 Group 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 of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Hsin Chang and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2023

#### **Notes to Readers**

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**

Consolidated Balance Sheet  
December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

|                                                                                            | December 31, 2022   |            | December 31, 2021 |            |
|--------------------------------------------------------------------------------------------|---------------------|------------|-------------------|------------|
|                                                                                            | Amount              | %          | Amount            | %          |
| <b>Assets</b>                                                                              |                     |            |                   |            |
| <b>Current assets:</b>                                                                     |                     |            |                   |            |
| Cash and cash equivalents (note 6 (a))                                                     | \$ 214,489          | 4          | 253,085           | 6          |
| Notes receivable, net (note 6 (c))                                                         | 11,003              | -          | 16,773            | -          |
| Trade receivable, net (note 6 (c))                                                         | 659,406             | 13         | 356,913           | 8          |
| Trade receivable-related parties, net (note 6 (c) and 7)                                   | 22,409              | 1          | -                 | -          |
| Other receivables (note 6 (d))                                                             | 7,157               | -          | 5,103             | -          |
| Current income tax assets                                                                  | -                   | -          | 2                 | -          |
| Inventories (note 6 (e))                                                                   | 538,434             | 11         | 590,155           | 13         |
| Prepayments (note 9 (b))                                                                   | 102,725             | 2          | 89,862            | 2          |
| Other current assets (note 6 (i))                                                          | 17,604              | 1          | 17,999            | -          |
| Other current financial assets (note 6 (i) and 8)                                          | 63,388              | 1          | 59,825            | 1          |
|                                                                                            | <u>1,636,615</u>    | <u>33</u>  | <u>1,389,717</u>  | <u>30</u>  |
| <b>Non-current assets:</b>                                                                 |                     |            |                   |            |
| Non-current financial assets at fair value through other comprehensive income (note 6 (b)) | 36,100              | 1          | 36,100            | 1          |
| Property, plant and equipment (note 6 (f) and 8)                                           | 2,472,543           | 50         | 2,536,803         | 56         |
| Right-of-use assets (note 6 (g))                                                           | 9,431               | -          | 5,396             | -          |
| Intangible assets (note 6 (h))                                                             | 506,846             | 10         | 342,114           | 8          |
| Deferred income tax assets (note 6 (o))                                                    | 56,360              | 1          | 50,536            | 1          |
| Prepayments for business facilities                                                        | 218,532             | 4          | 150,964           | 3          |
| Guarantee deposits paid                                                                    | 5,253               | -          | 4,996             | -          |
| Defined benefit assets, net (note 6 (n))                                                   | 2,070               | -          | 539               | -          |
| Other non-current assets (note 6 (i) and 9 (b))                                            | 39,311              | 1          | 46,717            | 1          |
|                                                                                            | <u>3,346,446</u>    | <u>67</u>  | <u>3,174,165</u>  | <u>70</u>  |
| <b>Total assets</b>                                                                        | <u>\$ 4,983,061</u> | <u>100</u> | <u>4,563,882</u>  | <u>100</u> |
| <b>Liabilities and Equity</b>                                                              |                     |            |                   |            |
| <b>Current liabilities:</b>                                                                |                     |            |                   |            |
| Short-term borrowings (note 6 (j) and 8)                                                   | \$ 352,027          | 7          | 507,778           | 11         |
| Notes payables                                                                             | 925                 | -          | 854               | -          |
| Trades payables                                                                            | 179,193             | 4          | 151,133           | 3          |
| Other payables                                                                             | 408,312             | 8          | 270,919           | 6          |
| Other payables-related parties (note 7)                                                    | 444                 | -          | 4,129             | -          |
| Payables on machinery and equipment                                                        | 21,935              | -          | 13,152            | -          |
| Current income tax liabilities                                                             | 6,403               | -          | 7,561             | -          |
| Current lease liabilities (note 6 (m))                                                     | 3,862               | -          | 4,860             | -          |
| Other current liabilities (note 6 (k) and 7)                                               | 15,128              | -          | 7,963             | 1          |
| Long-term borrowings, current portion (note 6 (l) and 8)                                   | 422,731             | 9          | 361,083           | 8          |
|                                                                                            | <u>1,410,960</u>    | <u>28</u>  | <u>1,329,432</u>  | <u>29</u>  |
| <b>Non-Current liabilities:</b>                                                            |                     |            |                   |            |
| Long-term borrowings (note 6 (l) and 8)                                                    | 1,484,992           | 30         | 1,156,208         | 25         |
| Deferred income tax liabilities (note 6 (o))                                               | 279                 | -          | 491               | -          |
| Non-current lease liabilities (note 6 (m))                                                 | 5,664               | -          | 724               | -          |
| Guarantee deposits received                                                                | 630                 | -          | 950               | -          |
|                                                                                            | <u>1,491,565</u>    | <u>30</u>  | <u>1,158,373</u>  | <u>25</u>  |
| <b>Total liabilities</b>                                                                   | <u>2,902,525</u>    | <u>58</u>  | <u>2,487,805</u>  | <u>54</u>  |
| <b>Equity attributable to owners of parent:(note 6 (p))</b>                                |                     |            |                   |            |
| Ordinary shares                                                                            | 606,870             | 12         | 622,888           | 14         |
| Advance receipts for share capital                                                         | 3,405               | -          | 15,083            | -          |
| Capital surplus                                                                            | 1,302,633           | 26         | 1,362,223         | 30         |
| Retained earnings                                                                          | 163,030             | 4          | 225,521           | 5          |
| Other equity interest                                                                      | (3,513)             | -          | (18,225)          | -          |
| Treasury shares                                                                            | -                   | -          | (138,141)         | (3)        |
|                                                                                            | <u>2,072,425</u>    | <u>42</u>  | <u>2,069,349</u>  | <u>46</u>  |
| <b>Total equity attributable to owners of parent:</b>                                      |                     |            |                   |            |
| <b>Non-controlling interests</b>                                                           | <u>8,111</u>        | <u>-</u>   | <u>6,728</u>      | <u>-</u>   |
| <b>Total equity</b>                                                                        | <u>2,080,536</u>    | <u>42</u>  | <u>2,076,077</u>  | <u>46</u>  |
| <b>Total liabilities and equity</b>                                                        | <u>\$ 4,983,061</u> | <u>100</u> | <u>4,563,882</u>  | <u>100</u> |

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**

**Consolidated Statement of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, except for earnings per share)**

|                                                                                                                                  | <b>2022</b>       |          | <b>2021</b>   |          |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------|----------|---------------|----------|
|                                                                                                                                  | <b>Amount</b>     | <b>%</b> | <b>Amount</b> | <b>%</b> |
| <b>Net operating revenues</b> (note 6 (s) and 7)                                                                                 | \$ 2,210,589      | 100      | 1,849,924     | 100      |
| <b>Operating costs</b> (note 6 (e), (n) and (t))                                                                                 | 1,206,463         | 55       | 1,066,793     | 58       |
| <b>Gross profit from operations</b>                                                                                              | 1,004,126         | 45       | 783,131       | 42       |
| <b>Operating expenses</b> (note 6 (c), (n), (q), (t) and 7)) :                                                                   |                   |          |               |          |
| Selling expenses                                                                                                                 | 399,511           | 18       | 302,768       | 16       |
| Administrative expenses                                                                                                          | 241,634           | 11       | 237,771       | 13       |
| Research and development expenses                                                                                                | 201,977           | 9        | 187,860       | 10       |
| Impairment loss (impairment gain and reversal of impairment loss)<br>determined in accordance with IFRS9                         | 29,587            | 1        | (20,562)      | (1)      |
|                                                                                                                                  | 872,709           | 39       | 707,837       | 38       |
| <b>Net operating income</b>                                                                                                      | 131,417           | 6        | 75,294        | 4        |
| <b>Non-operating income and expenses</b> (note 6 (u)) :                                                                          |                   |          |               |          |
| Interest income                                                                                                                  | 943               | -        | 713           | -        |
| Other income                                                                                                                     | 3,921             | -        | 16,700        | 1        |
| Other gains and losses                                                                                                           | (19,150)          | (1)      | 929           | -        |
| Finance costs                                                                                                                    | (30,648)          | (1)      | (19,051)      | (1)      |
|                                                                                                                                  | (44,934)          | (2)      | (709)         | -        |
| <b>Profit before income tax</b>                                                                                                  | 86,483            | 4        | 74,585        | 4        |
| <b>Less: tax income</b> (note 6 (o))                                                                                             | (5,337)           | -        | (14,740)      | (1)      |
| <b>Profit</b>                                                                                                                    | 91,820            | 4        | 89,325        | 5        |
| <b>Other comprehensive income :</b>                                                                                              |                   |          |               |          |
| <b>Items that may not be reclassified subsequently to profit or loss</b>                                                         |                   |          |               |          |
| Gains (losses) on remeasurements of defined benefit plans                                                                        | 1,453             | -        | (66)          | -        |
|                                                                                                                                  | 1,453             | -        | (66)          | -        |
| <b>Items that may be reclassified subsequently to profit or loss</b>                                                             |                   |          |               |          |
| Exchange differences on translation of foreign financial statements                                                              | 14,970            | 1        | (3,015)       | -        |
| Less: Income tax related to components of other comprehensive<br>income that will be reclassified to profit or loss (note 6 (o)) | -                 | -        | -             | -        |
| <b>Components of other comprehensive income that will be<br/>        reclassified to profit or loss</b>                          | 14,970            | 1        | (3,015)       | -        |
| <b>Other comprehensive income (after tax)</b>                                                                                    | 16,423            | 1        | (3,081)       | -        |
| <b>Comprehensive income</b>                                                                                                      | <u>\$ 108,243</u> | <u>5</u> | <u>86,244</u> | <u>5</u> |
| <b>Profit attributable to:</b>                                                                                                   |                   |          |               |          |
| Owners of parent                                                                                                                 | \$ 91,025         | 4        | 87,413        | 5        |
| Non-controlling interests                                                                                                        | 795               | -        | 1,912         | -        |
| <b>Profit</b>                                                                                                                    | <u>\$ 91,820</u>  | <u>4</u> | <u>89,325</u> | <u>5</u> |
| <b>Comprehensive income attributable to :</b>                                                                                    |                   |          |               |          |
| Owners of parent                                                                                                                 | \$ 107,190        | 5        | 84,672        | 5        |
| Non-controlling interests                                                                                                        | 1,053             | -        | 1,572         | -        |
| <b>Comprehensive income</b>                                                                                                      | <u>\$ 108,243</u> | <u>5</u> | <u>86,244</u> | <u>5</u> |
| <b>Earnings per share (NT dollars)</b> (note 6 (r))                                                                              |                   |          |               |          |
| <b>Basic earnings per share</b>                                                                                                  | <u>\$ 1.50</u>    |          | <u>1.45</u>   |          |
| <b>Diluted earnings per share</b>                                                                                                | <u>\$ 1.48</u>    |          | <u>1.44</u>   |          |

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**BIONIME CORPORATION (BIO-GENE ANY") AND SUBSIDIARIES**  
**Consolidated Statement of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

|                                                                                              | Equity attributable to owners of parent |                                    |                     |                   |                |                 | Other equity interest            |                         |                                                            |                  |                               |                           |                  |
|----------------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------|---------------------|-------------------|----------------|-----------------|----------------------------------|-------------------------|------------------------------------------------------------|------------------|-------------------------------|---------------------------|------------------|
|                                                                                              | Share capital                           |                                    |                     | Retained earnings |                |                 | Exchange                         |                         |                                                            |                  |                               |                           |                  |
|                                                                                              | Ordinary shares                         | Advance receipts for share capital | Total share capital | Capital surplus   | Legal reserve  | Special reserve | Unappropriated retained earnings | Total retained earnings | differences on translation of foreign financial statements | Treasury shares  | Total equity owners of parent | Non-controlling interests | Total equity     |
| <b>Balance on January 1, 2021</b>                                                            | \$ 617,558                              | 9,702                              | 627,260             | 1,402,306         | 119,789        | 6,962           | 63,001                           | 189,752                 | (15,550)                                                   | (138,141)        | 2,065,627                     | 5,156                     | 2,070,783        |
| Profit for the year ended December 31, 2021                                                  | -                                       | -                                  | -                   | -                 | -              | -               | 87,413                           | 87,413                  | -                                                          | -                | 87,413                        | 1,912                     | 89,325           |
| Other comprehensive income for the year ended December 31, 2021                              | -                                       | -                                  | -                   | -                 | -              | -               | (66)                             | (66)                    | (2,675)                                                    | -                | (2,741)                       | (340)                     | (3,081)          |
| Comprehensive income for the year ended December 31, 2021                                    | -                                       | -                                  | -                   | -                 | -              | -               | 87,347                           | 87,347                  | (2,675)                                                    | -                | 84,672                        | 1,572                     | 86,244           |
| Appropriation and distribution of retained earnings:                                         |                                         |                                    |                     |                   |                |                 |                                  |                         |                                                            |                  |                               |                           |                  |
| Legal reserve appropriated                                                                   | -                                       | -                                  | -                   | -                 | 6,275          | -               | (6,275)                          | -                       | -                                                          | -                | -                             | -                         | -                |
| Special reserve appropriated                                                                 | -                                       | -                                  | -                   | -                 | -              | 4,795           | (4,795)                          | -                       | -                                                          | -                | -                             | -                         | -                |
| Cash dividends on ordinary share                                                             | -                                       | -                                  | -                   | -                 | -              | -               | (51,578)                         | (51,578)                | -                                                          | -                | (51,578)                      | -                         | (51,578)         |
| Employee stock options compensation costs                                                    | -                                       | -                                  | -                   | 12,773            | -              | -               | -                                | -                       | -                                                          | -                | 12,773                        | -                         | 12,773           |
| Employee stock options exercised                                                             | 5,330                                   | (9,702)                            | (4,372)             | 19,850            | -              | -               | -                                | -                       | -                                                          | -                | 15,478                        | -                         | 15,478           |
| Advance receipts for share capital                                                           | -                                       | 15,083                             | 15,083              | -                 | -              | -               | -                                | -                       | -                                                          | -                | 15,083                        | -                         | 15,083           |
| Cash dividends of capital surplus                                                            | -                                       | -                                  | -                   | (72,706)          | -              | -               | -                                | -                       | -                                                          | -                | (72,706)                      | -                         | (72,706)         |
| <b>Balance on December 31, 2021</b>                                                          | <b>\$ 622,888</b>                       | <b>15,083</b>                      | <b>637,971</b>      | <b>1,362,223</b>  | <b>126,064</b> | <b>11,757</b>   | <b>87,700</b>                    | <b>225,521</b>          | <b>(18,225)</b>                                            | <b>(138,141)</b> | <b>2,069,349</b>              | <b>6,728</b>              | <b>2,076,077</b> |
| <b>Balance on January 1,2022</b>                                                             |                                         |                                    |                     |                   |                |                 |                                  |                         |                                                            |                  |                               |                           |                  |
| Profit for the year ended December 31, 2022                                                  | \$ 622,888                              | 15,083                             | 637,971             | 1,362,223         | 126,064        | 11,757          | 87,700                           | 225,521                 | (18,225)                                                   | (138,141)        | 2,069,349                     | 6,728                     | 2,076,077        |
| Other comprehensive income for the year ended December 31, 2022                              | -                                       | -                                  | -                   | -                 | -              | -               | 91,025                           | 91,025                  | -                                                          | -                | 91,025                        | 795                       | 91,820           |
| Comprehensive income for the year ended December 31, 2022                                    | -                                       | -                                  | -                   | -                 | -              | -               | 1,453                            | 1,453                   | 14,712                                                     | -                | 16,165                        | 258                       | 16,423           |
| Appropriation and distribution of retained earnings:                                         |                                         |                                    |                     |                   |                |                 |                                  |                         |                                                            |                  |                               |                           |                  |
| Legal reserve appropriated                                                                   | -                                       | -                                  | -                   | -                 | 8,735          | -               | (8,735)                          | -                       | -                                                          | -                | -                             | -                         | -                |
| Special reserve appropriated                                                                 | -                                       | -                                  | -                   | -                 | -              | 3,030           | (3,030)                          | -                       | -                                                          | -                | -                             | -                         | -                |
| Cash dividends on ordinary share                                                             | -                                       | -                                  | -                   | -                 | -              | -               | (75,753)                         | (75,753)                | -                                                          | -                | (75,753)                      | -                         | (75,753)         |
| Retirement of treasury stocks                                                                | (20,000)                                | -                                  | (20,000)            | (38,991)          | -              | -               | (79,150)                         | (79,150)                | -                                                          | 138,141          | -                             | -                         | -                |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed of | -                                       | -                                  | -                   | (15)              | -              | -               | (66)                             | (66)                    | -                                                          | -                | (81)                          | -                         | (81)             |
| Changes in non-controlling interests                                                         | -                                       | -                                  | -                   | -                 | -              | -               | -                                | -                       | -                                                          | -                | -                             | 330                       | 330              |
| Employee stock options compensation costs                                                    | -                                       | -                                  | -                   | 7,852             | -              | -               | -                                | -                       | -                                                          | -                | 7,852                         | -                         | 7,852            |
| Employee stock options exercised                                                             | 3,982                                   | (20,997)                           | (17,015)            | 17,015            | -              | -               | -                                | -                       | -                                                          | -                | -                             | -                         | -                |
| Advance receipts for share capital                                                           | -                                       | 9,319                              | 9,319               | -                 | -              | -               | -                                | -                       | -                                                          | -                | 9,319                         | -                         | 9,319            |
| Cash dividends of capital surplus                                                            | -                                       | -                                  | -                   | (45,451)          | -              | -               | -                                | -                       | -                                                          | -                | (45,451)                      | -                         | (45,451)         |
| <b>Balance on December 31, 2022</b>                                                          | <b>\$ 606,870</b>                       | <b>3,405</b>                       | <b>610,275</b>      | <b>1,302,633</b>  | <b>134,799</b> | <b>14,787</b>   | <b>13,444</b>                    | <b>163,030</b>          | <b>(3,513)</b>                                             | <b>-</b>         | <b>2,072,425</b>              | <b>8,111</b>              | <b>2,080,536</b> |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**BIONIME CORPORATION ("BIO COMPANY") AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

|                                                                     | 2022              | 2021             |
|---------------------------------------------------------------------|-------------------|------------------|
| <b>Cash flows from (used in) operating activities:</b>              |                   |                  |
| Profit before tax                                                   | \$ 86,483         | 74,585           |
| Adjustments:                                                        |                   |                  |
| Adjustments to reconcile profit (loss):                             |                   |                  |
| Depreciation expense                                                | 142,162           | 143,765          |
| Amortization expense                                                | 11,070            | 10,892           |
| Expected credit loss (gain)                                         | 29,587            | (20,562)         |
| Interest expense                                                    | 30,648            | 19,051           |
| Interest revenue                                                    | (943)             | (713)            |
| Share-based payments transactions                                   | 7,852             | 12,773           |
| Loss (gain) from disposal of property, plant and equipment          | 4,173             | 4                |
| Gain on disposal of investments                                     | 13                | -                |
| Loss on lease modification                                          | -                 | 6                |
| <b>Total adjustments to reconcile profit</b>                        | <b>224,562</b>    | <b>165,216</b>   |
| <b>Changes in operating assets and liabilities:</b>                 |                   |                  |
| Changes in operating assets:                                        |                   |                  |
| Notes receivables                                                   | 5,770             | (5,219)          |
| Trade receivables                                                   | (332,136)         | 61,171           |
| Trade receivables due from related parties                          | (22,409)          | 40,321           |
| Other receivables                                                   | (2,166)           | 37               |
| Inventories                                                         | 49,772            | (71,552)         |
| Other operating assets                                              | (5,140)           | (31,964)         |
| <b>Total changes in operating assets</b>                            | <b>(306,309)</b>  | <b>(7,206)</b>   |
| Changes in operating liabilities:                                   |                   |                  |
| Notes payables                                                      | 71                | 5                |
| Trade payables                                                      | 28,060            | 4,817            |
| Other payables                                                      | 136,202           | 59,964           |
| Other payables due from related parties                             | (3,685)           | (8,610)          |
| Other operating liabilities                                         | 7,165             | (11,305)         |
| <b>Total changes in operating liabilities</b>                       | <b>167,813</b>    | <b>44,871</b>    |
| <b>Total changes in operating assets and liabilities</b>            | <b>(138,496)</b>  | <b>37,665</b>    |
| <b>Total adjustments</b>                                            | <b>86,066</b>     | <b>202,881</b>   |
| Cash inflow generated from operations                               | 172,549           | 277,466          |
| Interest received                                                   | 1,055             | 891              |
| Interest paid                                                       | (29,457)          | (18,863)         |
| Income taxes (paid) returned                                        | (1,855)           | 10,228           |
| <b>Net cash flows from operating activities</b>                     | <b>142,292</b>    | <b>269,722</b>   |
| <b>Cash flows from (used in) investing activities:</b>              |                   |                  |
| Acquisition of property, plant and equipment                        | (45,159)          | (38,832)         |
| Proceeds from disposal of property, plant and equipment             | 4,485             | -                |
| (Increase) Decrease in refundable deposits                          | (257)             | 274              |
| Acquisition of intangible assets                                    | (175,246)         | (147,094)        |
| Decrease in other financial assets                                  | (3,563)           | (3,775)          |
| Increase in prepayments for business facilities                     | (92,516)          | (98,643)         |
| <b>Net cash used in investing activities</b>                        | <b>(312,256)</b>  | <b>(288,070)</b> |
| <b>Cash flows from (used in) financing activities:</b>              |                   |                  |
| Increase in short-term borrowings                                   | 2,358,152         | 1,662,674        |
| Increase in short-term borrowings                                   | (2,516,840)       | (1,638,706)      |
| Decrease in short-term notes and bills payable                      | -                 | (40,000)         |
| Proceeds from long-term borrowings                                  | 1,000,000         | 500,000          |
| Repayments of long-term borrowings                                  | (609,568)         | (454,834)        |
| (Decrease) Increase in guarantee deposits received                  | (320)             | 557              |
| Payment of lease liabilities                                        | (6,153)           | (5,266)          |
| Cash dividends paid                                                 | (121,204)         | (124,284)        |
| Proceeds from exercise of employee share options                    | 9,319             | 30,562           |
| Changes in non-controlling interests                                | 249               | -                |
| <b>Net cash flows from (used in) financing activities</b>           | <b>113,635</b>    | <b>(69,297)</b>  |
| <b>Effect of exchange rate changes on cash and cash equivalents</b> | <b>17,733</b>     | <b>(2,517)</b>   |
| Net decrease in cash and cash equivalents                           | (38,596)          | (90,162)         |
| Cash and cash equivalents at beginning of period                    | 253,085           | 343,247          |
| <b>Cash and cash equivalents at end of period</b>                   | <b>\$ 214,489</b> | <b>253,085</b>   |

See accompanying notes to consolidated financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

Bionime Corporation (the “Company”) was incorporated in April 14, 2003 as a Company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) in December 2010. The address of the Company registered office is No.100, Sec. 2, Daqing St., South Dist., Taichung City, Taiwan. The Group primarily is involved in the manufacturing and selling medical instruments, providing biotechnology services, examining pharmaceuticals, and selling precision instruments.

**(2) Approval date and procedures of the consolidated financial statements**

The consolidated financial statements were authorized for issue by the Board of Directors on March 14, 2023.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

| <b>Standards or Interpretations</b>                                           | <b>Content of amendment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Effective date per IASB</b> |
|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.<br><br>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.                                                                                                                                                      | January 1, 2024                |
| Amendments to IAS 1 “Non-current Liabilities with Covenants”                  | After reconsidering certain aspects of the 2020 amendments <sup>1</sup> , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.<br><br>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. | January 1, 2024                |

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

**(4) Summary of significant accounting policies**

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations” ) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, R.O.C.

**(b) Basis of preparation**

**(i) Basis of measurement**

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through profit or loss (Available-for-sale financial assets) are measured at fair value.
- 2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

**(ii) Functional and presentation currency**

The functional currency of each Group is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan dollars, which is the Group’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

**(c) Basis of consolidation**

**(i) Principle of preparation of the consolidated financial statements**

The consolidated financial statements comprised of the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which the control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income 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.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

| Investor                           | Subsidiary                         | Primary Business      | Primary business  |                   |
|------------------------------------|------------------------------------|-----------------------|-------------------|-------------------|
|                                    |                                    |                       | December 31, 2022 | December 31, 2021 |
| The Company                        | Bionime Incorporated (B.V.I.)      | Investing and holding | 100 %             | 100 %             |
| "                                  | Bionime GmbH                       | Merchandise trading   | 100 %             | 100 %             |
| "                                  | Bionime USA Corporation            | Merchandise trading   | 100 %             | 100 %             |
| "                                  | Bionime Australia Pty Limited      | Merchandise trading   | 100 %             | 100 %             |
| "                                  | Bionime (Malaysia) Sdn Bnd         | Merchandise trading   | 65.09 %           | 66.06 %           |
| Bionime Incorporated (B.V.I.)      | Bionime (Shenzhen) Limited Company | Merchandise trading   | 100 %             | 100 %             |
| Bionime (Shenzhen) Limited Company | Bionime (Pingtan) Limited Company  | Manufacturing         | 100 %             | 100 %             |

(iii) Subsidiaries excluded from the consolidation financial statements: None.

(d) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Group at exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Exchange differences are generally recognized in profit or loss, except for those differences relating to the investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only a part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of its investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; Fair value through other comprehensive income (FVOCI) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)



**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

(Continued)

## **BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to fully pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that resulting from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

(Continued)

## **BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 1 year past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

#### **5) Derecognition of financial assets**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or extinguished assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method and includes the expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) buildings and structures: 5~50 years
- 2) machinery and equipment: 2~8 years
- 3) molding equipment: 2~3 years
- 4) transportation equipment: 5 years
- 5) leasehold improvements: 2~8 years
- 6) office and other equipment: 3~5 years

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Buildings and structures constitute mainly of building, wastewater treatment plant, and others. Each such part depreciates based on its useful life of 50 years, 30 years, and 5 years, respectively.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Group assesses whether a 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.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method 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. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of the offices and other sporadic leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(k) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- 1) Computer software: 1~5 years
- 2) Development Cost: 4 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)



**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating unit (CGU)s.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells blood glucose meter and test strips to medical equipment companies, pharmacies and hospitals. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(p) **Income taxes**

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or those recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

- 1) the same taxable entity; or
- 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares, such as convertible bonds and employee stock options.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Group is likely to be facing economic uncertainties, such as COVID-19 and the Ukraine-Russia conflict. Those events may have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(a) The loss allowance for trade receivables

The Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Change in the economic and industrial environment may result in significant adjustment to the loss allowance for trade receivables. The relevant assumptions and input values, please refer to note 6 (c).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6 (e) for further description of the valuation of inventories.

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

|                                                                       | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|-----------------------------------------------------------------------|------------------------------|------------------------------|
| Petty cash and cash on hand                                           | \$ 774                       | 1,211                        |
| Demand deposits                                                       | 213,715                      | 251,874                      |
| Cash and cash equivalents in the consolidated statement of cash flows | <b>\$ 214,489</b>            | <b>253,085</b>               |

Please refer to Note 6 (v) for the exchange rate risk, interest rate risk, sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets at fair value through other comprehensive income — non-current

Financial assets at fair value through other comprehensive income

|                                                                     | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|---------------------------------------------------------------------|------------------------------|------------------------------|
| Equity investments at fair value through other comprehensive income |                              |                              |
| Domestic unlisted common share- Bonraybio Co., Ltd.                 | <b>\$ 36,100</b>             | <b>36,100</b>                |

On January 1, 2022 and 2021, the Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

No strategic investments were disposed as of December 31, 2022 and 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

For market risk, please refer to note 6 (v).

None of the financial assets of the Group had been pledged as collateral for borrowings.

(c) Notes and trade receivables (including related parties)

|                                                              | December 31,<br>2022     | December 31,<br>2021  |
|--------------------------------------------------------------|--------------------------|-----------------------|
| Notes receivables from operating activities                  | \$ <u>11,003</u>         | <u>16,773</u>         |
| Trade receivables-measured as amortized cost                 | 696,575                  | 364,500               |
| Trade receivables-related parties-measured as amortized cost | 22,409                   | -                     |
| Less : Loss allowance                                        | <u>(37,169)</u>          | <u>(7,587)</u>        |
|                                                              | <u>\$ <b>681,815</b></u> | <u><b>356,913</b></u> |

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes and trade receivables. To measure the expected credit losses, notes and trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions in Taiwan were as follows:

|                         | December 31, 2022        |                                |                             |
|-------------------------|--------------------------|--------------------------------|-----------------------------|
|                         | Gross carrying<br>amount | Weighted-<br>average loss rate | Loss allowance<br>provision |
| Current                 | \$ 315,961               | - %                            | -                           |
| 1 to 90 days past due   | 368,984                  | 3.58 %                         | 13,214                      |
| 91 to 180 days past due | 25,726                   | 18.03 %                        | 4,639                       |
| More than 181 days      | 19,316                   | 100 %                          | 19,316                      |
|                         | <u>\$ <b>729,987</b></u> |                                | <u><b>37,169</b></u>        |
|                         | December 31, 2021        |                                |                             |
|                         | Gross carrying<br>amount | Weighted-<br>average loss rate | Loss allowance<br>provision |
| Current                 | \$ 312,623               | - %                            | -                           |
| 1 to 90 days past due   | 68,387                   | 10.71 %                        | 7,324                       |
| 91 to 180 days past due | 18                       | 100 %                          | 18                          |
| More than 181 days      | 245                      | 100 %                          | 245                         |
|                         | <u>\$ <b>381,273</b></u> |                                | <u><b>7,587</b></u>         |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The movement in the allowance for notes and trade receivables were as follows:

|                                    | <b>For the years ended December 31,</b> |                     |
|------------------------------------|-----------------------------------------|---------------------|
|                                    | <b>2022</b>                             | <b>2021</b>         |
| Balance at January 1               | \$ 7,587                                | 36,557              |
| Impairment losses recognized       | 29,587                                  | -                   |
| Amounts written off                | (61)                                    | (8,400)             |
| Impairment losses reversed         | -                                       | (20,562)            |
| Effect of movements exchange rates | 56                                      | (8)                 |
| Balance at December 31             | <u><u>\$ 37,169</u></u>                 | <u><u>7,587</u></u> |

None of the receivables was discounted or pledged as collateral as of December 31, 2022 and 2021.

(d) Other receivables

|                   | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|-------------------|--------------------------|--------------------------|
| Other receivables | <u><u>\$ 7,157</u></u>   | <u><u>5,103</u></u>      |

For further credit risk information, please refer to note 6 (v).

(e) Inventories

|                                                | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|------------------------------------------------|--------------------------|--------------------------|
| Finished goods                                 | \$ 141,029               | 146,655                  |
| Less: Allowance for inventory valuation losses | (14,097)                 | (9,078)                  |
|                                                | <u>126,932</u>           | <u>137,577</u>           |
| Work in progress                               | 313,687                  | 327,224                  |
| Less: Allowance for inventory valuation losses | (13,549)                 | (10,257)                 |
|                                                | <u>300,138</u>           | <u>316,967</u>           |
| Raw materials                                  | 130,072                  | 150,846                  |
| Less: Allowance for inventory valuation losses | (18,708)                 | (15,235)                 |
|                                                | <u>111,364</u>           | <u>135,611</u>           |
|                                                | <u><u>\$ 538,434</u></u> | <u><u>590,155</u></u>    |

The details of the cost of sales were as follows:

|                                                                             | <b>For the years ended December 31,</b> |                         |
|-----------------------------------------------------------------------------|-----------------------------------------|-------------------------|
|                                                                             | <b>2022</b>                             | <b>2021</b>             |
| Cost of goods sold                                                          | \$ 1,179,343                            | 1,057,162               |
| Provisions (reversal of provision) for inventory valuation and obsolescence | 11,622                                  | (8,738)                 |
| Losses on disposal of scrap                                                 | 18,301                                  | 20,980                  |
| Gains on disposal of leftover bits and pieces                               | (2,644)                                 | (278)                   |
| Gains on physical inventory                                                 | (159)                                   | (2,333)                 |
| Operating costs recognized                                                  | <u><u>\$ 1,206,463</u></u>              | <u><u>1,066,793</u></u> |

(Continued)



**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group measures its inventories at net realizable value. The amount of fair wear and tear, obsolescence, without active market for inventories was evaluated on reporting date and written down to lower of cost or net realizable value.

As of December 31, 2022 and 2021, the Group did not provide any inventories as collateral for its loans.

(f) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021, were as follows:

|                                           | <u>Land</u>         | <u>Buildings and Structures</u> | <u>Machinery and Equipment</u> | <u>Molding Equipment</u> | <u>Transportation Equipment</u> | <u>Leasehold Improvements</u> | <u>Office and other Equipment</u> | <u>Total</u>     |
|-------------------------------------------|---------------------|---------------------------------|--------------------------------|--------------------------|---------------------------------|-------------------------------|-----------------------------------|------------------|
| <b>Cost or deemed cost:</b>               |                     |                                 |                                |                          |                                 |                               |                                   |                  |
| Balance on January 1, 2022                | \$ 1,420,840        | 881,205                         | 801,778                        | 169,536                  | 1,588                           | 18,314                        | 526,914                           | 3,820,175        |
| Additions                                 | -                   | 2,268                           | 39,086                         | 5,508                    | -                               | 922                           | 6,158                             | 53,942           |
| Disposal                                  | -                   | -                               | (11,687)                       | (26,637)                 | -                               | -                             | (3,522)                           | (41,846)         |
| Reclassification                          | -                   | -                               | 19,217                         | 5,179                    | -                               | -                             | 1,949                             | 26,345           |
| Effect of movements in exchange rates     | -                   | 131                             | 227                            | 518                      | -                               | 55                            | 430                               | 1,361            |
| Balance on December 31, 2022              | <u>\$ 1,420,840</u> | <u>883,604</u>                  | <u>848,621</u>                 | <u>154,104</u>           | <u>1,588</u>                    | <u>19,291</u>                 | <u>531,929</u>                    | <u>3,859,977</u> |
| Balance on January 1, 2021                | \$ 1,420,840        | 878,821                         | 815,460                        | 157,775                  | 1,588                           | 17,762                        | 523,699                           | 3,815,945        |
| Additions                                 | -                   | 2,348                           | 27,849                         | 5,643                    | -                               | 606                           | 2,644                             | 39,090           |
| Disposal                                  | -                   | -                               | (49,975)                       | -                        | -                               | -                             | (763)                             | (50,738)         |
| Reclassification                          | -                   | -                               | 8,460                          | 6,191                    | -                               | -                             | 1,482                             | 16,133           |
| Effect of movements in exchange rates     | -                   | 36                              | (16)                           | (73)                     | -                               | (54)                          | (148)                             | (255)            |
| Balance on December 31, 2021              | <u>\$ 1,420,840</u> | <u>881,205</u>                  | <u>801,778</u>                 | <u>169,536</u>           | <u>1,588</u>                    | <u>18,314</u>                 | <u>526,914</u>                    | <u>3,820,175</u> |
| <b>Depreciation and impairment loss :</b> |                     |                                 |                                |                          |                                 |                               |                                   |                  |
| Balance on January 1, 2022                | \$ -                | 171,303                         | 610,854                        | 156,598                  | 1,420                           | 17,303                        | 325,894                           | 1,283,372        |
| Depreciation for the year                 | -                   | 23,630                          | 66,926                         | 9,230                    | 144                             | 240                           | 35,950                            | 136,120          |
| Disposals                                 | -                   | -                               | (3,029)                        | (26,637)                 | -                               | -                             | (3,522)                           | (33,188)         |
| Effect of movements in exchange rates     | -                   | 26                              | 184                            | 519                      | -                               | 22                            | 379                               | 1,130            |
| Balance on December 31, 2022              | <u>\$ -</u>         | <u>194,959</u>                  | <u>674,935</u>                 | <u>139,710</u>           | <u>1,564</u>                    | <u>17,565</u>                 | <u>358,701</u>                    | <u>1,387,434</u> |
| Balance on January 1, 2021                | \$ -                | 147,780                         | 596,950                        | 143,650                  | 1,276                           | 16,684                        | 289,422                           | 1,195,762        |
| Depreciation for the year                 | -                   | 23,516                          | 63,893                         | 13,021                   | 144                             | 631                           | 37,346                            | 138,551          |
| Disposal                                  | -                   | -                               | (49,975)                       | -                        | -                               | -                             | (759)                             | (50,734)         |
| Effect of movements in exchange rates     | -                   | 7                               | (14)                           | (73)                     | -                               | (12)                          | (115)                             | (207)            |
| Balance on December 31, 2021              | <u>\$ -</u>         | <u>171,303</u>                  | <u>610,854</u>                 | <u>156,598</u>           | <u>1,420</u>                    | <u>17,303</u>                 | <u>325,894</u>                    | <u>1,283,372</u> |
| <b>Carrying amounts:</b>                  |                     |                                 |                                |                          |                                 |                               |                                   |                  |
| Balance on December 31, 2022              | <u>\$ 1,420,840</u> | <u>688,645</u>                  | <u>173,686</u>                 | <u>14,394</u>            | <u>24</u>                       | <u>1,726</u>                  | <u>173,228</u>                    | <u>2,472,543</u> |
| Balance on January 1, 2021                | <u>\$ 1,420,840</u> | <u>731,041</u>                  | <u>218,510</u>                 | <u>14,125</u>            | <u>312</u>                      | <u>1,078</u>                  | <u>234,277</u>                    | <u>2,620,183</u> |
| Balance on December 31, 2021              | <u>\$ 1,420,840</u> | <u>709,902</u>                  | <u>190,924</u>                 | <u>12,938</u>            | <u>168</u>                      | <u>1,011</u>                  | <u>201,020</u>                    | <u>2,536,803</u> |

(i) Disclosures on pledges

As of December 31, 2022 and 2021, the property, plant and equipment of the Group had been pledged as collateral for borrowings; please refer to Note 8.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Property, plant and equipment under construction

For the years ended December 31, 2022 and 2021, capitalized borrowing costs related to the construction of the new plant amounted to \$3,039 thousand and \$803 thousand, with a capitalization rate of 0.9173%~2.9093% and 0.8923%~0.9880% respectively.

(g) Right-of-use assets

The Group leases many assets including buildings, vehicles, machinery and equipment. Information about leases for which the Group as a lessee was presented below:

|                                                        | <u>Buildings</u> | <u>Transportation<br/>Equipment</u> | <u>Machinery<br/>and<br/>equipment</u> | <u>Total</u>  |
|--------------------------------------------------------|------------------|-------------------------------------|----------------------------------------|---------------|
| <b>Costs:</b>                                          |                  |                                     |                                        |               |
| Balance at January 1, 2022                             | \$ 15,258        | 469                                 | 1,048                                  | 16,775        |
| Additions                                              | 9,824            | -                                   | -                                      | 9,824         |
| Disposal                                               | -                | -                                   | -                                      | -             |
| Effects of retrospective application                   | 991              | -                                   | -                                      | 991           |
| Balance at December 31, 2022                           | <u>\$ 26,073</u> | <u>469</u>                          | <u>1,048</u>                           | <u>27,590</u> |
| Balance at January 1, 2021                             | \$ 15,372        | 475                                 | 1,048                                  | 16,895        |
| Additions                                              | -                | 470                                 | -                                      | 470           |
| Disposal                                               | -                | (476)                               | -                                      | (476)         |
| Effects of retrospective application                   | (114)            | -                                   | -                                      | (114)         |
| Balance at December 31, 2021                           | <u>\$ 15,258</u> | <u>469</u>                          | <u>1,048</u>                           | <u>16,775</u> |
| <b>Accumulated depreciation and impairment losses:</b> |                  |                                     |                                        |               |
| Balance at January 1, 2022                             | \$ 10,686        | 117                                 | 576                                    | 11,379        |
| Depreciation for the year                              | 5,676            | 157                                 | 209                                    | 6,042         |
| Disposal                                               | -                | -                                   | -                                      | -             |
| Effects of retrospective application                   | 738              | -                                   | -                                      | 738           |
| Balance at December 31, 2022                           | <u>\$ 17,100</u> | <u>274</u>                          | <u>785</u>                             | <u>18,159</u> |
| Balance at January 1, 2021                             | \$ 5,876         | 296                                 | 366                                    | 6,538         |
| Depreciation for the year                              | 4,853            | 151                                 | 210                                    | 5,214         |
| Disposal                                               | -                | (330)                               | -                                      | (330)         |
| Effects of retrospective application                   | (43)             | -                                   | -                                      | (43)          |
| Balance at December 31, 2021                           | <u>\$ 10,686</u> | <u>117</u>                          | <u>576</u>                             | <u>11,379</u> |
| <b>Carrying amount:</b>                                |                  |                                     |                                        |               |
| Balance at December 31, 2022                           | <u>\$ 8,973</u>  | <u>195</u>                          | <u>263</u>                             | <u>9,431</u>  |
| Balance at January 1, 2021                             | <u>\$ 9,496</u>  | <u>179</u>                          | <u>682</u>                             | <u>10,357</u> |
| Balance at December 31, 2021                           | <u>\$ 4,572</u>  | <u>352</u>                          | <u>472</u>                             | <u>5,396</u>  |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Intangible assets

The costs of intangible assets and amortization of the Group for the years ended December 31, 2022 and 2021 were as follows:

|                                          | <b>Computer<br/>software</b> | <b>Development<br/>cost</b> | <b>Total</b>          |
|------------------------------------------|------------------------------|-----------------------------|-----------------------|
| <b>Costs:</b>                            |                              |                             |                       |
| Balance at January 1, 2022               | \$ 34,803                    | 327,708                     | 362,511               |
| Additions                                | 9,917                        | -                           | 9,917                 |
| Acquisition internally developed         | -                            | 165,329                     | 165,329               |
| Reclassification                         | 552                          | -                           | 552                   |
| Disposal                                 | (5,479)                      | -                           | (5,479)               |
| Effect of movements in exchange rates    | 12                           | -                           | 12                    |
| Balance on December 31, 2022             | <u><u>\$ 39,805</u></u>      | <u><u>493,037</u></u>       | <u><u>532,842</u></u> |
| Balance on January 1, 2021               | \$ 28,742                    | 191,404                     | 220,146               |
| Additions                                | 10,790                       | -                           | 10,790                |
| Acquisition internally developed         | -                            | 136,304                     | 136,304               |
| Reclassification                         | 138                          | -                           | 138                   |
| Disposal                                 | (4,869)                      | -                           | (4,869)               |
| Effects of movements in exchange rates   | 2                            | -                           | 2                     |
| Balance at December 31, 2021             | <u><u>34,803</u></u>         | <u><u>327,708</u></u>       | <u><u>362,511</u></u> |
| <b>Amortization and Impairment Loss:</b> |                              |                             |                       |
| Balance at January 1, 2022               | \$ 20,397                    | -                           | 20,397                |
| Amortization for the year                | 11,070                       | -                           | 11,070                |
| Disposal                                 | (5,479)                      | -                           | (5,479)               |
| Effects of movements in exchange rates   | 8                            | -                           | 8                     |
| Balance at December 31, 2022             | <u><u>\$ 25,996</u></u>      | <u><u>-</u></u>             | <u><u>25,996</u></u>  |
| Balance at January 1, 2021               | \$ 14,372                    | -                           | 14,372                |
| Amortization for the year                | 10,892                       | -                           | 10,892                |
| Disposal                                 | (4,869)                      | -                           | (4,869)               |
| Effects of movements in exchange rates   | 2                            | -                           | 2                     |
| Balance at December 31, 2021             | <u><u>\$ 20,397</u></u>      | <u><u>-</u></u>             | <u><u>20,397</u></u>  |
| <b>Carrying amounts:</b>                 |                              |                             |                       |
| Balance on December 31, 2022             | <u><u>\$ 13,809</u></u>      | <u><u>493,037</u></u>       | <u><u>506,846</u></u> |
| Balance on January 1, 2021               | <u><u>\$ 14,370</u></u>      | <u><u>191,404</u></u>       | <u><u>205,774</u></u> |
| Balance on December 31, 2021             | <u><u>\$ 14,406</u></u>      | <u><u>327,708</u></u>       | <u><u>342,114</u></u> |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group is dedicated to developing its new product called Continuous Glucose Monitoring (CGM). For the year ended December 31, 2019, the product has met the criteria for capitalization, and therefore, the capitalized relevant development cost was amortized upon completion using the appropriate method. For the year ended December 31, 2022, the Group's capitalized cost amounted to \$493,037 thousand.

(i) Amortization

The amortization of intangible assets are included in the statement of comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

|                    | <u>2022</u>      | <u>2021</u>   |
|--------------------|------------------|---------------|
| Operating costs    | \$ <u>1,025</u>  | <u>352</u>    |
| Operating expenses | \$ <u>10,045</u> | <u>10,540</u> |

(ii) Disclosures on pledges

As of December 31, 2022 and 2021, none of the intangible assets of the Group had been pledged as collateral.

(i) Other current assets and other non-current assets

The other current assets and other non-current assets of the Group were as follows:

|                                  | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------------|--------------------------|--------------------------|
| <b>Other financial assets:</b>   |                          |                          |
| Other current financial assets   | \$ <u>63,388</u>         | <u>59,825</u>            |
| <b>Other current assets:</b>     |                          |                          |
| Overpaid sales tax               | \$ 7,188                 | 8,317                    |
| Temporary payments               | 5,695                    | 7,285                    |
| Others                           | <u>4,721</u>             | <u>2,397</u>             |
|                                  | \$ <u>17,604</u>         | <u>17,999</u>            |
| <b>Other non-current assets:</b> |                          |                          |
| Other non-current assets-other   | \$ <u>39,311</u>         | <u>46,717</u>            |

(i) Other financial assets-current are the time deposits which are over three months of original expiry date. For the collateral pledged status, please refer to note 8.

(ii) For further credit risk information, please refer to note 6 (v).

(iii) Other non-current assets-other mainly consist of prepayment of royalties to GE company, for further contract details please refer to note 9 (b).

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

|                         | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|-------------------------|--------------------------|--------------------------|
| Unsecured bank loans    | \$ 229,399               | 457,778                  |
| Secured bank loans      | 122,628                  | 50,000                   |
|                         | <b>\$ 352,027</b>        | <b>507,778</b>           |
| Unused credit line      | <b>\$ 655,176</b>        | <b>1,283,972</b>         |
| Range of Interest rates | <b>0.6846%~5.7703%</b>   | <b>0.6846%~1.1100%</b>   |

For the collateral pledged for short-term borrowings, please refer to note 8.

(k) Other current liabilities

The details were as follows:

|                    | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|--------------------|--------------------------|--------------------------|
| Contract liability | \$ 10,712                | 2,285                    |
| Temporary receipts | 1,136                    | 3,140                    |
| Others             | 3,280                    | 2,538                    |
|                    | <b>\$ 15,128</b>         | <b>7,963</b>             |

(l) Long-term borrowings

The details were as follows:

| <b>December 31, 2022</b> |                 |                       |                      |                     |
|--------------------------|-----------------|-----------------------|----------------------|---------------------|
|                          | <b>Currency</b> | <b>Interest rates</b> | <b>Maturity year</b> | <b>Amount</b>       |
| Secured bank loans       | NTD             | 1.50%~1.65%           | 2030~2030            | \$ 1,807,723        |
| Unsecured bank loans     | NTD             | 1.74%                 | 2024                 | 100,000             |
| Less: current portion    |                 |                       |                      | (422,731)           |
| Total                    |                 |                       |                      | <b>\$ 1,484,992</b> |
| Unused credit line       |                 |                       |                      | <b>\$ 231,440</b>   |

| <b>December 31, 2021</b> |                 |                       |                      |                     |
|--------------------------|-----------------|-----------------------|----------------------|---------------------|
|                          | <b>Currency</b> | <b>Interest rates</b> | <b>Maturity year</b> | <b>Amount</b>       |
| Secured bank loans       | NTD             | 1.00%                 | 2023~2030            | \$ 1,467,291        |
| Unsecured bank loans     | NTD             | 1.10%                 | 2023                 | 50,000              |
| Less: current portion    |                 |                       |                      | (361,083)           |
| Total                    |                 |                       |                      | <b>\$ 1,156,208</b> |
| Unused credit line       |                 |                       |                      | <b>\$ -</b>         |

Property, plant and equipment are pledged as collateral for long-term borrowings, please refer to note 8.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) Lease liabilities

The lease liabilities were as follows:

|             | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|-------------|--------------------------|--------------------------|
| Current     | \$ <u>3,862</u>          | <u>4,860</u>             |
| Non-current | \$ <u>5,664</u>          | <u>724</u>               |

For the maturity analysis, please refer to note 6(v).

The amounts recognized in profit or loss was as follows:

|                                        | <b>For the years ended December 31,</b> |               |
|----------------------------------------|-----------------------------------------|---------------|
|                                        | <b>2022</b>                             | <b>2021</b>   |
| Interest on lease liabilities          | \$ <u>209</u>                           | <u>262</u>    |
| Expenses relating to short-term leases | \$ <u>11,228</u>                        | <u>13,010</u> |

The amounts recognized in the statement of cash flows for the Group was as follows:

|                               | <b>For the years ended December 31,</b> |               |
|-------------------------------|-----------------------------------------|---------------|
|                               | <b>2022</b>                             | <b>2021</b>   |
| Total cash outflow for leases | \$ <u>17,590</u>                        | <u>18,538</u> |

(i) Real estate leases

The Group leases buildings for its office space and warehouses. The leases typically run for a period of 3 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases contain extension or cancellation options exercisable by the Group before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Group have some office and trivial leases with contract terms of one to three years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value are as follows:

|                                                  | <u><b>December 31, 2022</b></u> | <u><b>December 31, 2021</b></u> |
|--------------------------------------------------|---------------------------------|---------------------------------|
| Present value of the defined benefit obligations | \$ 2,992                        | 4,060                           |
| Fair value of plan assets                        | (5,050)                         | (4,599)                         |
| Suspension of Appropriation                      | (12)                            | -                               |
| Net defined benefit liabilities (assets)         | <u><b>\$ (2,070)</b></u>        | <u><b>(539)</b></u>             |

The Group's employee benefit liabilities were as follows:

|                               | <u><b>December 31, 2022</b></u> | <u><b>December 31, 2021</b></u> |
|-------------------------------|---------------------------------|---------------------------------|
| Short-term vacation liability | <u><b>\$ 9,271</b></u>          | <u><b>9,012</b></u>             |

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$5,010 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations of the Group were as follows:

|                                           | <u><b>2022</b></u>     | <u><b>2021</b></u>  |
|-------------------------------------------|------------------------|---------------------|
| Defined benefit obligation at January 1   | \$ 4,060               | 3,919               |
| Current service costs and interest cost   | 24                     | 35                  |
| Remeasurements loss (gain):               |                        |                     |
| Actuarial loss (gain) arising from:       |                        |                     |
| — financial assumptions                   | (1,092)                | 106                 |
| Defined benefit obligation at December 31 | <u><b>\$ 2,992</b></u> | <u><b>4,060</b></u> |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets of the Group were as follows:

|                                                   | <u>2022</u>     | <u>2021</u>  |
|---------------------------------------------------|-----------------|--------------|
| Fair value of plan assets at January 1            | \$ 4,599        | 4,371        |
| Interest income                                   | 28              | 40           |
| Contributions paid by the employer                | 62              | 150          |
| Remeasurements loss (gain):                       |                 |              |
| — Return on plan assets excluding interest income | 361             | 38           |
| Fair value of plan assets at December 31          | <u>\$ 5,050</u> | <u>4,599</u> |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

|                                                                     | <u>2022</u>   | <u>2021</u> |
|---------------------------------------------------------------------|---------------|-------------|
| Net interest of net liabilities for the defined benefit obligations | \$ (4)        | (5)         |
| Administration expenses                                             | <u>\$ (4)</u> | <u>(5)</u>  |

5) Actuarial assumptions

The Group's principal actuarial assumptions at the reporting date were as follows:

|                             | <u>December 31,<br/>2022</u> | <u>December 31,<br/>2021</u> |
|-----------------------------|------------------------------|------------------------------|
| Discount rate               | 1.25 %                       | 0.60 %                       |
| Future salary increase rate | 3.00 %                       | 3.00 %                       |

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$0 thousand.

The weighted average lifetime of the defined benefit plans is 19.9 years.

6) Sensitivity analysis

As of December 31, 2022 and 2021, the impact on the present value of the defined benefit obligation, due to the change in actuarial assumption, was as follows:

|                              | <u>Influences of defined benefit obligation</u> |                       |
|------------------------------|-------------------------------------------------|-----------------------|
|                              | <u>Increase 0.25%</u>                           | <u>Decrease 0.25%</u> |
| <b>December 31, 2022</b>     |                                                 |                       |
| Discount rate                | \$ (139)                                        | 146                   |
|                              | <u>Increase 1.00%</u>                           | <u>Decrease 1.00%</u> |
| Future salary increases rate | \$ 619                                          | (514)                 |

(Continued)



**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|                              | <b>Influences of defined benefit obligation</b> |                       |
|------------------------------|-------------------------------------------------|-----------------------|
|                              | <b>Increase 0.25%</b>                           | <b>Decrease 0.25%</b> |
| <b>December 31, 2021</b>     |                                                 |                       |
| Discount rate                | \$ (199)                                        | 211                   |
|                              | <b>Increase 1.00%</b>                           | <b>Decrease 1.00%</b> |
| Future salary increases rate | \$ 891                                          | (732)                 |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined benefit plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The pension costs incurred from the defined contribution plan have been contributed to the Bureau of the Labor Insurance. The amounts of \$2,184 thousand and \$2,101 thousand for the years ended December 31, 2022 and 2021 respectively were transferred to intangible assets as they were eligible for capitalization, please refer to note 6 (h), and the remaining pension costs are \$21,669 thousand and \$21,077 thousand separately.

Other subsidiaries established their retirement plans in accordance with each local regulation. The Group recognized the pension costs of \$9,222 thousand and \$10,180 thousand in 2022 and 2021, respectively.

(o) Income taxes

(i) Income tax income

The components of income tax in the years 2022 and 2021 were as follows:

|                                                   | <b>2022</b>              | <b>2021</b>            |
|---------------------------------------------------|--------------------------|------------------------|
| Current income tax (income) expense               |                          |                        |
| Current period                                    | \$ 1,592                 | 2,799                  |
| Adjustment for prior periods                      | (893)                    | 4,380                  |
| 5% surtax on un-distributed earnings              | -                        | 5                      |
|                                                   | <u>699</u>               | <u>7,184</u>           |
| Deferred tax expense (income)                     |                          |                        |
| Origination and reversal of temporary differences | (6,036)                  | (21,924)               |
| Tax income                                        | <u><u>\$ (5,337)</u></u> | <u><u>(14,740)</u></u> |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

None of the amount of income tax recognized in other comprehensive income for 2022 and 2021.

Reconciliation of income tax and profit before tax for 2022 and 2021, is as follows.

|                                                        | <b>2022</b>       | <b>2021</b>     |
|--------------------------------------------------------|-------------------|-----------------|
| Profit excluding income tax                            | \$ <b>86,483</b>  | <b>74,585</b>   |
| Income tax using the Company's domestic tax rate       | \$ 17,297         | 14,917          |
| Effect of tax rates in foreign jurisdiction            | 478               | 2,287           |
| Non-deductible expenses                                | 4,710             | 761             |
| Book-tax income differences of the revenue and expense | (33,014)          | (27,028)        |
| Recognition of previously unrecognized tax losses      | (1,860)           | (2,709)         |
| Changes in unrecognized temporary differences          | 6,540             | (6,401)         |
| Prior years income tax adjustment                      | (893)             | 4,380           |
| Adjustment of deferred tax assets for prior years      | 1,405             | (952)           |
| 5% surtax on undistributed earnings                    | -                 | 5               |
|                                                        | <b>\$ (5,337)</b> | <b>(14,740)</b> |

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

|                                                | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|------------------------------------------------|------------------------------|------------------------------|
| Tax effect of deductible temporary differences | \$ 12,252                    | 5,712                        |
| The carry-forward of unused tax losses         | 47,835                       | 49,181                       |
|                                                | <b>\$ 60,087</b>             | <b>54,893</b>                |

As the profitability of its subsidiaries is yet to stabilize, the tax losses are not recognized as deferred tax assets since it is not probable that it will be realized.

As of December 31 2022, the information of the group unused tax losses, for which no deferred tax assets were recognized, are as follows:

| <b>Subsidiaries</b>     | <b>Year of loss</b> | <b>Unused tax loss</b> | <b>Remark</b>          |
|-------------------------|---------------------|------------------------|------------------------|
| Bionime USA Corporation | 2011                | \$ 39,091              | Number of declarations |
| Bionime USA Corporation | 2012                | 140,649                | Number of declarations |
| Bionime USA Corporation | 2013                | 39,788                 | Number of declarations |
| Bionime USA Corporation | 2014                | 8,259                  | Number of declarations |
|                         |                     | <b>\$ 227,787</b>      |                        |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with the investments in subsidiaries as of December 31, 2022 and 2021. Also, the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax assets. Details are as follows:

|                                                                                   | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|-----------------------------------------------------------------------------------|------------------------------|------------------------------|
| Aggregated amount of temporary differences related to investments in subsidiaries | <b>\$ <u>253,079</u></b>     | <b><u>257,962</u></b>        |
| Unrecognized deferred tax assets                                                  | <b>\$ <u>50,616</u></b>      | <b><u>51,592</u></b>         |
| 2) Unrecognized deferred tax liabilities                                          |                              |                              |

The consolidated entity is able to control the timing of the temporary differences associated with its investments in subsidiaries as at December 31, 2022 and 2021. Also, the management considers it is probable that the temporary difference will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

|                                                                                  | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|----------------------------------------------------------------------------------|------------------------------|------------------------------|
| Aggregate amount of temporary differences related to investments in subsidiaries | <b>\$ <u>33,414</u></b>      | <b><u>25,305</u></b>         |
| Unrecognized deferred tax liabilities                                            | <b>\$ <u>6,683</u></b>       | <b><u>5,061</u></b>          |
| 3) Recognized deferred tax assets and liabilities                                |                              |                              |

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021, were as follows:

**Deferred Tax Assets:**

|                              | <b>Unrealized<br/>loss on<br/>inventory<br/>obsolescence</b> | <b>Unrealized<br/>foreign<br/>exchange loss</b> | <b>Unrealized inter-<br/>company profits<br/>resulting from<br/>sales to affiliated<br/>companies</b> | <b>Operating<br/>loss carry<br/>forward</b> | <b>Reserve<br/>liability</b> | <b>Total</b>         |
|------------------------------|--------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------------|----------------------|
| Balance at January 1, 2022   | \$ 2,801                                                     | -                                               | 4,021                                                                                                 | 43,657                                      | 57                           | 50,536               |
| Recognized in profit or loss | 1,237                                                        | 2,050                                           | (53)                                                                                                  | 2,647                                       | (57)                         | 5,824                |
| Balance at December 31, 2022 | <b>\$ <u>4,038</u></b>                                       | <b><u>2,050</u></b>                             | <b><u>3,968</u></b>                                                                                   | <b><u>46,304</u></b>                        | <b><u>-</u></b>              | <b><u>56,360</u></b> |
| Balance at January 1, 2021   | \$ 3,891                                                     | -                                               | 3,866                                                                                                 | 20,582                                      | -                            | 28,339               |
| Recognized in profit or loss | (1,090)                                                      | -                                               | 155                                                                                                   | 23,075                                      | 57                           | 22,197               |
| Balance at December 31, 2021 | <b>\$ <u>2,801</u></b>                                       | <b><u>-</u></b>                                 | <b><u>4,021</u></b>                                                                                   | <b><u>43,657</u></b>                        | <b><u>57</u></b>             | <b><u>50,536</u></b> |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**Deferred Tax Liabilities:**

|                                     | Unrealized foreign<br>exchange gain | Others     | Total      |
|-------------------------------------|-------------------------------------|------------|------------|
| <b>Balance at January 1, 2022</b>   | \$ 262                              | 229        | 491        |
| Recognized in profit or loss        | (262)                               | 50         | (212)      |
| <b>Balance at December 31, 2022</b> | <u>\$ -</u>                         | <u>279</u> | <u>279</u> |
| <b>Balance at January 1, 2021</b>   | \$ 36                               | 182        | 218        |
| Recognized in profit or loss        | 226                                 | 47         | 273        |
| <b>Balance at December 31, 2021</b> | <u>\$ 262</u>                       | <u>229</u> | <u>491</u> |

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2022, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

| <b>Subsidiaries</b> | <b>Year of loss</b> | <b>Unused tax loss</b>   | <b>Last deduction year</b> | <b>Remark</b>          |
|---------------------|---------------------|--------------------------|----------------------------|------------------------|
| Parent Company      | 2020                | \$ 107,675               | 2030                       | Number of approval     |
| Parent Company      | 2021                | 103,874                  | 2031                       | Number of declarations |
| Parent Company      | 2022                | 19,970                   | 2032                       | Number of declarations |
|                     |                     | <u><b>\$ 231,519</b></u> |                            |                        |

(iii) Assessment of tax

The Group's tax returns for the years through 2020 were assessed by the Tax Authority.

(p) Capital and other equity

As of December 31 2022 and 2021, the numbers of authorized ordinary shares were 100,000 thousand shares, with par value of \$10 per share. The total value of authorized ordinary shares amounted to \$1,000,000 thousand (and of which \$60,000 thousand was reserved for the exercising of employee share options for each year). As of the date, 60,687 thousand (2021: 62,289 thousand) of ordinary thousand shares amounted to \$606,870 thousand (2021: \$622,888 thousand) were issued.

Reconciliation of shares outstanding for 2022 and 2021 was as follows:

(in thousands of shares)

|                               | <b>Ordinary Shares</b>  |                      |
|-------------------------------|-------------------------|----------------------|
|                               | <b>2022</b>             | <b>2021</b>          |
| Balance on January 1          | \$ 62,289               | 61,756               |
| Exercise of share options     | 398                     | 533                  |
| Retirement of treasury stocks | (2,000)                 | -                    |
| <b>Balance on December 31</b> | <u><b>\$ 60,687</b></u> | <u><b>62,289</b></u> |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Ordinary shares

As of December 31, 2022, the Group issued 147 thousand, 121.8 thousand and 191.2 thousand new shares for employee stock options, with a par value of \$10 per share. The shares were exercised at \$46.6, \$55.1 and \$56.7 per share, with the carrying values of \$6,850 thousand, \$6,711 thousand and \$10,841 thousand, respectively.

Among the shares exercised, 147 thousand shares and 145.2 thousand shares had the exercise prices of \$46.4 and \$56.7, respectively, which were registered on April 7, 2022. 21.2 thousand shares had the exercise prices of \$56.7 which were registered on May 16, 2022. 21.8 thousand shares had the exercise prices of \$56.7 which were registered on August 22, 2022. In addition, 60 thousand shares and 3 thousand shares had the exercise prices of \$55.1 and \$56.7, respectively, which were registered on November 21, 2022. The payments for all of the above shares had been received as of the reporting date. Furthermore, the amount of \$3,405 thousand from the remaining 61.8 thousand unregistered shares had been collected for the year ended December 31, 2022. All issued shares were paid upon issuance and the relevant statutory registration procedures have since been completed.

As of December 31, 2021, the Group issued 68 thousand, 173 thousand, 231.5 thousand and 145.2 thousand new shares for employee stock options, with a par value of \$10 per share. The shares were exercised at \$46.4, \$46.6, \$48.0 and \$56.7 per share, with the carrying values of \$3,155 thousand, \$8,062 thousand, \$11,112 thousand and \$8,233 thousand, respectively.

Among the shares exercised, 68 thousand shares and 164 thousand shares had the exercise prices of \$46.4 and \$48.0, respectively, which were registered on June 24, 2021. 40.5 thousand shares had the exercise prices of \$48.0 which were registered on August 30, 2021. In addition, 26 thousand shares and 27 thousand shares had the exercise prices of \$46.6 and \$48.0, respectively, which were registered on November 15, 2021. The payments for all of the above shares had been received as of the reporting date. Furthermore, the amount of \$15,083 thousand from the remaining 292.2 thousand unregistered shares had been collected for the year ended December 31, 2021. 207.5 thousand shares which had issued in 2020 were registered on February 18, 2021. All issued shares were paid upon issuance and the relevant statutory registration procedures have since been completed.

(ii) Capital surplus

The balance of capital surplus as of December 31, 2022 and 2021, were as follows:

|                                                         | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|---------------------------------------------------------|------------------------------|------------------------------|
| Share capital                                           | \$ 1,016,362                 | 1,100,804                    |
| Share capital for employee share options exercised      | 124,097                      | 107,083                      |
| Employee share options                                  | 61,060                       | 55,437                       |
| Expired options                                         | 101,114                      | 98,884                       |
| The variation of ownership recognized in the subsidiary | -                            | 15                           |
|                                                         | <b><u>\$ 1,302,633</u></b>   | <b><u>1,362,223</u></b>      |

(Continued)

## **BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital increase by transferring capital surplus in excess of the par value should not exceed 10% of the total common stock outstanding.

The Company has determined to distribute \$45,451 thousand and \$72,706 thousand as cash dividends out of APIC (Additional Paid-In Capital) on June 22, 2022 and August 30, 2021 with approval subjected to the stockholders' meeting, respectively.

#### **(iii) Retained earnings**

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

According to the Company Act, the distribution of dividends and bonus, or all or part, of legal reserve and capital reserve, distributed by way of cash, shall be decided during the board meeting approved by more than half of the directors, with two thirds of directors in attendance; thereafter, to be reported at the shareholders' meeting.

The Company's dividend policy depends on the Company's capital expenditure budget and required working capital. The remaining earnings will be distributed either in cash or in stock dividends, or both. However, the cash dividend cannot be less than 5% of the total dividends distributed.

#### **1) Legal reserve**

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

#### **2) Special reserve**

During the earnings of distribution, the amount to be reclassified as a special reserve (which does not qualify for earnings distribution) should be equal to the total net current-period reduction of other shareholders' equity in accordance with the regulation of Taiwan Stock Exchange Authority. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2021 and 2020 had been approved during the board meeting on March 22, 2022 and March 19, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

|                                                | <b>2021</b>                 |                         | <b>2020</b>                 |                         |
|------------------------------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|
|                                                | <b>Amount<br/>per share</b> | <b>Total<br/>amount</b> | <b>Amount<br/>per share</b> | <b>Total<br/>amount</b> |
| Dividends distributed to ordinary shareholders |                             |                         |                             |                         |
| Cash                                           | \$ <u><b>1.25</b></u>       | <u><b>75,753</b></u>    | <u><b>0.83</b></u>          | <u><b>51,578</b></u>    |

The amounts of cash dividends on the appropriations of earnings for 2022 had been approved during the board meeting on March 14, 2023, as follows:

|                                                | <b>2022</b>                 |                         |
|------------------------------------------------|-----------------------------|-------------------------|
|                                                | <b>Amount<br/>per share</b> | <b>Total<br/>amount</b> |
| Dividends distributed to ordinary shareholders |                             |                         |
| Cash                                           | \$ <u><b>0.25</b></u>       | <u><b>15,191</b></u>    |

(iv) Treasury shares

The Company failed to transfer to its employees the 2,000 thousand treasury shares it repurchased in 2017. According to the Securities Exchange Act, the shares should be retired if they were not transferred within five years after repurchasing.

The Company reduced its capital by repurchasing shares based on a resolution approved during the board meeting held on March 22, 2022. All relevant registration procedures had been completed on May 17, 2022.

(v) Other equity interests (net-of-taxes)

|                                            | <b>Exchange differences on<br/>translation of foreign<br/>financial statements</b> |
|--------------------------------------------|------------------------------------------------------------------------------------|
| <b>Balance at January 1, 2022</b>          | \$ (18,225)                                                                        |
| Exchange differences on foreign operations | 14,712                                                                             |
| <b>Balance at December 31, 2022</b>        | <u><b>\$ (3,513)</b></u>                                                           |
| <b>Balance at January 1, 2021</b>          | \$ (15,550)                                                                        |
| Exchange differences on foreign operations | (2,675)                                                                            |
| <b>Balance at December 31, 2021</b>        | <u><b>\$ (18,225)</b></u>                                                          |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(q) Share-Based payment

(i) Employee stock options

As of December 31, 2022, details of the Employee Stock Option Plans ("ESOP") issued by the Company were as follows:

|                    | <b>2017 ESOP</b>                                        | <b>2018 ESOP</b>                                        | <b>2019 ESOP</b>                                        |
|--------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Grant date         | 2017.1.13                                               | 2018.1.2                                                | 2019.11.5                                               |
| Units issued       | 3,000,000                                               | 1,000,000                                               | 2,930,000                                               |
| Term of grant      | 2017.1.13~2019.1.12                                     | 2018.1.2~2020.1.1                                       | 2019.11.5~2024.11.4                                     |
| Grant object       | Full-time employees of the Company and its subsidiaries | Full-time employees of the Company and its subsidiaries | Full-time employees of the Company and its subsidiaries |
| Vesting conditions | Services of the next two years                          | Services of the next two years                          | Services of the next two years                          |

1) Determining the fair value of equity instruments granted

The Company used Black-Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

|                            | <b>2022</b>      |                  |                  |
|----------------------------|------------------|------------------|------------------|
|                            | <b>2017 ESOP</b> | <b>2018 ESOP</b> | <b>2019 ESOP</b> |
| Fair value at grant date   | \$16.07~\$17.35  | \$15.34~\$16.56  | \$22.53~\$25.83  |
| Share price at grant date  | 56.9             | 55.4             | 60.2             |
| Exercise price             | 46.4             | 46.6             | 55.1             |
| Expected volatility(%)     | 40.70%           | 40.10%           | 38.50%           |
| Expected life (years)      | Four years       | Four years       | Ten years        |
| Expected dividend          | -                | -                | -                |
| Risk-free interest rate(%) | 0.66%~0.70%      | 0.47%~0.51%      | 0.54%            |

|                            | <b>2021</b>      |                  |                  |
|----------------------------|------------------|------------------|------------------|
|                            | <b>2017 ESOP</b> | <b>2018 ESOP</b> | <b>2019 ESOP</b> |
| Fair value at grant date   | \$16.07~\$17.35  | \$15.34~\$16.56  | \$22.53~\$25.83  |
| Share price at grant date  | 56.9             | 55.4             | 60.2             |
| Exercise price             | 46.4             | 46.6             | 56.7             |
| Expected volatility(%)     | 40.70%           | 40.10%           | 38.50%           |
| Expected life (years)      | Four years       | Four years       | Ten years        |
| Expected dividend          | -                | -                | -                |
| Risk-free interest rate(%) | 0.66%~0.70%      | 0.47%~0.51%      | 0.54%            |

(Continued)



**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Expected volatility is based on the weighted average of historical volatility, and it is adjusted when there is additional market information about the volatility. The Group determined the expected dividends and risk-free rate during the life of the option. These rates are determined based on government bonds, and they are in accordance with the regulations. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

2) Description of share-based payment arrangements

Details of the employee stock options are as follows:

| (in dollars)                           | 2022                                  |                         | 2021                                  |                         |
|----------------------------------------|---------------------------------------|-------------------------|---------------------------------------|-------------------------|
|                                        | Weighted<br>average<br>exercise price | Number of<br>options    | Weighted<br>average<br>exercise price | Number of<br>options    |
| Outstanding at January 1<br>(number)   | \$ 56.70                              | 2,135,000               | 56.87                                 | 3,160,000               |
| Granted during the year<br>(number)    |                                       | -                       |                                       | -                       |
| Forfeited during the year<br>(number)  |                                       | (143,000)               |                                       | (400,800)               |
| Exercised during the year<br>(number)  |                                       | (167,800)               |                                       | (617,700)               |
| Expired during the year<br>(number)    |                                       | <u>(3,000)</u>          |                                       | <u>(6,500)</u>          |
| Outstanding at December 31<br>(number) | 55.10                                 | <u><b>1,821,200</b></u> | 56.70                                 | <u><b>2,135,000</b></u> |
| Exercisable at December 31<br>(number) |                                       | <u><b>1,821,200</b></u> |                                       | <u><b>2,135,000</b></u> |

3) Employee recognized in profit or loss

The Group incurred expenses and liabilities of share-based arrangements in 2022 and 2021 were as follows:

|                                                        | 2022                   | 2021                 |
|--------------------------------------------------------|------------------------|----------------------|
| Expenses resulting from granted employee share options | \$ <u><b>7,852</b></u> | <u><b>12,773</b></u> |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(r) Earnings per share

The basic earnings per share and diluted earnings per share of the group are calculated as follows:

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2022 and 2021 were based on the profit attributable to ordinary shareholders of the Company amounting to \$91,025 thousand and \$87,413 thousand, respectively; and the weighted average number of ordinary shares outstanding of 60,533 thousand shares and 60,078 thousand shares, respectively, were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

|                                                             | <u>2022</u>      | <u>2021</u>   |
|-------------------------------------------------------------|------------------|---------------|
| Profit attributable to ordinary shareholders of the Company | \$ <u>91,025</u> | <u>87,413</u> |

2) Weighted average number of ordinary shares

|                                                           | <u>2022</u>   | <u>2021</u>   |
|-----------------------------------------------------------|---------------|---------------|
| Weighted-average number of ordinary shares at December 31 | <u>60,533</u> | <u>60,078</u> |

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2022 and 2021 were based on profit attributable to ordinary shareholders of the Company amounting to \$91,025 thousand and \$87,413 thousand, respectively; and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 61,424 thousand shares and 60,827 thousand shares were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

|                                                                       | <u>2022</u>      | <u>2021</u>   |
|-----------------------------------------------------------------------|------------------|---------------|
| Profit attributable to ordinary shareholders of the Company (diluted) | \$ <u>91,025</u> | <u>87,413</u> |

2) Weight-average number of ordinary shares (diluted)

|                                                      | <u>2022</u>   | <u>2021</u>   |
|------------------------------------------------------|---------------|---------------|
| Weighted-average number of ordinary shares (basic)   | 60,533        | 60,078        |
| Effect of dilutive potential ordinary shares         |               |               |
| Effect of issuance of employee share options         | 705           | 611           |
| Effect of employee share bonus                       | 186           | 138           |
| Weighted-average number of ordinary shares (diluted) | <u>61,424</u> | <u>60,827</u> |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

|                                     | <u>2022</u>         | <u>2021</u>      |
|-------------------------------------|---------------------|------------------|
| <u>Primary geographical markets</u> |                     |                  |
| Algeria                             | \$ 728,548          | 141,809          |
| China                               | 299,289             | 329,827          |
| United State                        | 177,302             | 190,928          |
| Switzerland                         | 136,449             | 234,484          |
| Egypt                               | 31,308              | 76,253           |
| Other                               | 837,693             | 876,623          |
|                                     | <u>\$ 2,210,589</u> | <u>1,849,924</u> |
| <u>Major products</u>               |                     |                  |
| Meter and Strips                    | <u>\$ 2,210,589</u> | <u>1,849,924</u> |

(ii) Contract balance

|                                                        | <u>2022</u>      | <u>2021</u>  |
|--------------------------------------------------------|------------------|--------------|
| Contract liabilities (under other current liabilities) | <u>\$ 10,712</u> | <u>2,285</u> |

The amount of revenue recognized for the years ended December 31, 2022 sand 2021 that was included in the contact liability balance at the beginning of the period were \$2,285 thousand and \$15,006 thousand, respectively.

(t) Employee compensation, directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1.5% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to \$11,850 thousand and \$10,000 thousand and directors and supervisors remuneration amounting to \$2,970 thousand and \$2,430 thousand respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2022 and 2021.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(u) Non-operating income and expenses

(i) Interest income

The details of interest income for the years 2022 and 2021 were as follows:

|                                    | <b>2022</b>          | <b>2021</b>       |
|------------------------------------|----------------------|-------------------|
| Interest income from bank deposits | \$ <u><b>943</b></u> | <u><b>713</b></u> |

(ii) Other income

The details of other income for the years 2022 and 2021 were as follows:

|                     | <b>2022</b>            | <b>2021</b>          |
|---------------------|------------------------|----------------------|
| Rent income         | \$ 583                 | 487                  |
| Other income-others | <u>3,338</u>           | <u>16,213</u>        |
|                     | <u><b>\$ 3,921</b></u> | <u><b>16,700</b></u> |

(iii) Other gains and losses

The details of other gains and losses for the years 2022 and 2021 were as follows:

|                                                      | <b>2022</b>               | <b>2021</b>       |
|------------------------------------------------------|---------------------------|-------------------|
| Foreign exchange (losses) gains                      | \$ (14,964)               | 939               |
| Losses of lease modification                         | -                         | (6)               |
| Losses on disposals of property, plant and equipment | (4,173)                   | (4)               |
| Losses on disposals of investment                    | <u>(13)</u>               | <u>-</u>          |
|                                                      | <u><b>\$ (19,150)</b></u> | <u><b>929</b></u> |

(iv) Finance costs

The details of financial costs for the years 2022 and 2021 were as follows:

|                                 | <b>2022</b>             | <b>2021</b>          |
|---------------------------------|-------------------------|----------------------|
| Interest expenses of bank loans | \$ 30,439               | 18,789               |
| Interest of lease liabilities   | <u>209</u>              | <u>262</u>           |
|                                 | <u><b>\$ 30,648</b></u> | <u><b>19,051</b></u> |

(v) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Concentration of credit risk

The major clients of Group are concentrated in medical instruments market. To minimize credit risk, the Group periodically evaluates their financial positions and requests collateral if deemed necessary. It also periodically assesses the recoverability of the trade receivable and recognizes an allowance for impairment. The impairment loss is within management's expectation. As of December 31, 2022 and 2021, 71% and 43%, respectively, of trade receivables were comprised of five major customers. Thus, credit risk is significantly centralized.

3) Receivables and debt securities

For credit risk exposure of notes and trade receivables, please refer to note 6 (c).

Other financial assets at amortized cost includes other receivables and time deposits. For the details on loss allowance, please refer to note 6 (d) and note 6 (i).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4 (g).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

|                                             | <b>Carrying<br/>amount</b> | <b>Contractual<br/>cash flows</b> | <b>Within<br/>1 year</b> | <b>1 -2<br/>years</b> | <b>2 -5<br/>years</b> | <b>Over<br/>5 years</b> |
|---------------------------------------------|----------------------------|-----------------------------------|--------------------------|-----------------------|-----------------------|-------------------------|
| <b>December 31, 2022</b>                    |                            |                                   |                          |                       |                       |                         |
| <b>Non-derivative financial liabilities</b> |                            |                                   |                          |                       |                       |                         |
| Secured bank loans                          | \$ 1,930,351               | 1,957,161                         | 553,474                  | 433,716               | 828,757               | 141,214                 |
| Unsecured bank loans                        | 329,399                    | 334,938                           | 233,543                  | 101,395               | -                     | -                       |
| Notes and trade payables                    | 180,118                    | 180,118                           | 180,118                  | -                     | -                     | -                       |
| Other payables (including related parties)  | 408,756                    | 408,756                           | 408,756                  | -                     | -                     | -                       |
| Payable on machinery and equipment          | 21,935                     | 21,935                            | 21,935                   | -                     | -                     | -                       |
| Lease liabilities (Current and Non-Current) | 9,526                      | 9,912                             | 4,101                    | 5,811                 | -                     | -                       |
|                                             | <b><u>\$ 2,880,085</u></b> | <b><u>2,912,820</u></b>           | <b><u>1,401,927</u></b>  | <b><u>540,922</u></b> | <b><u>828,757</u></b> | <b><u>141,214</u></b>   |
| <b>December 31, 2021</b>                    |                            |                                   |                          |                       |                       |                         |
| <b>Non-derivative financial liabilities</b> |                            |                                   |                          |                       |                       |                         |
| Secured bank loans                          | \$ 1,517,291               | 1,532,505                         | 415,234                  | 382,580               | 542,791               | 191,900                 |
| Unsecured bank loans                        | 507,778                    | 512,849                           | 462,299                  | 50,550                | -                     | -                       |
| Notes and trade payables                    | 151,987                    | 151,987                           | 151,987                  | -                     | -                     | -                       |
| Other payables (including related parties)  | 275,048                    | 275,048                           | 275,048                  | -                     | -                     | -                       |
| Payable on machinery and equipment          | 13,152                     | 13,152                            | 13,152                   | -                     | -                     | -                       |
| Lease liabilities (Current and Non-Current) | 5,584                      | 5,668                             | 4,941                    | 633                   | 94                    | -                       |
|                                             | <b><u>\$ 2,470,840</u></b> | <b><u>2,491,209</u></b>           | <b><u>1,322,661</u></b>  | <b><u>433,763</u></b> | <b><u>542,885</u></b> | <b><u>191,900</u></b>   |

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

|                                     |     | December 31, 2022   |                   |         | December 31, 2021   |                   |         |
|-------------------------------------|-----|---------------------|-------------------|---------|---------------------|-------------------|---------|
|                                     |     | Foreign<br>currency | Exchange<br>rates | NTD     | Foreign<br>currency | Exchange<br>rates | NTD     |
| <b><u>Financial assets</u></b>      |     |                     |                   |         |                     |                   |         |
| <b><u>Monetary items</u></b>        |     |                     |                   |         |                     |                   |         |
| USD                                 | USD | 21,255              | 30.74             | 653,379 | USD 11,862          | 27.67             | 328,222 |
| EUR                                 | EUR | 2,402               | 32.76             | 78,690  | EUR 3,253           | 31.37             | 102,047 |
| <b><u>Financial liabilities</u></b> |     |                     |                   |         |                     |                   |         |
| <b><u>Monetary items</u></b>        |     |                     |                   |         |                     |                   |         |
| USD                                 | USD | 14,379              | 30.74             | 442,010 | USD 13,062          | 27.67             | 361,426 |
| EUR                                 | EUR | 1,804               | 32.76             | 59,099  | EUR 2,694           | 31.37             | 84,511  |

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 0.5% of the NTD against the USD and the EUR as of December 31, 2022 and 2021, would have increased (decreased) the net profit after tax by \$924 thousand and \$63 thousand, respectively.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2022 and 2021, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(14,964) thousand and \$939 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

If the interest rate had increased / decreased by 0.5%, the Group's net income would have increased / decreased by \$9,039 thousand and \$8,100 thousand for the year ended December 31, 2022 and 2021, respectively with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

|                                                                             |    | December 31, 2022 |          |          |               |               |
|-----------------------------------------------------------------------------|----|-------------------|----------|----------|---------------|---------------|
|                                                                             |    | Fair Value        |          |          | Total         |               |
| Book Value                                                                  |    | Level 1           | Level 2  | Level 3  |               |               |
| <b>Financial assets at fair value through other comprehensive income</b>    |    |                   |          |          |               |               |
| Stocks unlisted companies                                                   | \$ | 36,100            | -        | -        | 36,100        | 36,100        |
| <b>Financial assets measured at amortized cost</b>                          |    |                   |          |          |               |               |
| Cash and cash equivalents                                                   | \$ | 214,489           | -        | -        | -             | -             |
| Notes and trade receivables<br>(including related parties)                  |    | 692,818           | -        | -        | -             | -             |
| Other receivables                                                           |    | 7,157             | -        | -        | -             | -             |
| Other financial assets-current                                              |    | 63,388            | -        | -        | -             | -             |
|                                                                             |    | 977,852           | -        | -        | -             | -             |
|                                                                             | \$ | <u>1,013,952</u>  | <u>-</u> | <u>-</u> | <u>36,100</u> | <u>36,100</u> |
| <b>Financial liabilities at amortized cost</b>                              |    |                   |          |          |               |               |
| Short-term borrowings                                                       | \$ | 352,027           | -        | -        | -             | -             |
| Notes and trade payables, and other payables<br>(including related parties) |    | 588,874           | -        | -        | -             | -             |
| Payable on machine and equipment                                            |    | 21,935            | -        | -        | -             | -             |
| Lease liabilities (Current and Non-current)                                 |    | 9,526             | -        | -        | -             | -             |
| Long-term borrowings, including current portion                             |    | 1,907,723         | -        | -        | -             | -             |
|                                                                             | \$ | <u>2,880,085</u>  | <u>-</u> | <u>-</u> | <u>-</u>      | <u>-</u>      |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

|                                                                             |                     | December 31, 2021 |          |               |               |
|-----------------------------------------------------------------------------|---------------------|-------------------|----------|---------------|---------------|
|                                                                             |                     | Fair Value        |          |               |               |
|                                                                             | Book Value          | Level 1           | Level 2  | Level 3       | Total         |
| <b>Financial assets at fair value through other comprehensive income</b>    |                     |                   |          |               |               |
| Stocks unlisted companies                                                   | \$ 36,100           | -                 | -        | 36,100        | 36,100        |
| <b>Financial assets measured at amortized cost</b>                          |                     |                   |          |               |               |
| Cash and cash equivalents                                                   | \$ 253,085          | -                 | -        | -             | -             |
| Notes and trade receivables<br>(including related parties)                  | 373,686             | -                 | -        | -             | -             |
| Other receivables                                                           | 5,103               | -                 | -        | -             | -             |
| Other financial assets-current                                              | 59,825              | -                 | -        | -             | -             |
|                                                                             | 691,699             | -                 | -        | -             | -             |
|                                                                             | <u>\$ 727,799</u>   | <u>-</u>          | <u>-</u> | <u>36,100</u> | <u>36,100</u> |
| <b>Financial liabilities at amortized cost</b>                              |                     |                   |          |               |               |
| Short-term borrowings                                                       | \$ 507,778          | -                 | -        | -             | -             |
| Notes and trade payables, and other payables<br>(including related parties) | 427,035             | -                 | -        | -             | -             |
| Payable on machine and equipment                                            | 13,152              | -                 | -        | -             | -             |
| Lease liabilities (Current and Non-current)                                 | 5,584               | -                 | -        | -             | -             |
| Long-term borrowings, including current portion                             | 1,517,291           | -                 | -        | -             | -             |
|                                                                             | <u>\$ 2,470,840</u> | <u>-</u>          | <u>-</u> | <u>-</u>      | <u>-</u>      |

2) Valuation techniques for financial instruments not measured at fair value :

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

If there is quoted price generated by transactions for financial liabilities at amortized cost, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Transfers between Level 1 and Level 2

There were no transfers from one level to another level in 2022 and 2021.

4) Reconciliation of Level 3 fair values

|                                                              | Fair value through other<br>comprehensive income |
|--------------------------------------------------------------|--------------------------------------------------|
|                                                              | Unquoted equity instruments                      |
| Opening balance, January 1, 2022<br>(i.e. December 31, 2022) | \$ <u>36,100</u>                                 |
| Opening balance, January 1, 2021<br>(i.e. December 31, 2021) | \$ <u>36,100</u>                                 |

(Continued)



**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

Quantified information of significant unobservable inputs was as follows:

| <b>Item</b>                                                                                                   | <b>Valuation technique</b>  | <b>Significant unobservable inputs</b>                                                                                                                                                   | <b>Inter-relationship between significant unobservable inputs and fair value measurement</b>                                                                                                             |
|---------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial assets at fair value through other comprehensive income-equity investments without an active market | Discounted Cash Flow Method | <ul style="list-style-type: none"> <li>• Forecast annual revenue growth rate (December 31, 2022 ; 20%~40%)</li> <li>• Weight average capital cost (December 31, 2022 ; 9.33%)</li> </ul> | <ul style="list-style-type: none"> <li>• the annual revenue growth rate was higher, the fair value was higher</li> <li>• the weight average capital cost was higher, the fair value was lower</li> </ul> |

(w) Financial risk management

(i) Overview

The Group is exposed to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Group's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Group minimizes the risk exposure through derivative financial instruments. The Board of Directors regulates the use of derivative financial instruments in accordance with the Group's policy on risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Group continue to review the amount of the risk exposure in accordance with the Group's policies and the risk management's policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations, and arise principally from the Group's receivables from customers and investment in debt securities.

1) Trade and other receivables

The Group established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the Risk Management Committee.

The Group did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investments

The exposure to credit risk for bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantee

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At December 31, 2022, no guarantees were outstanding (2021: none).

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2022 and 2021, the Group's unused credit lines were amounted to \$655,176 thousand and \$1,283,972 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Committee.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily New Taiwan Dollars (NTD) 、EUR 、US Dollars (USD) and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, EUR, US Dollars (USD), and CNY.

2) Interest rate risk

The borrowing rate of the Group is agreed in accordance with the contract, and financing decisions are all approved by the Board of Directors.

3) Other market price risk

The Group is not exposed to equity price risk from its investments in equity securities.

(x) Capital Management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2022, the Group's capital management strategy is consistent with that of the prior year as of December 31, 2021 and the gearing ratio is maintained within 30% to 75% to ensure financing at reasonable cost. The Group's debt-to-equity ratio at the end of the reporting period was as follows:

|                                     | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|-------------------------------------|------------------------------|------------------------------|
| Total liabilities                   | \$ 2,902,525                 | 2,487,805                    |
| Less: cash and cash equivalents     | 214,489                      | 253,085                      |
| Net debt                            | <u><u>\$ 2,688,036</u></u>   | <u><u>2,234,720</u></u>      |
| Total equity                        | <u><u>\$ 2,080,536</u></u>   | <u><u>2,076,077</u></u>      |
| Total capital                       | <u><u>\$ 4,768,572</u></u>   | <u><u>4,310,797</u></u>      |
| Debt-to-equity ratio at 31 December | <u><u>56.37%</u></u>         | <u><u>51.84%</u></u>         |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (y) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021, were as follows :

- (i) For right-of-assets under leases, please refer to note 6 (m).  
(ii) Reconciliation of liabilities arising from financing activities were as follows:

|                                             | <u>January<br/>1,2021</u> | <u>Cash flows</u> | <u>Additions</u> | <u>Non-cash changes</u>                  |                              |                                                    | <u>December<br/>31,2021</u> |
|---------------------------------------------|---------------------------|-------------------|------------------|------------------------------------------|------------------------------|----------------------------------------------------|-----------------------------|
|                                             |                           |                   |                  | <u>Foreign<br/>exchange<br/>movement</u> | <u>Release<br/>the lease</u> | <u>(Profit) loss<br/>of lease<br/>modification</u> |                             |
| Long-term borrowings                        | \$ 1,517,291              | 390,432           | -                | -                                        | -                            | -                                                  | 1,907,723                   |
| Short-term borrowings                       | 507,778                   | (158,688)         | -                | 2,937                                    | -                            | -                                                  | 352,027                     |
| Lease liabilities (current and non-current) | 5,584                     | (6,153)           | 9,824            | 271                                      | -                            | -                                                  | 9,526                       |
| Total liabilities from financing activities | <u>\$ 2,030,653</u>       | <u>225,591</u>    | <u>9,824</u>     | <u>3,208</u>                             | <u>-</u>                     | <u>-</u>                                           | <u>2,269,276</u>            |

|                                             | <u>January<br/>1,2020</u> | <u>Cash flows</u> | <u>Additions</u> | <u>Non-cash changes</u>                  |                                                    |                                          | <u>December<br/>31,2020</u> |
|---------------------------------------------|---------------------------|-------------------|------------------|------------------------------------------|----------------------------------------------------|------------------------------------------|-----------------------------|
|                                             |                           |                   |                  | <u>Foreign<br/>exchange<br/>movement</u> | <u>(Profit) loss<br/>of lease<br/>modification</u> | <u>Changes in<br/>lease<br/>payments</u> |                             |
| Long-term borrowings                        | \$ 1,472,125              | 45,166            | -                | -                                        | -                                                  | -                                        | 1,517,291                   |
| Short-term borrowings                       | 483,349                   | 23,968            | -                | 461                                      | -                                                  | -                                        | 507,778                     |
| Lease liabilities (current and non-current) | 10,593                    | (5,266)           | 470              | (74)                                     | (145)                                              | 6                                        | 5,584                       |
| Total liabilities from financing activities | <u>\$ 1,966,067</u>       | <u>63,868</u>     | <u>470</u>       | <u>387</u>                               | <u>(145)</u>                                       | <u>6</u>                                 | <u>2,030,653</u>            |

**(7) Related-party transactions**

- (a) Parent company and ultimate controlling company

The Company is both the parent company and the ultimate controlling party of the Group.

- (b) Names and relationship with related parties

The followings are entities that have had transactions with a related party during the periods covered in the consolidated financial statements.

| <u>Name of related Party</u>                              | <u>Relationship with the Group</u>                           |
|-----------------------------------------------------------|--------------------------------------------------------------|
| Tonghua Dongbao Pharmaceutical Co., Ltd.(Tonghua Dongbao) | Director of the Group                                        |
| Shanghai Juyi Network Technology Co., Ltd. (Juyi)         | Entity which is joint controlled by key management personnel |
| HUANG, CHUN-MU                                            | Key management personnel                                     |

- (c) Significant transactions with related parties

- (i) Sales

The amounts of significant sales by the Group to its related party were as follows:

|                       | <u>2022</u>       | <u>2021</u>    |
|-----------------------|-------------------|----------------|
| Other related parties | <u>\$ 109,143</u> | <u>103,989</u> |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The price given to the related-party is lower than general customers. The general customer's collection term is about 45 to 120 days or advance sales receipts, for the related-party, the collection conditions is advance sales receipts or 45 days from the end of the month of when the invoice is issued.

(ii) Receivables from related parties

The receivables from related parties were as follows:

| <u>Account</u>    | <u>Relationship</u>   | <u>December 31,<br/>2022</u> | <u>December<br/>31, 2021</u> |
|-------------------|-----------------------|------------------------------|------------------------------|
| Trade receivables | Other related parties | \$ <u>22,409</u>             | <u>-</u>                     |

(iii) Payables to related parties

| <u>Account</u> | <u>Relationship</u>   | <u>December 31,<br/>2022</u> | <u>December<br/>31, 2021</u> |
|----------------|-----------------------|------------------------------|------------------------------|
| Other payables | Other related parties | \$ <u>444</u>                | <u>4,129</u>                 |

(iv) Others

- 1) The sales expense of \$0 thousand and \$511 in 2022 and 2021, respectively, which caused by signing contract with other related parties – Tonghua Dongbao was under selling expenses.
- 2) The service expense of \$0 thousand and \$5,124 thousand in 2022 and 2021, respectively, which caused by signing contract with other related parties – Juyi was under selling expenses.
- 3) The Group entered into a patent license agreement with the key management. The agreement is from June 30, 2004, to April 17, 2023, and entitles the Company to use U.S. patent No. 10/354684 and No. 10/462904 without any charges.

(d) Key management personnel compensation

Key management personnel compensation comprised:

|                                   | <u>2022</u>      | <u>2021</u>   |
|-----------------------------------|------------------|---------------|
| Short-term employee benefits      | \$ 26,411        | 17,947        |
| Post-employment benefits          | -                | -             |
| Termination benefits              | -                | -             |
| Other long-term employee benefits | -                | -             |
| Share-based payments              | <u>565</u>       | <u>920</u>    |
|                                   | <u>\$ 26,976</u> | <u>18,867</u> |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

| <b>Pledged assets</b>          | <b>Object</b>            | <b>December 31,<br/>2022</b> | <b>December<br/>31, 2021</b> |
|--------------------------------|--------------------------|------------------------------|------------------------------|
| Property, plant and equipment  | Guarantee for bank loans | \$ 2,103,416                 | 2,124,495                    |
| Other financial assets-current | Purchase deposit         | 200                          | 200                          |
|                                |                          | <u><b>\$ 2,103,616</b></u>   | <u><b>2,124,695</b></u>      |

**(9) Significant commitments and contingencies**

(a) Unrecognized contractual commitments are as follows:

|                                              | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|----------------------------------------------|------------------------------|------------------------------|
| Acquisition of property, plant and equipment | <u><b>\$ 21,515</b></u>      | <u><b>14,032</b></u>         |

(b) The Group had entered into a trademark license agreement with GE in February 2020, with contract period of 10 years, and a minimum royalty of USD 2,500 thousand, which had been fully prepaid at the end of March 2020. The royalty expenses will be recognized in the future years in accordance with the GE contract, and will be included in the prepayments and other non-current assets.

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events:**

**(12) Other:**

(a) A summary of employee benefits, depreciation, depletion, and amortization, by function, is as follows:

| <b>By item</b>             | <b>2022</b>            |                           |              | <b>2021</b>            |                           |              |
|----------------------------|------------------------|---------------------------|--------------|------------------------|---------------------------|--------------|
|                            | <b>Operating Costs</b> | <b>Operating Expenses</b> | <b>Total</b> | <b>Operating Costs</b> | <b>Operating Expenses</b> | <b>Total</b> |
| Employee benefits          |                        |                           |              |                        |                           |              |
| Salary                     | 350,474                | 272,623                   | 623,097      | 327,187                | 284,865                   | 612,052      |
| Labor and health insurance | 34,234                 | 22,691                    | 56,925       | 32,986                 | 21,400                    | 54,386       |
| Pension                    | 14,121                 | 16,754                    | 30,875       | 13,583                 | 17,669                    | 31,252       |
| Remuneration of directors  | -                      | 4,951                     | 4,951        | -                      | 3,751                     | 3,751        |
| Others                     | 18,863                 | 13,389                    | 32,252       | 18,952                 | 12,861                    | 31,813       |
| Depreciation               | 105,554                | 36,608                    | 142,162      | 110,465                | 36,269                    | 143,765      |
| Amortization               | 1,025                  | 10,045                    | 11,070       | 352                    | 10,540                    | 10,892       |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(13) Other disclosures**

(a) Information on significant transactions:

The following is the information on significant transactions, required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of December 31, 2022 (excluding those investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

| Name of holder | Category and name of security  | Relationship with company | Account title                                                                                    | Ending balance           |                |                             |            | Highest balance during the year |                             | Note |
|----------------|--------------------------------|---------------------------|--------------------------------------------------------------------------------------------------|--------------------------|----------------|-----------------------------|------------|---------------------------------|-----------------------------|------|
|                |                                |                           |                                                                                                  | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value | Shares/Units (thousands)        | Percentage of ownership (%) |      |
| The company    | Ordinary-Bonraybio Corporation | None                      | Financial assets measured at fair value through other comprehensive gains and losses-non-current | 960                      | 36,100         | 5.62%                       | 36,100     | 960                             | 5.79%                       |      |

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD 300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NTD 300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with an amount exceeding the lower of NTD 300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD 100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Related party                     | Nature of relationship | Transaction details |           |                                     |                                                                  | Transactions with terms different from others |                                                                  | Notes/Trade receivables (payable) |                                                        | Note |
|-----------------|-----------------------------------|------------------------|---------------------|-----------|-------------------------------------|------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------|------|
|                 |                                   |                        | Purchase/Sale       | Amount    | Percentage of total purchases/sales | Payment terms                                                    | Unit price                                    | Payment terms                                                    | Ending balance                    | Percentage of total notes/trade receivables (payables) |      |
| The Company     | Bionime (Pingtan) Limited Company | Subsidiary             | Sale                | (206,375) | (9.34)%                             | Net 90 days from the end of the month of when the invoice issued | No comparison                                 | Net 90 days from the end of the month of when the invoice issued | 40,315                            | 5.82%                                                  |      |

- (viii) Receivables from related parties with amounts exceeding the lower of NTD 100 million or 20% of the capital stock: None

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

| No | Name of company                   | Name of counter-party              | Nature of relationship<br>(Note 2) | Intercompany transactions, 2021 |         |               |                                                            |
|----|-----------------------------------|------------------------------------|------------------------------------|---------------------------------|---------|---------------|------------------------------------------------------------|
|    |                                   |                                    |                                    | Account name                    | Amount  | Trading terms | Percentage of the consolidated net revenue or total assets |
| 0  | The company                       | Bionime (Pingtan) Limited Company  | 1                                  | Purchases                       | 395     | Note3         | 0.02 %                                                     |
| 0  | The company                       | Bionime (Pingtan) Limited Company  | 1                                  | Sales                           | 206,375 | Note3         | 9.34 %                                                     |
| 0  | The company                       | Bionime USA Corporation            | 1                                  | Sales                           | 53,258  | Note3         | 2.41 %                                                     |
| 0  | The company                       | Bionime (Malaysia) Sdn. Bnd.       | 1                                  | Sales                           | 24,664  | Note3         | 1.12 %                                                     |
| 1  | Bionime (Pingtan) Limited Company | Bionime (Shenzhen) Limited Company | 3                                  | Sales                           | 561     | Note4         | 0.03 %                                                     |
| 0  | The company                       | Bionime (Pingtan) Limited Company  | 1                                  | Trade Receivables               | 40,315  | Note3         | 0.81 %                                                     |
| 0  | The company                       | Bionime USA Corporation            | 1                                  | Trade Receivables               | 4,376   | Note3         | 0.09 %                                                     |
| 0  | The company                       | Bionime (Malaysia) Sdn Bnd         | 1                                  | Trade Receivables               | 5,629   | Note3         | 0.11 %                                                     |
| 0  | The company                       | Bionime GmbH                       | 1                                  | Professional service fees       | 21,872  | No Comparison | 0.99 %                                                     |
| 0  | The company                       | Bionime (Shenzhen) Limited Company | 1                                  | Professional service fees       | 29,167  | No Comparison | 1.32 %                                                     |
| 0  | The company                       | Bionime (Pingtan) Limited Company  | 1                                  | Professional service fees       | 15,113  | No Comparison | 0.68 %                                                     |
| 1  | Bionime (Pingtan) Limited Company | Bionime (Shenzhen) Limited Company | 3                                  | Professional service fees       | 14,407  | No Comparison | 0.65 %                                                     |
| 0  | The company                       | Bionime (Pingtan) Limited Company  | 1                                  | Temporary receipts              | 209     | No Comparison | 0.00 %                                                     |
| 0  | The company                       | Bionime (Pingtan) Limited Company  | 1                                  | Other payables                  | 16,517  | No Comparison | 0.33 %                                                     |
| 0  | The company                       | Bionime GmbH                       | 1                                  | Other payables                  | 22,987  | No Comparison | 0.46 %                                                     |
| 0  | The company                       | Bionime (Malaysia) Sdn Bnd         | 1                                  | Other revenues                  | 26      | No Comparison | 0.00 %                                                     |
| 1  | Bionime (Pingtan) Limited Company | Bionime (Shenzhen) Limited Company | 3                                  | Temporary payments              | 1,055   | No Comparison | 0.02 %                                                     |
| 0  | The company                       | Bionime USA Corporation            | 1                                  | Other payables                  | 135     | No Comparison | 0.00 %                                                     |

Note 1: The number filled in as follows:

- 1) Zero represents the parent company.
- 2) Subsidiaries are sorted in a numerical order starting from 1.

(Continued)



**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Note 2: Transactions labeled as follows:

- 1) 1 represents the transactions between parent company and subsidiaries.
- 2) 2 represents the transactions between subsidiaries and parent company.
- 3) 3 represents the transactions between subsidiary and subsidiary.

Note 3: The price given to the related-parties is not comparable to other non-related parties due to their product characteristics. The general customer's collection term is about 45 to 120 days; and the collection term for Bionime Incorporated (B.V.I.), Bionime GmbH, Bionime USA Corporation, Bionime Australia Pty Limited, Bionime (Malaysia) Sdn. Bhd, Bionime (Pingtan) Limited Company, and Bionime (Shenzhen) Limited Company are approximately 90 days, 60 days, 120 days, 120 days, 100 days, 90 days and 90 days, respectively.

Note 4: The price given to the related-parties is not comparable to other non-related parties due to their product characteristics. The general customer's collection term is 30 days; and the collection term for Bionime (Shenzhen) Limited Company are approximately 90 days.

Note 5: The transactions mentioned above have been eliminated upon consolidation.

(b) Information on investees:

The following is the information on investees for the year 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

| Name of investor | Name of investee              | Location               | Main businesses and products | Original investment amount |                   | Balance as of December 31, 2022 |                         |                | Net income (losses) of investee | Share of profits/losses of investee | Note  |
|------------------|-------------------------------|------------------------|------------------------------|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|-------|
|                  |                               |                        |                              | December 31, 2022          | December 31, 2021 | Shares (thousands)              | Percentage of ownership | Carrying value |                                 |                                     |       |
| The company      | Bionime GmbH                  | Switzerland            | Merchandise trading          | CHF300                     | CHF300            | Note1                           | 100 %                   | 24,276         | 989                             | 989                                 | Note4 |
| The company      | Bionime Incorporated (B.V.I)  | British Virgin Islands | Investing and holding        | USD3,090                   | USD3,090          | 3.09                            | 100 %                   | 89,371         | 5,506                           | 5,506                               | Note4 |
| The company      | Bionime USA Corporation       | America                | Merchandise trading          | USD11,150                  | USD11,150         | 1,115                           | 100 %                   | 94,060         | 4,929                           | 4,929                               | Note4 |
| The company      | Bionime Australia Pty Limited | Australia              | Merchandise trading          | AUD350                     | AUD350            | Note2                           | 100 %                   | (98)           | (46)                            | (46)                                | Note4 |
| The company      | Bionime (Malaysia) Sdn.Bhd    | Malaysia               | Merchandise trading          | MYR1,046                   | MYR1,046          | Note3                           | 65.09 %                 | 13,857         | 2,408                           | 1,614                               | Note4 |

Note1: A company was established in Switzerland.

Note2: A company was established in Australia.

Note3: A company was established in Malaysia.

Note4: The transactions mentioned above have been eliminated upon consolidation.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, their main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

| Name of investee                   | Main businesses and products          | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2021 | Investment flows |        | Accumulated outflow of investment from Taiwan as of December 31, 2022 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) | Book value | Accumulated remittance of earnings in current period |
|------------------------------------|---------------------------------------|---------------------------------|----------------------|---------------------------------------------------------------------|------------------|--------|-----------------------------------------------------------------------|-------------------------------------|-------------------------|----------------------------|------------|------------------------------------------------------|
|                                    |                                       |                                 |                      |                                                                     | Outflow          | Inflow |                                                                       |                                     |                         |                            |            |                                                      |
| Bionime (Shenzhen) Limited Company | Merchandise trading                   | USD2,300                        | Note 4               | USD850                                                              | -                | -      | USD850                                                                | (5,452) (Note3)                     | 100%                    | 5,452                      | 92,306     | USD2,087 (NTD63,084)                                 |
| Bionime (Pingtan) Limited Company  | Merchandise trading and manufacturing | RMB20,000                       | Note 2               | -                                                                   | -                | -      | -                                                                     | 6,240 (Note3)                       | 100%                    | 6,240                      | 93,836     | -                                                    |

(ii) Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of December 31, 2022 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|------------------------------------------------------------------|--------------------------------------------------------------|---------------------------|
| USD850<br>(NTD 27,520)                                           | USD 2,300<br>(NTD 70,863)                                    | NTD1,243,455<br>-         |

Note 1: Indirectly investment in Mainland China through an existing company registered in the third region.

Note 2: Which is invested by Shenzhen subsidiary.

Note 3: Amount was recognized based on the audited financial statement.

Note 4: The transactions have been eliminated upon consolidation.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the "Information on significant transactions" and "Business relationship and major transactions between parent company and subsidiary company".

| Shareholder's Name                      | Shareholding | Shares     | Percentage |
|-----------------------------------------|--------------|------------|------------|
| Tonghua Dongbao Pharmaceutical Co., Ltd |              | 12,000,000 | 19.75 %    |
| Hua Eng Wire And Cable Co., Ltd.        |              | 7,485,900  | 12.32 %    |

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Disclosures required for securities firm investing in countries or regions without securities authority:**

(a) General information

The Group has one reportable segment, the biotechnology segment. This segment is mainly involved in the manufacturing and selling of medical instruments, providing biotechnology services, examining pharmaceuticals products, and selling precision instruments.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine the resource allocation and make a performance evaluation. The internal management report includes profit before taxation.

The profit or loss of the reportable segment of the Group includes depreciation and amortization expenses, income tax expense (income), any extraordinary activity, and other material non-cash items. The reportable amount is similar to that of the report used by the chief operating decision maker.

Accounting policies for the operating segments correspond to those stated in note 4.

The reportable segment profit and loss, segment assets and segment liabilities of the Group are in accordance with the financial report, please refer to the Consolidated Balance sheet and Consolidated Statement of Comprehensive Income.

(c) Production and service information

Since the main industrial department of Group is the optical lens department, and its operating income, operating interests and the identifiable assets account for more than 90% of operating income and total assets, therefore, the Group is classified as a single product.

(Continued)

**BIONIME CORPORATION ("THE COMPANY") AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and the segment non-current assets are based on the geographical location of the assets.

| <b>Region</b>                    | <b>2022</b>                | <b>2021</b>             |
|----------------------------------|----------------------------|-------------------------|
| Revenue from external customers: |                            |                         |
| Algeria                          | \$ 728,548                 | 141,809                 |
| China                            | 299,289                    | 329,827                 |
| United States                    | 177,302                    | 190,928                 |
| Switzerland                      | 136,449                    | 234,484                 |
| Egypt                            | 31,308                     | 76,253                  |
| Other countries                  | 837,693                    | 876,623                 |
| Total                            | <u><u>\$ 2,210,589</u></u> | <u><u>1,849,924</u></u> |
| Non-current assets :             |                            |                         |
| Taiwan                           | \$ 3,229,603               | 3,067,262               |
| Other countries                  | 17,060                     | 14,732                  |
| Total                            | <u><u>\$ 3,246,663</u></u> | <u><u>3,081,994</u></u> |

Non-current assets include property, plant and equipment, intangible assets, and other assets, excluding financial instruments and deferred tax assets.

(e) Major customers' information

|                                      | <b>2022</b>              | <b>2021</b>           |
|--------------------------------------|--------------------------|-----------------------|
| Customer A of biotechnology division | \$ 728,548               | 141,809               |
| Customer B of biotechnology division | 136,449                  | 234,484               |
|                                      | <u><u>\$ 864,997</u></u> | <u><u>376,293</u></u> |

## **Independent Auditors' Report**

To the Board of Directors of Bionime Corporation:

### **Opinion**

We have audited the financial statements of Bionime Corporation ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matters to be communicated in our report.

We have determined the matter described below to be the key audit matters to be communicated in our report.

#### **1. Revenue Recognition**

The accounting principle of revenue recognition, refer to financial statements Note 4 (m); The explanation about revenue recognition, refer to financial statements Note 6 (t).

#### Description of key audit matters:

The Company's revenue are from sales of blood glucose meter and test strips to domestic and foreign clients such as hospitals, dealers and pharmacies. Most of them are foreign clients. As industry peculiarities, clients in higher latitude countries tend to purchase more and increase their inventory at the end of the year in order to prevent the risk of paralysis of shipment due to frozen water in the winter. As a result, the revenue at the end of the year is higher causing the transactions before and after the balance sheet date to have material impact on financial reporting.

Therefore, testing whether revenue was recognized in the correct period is one of our key audit matters.

#### How the matter was addressed in our audit

Our principal audit procedures included: testing the Company's efficacy on the design and operation of internal controls surrounding revenue, which includes confirming the terms in the sales contract to ensure the revenue is being recorded accurately; selecting the sales transaction before and after the balance sheet date on a sample basis, inspecting the related accounting documents, as well as evaluating whether the revenue is recorded in the appropriated period.

### 2. Assessment of Inventory

The accounting principle of inventory, refer to financial statements Note 4 (g) "inventories", the assessment of accounting estimate and assumption uncertainty, refer to financial statements Note 5 (b); the explanation of inventory assessment refers to financial statements Note 6 (e).

#### Description of key audit matters:

The Company's inventories are measured at the lower of cost and net realizable value. However, the cost of inventory might exceed its net realizable value due to the rapid advancement in technology and the changes in market demand. Therefore, inventory evaluation is one of our key audit matters.

#### How the matter was addressed in our audit

Our principal audit procedures included: assessing the Company's allowance amount of inventory according to its characteristics, including conducting sampling test to examine accuracy of inventory aging; assessing the Company's inventory decline or rationality of debt ratio; examining accuracy of allowance amount of inventory for past years, and comparing with this period, in order to assess whether estimation method for this period is presented fairly.

### 3. Assessment of Trade Receivable

The accounting principle of Trade Receivables refers to financial statements Note 4 (f) " Financial instruments" ; Trade Receivables of Accounting Assumptions, Judgments and Estimation Uncertainty, refers to financial statements Note 5 (a) ; The explanation of trade receivables refer to financial statements Note 6 (c) " Notes and Trade Receivables (including related parties) ".

#### Description of key audit matters:

The Company's trade receivables are concentrated among certain customers. Allowance evaluation on trade receivables contains management's subjective judgment. Therefore, the assessment on accounts receivable is one of the key audit matters.

#### How the matter was addressed in our audit:

Our principal audit procedure included: analyzing trade receivables aging schedule, collection reports and customers' credit concentration risk, etc., in order to assess whether estimation method and the amount of trade receivables for this period is presented fairly.

#### 4. Development Costs of Intangible Assets

The accounting principle of intangible asset development cost and explanation of intangible asset, please refer to Notes 4(k) “Intangible Assets” and Notes 6(i) “Intangible Assets”, respectively.

Description of key audit matters:

The Company focuses on developing new type of blood glucose meter, wherein it incurred a massive amount of research and development expenses before and during clinical trial stage. This research has reached to a developed stage and now classified as asset. Whether to capitalize development cost relies on the subjective judgement of the Company’s management. Therefore, the cost on research and development is one of our key audit matters.

We focus on whether there is bias in the management’s judgement on determining the capitalization or expensing of related costs, especially for the feasibility of the technology of the new blood glucose meter, whether it has met the criteria to be capitalized and obtained the approval from authority.

How the matter was addressed in our audit:

Our principal audit procedures included:

1. Understanding whether the management has adequately evaluated the feasibility of the technology of the new blood glucose meter to determine it has met the criteria to be capitalized.
2. Assessing whether the Company’s accounting policy for development costs is in accordance with accounting regulations.
3. Obtaining the management’s analysis on the schedule of the new type blood glucose meter and verifying whether the developing process has remained in its original schedule.
4. Conducting sampling of research and development cost in the current period by inspecting those supporting documents such as clinic trial contracts, invoice by vender, and payment records, to verify whether its nature, amount and classification of the expenses were appropriate.
5. Assessing whether it is appropriate for the Company’s management to capitalize the development costs as asset.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Company’s financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the 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 on the investment in other entities accounted for using the equity method to express an opinion on this financial statement. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Hsin Chang and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2023

#### **Notes to Readers**

The accompanying financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Audit Report Originally Issued in Chinese)

BIONTECH CORPORATION

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

| Assets                                                                                     | December 31, 2022   |            | December 31, 2021 |            | Liabilities and Equity                                   | December 31, 2022   |            | December 31, 2021 |            |
|--------------------------------------------------------------------------------------------|---------------------|------------|-------------------|------------|----------------------------------------------------------|---------------------|------------|-------------------|------------|
|                                                                                            | Amount              | %          | Amount            | %          |                                                          | Amount              | %          | Amount            | %          |
| <b>Current assets:</b>                                                                     |                     |            |                   |            | <b>Current liabilities:</b>                              |                     |            |                   |            |
| Cash and cash equivalents (note 6 (a))                                                     | \$ 139,821          | 3          | 142,263           | 3          | Short-term borrowings (note 6 (k) and 8)                 | \$ 352,027          | 7          | 507,778           | 11         |
| Notes receivable, net (note 6 (c))                                                         | 11,003              | -          | 16,773            | -          | Notes payables                                           | 925                 |            | 854               |            |
| Trade receivable, net (note 6 (c))                                                         | 631,637             | 13         | 335,990           | 7          | Trade payables                                           | 175,951             | 4          | 148,951           | 3          |
| Trade receivables-related parties, net (note (c) and 7)                                    | 54,472              | 1          | 70,622            | 2          | Other payables                                           | 392,100             | 8          | 255,191           | 6          |
| Other receivables (note 6 (d))                                                             | 6,662               | -          | 4,614             | -          | Other payables-related parties (note 7)                  | 39,948              | 1          | 25,043            | 1          |
| Other receivables-related parties (note 6 (d))                                             | 135                 | -          | -                 | -          | Payables on machinery and equipment                      | 21,935              |            | 13,152            |            |
| Current income tax assets                                                                  | -                   | -          | 2                 | -          | Current income tax liabilities                           | 6,627               | -          | 7,225             | -          |
| Inventories (note 6 (e))                                                                   | 478,321             | 10         | 530,741           | 12         | Current lease liabilities (note 6 (n))                   | 1,441               | -          | 1,126             | -          |
| Prepayments (note 9 (b))                                                                   | 100,385             | 2          | 88,373            | 2          | Other current liabilities (note 6 (l) and 7)             | 12,022              | -          | 5,636             | -          |
| Other current assets (note 6 (j))                                                          | 14,192              | -          | 12,699            | -          | Long-term borrowings, current portion (note 6 (m) and 8) | 422,731             | 9          | 361,083           | 8          |
| Other current financial assets (note 6 (j) and 8)                                          | 200                 | -          | 200               | -          |                                                          | 1,425,707           | 29         | 1,326,039         | 29         |
|                                                                                            | 1,436,828           | 29         | 1,202,277         | 26         |                                                          |                     |            |                   |            |
| <b>Non-current assets:</b>                                                                 |                     |            |                   |            | <b>Non-Current liabilities:</b>                          |                     |            |                   |            |
| Non-current financial assets at fair value through other comprehensive income (note 6 (b)) | 36,100              | 1          | 36,100            | 1          | Long-term borrowings (note 6 (m) and 8)                  | 1,484,992           | 30         | 1,156,208         | 25         |
| Investments accounted for using equity method (note 6 (f))                                 | 221,466             | 4          | 193,595           | 4          | Deferred income tax liabilities (note 6 (p))             | 160                 | -          | 419               | -          |
| Property, plant and equipment (note 6 (g) and 8)                                           | 2,462,556           | 50         | 2,526,673         | 56         | Non-current lease liabilities (note 6 (n))               | 2,003               | -          | 465               | -          |
| Right-of-use assets (note 6 (h))                                                           | 3,430               | -          | 1,577             | -          | Guarantee deposits received                              | 4                   | -          | 4                 | -          |
| Intangible assets (note 6 (i))                                                             | 506,720             | 10         | 341,958           | 8          |                                                          | 1,487,159           | 30         | 1,157,096         | 25         |
| Deferred income tax assets (note 6 (p))                                                    | 56,360              | 1          | 50,536            | 1          |                                                          | 2,912,866           | 59         | 2,483,135         | 54         |
| Prepayments for business facilities                                                        | 218,532             | 4          | 150,964           | 3          | <b>Total liabilities</b>                                 |                     |            |                   |            |
| Guarantee deposits paid                                                                    | 2,864               | -          | 2,175             | -          | <b>Equity</b> (note 6 (q))                               |                     |            |                   |            |
| Defined benefit asset, net (note 6 (o))                                                    | 2,070               | -          | 539               | -          | Ordinary shares                                          | 606,870             | 12         | 622,888           | 14         |
| Other non-current assets (note 6 (j) and 9 (b))                                            | 38,365              | 1          | 46,090            | 1          | Advance receipts for share capital                       | 3,405               | -          | 15,083            | -          |
|                                                                                            | 3,548,463           | 71         | 3,350,207         | 74         | Capital surplus                                          | 1,302,633           | 26         | 1,362,223         | 30         |
|                                                                                            |                     |            |                   |            | Retained earnings                                        | 163,030             | 3          | 225,521           | 5          |
|                                                                                            |                     |            |                   |            | Other equity interest                                    | (3,513)             | -          | (18,225)          | -          |
|                                                                                            |                     |            |                   |            | Treasury shares                                          | -                   | -          | (138,141)         | (3)        |
|                                                                                            |                     |            |                   |            |                                                          | 2,072,425           | 41         | 2,069,349         | 46         |
| <b>Total assets</b>                                                                        | <b>\$ 4,985,291</b> | <b>100</b> | <b>4,552,484</b>  | <b>100</b> | <b>Total equity</b>                                      |                     |            |                   |            |
|                                                                                            |                     |            |                   |            | <b>Total liabilities and equity</b>                      |                     |            |                   |            |
|                                                                                            |                     |            |                   |            |                                                          | <b>\$ 4,985,291</b> | <b>100</b> | <b>4,552,484</b>  | <b>100</b> |

(English Translation of Financial Statements and Report Originally Issued in Chinese)

**BIONIME CORPORATION**

**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)**

|                                                                                                                                  | <b>2022</b>   |          | <b>2021</b>   |          |
|----------------------------------------------------------------------------------------------------------------------------------|---------------|----------|---------------|----------|
|                                                                                                                                  | <b>Amount</b> | <b>%</b> | <b>Amount</b> | <b>%</b> |
| <b>Net operating revenues</b> (note 6 (t) and 7)                                                                                 | \$ 2,071,747  | 100      | 1,692,350     | 100      |
| <b>Operating costs</b> (note 6 (e), (o)) and (u))                                                                                | 1,167,964     | 56       | 1,031,748     | 61       |
| <b>Gross profit from operations</b>                                                                                              | 903,783       | 44       | 660,602       | 39       |
| Less: Net unrealized (losses) gains between affiliates                                                                           | 82            | -        | (956)         | -        |
| <b>Net Gross profit from operations</b>                                                                                          | 903,865       | 44       | 659,646       | 39       |
| <b>Operating expenses</b> (note 6 (c), (o), (r), (u) and 7)):                                                                    |               |          |               |          |
| Selling expenses                                                                                                                 | 371,977       | 18       | 235,437       | 14       |
| Administrative expenses                                                                                                          | 196,866       | 10       | 196,013       | 11       |
| Research and development expenses                                                                                                | 201,977       | 10       | 187,860       | 11       |
| Impairment loss (impairment gain and reversal of impairment loss)<br>determined in accordance with IFRS 9                        | 29,587        | 1        | (20,562)      | (1)      |
|                                                                                                                                  | 800,407       | 39       | 598,748       | 35       |
| <b>Net operating income</b>                                                                                                      | 103,458       | 5        | 60,898        | 4        |
| <b>Non-operating income and expenses</b> (note 6 (v)):                                                                           |               |          |               |          |
| Interest income                                                                                                                  | 316           | -        | 72            | -        |
| Other income                                                                                                                     | 3,231         | -        | 15,018        | 1        |
| Other gains and losses                                                                                                           | (5,168)       | -        | 1,223         | -        |
| Finance costs                                                                                                                    | (30,460)      | (1)      | (18,812)      | (1)      |
| Share of profit of associates accounted for using equity method                                                                  | 12,992        | 1        | 10,364        | -        |
|                                                                                                                                  | (19,089)      | -        | 7,865         | -        |
| <b>Profit before income tax</b>                                                                                                  | 84,369        | 5        | 68,763        | 4        |
| <b>Less: tax income</b> (note 6 (p))                                                                                             | (6,656)       | -        | (18,650)      | (1)      |
| <b>Profit</b>                                                                                                                    | 91,025        | 5        | 87,413        | 5        |
| <b>Other comprehensive income:</b>                                                                                               |               |          |               |          |
| <b>Items that may not be reclassified subsequently to profit or loss</b>                                                         |               |          |               |          |
| Gains (losses) on remeasurements of defined benefit plans                                                                        | 1,453         | -        | (66)          | -        |
|                                                                                                                                  | 1,453         | -        | (66)          | -        |
| <b>Items that may be reclassified subsequently to profit or loss</b>                                                             |               |          |               |          |
| Exchange differences on translation of foreign financial statements                                                              | 14,712        | 1        | (2,675)       | -        |
| Less: income tax related to components of other comprehensive<br>income that will be reclassified to profit or loss (note 6 (p)) | -             | -        | -             | -        |
| <b>Components of other comprehensive income that will be<br/>reclassified to profit or loss</b>                                  | 14,712        | 1        | (2,675)       | -        |
| <b>Other comprehensive income (after tax)</b>                                                                                    | 16,165        | 1        | (2,741)       | -        |
| <b>Comprehensive income</b>                                                                                                      | \$ 107,190    | 6        | 84,672        | 5        |
| <b>Earnings per share</b> (NT dollars) (note 6 (s))                                                                              |               |          |               |          |
| Basic earnings per share                                                                                                         | \$ 1.50       |          | 1.45          |          |
| Diluted earnings per share                                                                                                       | \$ 1.48       |          | 1.44          |          |

See accompanying notes to financial statements.



## Statement of Changes in Equity

**For the years ended December 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

|                                                                                              | Share capital     |                                    |                     | Retained earnings |                |                 |                                  | Other equity interest |                                             |                  |                  |
|----------------------------------------------------------------------------------------------|-------------------|------------------------------------|---------------------|-------------------|----------------|-----------------|----------------------------------|-----------------------|---------------------------------------------|------------------|------------------|
|                                                                                              | Ordinary shares   | Advance receipts for share capital | Total share capital | Capital surplus   | Legal reserve  | Special reserve | Unappropriated retained earnings | Total                 | translation of foreign financial statements | Treasury shares  | Total equity     |
| <b>Balance on January 1, 2021</b>                                                            | \$ 617,558        | 9,702                              | 627,260             | 1,402,306         | 119,789        | 6,962           | 63,001                           | 189,752               | (15,550)                                    | (138,141)        | 2,065,627        |
| Profit for the year ended December 31, 2021                                                  | -                 | -                                  | -                   | -                 | -              | -               | 87,413                           | 87,413                | -                                           | -                | 87,413           |
| Other comprehensive income for the year ended December 31, 2021                              | -                 | -                                  | -                   | -                 | -              | -               | (66)                             | (66)                  | (2,675)                                     | -                | (2,741)          |
| Comprehensive income for the year ended December 31, 2021                                    | -                 | -                                  | -                   | -                 | -              | -               | 87,347                           | 87,347                | (2,675)                                     | -                | 84,672           |
| Appropriation and distribution of retained earnings:                                         |                   |                                    |                     |                   |                |                 |                                  |                       |                                             |                  |                  |
| Legal reserve                                                                                | -                 | -                                  | -                   | -                 | 6,275          | -               | (6,275)                          | -                     | -                                           | -                | -                |
| Special reserve                                                                              | -                 | -                                  | -                   | -                 | -              | 4,795           | (4,795)                          | -                     | -                                           | -                | -                |
| Cash dividends on ordinary shares                                                            | -                 | -                                  | -                   | -                 | -              | -               | (51,578)                         | (51,578)              | -                                           | -                | (51,578)         |
| Employee stock options compensation costs                                                    | -                 | -                                  | -                   | 12,773            | -              | -               | -                                | -                     | -                                           | -                | 12,773           |
| Employee stock options exercised                                                             | 5,330             | (9,702)                            | (4,372)             | 19,850            | -              | -               | -                                | -                     | -                                           | -                | 15,478           |
| Advance receipts for share capital                                                           | -                 | 15,083                             | 15,083              | -                 | -              | -               | -                                | -                     | -                                           | -                | 15,083           |
| Cash dividends of capital surplus                                                            | -                 | -                                  | -                   | (72,706)          | -              | -               | -                                | -                     | -                                           | -                | (72,706)         |
| <b>Balance on December 31, 2021</b>                                                          | <b>\$ 622,888</b> | <b>15,083</b>                      | <b>637,971</b>      | <b>1,362,223</b>  | <b>126,064</b> | <b>11,757</b>   | <b>87,700</b>                    | <b>225,521</b>        | <b>(18,225)</b>                             | <b>(138,141)</b> | <b>2,069,349</b> |
| <b>Balance on January 1, 2022</b>                                                            | \$ 622,888        | 15,083                             | 637,971             | 1,362,223         | 126,064        | 11,757          | 87,700                           | 225,521               | (18,225)                                    | (138,141)        | 2,069,349        |
| Profit for the year ended December 31, 2022                                                  | -                 | -                                  | -                   | -                 | -              | -               | 91,025                           | 91,025                | -                                           | -                | 91,025           |
| Other comprehensive income for the year ended December 31, 2022                              | -                 | -                                  | -                   | -                 | -              | -               | 1,453                            | 1,453                 | 14,712                                      | -                | 16,165           |
| Comprehensive income for the year ended December 31, 2022                                    | -                 | -                                  | -                   | -                 | -              | -               | 92,478                           | 92,478                | 14,712                                      | -                | 107,190          |
| Appropriation and distribution of retained earnings:                                         |                   |                                    |                     |                   |                |                 |                                  |                       |                                             |                  |                  |
| Legal reserve                                                                                | -                 | -                                  | -                   | -                 | 8,735          | -               | (8,735)                          | -                     | -                                           | -                | -                |
| Special reserve                                                                              | -                 | -                                  | -                   | -                 | -              | 3,030           | (3,030)                          | -                     | -                                           | -                | -                |
| Cash dividends on ordinary shares                                                            | -                 | -                                  | -                   | -                 | -              | -               | (75,753)                         | (75,753)              | -                                           | -                | (75,753)         |
| Retirement of treasury stocks                                                                | (20,000)          | -                                  | (20,000)            | (38,991)          | -              | -               | (79,150)                         | (79,150)              | -                                           | 138,141          | -                |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed of | -                 | -                                  | -                   | (15)              | -              | -               | (66)                             | (66)                  | -                                           | -                | (81)             |
| Employee stock options compensation costs                                                    | -                 | -                                  | -                   | 7,852             | -              | -               | -                                | -                     | -                                           | -                | 7,852            |
| Employee stock options exercised                                                             | 3,982             | (20,997)                           | (17,015)            | 17,015            | -              | -               | -                                | -                     | -                                           | -                | -                |
| Advance receipts for share capital                                                           | -                 | 9,319                              | 9,319               | -                 | -              | -               | -                                | -                     | -                                           | -                | 9,319            |
| Cash dividends of capital surplus                                                            | -                 | -                                  | -                   | (45,451)          | -              | -               | -                                | -                     | -                                           | -                | (45,451)         |
| <b>Balance on December 31, 2022</b>                                                          | <b>\$ 606,870</b> | <b>3,405</b>                       | <b>610,275</b>      | <b>1,302,633</b>  | <b>134,799</b> | <b>14,787</b>   | <b>13,444</b>                    | <b>163,030</b>        | <b>(3,513)</b>                              | <b>-</b>         | <b>2,072,425</b> |

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

**BIONIME CORPORATION**

**Statements of Cash Flows**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

|                                                                                                         | <b>2022</b>       | <b>2021</b>      |
|---------------------------------------------------------------------------------------------------------|-------------------|------------------|
| <b>Cash flows from (used in) operating activities:</b>                                                  |                   |                  |
| Profit before tax                                                                                       | \$ 84,369         | 68,763           |
| Adjustments:                                                                                            |                   |                  |
| Adjustments to reconcile profit (loss):                                                                 |                   |                  |
| Depreciation expense                                                                                    | 136,347           | 138,787          |
| Amortization expense                                                                                    | 11,036            | 10,705           |
| Expected credit loss (gain)                                                                             | 29,587            | (20,562)         |
| Interest expense                                                                                        | 30,460            | 18,812           |
| Interest revenue                                                                                        | (316)             | (72)             |
| Share-based payments transactions                                                                       | 7,852             | 12,773           |
| Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method | (12,992)          | (10,364)         |
| Loss (gain) on disposal of property, plant and equipment                                                | 3,994             | (175)            |
| Gain on disposal of investments                                                                         | 13                | -                |
| Loss on lease modification                                                                              | -                 | 6                |
| Net unrealized gains between affiliates                                                                 | (82)              | 956              |
| <b>Total adjustments to reconcile profit</b>                                                            | <b>205,899</b>    | <b>150,866</b>   |
| <b>Changes in operating assets and liabilities:</b>                                                     |                   |                  |
| Changes in operating assets:                                                                            |                   |                  |
| Notes receivables                                                                                       | 5,770             | (5,219)          |
| Trade receivables                                                                                       | (325,234)         | 59,508           |
| Trade receivables due from related parties                                                              | 16,150            | 11,896           |
| Other receivables                                                                                       | (2,048)           | 155              |
| Other receivables due from related parties                                                              | (135)             | 82               |
| Inventories                                                                                             | 50,471            | (74,202)         |
| Other operating assets                                                                                  | (5,858)           | (32,362)         |
| <b>Total changes in operating assets</b>                                                                | <b>(260,884)</b>  | <b>(40,142)</b>  |
| Changes in operating liabilities:                                                                       |                   |                  |
| Notes payables                                                                                          | 71                | 5                |
| Trade payables                                                                                          | 27,000            | 4,918            |
| Trade payables due from related parties                                                                 | -                 | (375)            |
| Other payables                                                                                          | 135,718           | 59,720           |
| Other payables due from related parties                                                                 | 14,905            | (6,270)          |
| Other operating liabilities                                                                             | 6,386             | (8,520)          |
| <b>Total changes in operating liabilities</b>                                                           | <b>184,080</b>    | <b>49,478</b>    |
| <b>Total changes in operating assets and liabilities</b>                                                | <b>(76,804)</b>   | <b>9,336</b>     |
| <b>Total adjustments</b>                                                                                | <b>129,095</b>    | <b>160,202</b>   |
| Cash inflow generated from operations                                                                   | 213,464           | 228,965          |
| Interest received                                                                                       | 316               | 72               |
| Interest paid                                                                                           | (29,269)          | (18,624)         |
| Income taxes (paid) returned                                                                            | (23)              | 13,634           |
| <b>Net cash flows from operating activities</b>                                                         | <b>184,488</b>    | <b>224,047</b>   |
| <b>Cash flows from (used in) investing activities:</b>                                                  |                   |                  |
| Acquisition of property, plant and equipment                                                            | (44,370)          | (37,376)         |
| Proceeds from disposal of property, plant and equipment                                                 | 4,485             | -                |
| Increase in refundable deposits                                                                         | (689)             | (25)             |
| Acquisition of intangible assets                                                                        | (175,246)         | (147,094)        |
| Increase in prepayments for business facilities                                                         | (92,516)          | (98,505)         |
| <b>Net cash used in investing activities</b>                                                            | <b>(308,336)</b>  | <b>(283,000)</b> |
| <b>Cash flows from (used in) financing activities:</b>                                                  |                   |                  |
| Increase in short-term borrowings                                                                       | 2,358,152         | 1,662,674        |
| Decrease in short-term borrowings                                                                       | (2,516,840)       | (1,638,706)      |
| Decrease in short-term notes and bills payable                                                          | -                 | (40,000)         |
| Proceeds from long-term borrowings                                                                      | 1,000,000         | 500,000          |
| Repayments of long-term borrowings                                                                      | (609,568)         | (454,834)        |
| Payment of lease liabilities                                                                            | (1,390)           | (1,363)          |
| Cash dividends paid                                                                                     | (121,204)         | (124,284)        |
| Proceeds from exercise of employee stock options                                                        | 9,319             | 30,562           |
| <b>Net cash flows from (used in) financing activities</b>                                               | <b>118,469</b>    | <b>(65,951)</b>  |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                     | <b>2,937</b>      | <b>461</b>       |
| Net decrease in cash and cash equivalents                                                               | (2,442)           | (124,443)        |
| Cash and cash equivalents at beginning of period                                                        | 142,263           | 266,706          |
| <b>Cash and cash equivalents at end of period</b>                                                       | <b>\$ 139,821</b> | <b>142,263</b>   |

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**BIONIME CORPORATION**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

Bionime Corporation (the “Company”) was incorporated in April 14, 2003 as a Company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) in December 2010. The address of the Company’s registered office is No.100, Sec. 2, Daqing St., South Dist., Taichung City, Taiwan. The Company primarily is involved in the manufacturing and selling medical instruments, providing biotechnology services, examining pharmaceuticals, and selling precision instruments.

**(2) Approval date and procedures of the financial statements**

The financial statements were authorized for issue by the Board of Directors on March 14, 2023.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

| <b>Standards or Interpretations</b>                                           | <b>Content of amendment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Effective date per IASB</b> |
|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.<br><br>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.                                                                                                                                                      | January 1, 2024                |
| Amendments to IAS 1 “Non-current Liabilities with Covenants”                  | After reconsidering certain aspects of the 2020 amendments <sup>1</sup> , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.<br><br>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. | January 1, 2024                |

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

(Continued)

## **BIONIME CORPORATION**

### **Notes to the Financial Statements**

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

#### **(4) Summary of significant accounting policies**

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

##### **(a) Statement of compliance**

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **(b) Basis of preparation**

###### **(i) Basis of measurement**

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- 1) Fair value through profit or loss (Available-for-sale financial assets) are measured at fair value.
- 2) The defined benefit liability (asset) is recognized as the fair value of the plan assets, less, the present value of the defined benefit obligation.

###### **(ii) Functional and presentation currency**

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

##### **(c) Foreign currencies**

###### **(i) Foreign currency transaction**

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined.

(Continued)



**BIONIME CORPORATION**  
**Notes to the Financial Statements**

Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECL that result from all possible default events over the expected life of a financial instrument.

12-months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

(Continued)

## **BIONIME CORPORATION**

### **Notes to the Financial Statements**

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 1 year past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### **5) Derecognition of financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method and includes the expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

The subsidiaries in which the Company holds a controlling interest are accounted for under the equity method in the non-consolidated financial statements. Under equity method, net income, other comprehensive income, and equity in the non-consolidated financial statements are the same as those attributable to the owners of the parent in the consolidated financial statements.

Changes in ownership of the subsidiaries are recognized as equity transaction.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) buildings and structures: 5~50 years
- 2) machinery and equipment: 2~8 years
- 3) molding equipment: 2~3 years
- 4) transportation equipment: 5 years
- 5) leasehold improvements: 2~8 years
- 6) office and other equipment: 3~5 years

Buildings and structures constitute mainly of building, wastewater treatment plant, and others. Each such part depreciates based on its useful life of 50 years, 30 years, and 5 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Company assesses whether a 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.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method 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. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

(Continued)



**BIONIME CORPORATION**  
**Notes to the Financial Statements**

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of the offices and other sporadic leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

## **BIONIME CORPORATION**

### **Notes to the Financial Statements**

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(k) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1. Computer Software: 1-5 years
2. Development cost: 4 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(m) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company manufactures and sells blood glucose meter and test strips to medical equipment companies, pharmacies and hospitals. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- a) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- b) the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

## **BIONIME CORPORATION**

### **Notes to the Financial Statements**

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**(q) Earnings per share**

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee bonus and employee stock options.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(r) Operating segments

Please refer to the consolidated financial statements of Bionime Corporation for the years ended December 31, 2022 and 2021.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in the accounting estimates in the following period.

The Company is likely to be facing economic uncertainties, such as COVID-19 and the Ukraine-Russia conflict. Those events may have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

(a) The loss allowance for trade receivables

The Company has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Changes in the economic and industrial environment may result in significant adjustments to the loss allowance for trade receivables. The relevant assumptions and input values, please refer to note 6 (c).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6 (e) for further description of the valuation of inventories.

(Continued)



**BIONIME CORPORATION**  
**Notes to the Financial Statements**

**(6) Explanation of significant accounts**

**(a) Cash and cash equivalents**

|                                                         | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|---------------------------------------------------------|------------------------------|------------------------------|
| Petty cash and cash on hand                             | \$ 635                       | 1,111                        |
| Demand deposits                                         | 139,186                      | 141,152                      |
| Cash and cash equivalents in the statement of cash flow | <u><u>\$ 139,821</u></u>     | <u><u>142,263</u></u>        |

Please refer to Note 6 (w) for the exchange rate risk, interest rate risk, sensitivity analysis of the financial assets and liabilities of the Company.

**(b) Financial assets at fair value through other comprehensive income — non-current**

Financial assets at fair value through other comprehensive income

|                                                                     | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|---------------------------------------------------------------------|------------------------------|------------------------------|
| Equity investments at fair value through other comprehensive income |                              |                              |
| Domestic unlisted common share- Bonraybio Co., Ltd.                 | <u><u>\$ 36,100</u></u>      | <u><u>36,100</u></u>         |

On January 1, 2022 and 2021, the Company designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term for strategic purposes.

No strategic investments were disposed as of December 31, 2022 and 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

For market risk, please refer to note 6 (w).

None of the financial assets of the Company had been pledged as collateral for borrowings.

**(c) Notes and trade receivables (including related parties)**

|                                                              | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|--------------------------------------------------------------|------------------------------|------------------------------|
| Notes receivables from operating activities                  | <u><u>\$ 11,003</u></u>      | <u><u>16,773</u></u>         |
| Trade receivables-measured as amortized cost                 | \$ 668,256                   | 343,083                      |
| Trade receivables-related parties-measured as amortized cost | 54,472                       | 70,622                       |
| Less : Loss allowance                                        | <u>(36,619)</u>              | <u>(7,093)</u>               |
|                                                              | <u><u>\$ 686,109</u></u>     | <u><u>406,612</u></u>        |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

The Company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all notes and trade receivables. To measure the expected credit losses, notes and trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions in Taiwan were determined as follows:

|                         | <b>December 31, 2022</b>     |                                   |                                 |
|-------------------------|------------------------------|-----------------------------------|---------------------------------|
|                         | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current                 | 322,254                      | - %                               | -                               |
| 1 to 90 days past due   | 366,831                      | 3.54 %                            | 12,977                          |
| 91 to 180 days past due | 25,643                       | 18.09 %                           | 4,639                           |
| More than 181 days      | 19,003                       | 100 %                             | 19,003                          |
|                         | <b>\$ 733,731</b>            |                                   | <b>36,619</b>                   |

|                         | <b>December 31, 2021</b>     |                                   |                                 |
|-------------------------|------------------------------|-----------------------------------|---------------------------------|
|                         | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current                 | 363,359                      | - %                               | -                               |
| 1 to 90 days past due   | 67,062                       | 10.49 %                           | 7,036                           |
| 91 to 180 days past due | -                            | - %                               | -                               |
| More than 181 days      | 57                           | 100 %                             | 57                              |
|                         | <b>\$ 430,478</b>            |                                   | <b>7,093</b>                    |

The movement in the allowance for notes and trade receivable was as follows:

|                              | <b>For the years ended December 31,</b> |              |
|------------------------------|-----------------------------------------|--------------|
|                              | <b>2022</b>                             | <b>2021</b>  |
| Balance on January 1         | \$ 7,093                                | 36,055       |
| Impairment losses recognized | 29,587                                  | -            |
| Amounts written off          | (61)                                    | (8,400)      |
| Impairment losses reversed   | -                                       | (20,562)     |
| Balance on December 31       | <b>\$ 36,619</b>                        | <b>7,093</b> |

None of the receivables was discounted or pledged as collateral as of December 31, 2022 and 2021.

(d) Other receivables (including related parties)

|                                   | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|-----------------------------------|--------------------------|--------------------------|
| Other receivables                 | \$ 6,662                 | 4,614                    |
| Other receivables-related parties | 135                      | -                        |
|                                   | <b>\$ 6,797</b>          | <b>4,614</b>             |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

For further credit risk information, please refer to note 6 (w).

(e) Inventories

|                                                | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|------------------------------------------------|--------------------------|--------------------------|
| Finished goods                                 | \$ 77,832                | 84,908                   |
| Less: Allowance for inventory valuation losses | (11,108)                 | (3,948)                  |
|                                                | <u>66,724</u>            | <u>80,960</u>            |
| Work in progress                               | 310,795                  | 322,996                  |
| Less: Allowance for inventory valuation losses | (11,254)                 | (9,154)                  |
|                                                | <u>299,541</u>           | <u>313,842</u>           |
| Raw materials                                  | 130,072                  | 150,846                  |
| Less: Allowance for inventory valuation losses | (18,016)                 | (14,907)                 |
|                                                | <u>112,056</u>           | <u>135,939</u>           |
|                                                | <u><u>\$ 478,321</u></u> | <u><u>530,741</u></u>    |

The details of the cost of sales were as follows:

|                                                                             | <u>For the years ended December 31,</u> |                         |
|-----------------------------------------------------------------------------|-----------------------------------------|-------------------------|
|                                                                             | <u>2022</u>                             | <u>2021</u>             |
| Cost of goods sold                                                          | \$ 1,143,097                            | 1,026,950               |
| Provisions (reversal of provision) for inventory valuation and obsolescence | 12,370                                  | (10,905)                |
| Losses on disposal of scrap                                                 | 15,286                                  | 18,288                  |
| Gains on disposal of leftover bits and pieces                               | (2,644)                                 | (2,333)                 |
| Gains on physical inventory                                                 | (145)                                   | (252)                   |
| Operating costs recognized                                                  | <u><u>\$ 1,167,964</u></u>              | <u><u>1,031,748</u></u> |

The Company measures its inventories at net realizable value. The amount of fair wear and tear, obsolescence, without active market for inventories was evaluated on reporting date and written down to lower of cost or net realizable value.

As of December 31, 2022 and 2021, the Company did not provide any inventories as collateral for its loans.

(f) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

(i) Subsidiary

|  | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
|  | <u><u>\$ 221,466</u></u> | <u><u>193,595</u></u>    |

Please refer to 2022 consolidated statement report.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

- (ii) As of December 31, 2022 and 2021, the Company did not provide any investment accounted for using equity method as collateral for its loans.

(g) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021 were as follows:

|                                          | Land                | Buildings and Structures | Machinery and Equipment | Molding Equipment | Transportation Equipment | Leasehold Improvements | Office and other Equipment | Total            |
|------------------------------------------|---------------------|--------------------------|-------------------------|-------------------|--------------------------|------------------------|----------------------------|------------------|
| <b>Cost or deemed cost:</b>              |                     |                          |                         |                   |                          |                        |                            |                  |
| Balance at January 1, 2022               | \$ 1,420,840        | 873,383                  | 798,056                 | 164,860           | 1,588                    | 17,066                 | 520,152                    | 3,795,945        |
| Additions                                | -                   | 2,268                    | 38,718                  | 5,508             | -                        | 781                    | 5,878                      | 53,153           |
| Disposal                                 | -                   | -                        | (11,687)                | (26,637)          | -                        | -                      | (3,522)                    | (41,846)         |
| Reclassification                         | -                   | -                        | 19,217                  | 5,179             | -                        | -                      | 1,949                      | 26,345           |
| Balance at December 31, 2022             | <u>\$ 1,420,840</u> | <u>875,651</u>           | <u>844,304</u>          | <u>148,910</u>    | <u>1,588</u>             | <u>17,847</u>          | <u>524,457</u>             | <u>3,833,597</u> |
| Balance at January 1, 2021               | \$ 1,420,840        | 871,035                  | 811,683                 | 153,027           | 1,588                    | 17,066                 | 517,317                    | 3,792,556        |
| Additions                                | -                   | 2,348                    | 27,527                  | 5,643             | -                        | -                      | 2,116                      | 37,634           |
| Disposal                                 | -                   | -                        | (49,615)                | -                 | -                        | -                      | (763)                      | (50,378)         |
| Reclassification                         | -                   | -                        | 8,461                   | 6,190             | -                        | -                      | 1,482                      | 16,133           |
| Balance at December 31, 2021             | <u>\$ 1,420,840</u> | <u>873,383</u>           | <u>798,056</u>          | <u>164,860</u>    | <u>1,588</u>             | <u>17,066</u>          | <u>520,152</u>             | <u>3,795,945</u> |
| <b>Depreciation and impairment loss:</b> |                     |                          |                         |                   |                          |                        |                            |                  |
| Balance at January 1, 2022               | \$ -                | 169,728                  | 608,448                 | 151,923           | 1,420                    | 16,980                 | 320,773                    | 1,269,272        |
| Depreciation for the year                | -                   | 23,347                   | 66,607                  | 9,230             | 144                      | 110                    | 35,519                     | 134,957          |
| Disposal                                 | -                   | -                        | (3,029)                 | (26,637)          | -                        | -                      | (3,522)                    | (33,188)         |
| Balance at December 31, 2022             | <u>\$ -</u>         | <u>193,075</u>           | <u>672,026</u>          | <u>134,516</u>    | <u>1,564</u>             | <u>17,090</u>          | <u>352,770</u>             | <u>1,371,041</u> |
| Balance at January 1, 2021               | \$ -                | 146,475                  | 594,480                 | 138,902           | 1,276                    | 16,449                 | 284,642                    | 1,182,224        |
| Depreciation for the year                | -                   | 23,253                   | 63,583                  | 13,021            | 144                      | 531                    | 36,890                     | 137,422          |
| Disposal                                 | -                   | -                        | (49,615)                | -                 | -                        | -                      | (759)                      | (50,374)         |
| Balance at December 31, 2021             | <u>\$ -</u>         | <u>169,728</u>           | <u>608,448</u>          | <u>151,923</u>    | <u>1,420</u>             | <u>16,980</u>          | <u>320,773</u>             | <u>1,269,272</u> |
| <b>Carrying amounts:</b>                 |                     |                          |                         |                   |                          |                        |                            |                  |
| Balance at December 31, 2022             | <u>\$ 1,420,840</u> | <u>682,576</u>           | <u>172,278</u>          | <u>14,394</u>     | <u>24</u>                | <u>757</u>             | <u>171,687</u>             | <u>2,462,556</u> |
| Balance at January 1, 2021               | <u>\$ 1,420,840</u> | <u>724,560</u>           | <u>217,203</u>          | <u>14,125</u>     | <u>312</u>               | <u>617</u>             | <u>232,675</u>             | <u>2,610,332</u> |
| Balance at December 31, 2021             | <u>\$ 1,420,840</u> | <u>703,655</u>           | <u>189,608</u>          | <u>12,937</u>     | <u>168</u>               | <u>86</u>              | <u>199,379</u>             | <u>2,526,673</u> |

(i) Disclosures on pledges

As of December 31, 2022 and 2021, the property, plant and equipment of the Company had been pledged as collateral for borrowings; please refer to Note 8.

(ii) Property, plant and equipment under construction

For the years ended December 31, 2022 and 2021, capitalized borrowing costs related to the construction of the new plant amounted to \$3,039 thousand and \$803 thousand, with a capitalization rate of 0.9173% to 2.9093% and 0.8923% to 0.9880% respectively.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(h) Right-of-use assets

The Company leases many assets including buildings, vehicles, machinery and equipment. Information about leases for which the Company as a lessee was presented below:

|                                                            | <u>Buildings</u> | <u>Transportation<br/>Equipment</u> | <u>Machinery<br/>and<br/>Equipment</u> | <u>Total</u> |
|------------------------------------------------------------|------------------|-------------------------------------|----------------------------------------|--------------|
| <b>Costs:</b>                                              |                  |                                     |                                        |              |
| Balance at January 1, 2022                                 | \$ 2,987         | 469                                 | 1,048                                  | 4,504        |
| Additions                                                  | 3,243            | -                                   | -                                      | 3,243        |
| Disposal                                                   | -                | -                                   | -                                      | -            |
| Balance at December 31, 2022                               | <u>\$ 6,230</u>  | <u>469</u>                          | <u>1,048</u>                           | <u>7,747</u> |
| Balance at January 1, 2021                                 | \$ 2,987         | 475                                 | 1,048                                  | 4,510        |
| Additions                                                  | -                | 470                                 | -                                      | 470          |
| Disposal                                                   | -                | (476)                               | -                                      | (476)        |
| Balance at December 31, 2021                               | <u>\$ 2,987</u>  | <u>469</u>                          | <u>1,048</u>                           | <u>4,504</u> |
| <b>Accumulated depreciation and<br/>impairment losses:</b> |                  |                                     |                                        |              |
| Balance at January 1, 2022                                 | \$ 2,234         | 117                                 | 576                                    | 2,927        |
| Depreciation for the year                                  | 1,024            | 157                                 | 209                                    | 1,390        |
| Disposal                                                   | -                | -                                   | -                                      | -            |
| Balance at December 31, 2022                               | <u>\$ 3,258</u>  | <u>274</u>                          | <u>785</u>                             | <u>4,317</u> |
| Balance at January 1, 2021                                 | \$ 1,230         | 296                                 | 366                                    | 1,892        |
| Depreciation for the year                                  | 1,004            | 151                                 | 210                                    | 1,365        |
| Disposal                                                   | -                | (330)                               | -                                      | (330)        |
| Balance at December 31, 2021                               | <u>\$ 2,234</u>  | <u>117</u>                          | <u>576</u>                             | <u>2,927</u> |
| <b>Carrying amount:</b>                                    |                  |                                     |                                        |              |
| Balance at December 31, 2022                               | <u>\$ 2,972</u>  | <u>195</u>                          | <u>263</u>                             | <u>3,430</u> |
| Balance at January 1, 2021                                 | <u>\$ 1,757</u>  | <u>179</u>                          | <u>682</u>                             | <u>2,618</u> |
| Balance at December 31, 2021                               | <u>\$ 753</u>    | <u>352</u>                          | <u>472</u>                             | <u>1,577</u> |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(i) Intangible assets

The costs of intangible assets and amortization of the Company for the years ended December 31, 2022 and 2021 were as follows:

|                                          | <b>Computer<br/>software</b> | <b>Development<br/>cost</b> | <b>Total</b>          |
|------------------------------------------|------------------------------|-----------------------------|-----------------------|
| <b>Costs:</b>                            |                              |                             |                       |
| Balance at January 1, 2022               | \$ 34,133                    | 327,708                     | 361,841               |
| Additions                                | 9,917                        | -                           | 9,917                 |
| Acquisition internally developed         | -                            | 165,329                     | 165,329               |
| Reclassification                         | 552                          | -                           | 552                   |
| Disposal                                 | (5,479)                      | -                           | (5,479)               |
| Balance at December 31, 2022             | <u><u>\$ 39,123</u></u>      | <u><u>493,037</u></u>       | <u><u>532,160</u></u> |
| Balance at January 1, 2021               | \$ 28,212                    | 191,404                     | 219,616               |
| Additions                                | 10,790                       | -                           | 10,790                |
| Acquisition internally developed         | -                            | 136,304                     | 136,304               |
| Disposal                                 | (4,869)                      | -                           | (4,869)               |
| Balance at December 31, 2021             | <u><u>\$ 34,133</u></u>      | <u><u>327,708</u></u>       | <u><u>361,841</u></u> |
| <b>Amortization and Impairment Loss:</b> |                              |                             |                       |
| Balance at January 1, 2022               | \$ 19,883                    | -                           | 19,883                |
| Amortization for the year                | 11,036                       | -                           | 11,036                |
| Disposal                                 | (5,479)                      | -                           | (5,479)               |
| Balance at December 31, 2022             | <u><u>\$ 25,440</u></u>      | <u><u>-</u></u>             | <u><u>25,440</u></u>  |
| Balance at January 1, 2021               | \$ 14,047                    | -                           | 14,047                |
| Amortization for the year                | 10,705                       | -                           | 10,705                |
| Disposal                                 | (4,869)                      | -                           | (4,869)               |
| Balance at December 31, 2021             | <u><u>\$ 19,883</u></u>      | <u><u>-</u></u>             | <u><u>19,883</u></u>  |
| <b>Carrying amounts:</b>                 |                              |                             |                       |
| Balance at December 31, 2022             | <u><u>\$ 13,683</u></u>      | <u><u>493,037</u></u>       | <u><u>506,720</u></u> |
| Balance at January 1, 2021               | <u><u>\$ 14,165</u></u>      | <u><u>191,404</u></u>       | <u><u>205,569</u></u> |
| Balance at December 31, 2021             | <u><u>\$ 14,250</u></u>      | <u><u>327,708</u></u>       | <u><u>341,958</u></u> |

The Company is dedicated to developing its new product called Continuous Glucose Monitoring (CGM). For the year ended December 31, 2019, the product has met the criteria for capitalization, and therefore, the capitalized relevant development cost was amortized upon completion using the appropriate method. For the year ended December 31, 2022, the Company's capitalized cost amounted to \$493,037 thousand.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(i) Amortization

The amortizations of intangible assets were included in the statement of comprehensive income for the years ended December 31, 2022 and 2021, were as follows:

|                    | <u>2022</u>      | <u>2021</u>   |
|--------------------|------------------|---------------|
| Operating costs    | \$ <u>1,001</u>  | <u>307</u>    |
| Operating expenses | \$ <u>10,035</u> | <u>10,398</u> |

(ii) Disclosures on pledges

As of December 31, 2022 and 2021, none of the intangible assets of the Company had been pledged as collateral.

(j) Other current assets and other non-current assets

The other current assets and other non-current assets of the Company were as follows:

|                                  | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------------|--------------------------|--------------------------|
| <b>Other financial assets:</b>   |                          |                          |
| Other current financial assets   | \$ <u>200</u>            | <u>200</u>               |
| <b>Other Current assets:</b>     |                          |                          |
| Overpaid sales tax               | \$ 7,055                 | 4,657                    |
| Temporary payments               | 4,063                    | 5,684                    |
| Others                           | <u>3,074</u>             | <u>2,358</u>             |
|                                  | \$ <u>14,192</u>         | <u>12,699</u>            |
| <b>Other non-current assets:</b> |                          |                          |
| Other non-current assets — other | \$ <u>38,365</u>         | <u>46,090</u>            |

(i) Other financial assets-current are the time deposits which are over three months of original expiry date. For the collateral pledged status, please refer to note 8.

(ii) For further credit risk information, please refer to note 6(w).

(iii) Other non-current assets-other mainly consist of prepayment of royalties to GE company, for further contract details please refer to note 9(b).

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(k) Short-term borrowings

The short-term borrowings were summarized as follows:

|                         | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|-------------------------|--------------------------|--------------------------|
| Unsecured bank loans    | \$ 229,399               | 457,778                  |
| Secured bank loans      | 122,628                  | 50,000                   |
|                         | <u>\$ 352,027</u>        | <u>507,778</u>           |
| Unused credit line      | <u>\$ 655,176</u>        | <u>1,283,972</u>         |
| Range of Interest rates | <u>0.6846%~5.7703%</u>   | <u>0.6846%~1.1100%</u>   |

For the collateral pledged for short-term borrowings, please refer to note 8.

(l) Other current liabilities

The details were as follows:

|                    | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|--------------------|--------------------------|--------------------------|
| Contract liability | \$ 10,202                | 2,016                    |
| Temporary receipts | 1,332                    | 3,336                    |
| Others             | 488                      | 284                      |
|                    | <u>\$ 12,022</u>         | <u>5,636</u>             |

(m) Long-term borrowings

The details were as follows:

| <b>December 31, 2022</b> |                 |                       |                      |                     |
|--------------------------|-----------------|-----------------------|----------------------|---------------------|
|                          | <b>Currency</b> | <b>Interest rates</b> | <b>Maturity year</b> | <b>Amount</b>       |
| Secured bank loans       | NTD             | 1.50%~1.65%           | 2023~2030            | \$ 1,807,723        |
| Unsecured bank loans     | NTD             | 1.74%                 | 2024                 | 100,000             |
| Less: current portion    |                 |                       |                      | <u>(422,731)</u>    |
| Total                    |                 |                       |                      | <u>\$ 1,484,992</u> |
| Unused credit line       |                 |                       |                      | <u>\$ 231,440</u>   |

| <b>December 31, 2021</b> |                 |                       |                      |                     |
|--------------------------|-----------------|-----------------------|----------------------|---------------------|
|                          | <b>Currency</b> | <b>Interest rates</b> | <b>Maturity year</b> | <b>Amount</b>       |
| Secured bank loans       | NTD             | 1.00%                 | 2023~2030            | \$ 1,467,291        |
| Unsecured bank loans     | NTD             | 1.10%                 | 2023                 | \$ 50,000           |
| Less: current portion    |                 |                       |                      | <u>(361,083)</u>    |
| Total                    |                 |                       |                      | <u>\$ 1,156,208</u> |
| Unused credit line       |                 |                       |                      | <u>\$ -</u>         |

(Continued)



**BIONIME CORPORATION**  
**Notes to the Financial Statements**

Property, plant and equipment are pledged as collateral for long-term borrowings, please refer to note 8.

(n) Lease liabilities

The lease liabilities were as follows:

|             | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-------------|--------------------------|--------------------------|
| Current     | \$ <u>1,441</u>          | <u>1,126</u>             |
| Non-current | \$ <u>2,003</u>          | <u>465</u>               |

For the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss was as follows:

|                                        | <u>For the years ended December 31,</u> | <u>For the years ended December 31,</u> |
|----------------------------------------|-----------------------------------------|-----------------------------------------|
|                                        | <u>2022</u>                             | <u>2021</u>                             |
| Interest on lease liabilities          | \$ <u>21</u>                            | <u>23</u>                               |
| Expenses relating to short-term leases | \$ <u>4,667</u>                         | <u>5,885</u>                            |

The amounts recognized in the statement of cash flows for the Company was as follows:

|                               | <u>For the years ended December 31,</u> | <u>For the years ended December 31,</u> |
|-------------------------------|-----------------------------------------|-----------------------------------------|
|                               | <u>2022</u>                             | <u>2021</u>                             |
| Total cash outflow for leases | \$ <u>6,078</u>                         | <u>7,271</u>                            |

(i) Real estate leases

The Company leases warehouses, machinery and vehicles. The leases typically run for a period of 3 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases contain extension or cancellation options exercisable by the Company before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Company has some office and trivial leases with contract terms of one year. These leases are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(o) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value are as follows:

|                                                  | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------------------------------------------|--------------------------|--------------------------|
| Present value of the defined benefit obligations | \$ 2,992                 | 4,060                    |
| Fair value of plan assets                        | \$ (5,050)               | (4,599)                  |
| Suspension of Appropriation                      | (12)                     | -                        |
| Net defined benefit liabilities (assets)         | <u>\$ (2,070)</u>        | <u>(539)</u>             |

The Company's employee benefit liabilities were as follows:

|                               | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-------------------------------|--------------------------|--------------------------|
| Short-term vacation liability | <u>\$ 9,271</u>          | <u>9,271</u>             |

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$5,010 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of defined benefit obligations for the Company were as follows:

|                                            | <u>2022</u>     | <u>2021</u>  |
|--------------------------------------------|-----------------|--------------|
| Defined benefit obligation at January 1    | \$ 4,060        | 3,919        |
| Current service costs and interest cost    | 24              | 35           |
| Remeasurements loss (gain):                |                 |              |
| Actuarial loss (gain) arising from:        |                 |              |
| — financial assumptions                    | (1,092)         | 106          |
| Defined benefit obligations at December 31 | <u>\$ 2,992</u> | <u>4,060</u> |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

|                                                   | <u>2022</u>     | <u>2021</u>  |
|---------------------------------------------------|-----------------|--------------|
| Fair value of plan assets at January 1            | \$ 4,599        | 4,371        |
| Interest income                                   | 28              | 40           |
| Contributions paid by the employer                | 62              | 150          |
| Remeasurements loss (gain):                       |                 |              |
| — Return on plan assets excluding interest income | 361             | 38           |
| Fair value of plan assets at December 31          | <u>\$ 5,050</u> | <u>4,599</u> |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

|                                                                     | <u>2022</u>   | <u>2021</u> |
|---------------------------------------------------------------------|---------------|-------------|
| Net interest of net liabilities for the defined benefit obligations | \$ (4)        | (5)         |
| Administration expenses                                             | <u>\$ (4)</u> | <u>(5)</u>  |

5) Actuarial assumptions

The Company's principal actuarial assumptions at the reporting date were as follows:

|                             | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-----------------------------|--------------------------|--------------------------|
| Discount rate               | 1.25 %                   | 0.60 %                   |
| Future salary increase rate | 3.00 %                   | 3.00 %                   |

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$0 thousand.

The weighted average lifetime of the defined benefit plans is 19.9 years.

6) Sensitivity analysis

As of December 31, 2022 and 2021, the impact on the present value of the defined benefit obligation, due to the change in actuarial assumption, was as follows:

|                               | <u>Influences of defined benefit obligation</u> |                       |
|-------------------------------|-------------------------------------------------|-----------------------|
|                               | <u>Increase 0.25%</u>                           | <u>Decrease 0.25%</u> |
| <b>December 31, 2022</b>      |                                                 |                       |
| Discount rate                 | \$ (139)                                        | 146                   |
|                               | <u>Increase 1.00%</u>                           | <u>Decrease 1.00%</u> |
| Future salary increasing rate | \$ 619                                          | (514)                 |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

|                               | <b>Influences of defined benefit obligation</b> |                       |
|-------------------------------|-------------------------------------------------|-----------------------|
|                               | <b>Increase 0.25%</b>                           | <b>Decrease 0.25%</b> |
| <b>December 31, 2021</b>      |                                                 |                       |
| Discount rate                 | \$ (199)                                        | 211                   |
|                               | <b>Increase 1.00%</b>                           | <b>Decrease 1.00%</b> |
| Future salary increasing rate | \$ 891                                          | (732)                 |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined benefit plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company paid a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The pension costs incurred from the defined contribution plan have been contributed to the Bureau of the Labor Insurance. The amounts of \$2,184 thousand and \$2,101 thousand for the years ended December 31, 2022 and 2021, respectively, were transferred to intangible assets as they were eligible for capitalization, please refer to note 6 (i), and the remaining pension costs are \$21,669 thousand and \$21,077 thousand separately.

(p) Income taxes

(i) Income tax income

The Company of income tax in the years 2022 and 2021 were as follows:

|                                                   | <b>2022</b>              | <b>2021</b>            |
|---------------------------------------------------|--------------------------|------------------------|
| Current income tax (income) expense               |                          |                        |
| Adjustment for prior periods                      | \$ (573)                 | 3,286                  |
| 5% surtax on un-distributed earnings              | -                        | 5                      |
|                                                   | <u>(573)</u>             | <u>3,291</u>           |
| Deferred tax expense (income)                     |                          |                        |
| Origination and reversal of temporary differences | <u>(6,083)</u>           | <u>(21,941)</u>        |
| Tax income                                        | <u><u>\$ (6,656)</u></u> | <u><u>(18,650)</u></u> |

None of the amount of income tax recognized in other comprehensive income for 2022 and 2021.

Reconciliation of income tax and profit before tax for 2022 and 2021 is as follows.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

|                                                        | <u>2022</u>       | <u>2021</u>     |
|--------------------------------------------------------|-------------------|-----------------|
| Profit excluding income tax                            | \$ <u>84,369</u>  | <u>68,763</u>   |
| Income tax using the Company's domestic tax rate       | \$ 16,874         | 13,753          |
| Non-deductible expenses                                | 4,710             | 761             |
| Book-tax income differences of the revenue and expense | (33,014)          | (27,028)        |
| Investment income recognized under equity method       | (2,598)           | (2,073)         |
| Changes in unrecognized temporary differences          | 6,540             | (6,402)         |
| Prior years income tax adjustment                      | (573)             | 3,286           |
| Adjustment of deferred tax assets for prior years      | 1,405             | (952)           |
| 5% surtax on undistributed earnings                    | -                 | 5               |
|                                                        | <u>\$ (6,656)</u> | <u>(18,650)</u> |

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

|                                                | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|------------------------------------------------|--------------------------|--------------------------|
| Tax effect of deductible temporary differences | \$ <u>12,252</u>         | <u>5,712</u>             |

The entity is able to control the timing of the reversal of the temporary differences associated with the investments in subsidiaries as of December 31, 2022 and 2021. Also, the management considers it is possible that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax assets. Details are as follows:

|                                                                                  | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------------------------------------------------------------|--------------------------|--------------------------|
| Aggregate amount of temporary differences related to investments in subsidiaries | \$ <u>253,079</u>        | <u>257,962</u>           |
| Unrecognized deferred tax assets                                                 | \$ <u>50,616</u>         | <u>51,592</u>            |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

2) Unrecognized deferred tax liabilities

The entity is able to control the timing of the temporary differences associated with its investments in subsidiaries as of December 31, 2022 and 2021. Also the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

|                                                                                  | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|----------------------------------------------------------------------------------|------------------------------|------------------------------|
| Aggregate amount of temporary differences related to investments in subsidiaries | <b>\$ 33,414</b>             | <b>25,305</b>                |
| Unrecognized deferred tax liabilities                                            | <b>\$ 6,683</b>              | <b>5,061</b>                 |

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

**Deferred Tax Assets:**

|                                     | <b>Unrealized<br/>loss on<br/>inventory<br/>obsolescence</b> | <b>Unrealized<br/>foreign<br/>exchange loss</b> | <b>Unrealized inter-<br/>company profits<br/>resulting from<br/>sales to affiliated<br/>companies</b> | <b>Operating<br/>loss carry<br/>forward</b> | <b>Reserve<br/>liability</b> | <b>Total</b>  |
|-------------------------------------|--------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------------|---------------|
| <b>Balance at January 1, 2022</b>   | \$ 2,801                                                     | -                                               | 4,021                                                                                                 | 43,657                                      | 57                           | 50,536        |
| Recognized in profit or loss        | 1,237                                                        | 2,050                                           | (53)                                                                                                  | 2,647                                       | (57)                         | 5,824         |
| <b>Balance at December 31, 2022</b> | <b>\$ 4,038</b>                                              | <b>2,050</b>                                    | <b>3,968</b>                                                                                          | <b>46,304</b>                               | <b>-</b>                     | <b>56,360</b> |
| <b>Balance at January 1, 2021</b>   | \$ 3,891                                                     | -                                               | 3,866                                                                                                 | 20,582                                      | -                            | 28,339        |
| Recognized in profit or loss        | (1,090)                                                      | -                                               | 155                                                                                                   | 23,075                                      | 57                           | 22,197        |
| <b>Balance at December 31, 2021</b> | <b>\$ 2,801</b>                                              | <b>-</b>                                        | <b>4,021</b>                                                                                          | <b>43,657</b>                               | <b>57</b>                    | <b>50,536</b> |

**Deferred Tax Liabilities:**

|                                     | <b>Unrealized<br/>foreign<br/>exchange loss</b> | <b>Others</b> | <b>Total</b> |
|-------------------------------------|-------------------------------------------------|---------------|--------------|
| <b>Balance at January 1, 2022</b>   | \$ 262                                          | 157           | 419          |
| Recognized in profit or loss        | (262)                                           | 3             | (259)        |
| <b>Balance at December 31, 2022</b> | <b>\$</b>                                       | <b>160</b>    | <b>160</b>   |
| <b>Balance at January 1, 2021</b>   | \$ 36                                           | 127           | 163          |
| Recognized in profit or loss        | 226                                             | 30            | 256          |
| <b>Balance at December 31, 2021</b> | <b>\$ 262</b>                                   | <b>157</b>    | <b>419</b>   |

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As of December 31, 2022, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

| <b>Subsidiaries</b> | <b>Year of loss</b> | <b>Unused tax loss</b> | <b>Expiry date</b> | <b>Remark</b>          |
|---------------------|---------------------|------------------------|--------------------|------------------------|
| Parent Company      | 2020                | \$ 107,675             | 2030               | Number of approved     |
| Parent Company      | 2021                | 103,874                | 2031               | Number of declarations |
| Parent Company      | 2022                | 19,970                 | 2032               | Number of declarations |
|                     |                     | <u>\$ 231,519</u>      |                    |                        |

(iii) Assessment of tax

The Company's tax returns for the years through 2020 were assessed by the Tax Authority.

(q) Capital and other equity

As of December 31 2022 and 2021, the numbers of authorized ordinary shares were 100,000 thousand shares, with par value of \$10 per share. The total value of authorized ordinary shares amounted to \$1,000,000 thousand (and of which \$60,000 thousand was reserved for the exercising of employee share options for each year). As of the date, 60,687 thousand (2021: 62,289 thousand) of ordinary thousand shares amounted to \$606,870 thousand (2021: \$622,888 thousand) were issued.

Reconciliation of shares outstanding for 2022 and 2021 was as follows:

(in thousands of shares)

|                               | <b>Ordinary Shares</b> |                      |
|-------------------------------|------------------------|----------------------|
|                               | <b>2022</b>            | <b>2021</b>          |
| Balance on January 1          | 62,289                 | 61,756               |
| Exercise of share options     | 398                    | 533                  |
| Retirement of treasury stocks | (2,000)                | -                    |
| Balance on December 31        | <u><b>60,687</b></u>   | <u><b>62,289</b></u> |

(i) Ordinary shares

As of December 31 2022, the Company issued 147 thousand, 121.8 thousand and 191.2 thousand new shares for employee stock options, with a par value of \$10 per share. The shares were exercised at \$46.4, \$55.1 and \$56.7 per share, with the carrying values of \$6,850 thousand, \$6,711 thousand and \$10,841 thousand, respectively.

Among the shares exercised, 147 thousand shares and 145.2 thousand shares had the exercise prices of \$46.6 and \$56.7, respectively, which were registered on April 7, 2022. 21.2 thousand shares had the exercise prices of \$56.7 which were registered on May 16, 2022. And 21.8 thousand shares had the exercise prices of \$56.7 which were registered on August 22, 2022. In addition, 60 thousand shares and 3 thousand shares had the exercise prices of \$55.1 and \$56.7, respectively, which were registered on November 21, 2022. The payments for all of the above shares had been received as of the reporting date. Furthermore, the amount of \$3,405 thousand from the remaining 61.8 thousand unregistered shares had been collected for the year ended December 31, 2022. All issued shares were paid upon issuance and the relevant statutory

(Continued)

## BIONIME CORPORATION

### Notes to the Financial Statements

registration procedures have since been completed.

As of December 31 2021, the Company issued 68 thousand, 173 thousand, 231.5 thousand and 145.2 thousand new shares for employee stock options, with a par value of \$10 per share. The shares were exercised at \$46.4, \$46.6, \$48.0 and \$56.7 per share, with the carrying values of \$3,155 thousand、\$8,062 thousand、\$11,112 thousand and \$8,233 thousand, respectively.

Among the shares exercised, 68 thousand shares and 164 thousand shares had the exercise prices of \$46.4 and \$48.0, respectively, which were registered on June 24, 2021. 40.5 thousand shares had the exercise prices of \$48.0 which were registered on August 30, 2021. In addition, 26 thousand shares and 27 thousand shares had the exercise prices of \$46.4 and \$48.0, respectively, which were registered on November 15, 2021. The payment for all of the above shares have been received as of the reporting date. Furthermore, the amount of \$15,083 thousand from the remaining 292.2 thousand unregistered shares had been collected for the year ended December 31, 2021. 207.5 thousand shares which had issued in 2020 were registered on February 18, 2021. All issued shares were paid upon issuance and the relevant statutory registration procedures have since been completed.

#### (ii) Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021 were as follows:

|                                                         | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|---------------------------------------------------------|------------------------------|------------------------------|
| Share capital                                           | \$ 1,016,362                 | 1,100,804                    |
| Share capital of Employee share options                 | 124,097                      | 107,083                      |
| Employee share options                                  | 61,060                       | 55,437                       |
| Expired options                                         | 101,114                      | 98,884                       |
| The variation of ownership recognized in the subsidiary | -                            | 15                           |
|                                                         | <b><u>\$ 1,302,633</u></b>   | <b><u>1,362,223</u></b>      |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital increase by transferring the capital surplus in excess of the par value should not exceed 10% of the total common stock outstanding.

The Company has determined to distribute \$45,451 thousand and \$72,706 thousand as cash dividends out of APIC (Additional Paid-In Capital) on June 22, 2022 and August 30, 2021 with approval subjected to the stockholders' meeting, respectively.

#### (iii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

(Continued)



## BIONIME CORPORATION

### Notes to the Financial Statements

According to the Company Act, the distribution of dividends and bonus, or all or part, of legal reserve and capital reserve, distributed by way of cash, shall be decided during the board meeting approved by more than half of the directors, with two thirds of directors in attendance; thereafter, to be reported at the shareholders' meeting.

The Company's dividend policy depends on the Company's capital expenditure budget and required working capital. The remaining earnings will be distributed either in cash or in stock dividends, or both. However, the cash dividend cannot be less than 5% of the total dividends distributed.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

During the earnings of distribution, the amount to be reclassified as a special reserve (which does not qualify for earnings distribution) should be equal to the total net current-period reduction of other shareholders' equity in accordance with the regulation of Taiwan Stock Exchange Authority. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2021 and 2020 had been approved during the board meeting on March 22, 2022 and March 19, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

|                                                | <u>2021</u>                 |                         | <u>2020</u>                 |                         |
|------------------------------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|
|                                                | <u>Amount<br/>per share</u> | <u>Total<br/>amount</u> | <u>Amount<br/>per share</u> | <u>Total<br/>amount</u> |
| Dividends distributed to ordinary shareholders |                             |                         |                             |                         |
| Cash                                           | \$ <u>1.25</u>              | <u>75,753</u>           | <u>0.83</u>                 | <u>51,578</u>           |

The amounts of cash dividends on the appropriations of earnings for 2022 had been approved during the board meeting on March 14, 2023, as follows:

|                                                | <u>2022</u>                 |                         |
|------------------------------------------------|-----------------------------|-------------------------|
|                                                | <u>Amount<br/>per share</u> | <u>Total<br/>amount</u> |
| Dividends distributed to ordinary shareholders |                             |                         |
| Cash                                           | \$ <u>0.25</u>              | <u>15,191</u>           |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(iv) Treasury shares

The Company failed to transfer to its employees the 2,000 thousand treasury shares it repurchased in 2017. According to the Securities Exchange Act, the shares should be retired if they were not transferred within five years after repurchasing.

The Company reduced its capital by repurchasing shares based on a resolution approved during the board meeting held on March 22, 2022. All relevant registration procedures had been completed on May 17, 2022.

(v) Other equity interests (net-of-taxes)

|                                            | <b>Exchange differences on<br/>translation of foreign<br/>financial statements</b> |
|--------------------------------------------|------------------------------------------------------------------------------------|
| <b>Balance at January 1, 2022</b>          | \$ (18,225)                                                                        |
| Exchange differences on foreign operations | 14,712                                                                             |
| <b>Balance at December 31, 2022</b>        | <b>\$ (3,513)</b>                                                                  |
| <b>Balance at January 1, 2021</b>          | \$ (15,550)                                                                        |
| Exchange differences on foreign operations | (2,675)                                                                            |
| <b>Balance at December 31, 2021</b>        | <b>\$ (18,225)</b>                                                                 |

(r) Share-Based payment

(i) Employee stock options

As of December 31, 2022, details of the Employee Stock Option Plans (“ESOP”) issued by the company were as follows:

|                    | <b>2017 ESOP</b>                                        | <b>2018 ESOP</b>                                        | <b>2019 ESOP</b>                                        |
|--------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Grant date         | 2017.1.13                                               | 2018.1.2                                                | 2019.11.5                                               |
| Units issued       | 3,000,000                                               | 1,000,000                                               | 2,930,000                                               |
| Term of grant      | 2017.1.13~2019.1.12                                     | 2018.1.2~2020.1.1                                       | 2019.11.5~2024.11.4                                     |
| Grant object       | Full-time employees of the Company and its subsidiaries | Full-time employees of the Company and its subsidiaries | Full-time employees of the Company and its subsidiaries |
| Vesting conditions | Services of the next two years                          | Services of the next two years                          | Services of the next two years                          |

1) Determining the fair value of equity instruments granted

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

The Company used Black-Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

|                             | <b>2022</b>      |                  |                  |
|-----------------------------|------------------|------------------|------------------|
|                             | <b>2017 ESOP</b> | <b>2018 ESOP</b> | <b>2019 ESOP</b> |
| Fair value at grant date    | \$16.07~\$17.35  | \$15.34~\$16.56  | \$22.53~\$25.83  |
| Share price at grant date   | 56.9             | 55.4             | 60.2             |
| Exercise price              | 46.4             | 46.6             | 55.1             |
| Expected volatility (%)     | 40.70%           | 40.10%           | 38.50%           |
| Expected life (years)       | Four years       | Four years       | Ten years        |
| Expected dividend           | -                | -                | -                |
| Risk-free interest rate (%) | 0.66%~0.70%      | 0.47%~0.51%      | 0.54%            |

|                             | <b>2021</b>      |                  |                  |
|-----------------------------|------------------|------------------|------------------|
|                             | <b>2017 ESOP</b> | <b>2018 ESOP</b> | <b>2019 ESOP</b> |
| Fair value at grant date    | \$16.07~\$17.35  | \$15.34~\$16.56  | \$22.53~\$25.83  |
| Share price at grant date   | 56.9             | 55.4             | 60.2             |
| Exercise price              | 46.4             | 46.6             | 56.7             |
| Expected volatility (%)     | 40.70%           | 40.10%           | 38.50%           |
| Expected life (years)       | Four years       | Four years       | Ten years        |
| Expected dividend           | -                | -                | -                |
| Risk-free interest rate (%) | 0.66%~0.70%      | 0.47%~0.51%      | 0.54%            |

Expected volatility is based on the weighted average of historical volatility, and it is adjusted when there is additional market information about the volatility. The Company determined the expected dividends and risk-free rate during the life of the option. These rates are determined based on government bonds, which are in accordance with the regulations. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

2) Description of share-based payment arrangements

Details of the employee stock options are as follows:

| (in dollars)                           | 2022                                  |                         | 2021                                  |                         |
|----------------------------------------|---------------------------------------|-------------------------|---------------------------------------|-------------------------|
|                                        | Weighted<br>average<br>exercise price | Number of<br>options    | Weighted<br>average<br>exercise price | Number of<br>options    |
| Outstanding at January 1<br>(number)   | \$ 56.70                              | 2,135,000               | 56.87                                 | 3,160,000               |
| Granted during the year<br>(number)    |                                       | -                       |                                       | -                       |
| Forfeited during the year<br>(number)  |                                       | (143,000)               |                                       | (400,800)               |
| Exercised during the year<br>(number)  |                                       | (167,800)               |                                       | (617,700)               |
| Expired during the year<br>(number)    |                                       | <u>(3,000)</u>          |                                       | <u>(6,500)</u>          |
| Outstanding at December 31<br>(number) | 55.10                                 | <u><u>1,821,200</u></u> | 56.70                                 | <u><u>2,135,000</u></u> |
| Exercisable at December 31<br>(number) |                                       | <u><u>1,821,200</u></u> |                                       | <u><u>2,135,000</u></u> |

(ii) Employee recognized in profit or loss

The Company incurred expenses and liabilities of share-based arrangements in 2022 and 2021 were as follows:

|                                                        | 2022                   | 2021                 |
|--------------------------------------------------------|------------------------|----------------------|
| Expenses resulting from granted employee share options | <u><u>\$ 7,852</u></u> | <u><u>12,773</u></u> |

(s) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31 2022 and 2021 were based on the profit attributable to ordinary shareholders of the Company amounting to \$91,025 thousand and \$87,413 thousand, respectively; and the weighted average number of ordinary shares outstanding of 60,533 thousand shares and 60,078 thousand shares, respectively, were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

|                                                             | 2022                    | 2021                 |
|-------------------------------------------------------------|-------------------------|----------------------|
| Profit attributable to ordinary shareholders of the Company | <u><u>\$ 91,025</u></u> | <u><u>87,413</u></u> |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

2) Weighted average number of ordinary shares

|                                                           | <u>2022</u>          | <u>2021</u>          |
|-----------------------------------------------------------|----------------------|----------------------|
| Weighted-average number of ordinary shares at December 31 | <u><u>60,533</u></u> | <u><u>60,078</u></u> |

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2022 and 2021 were based on profit attributable to ordinary shareholders of the Company amounting to \$91,025 thousand and \$87,413 thousand, respectively; and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 61,424 thousand shares and 60,827 thousand shares were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

|                                                                       | <u>2022</u>             | <u>2021</u>          |
|-----------------------------------------------------------------------|-------------------------|----------------------|
| Profit attributable to ordinary shareholders of the Company (diluted) | <u>\$ <u>91,025</u></u> | <u><u>87,413</u></u> |

2) Weight-average number of ordinary shares (diluted)

|                                                      | <u>2022</u>          | <u>2021</u>          |
|------------------------------------------------------|----------------------|----------------------|
| Weighted-average number of ordinary shares (basic)   | 60,533               | 60,078               |
| Effect of dilutive potential ordinary shares         |                      |                      |
| Effect of issuance of employee share options         | 705                  | 611                  |
| Effect of employee share bonus                       | 186                  | 138                  |
| Weighted-average number of ordinary shares (diluted) | <u><u>61,424</u></u> | <u><u>60,827</u></u> |

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

|                                     | <u>2022</u>                | <u>2021</u>             |
|-------------------------------------|----------------------------|-------------------------|
| <u>Primary geographical markets</u> |                            |                         |
| Algeria                             | \$ 728,548                 | 141,809                 |
| China                               | 230,622                    | 238,309                 |
| Switzerland                         | 136,449                    | 234,484                 |
| United State                        | 131,854                    | 148,685                 |
| Egypt                               | 31,308                     | 76,253                  |
| Other                               | 812,966                    | 852,810                 |
|                                     | <u><u>\$ 2,071,747</u></u> | <u><u>1,692,350</u></u> |
| <u>Major products</u>               |                            |                         |
| Meter and Strips                    | <u><u>\$ 2,071,747</u></u> | <u><u>1,692,350</u></u> |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(ii) Contract balances

|                                                        | <u>2022</u>      | <u>2021</u>  |
|--------------------------------------------------------|------------------|--------------|
| Contract liabilities (under other current liabilities) | \$ <u>10,202</u> | <u>2,016</u> |

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that was included in the contract liability balance at the beginning of the period were \$2,016 thousand and \$13,581 thousand, respectively.

(u) Employee compensation, directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1.5% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to \$11,850 thousand and \$10,000 thousand and directors and supervisors remuneration amounting to \$2,970 thousand, and \$2,430 thousand respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2022 and 2021.

(v) Non-operating income and expenses

(i) interest income

The details of interest income for the years 2022 and 2021 were as follows:

|                                    | <u>2022</u>   | <u>2021</u> |
|------------------------------------|---------------|-------------|
| Interest income from bank deposits | \$ <u>316</u> | <u>72</u>   |

(ii) Other income

The details of other income for the years 2022 and 2021 were as follows:

|                       | <u>2022</u>     | <u>2021</u>   |
|-----------------------|-----------------|---------------|
| Rent income           | \$ 583          | 487           |
| Other income — others | 2,648           | 14,531        |
|                       | <u>\$ 3,231</u> | <u>15,018</u> |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(iii) Other gains and losses

The details of other gains and losses for the years 2022 and 2021 were as follows:

|                                                              | <b>2022</b>            | <b>2021</b>           |
|--------------------------------------------------------------|------------------------|-----------------------|
| Foreign exchange (losses) gains                              | \$ (1,161)             | 1,054                 |
| (Losses) gains on disposals of property, plant and equipment | (3,994)                | 175                   |
| Losses of lease modification                                 | -                      | (6)                   |
| Losses on disposals of investments                           | (13)                   | -                     |
|                                                              | <u><u>\$ 5,168</u></u> | <u><u>(1,223)</u></u> |

(iv) Finance costs

The details of financial costs for the years 2022 and 2021 were as follows:

|                                 | <b>2022</b>             | <b>2021</b>          |
|---------------------------------|-------------------------|----------------------|
| Interest expenses of bank loans | \$ 30,439               | 18,789               |
| Interest of lease liabilities   | 21                      | 23                   |
|                                 | <u><u>\$ 30,460</u></u> | <u><u>18,812</u></u> |

(w) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The major clients of Company are concentrated in medical instruments market. To minimize credit risk, the Company periodically evaluates their financial positions and requests collateral if deemed necessary. It also periodically assesses the recoverability of the accounts receivable and recognizes an allowance for impairment. The impairment loss is within management's expectation. As of December 31, 2022 and 2021, 71% and 38%, respectively, of trade receivables were comprised of five customers. Thus, the credit risk is significantly centralized.

3) Receivables and debt securities

For credit risk exposure of notes and trade receivables, please refer to note 6 (c).

Other financial assets at amortized cost includes other receivables and time deposits. For the details on loss allowance, please refer to note 6(d) and note 6 (j).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4 (f).

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

|                                                      | <u>Carrying<br/>amount</u> | <u>Contractual<br/>cash flows</u> | <u>Within<br/>1 year</u> | <u>1 -2<br/>years</u> | <u>2 -5<br/>years</u> | <u>Over<br/>5 years</u> |
|------------------------------------------------------|----------------------------|-----------------------------------|--------------------------|-----------------------|-----------------------|-------------------------|
| <b>December 31, 2022</b>                             |                            |                                   |                          |                       |                       |                         |
| <b>Non-derivative financial liabilities</b>          |                            |                                   |                          |                       |                       |                         |
| Secured bank loans                                   | \$ 1,930,351               | 1,957,161                         | 553,474                  | 433,716               | 828,757               | 141,214                 |
| Unsecured bank loans                                 | 329,399                    | 334,938                           | 233,543                  | 101,395               | -                     | -                       |
| Notes and trade payables                             | 176,876                    | 176,876                           | 176,876                  | -                     | -                     | -                       |
| Other payables (including related parties)           | 432,048                    | 432,048                           | 432,048                  | -                     | -                     | -                       |
| Payable on machinery and equipment                   | 21,935                     | 21,935                            | 21,935                   | -                     | -                     | -                       |
| Lease liabilities (Current and Non-Current)          | <u>3,444</u>               | <u>3,505</u>                      | <u>1,479</u>             | <u>2,026</u>          | <u>-</u>              | <u>-</u>                |
|                                                      | <b><u>\$ 2,894,053</u></b> | <b><u>2,926,463</u></b>           | <b><u>1,419,355</u></b>  | <b><u>537,137</u></b> | <b><u>828,757</u></b> | <b><u>141,214</u></b>   |
| <b>December 31, 2021</b>                             |                            |                                   |                          |                       |                       |                         |
| <b>Non-derivative financial liabilities</b>          |                            |                                   |                          |                       |                       |                         |
| Secured bank loans                                   | \$ 1,517,291               | 1,532,505                         | 415,234                  | 382,580               | 542,791               | 191,900                 |
| Unsecured bank loans                                 | 507,778                    | 512,849                           | 462,299                  | 50,550                | -                     | -                       |
| Notes and trade payables (including related parties) | 149,805                    | 149,805                           | 149,805                  | -                     | -                     | -                       |
| Other payables (including related parties)           | 280,234                    | 280,234                           | 280,234                  | -                     | -                     | -                       |
| Payable on machinery and equipment                   | 13,152                     | 13,152                            | 13,152                   | -                     | -                     | -                       |
| Lease liabilities (Current and Non-Current)          | <u>1,591</u>               | <u>1,604</u>                      | <u>1,135</u>             | <u>375</u>            | <u>94</u>             | <u>-</u>                |
|                                                      | <b><u>\$ 2,469,851</u></b> | <b><u>2,490,149</u></b>           | <b><u>1,321,859</u></b>  | <b><u>433,505</u></b> | <b><u>542,885</u></b> | <b><u>191,900</u></b>   |

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Company's significant exposure to foreign currency risk was as follows:

|                                     |     | <u>December 31, 2022</u>    |                           |            | <u>December 31, 2021</u>    |                           |            |
|-------------------------------------|-----|-----------------------------|---------------------------|------------|-----------------------------|---------------------------|------------|
|                                     |     | <u>Foreign<br/>currency</u> | <u>Exchange<br/>rates</u> | <u>NTD</u> | <u>Foreign<br/>currency</u> | <u>Exchange<br/>rates</u> | <u>NTD</u> |
| <b><u>Financial assets</u></b>      |     |                             |                           |            |                             |                           |            |
| <b><u>Monetary items</u></b>        |     |                             |                           |            |                             |                           |            |
| USD                                 | USD | 21,191                      | 30.74                     | 651,411    | USD 11,801                  | 27.67                     | 326,534    |
| EUR                                 | EUR | 2,402                       | 32.76                     | 78,690     | EUR 3,253                   | 31.37                     | 102,047    |
| <b><u>Financial liabilities</u></b> |     |                             |                           |            |                             |                           |            |
| <b><u>Monetary items</u></b>        |     |                             |                           |            |                             |                           |            |
| USD                                 | USD | 12,887                      | 30.74                     | 396,146    | USD 10,930                  | 27.67                     | 302,433    |
| EUR                                 | EUR | 1,804                       | 32.76                     | 59,099     | EUR 2,694                   | 31.37                     | 84,511     |

(Continued)



**BIONIME CORPORATION**  
**Notes to the Financial Statements**

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 0.5% of the NTD against the USD and the EUR as of December 31, 2022 and 2021, would have increased (decreased) the net profit after tax by \$1,099 thousand and \$167 thousand, respectively.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2022 and 2021, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(1,161) thousand and \$1,054 thousand, respectively.

(iv) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.5%, the Company's net income would have increased / decreased by \$9,039 thousand and \$8,100 thousand for the year ended December 31, 2022 and 2021, respectively with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

|                                                                          |                     | December 31, 2022 |          |               |               |
|--------------------------------------------------------------------------|---------------------|-------------------|----------|---------------|---------------|
|                                                                          |                     | Fair Value        |          |               | Total         |
|                                                                          | Book Value          | Level 1           | Level 2  | Level 3       |               |
| <b>Financial assets at fair value through other comprehensive income</b> |                     |                   |          |               |               |
| Stocks unlisted companies                                                | \$ 36,100           | -                 | -        | 36,100        | 36,100        |
| <b>Financial assets measured at amortized cost</b>                       |                     |                   |          |               |               |
| Cash and cash equivalents                                                | \$ 139,821          | -                 | -        | -             | -             |
| Notes and trade receivables (including related parties)                  | 697,112             | -                 | -        | -             | -             |
| Other receivables (including related parties)                            | 6,797               | -                 | -        | -             | -             |
| Other financial assets-current                                           | 200                 | -                 | -        | -             | -             |
|                                                                          | 843,930             | -                 | -        | -             | -             |
|                                                                          | <u>\$ 880,030</u>   | <u>-</u>          | <u>-</u> | <u>36,100</u> | <u>36,100</u> |
| <b>Financial liabilities at amortized cost</b>                           |                     |                   |          |               |               |
| Short-term borrowings                                                    | \$ 352,027          | -                 | -        | -             | -             |
| Notes and trade payables, and other payables (including related parties) | 608,924             | -                 | -        | -             | -             |
| Payable on machine and equipment                                         | 21,935              | -                 | -        | -             | -             |
| Lease liabilities (Current and Non-current)                              | 3,444               | -                 | -        | -             | -             |
| Long-term borrowings, including current portion                          | 1,907,723           | -                 | -        | -             | -             |
|                                                                          | <u>\$ 2,894,053</u> | <u>-</u>          | <u>-</u> | <u>-</u>      | <u>-</u>      |
|                                                                          |                     | December 31, 2021 |          |               |               |
|                                                                          |                     | Fair Value        |          |               | Total         |
|                                                                          | Book Value          | Level 1           | Level 2  | Level 3       |               |
| <b>Financial assets at fair value through other comprehensive income</b> |                     |                   |          |               |               |
| Stocks unlisted companies                                                | \$ 36,100           | -                 | -        | 36,100        | 36,100        |
| <b>Financial assets measured at amortized cost</b>                       |                     |                   |          |               |               |
| Cash and cash equivalents                                                | \$ 142,263          | -                 | -        | -             | -             |
| Notes and trade receivables (including related parties)                  | 423,385             | -                 | -        | -             | -             |
| Other receivables (including related parties)                            | 4,614               | -                 | -        | -             | -             |
| Other financial assets-current                                           | 200                 | -                 | -        | -             | -             |
|                                                                          | 570,462             | -                 | -        | -             | -             |
|                                                                          | <u>\$ 606,562</u>   | <u>-</u>          | <u>-</u> | <u>36,100</u> | <u>36,100</u> |
| <b>Financial liabilities at amortized</b>                                |                     |                   |          |               |               |
| Short-term borrowings                                                    | \$ 507,778          | -                 | -        | -             | -             |
| Notes and trade payables, and other payables (including related parties) | 430,039             | -                 | -        | -             | -             |
| Payable on machine and equipment                                         | 13,152              | -                 | -        | -             | -             |
| Lease liabilities (Current and Non-current)                              | 1,591               | -                 | -        | -             | -             |
| Long-term borrowings, including current portion                          | 1,517,291           | -                 | -        | -             | -             |
|                                                                          | <u>\$ 2,469,851</u> | <u>-</u>          | <u>-</u> | <u>-</u>      | <u>-</u>      |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

- 2) Valuation techniques for financial instruments not measured at fair value :

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

If there is quoted price generated by transactions for financial liabilities measured at amortized cost, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

- 3) Transfers between Level 1 and Level 2

There were no transfers from one level to another level in 2022 and 2021.

- 4) Reconciliation of Level 3 fair values

|                                                              | <b>Fair value through other<br/>comprehensive income</b> |
|--------------------------------------------------------------|----------------------------------------------------------|
|                                                              | <b>Unquoted equity instruments</b>                       |
| Opening balance, January 1, 2022<br>(i.e. December 31, 2022) | \$ <u><u>36,100</u></u>                                  |
| Opening balance, January 1, 2021<br>(i.e. December 31, 2021) | \$ <u><u>36,100</u></u>                                  |

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

Quantified information of significant unobservable inputs was as follows:

| <b>Item</b>                                                                                                     | <b>Valuation<br/>technique</b> | <b>Significant<br/>unobservable inputs</b>                                                                                                                                               | <b>Inter-relationship<br/>between significant<br/>unobservable inputs<br/>and fair value<br/>measurement</b>                                                                                         |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial assets at fair value through other comprehensive income — equity investments without an active market | Discounted Cash Flow Method    | <ul style="list-style-type: none"> <li>Forecast annual revenue growth rate ( December 31, 2022 ; 20%~40% )</li> <li>Weight average capital cost ( December 31, 2022 ; 9.33% )</li> </ul> | <ul style="list-style-type: none"> <li>the annual revenue growth rate was higher, the fair value was higher</li> <li>the weight average capital cost was higher, the fair value was lower</li> </ul> |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(x) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Company's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulates the use of derivative financial instruments in accordance with the Company's policy on risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Company continue to review the amount of the risk exposure in accordance with the Company's policies and the risk management's policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Company's receivables from customers and investments in debt securities.

1) Trade and other receivables

The Company established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Company will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Company continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the Risk Management Committee.

(Continued)

## **BIONIME CORPORATION**

### **Notes to the Financial Statements**

The Company did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

#### **2) Investments**

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

#### **3) Guarantee**

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries. At December 31, 2022, no guarantees were outstanding (2021: none).

#### **(iv) Liquidity risk**

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2022 and 2021, the Company's unused credit lines were amounted to \$655,176 thousand and \$1,283,972 thousand, respectively.

#### **(v) Market risk**

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affects the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Committee.

##### **1) Currency risk**

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily New Taiwan Dollars (NTD) 、EUR and US Dollars (USD) and Chinese Yuan (CNY). The currencies used in these transactions are NTD, EUR, US Dollars (USD), and CNY.

##### **2) Interest rate risk**

The borrowing rate of the Company is agreed in accordance with the contract, and financing decisions are all approved by the Board of Directors.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

3) Other market price risk

The Company is not exposed to equity price risk from its investments in equity securities.

(y) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2022, the Company's capital management strategy is consistent with the prior year as of December 31, 2021, and the gearing ratio is maintained within 30% to 75% to ensure financing at reasonable cost. The Company's debt-to-equity ratio at the end of the reporting period was as follows:

|                                     | <b>December 31, 2022</b>   | <b>December 31, 2021</b> |
|-------------------------------------|----------------------------|--------------------------|
| Total liabilities                   | \$ 2,912,866               | 2,483,135                |
| Less: cash and cash equivalents     | 139,821                    | 142,263                  |
| Net debt                            | <u><b>\$ 2,773,045</b></u> | <u><b>2,340,872</b></u>  |
| Total equity                        | <u><b>\$ 2,072,425</b></u> | <u><b>2,069,349</b></u>  |
| Total capital                       | <u><b>\$ 4,845,470</b></u> | <u><b>4,410,221</b></u>  |
| Debt-to-equity ratio at 31 December | <u><b>57.23%</b></u>       | <u><b>53.08%</b></u>     |

(z) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021, were as follows:

(i) For right-of-assets under leases, please refer to note 6(n).

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(ii) Reconciliation of liabilities arising from financing activities were as follows:

|                                             | January<br>1,2022   | Cash<br>flows  | Non-cash changes |                                 |                      |                                           | December<br>31,2021 |
|---------------------------------------------|---------------------|----------------|------------------|---------------------------------|----------------------|-------------------------------------------|---------------------|
|                                             |                     |                | Additions        | Foreign<br>exchange<br>movement | Release<br>the lease | (Profit) loss<br>of lease<br>modification |                     |
| Long-term borrowings                        | \$ 1,517,291        | 390,432        | -                | -                               | -                    | -                                         | 1,907,723           |
| Short-term borrowings                       | 507,778             | (158,688)      | -                | 2,937                           | -                    | -                                         | 352,027             |
| Lease liabilities (current and non-current) | 1,591               | (1,390)        | 3,243            | -                               | -                    | -                                         | 3,444               |
| Total liabilities from financing activities | <u>\$ 2,026,660</u> | <u>230,354</u> | <u>3,243</u>     | <u>2,937</u>                    | <u>-</u>             | <u>-</u>                                  | <u>2,263,194</u>    |

|                                             | January<br>1,2021   | Cash<br>flows | Non-cash changes |                                 |                      |                                           | December<br>31,2020 |
|---------------------------------------------|---------------------|---------------|------------------|---------------------------------|----------------------|-------------------------------------------|---------------------|
|                                             |                     |               | Additions        | Foreign<br>exchange<br>movement | Release<br>the lease | (Profit) loss<br>of lease<br>modification |                     |
| Long-term borrowings                        | \$ 1,472,125        | 45,166        | -                | -                               | -                    | -                                         | 1,517,291           |
| Short-term borrowings                       | 483,349             | 23,968        | -                | 461                             | -                    | -                                         | 507,778             |
| Lease liabilities (current and non-current) | 2,623               | (1,363)       | 470              | -                               | (145)                | 6                                         | 1,591               |
| Total liabilities from financing activities | <u>\$ 1,958,097</u> | <u>67,771</u> | <u>470</u>       | <u>461</u>                      | <u>(145)</u>         | <u>6</u>                                  | <u>2,026,660</u>    |

**(7) Related-party transactions**

(a) Names and relationship with related parties

The followings are entities that have had transactions with a related party during the periods covered in the financial statements.

| <u>Name of related Party</u>                                  | <u>Relationship with the Company</u>                            |
|---------------------------------------------------------------|-----------------------------------------------------------------|
| Bionime Incorporated (B.V.I)                                  | Subsidiary of the Company                                       |
| Bionime GmbH                                                  | Subsidiary of the Company                                       |
| Bionime USA Corporation                                       | Subsidiary of the Company                                       |
| Bionime Australia Pty Limited                                 | Subsidiary of the Company                                       |
| Bionime (Malaysia) Sdn Bhd                                    | Subsidiary of the Company                                       |
| Bionime (Shenzhen) Limited Company (Bionime Shenzhen)         | Subsidiary of the Company                                       |
| Bionime (Pingtan) Limited Company (Bionime Pingtan)           | Subsidiary of the Company                                       |
| Tonghua Dongbao Pharmaceutical Co., Ltd.<br>(Tonghua Dongbao) | Director of the Company                                         |
| Shanghai Juyi Network Technology Co., Ltd. (Juyi)             | Entity which is joint controlled by<br>key management personnel |
| HUANG, CHUN-MU                                                | Key management personnel                                        |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to its related party were as follows:

|                       | <b>2022</b>       | <b>2021</b>    |
|-----------------------|-------------------|----------------|
| Subsidiary            | \$ 284,297        | 266,406        |
| Other related parties | 24,248            | 46,461         |
|                       | <b>\$ 308,545</b> | <b>312,867</b> |

The price given to the related-parties is not comparable to other non-related products due to their product characteristics. The general customer's collection term is about 45 to 120 days, or advance sales receipts, and the collection term for Bionime Incorporated (B.V.I), Bionime GmbH, Bionime USA Corporation, Bionime Australia Pty Limited, Bionime (Malaysia) Sdn Bhd, Bionime (Pingtan) Limited Company and Bionime (Shenzhen) Limited Company were approximately 90 days, 60 days, 120 days, 120 days, 100 days, 90 days and 90 days, respectively, the other related parties of the Company of the collection conditions is advance sales receipts or 45 days from the end of the month of when the invoice is issued.

(ii) Purchases

The amounts of purchases by the Company from related parties were as follows:

|            | <b>2022</b> | <b>2021</b> |
|------------|-------------|-------------|
| Subsidiary | \$ 395      | 1,440       |

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms were 90 days.

(iii) Receivables from related parties

The receivables from related parties were as follows:

| <u>Account</u>    | <u>Relationship</u>   | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-------------------|-----------------------|--------------------------|--------------------------|
| Trade receivables | Subsidiary            | \$ 50,319                | 70,622                   |
| Trade receivables | Other related parties | 4,153                    | -                        |
| Other receivables | Subsidiary            | 135                      | -                        |
|                   |                       | <b>\$ 54,607</b>         | <b>70,622</b>            |

(iv) Payables to related parties

| <u>Account</u> | <u>Relationship</u>   | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------|-----------------------|--------------------------|--------------------------|
| Other payables | Subsidiary:           |                          |                          |
|                | Bionime GmbH          | \$ 22,987                | 19,967                   |
|                | Bionime Pingtan       | 16,517                   | 1,677                    |
|                | Other related parties | 444                      | 3,399                    |
|                |                       | <b>\$ 39,948</b>         | <b>25,043</b>            |

(Continued)



**BIONIME CORPORATION**  
**Notes to the Financial Statements**

- (v) Others (account for other current liabilities)

The others to related parties were as follows:

| <u>Account</u>     | <u>Relationship</u> | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------------|---------------------|--------------------------|--------------------------|
| Temporary receipts | Subsidiary          | \$ <u>209</u>            | <u>209</u>               |

- (vi) Other related parties

- 1) The service fees paid by the Company were as follows

|                       | <u>2022</u>      | <u>2021</u>   |
|-----------------------|------------------|---------------|
| Bionime GmbH          | \$ 21,872        | 20,007        |
| Other related parties | -                | 5,124         |
|                       | \$ <u>21,872</u> | <u>25,131</u> |

- 2) The company sold equipment to subsidiaries in 2015, and disposed of the price and disposal benefits were \$2,078 thousand and \$1,455 thousand respectively, and deferred recognition of unrealized disposal benefits were \$1,455 thousand. In 2022 and 2021, the amortization of assets based on the useful life of the assets was recognized as the realized gain of assets for sale was \$179 thousand. For more details information on Property, plant and equipment, please refer to Note 6 (g).
- 3) The sales expenses were \$29,167 thousand and \$12,990 thousand in 2022 and 2021 respectively, which caused by signing technical service contract with subsidiary of the Company-Bionime Shenzhen was under selling expenses.
- 4) The sales expense was \$15,113 thousand in 2022, which caused by signing technical service contract with subsidiary of the Company-Bionime Pingtan was under selling expenses.
- 5) The company entered into a patent license agreement with the key management. The agreement is from June 30, 2004, to April 17, 2023, and entitles the Company to use U.S. patent No. 10/354684 and No. 10/462904 without any charges.

- (c) Key management personnel compensation

Key management personnel compensation comprised:

|                                   | <u>2022</u>      | <u>2021</u>   |
|-----------------------------------|------------------|---------------|
| Short-term employee benefits      | \$ 17,206        | 9,300         |
| Post-employment benefits          | -                | -             |
| Termination benefits              | -                | -             |
| Other long-term employee benefits | -                | -             |
| Share-based payments              | 565              | 920           |
|                                   | \$ <u>17,771</u> | <u>10,220</u> |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

| <b>Pledged assets</b>          | <b>Object</b>            | <b>December 31, 2022</b>   | <b>December 31, 2021</b> |
|--------------------------------|--------------------------|----------------------------|--------------------------|
| Property, plant and equipment  | Guarantee for bank loans | \$ 2,103,416               | 2,124,495                |
| Other financial assets-current | Purchase deposit         | 200                        | 200                      |
|                                |                          | <u><b>\$ 2,103,616</b></u> | <u><b>2,124,695</b></u>  |

**(9) Significant commitments and contingencies**

(a) Unrecognized contractual commitments are as follows:

|                                              | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|----------------------------------------------|--------------------------|--------------------------|
| Acquisition of property, plant and equipment | <u><b>\$ 21,515</b></u>  | <u><b>14,032</b></u>     |

(b) The Company had entered into a trademark license agreement with GE in February 2020, with contract period of 10 years, and a minimum royalty of USD 2,500 thousand, which had been fully prepaid at the end of March 2020. The royalty expenses will be recognized in the future years in accordance with the GE contract, and will be included in the prepayments and other non-current assets.

**(10) Losses Due to Major Disasters : None**

**(11) Subsequent Events : None**

**(12) Other**

(a) A summary of current-period employee benefits, depreciation, depletion, and amortization, by function, is as follows:

| <b>By function</b><br><b>By item</b> | <b>2022</b>            |                           |              | <b>2021</b>            |                           |              |
|--------------------------------------|------------------------|---------------------------|--------------|------------------------|---------------------------|--------------|
|                                      | <b>Operating Costs</b> | <b>Operating Expenses</b> | <b>Total</b> | <b>Operating Costs</b> | <b>Operating Expenses</b> | <b>Total</b> |
| Employee benefits                    |                        |                           |              |                        |                           |              |
| Salary                               | 345,476                | 202,762                   | 548,238      | 323,019                | 216,080                   | 539,099      |
| Labor and health insurance           | 34,234                 | 17,880                    | 52,114       | 32,986                 | 16,927                    | 49,913       |
| Pension                              | 13,399                 | 8,254                     | 21,653       | 12,973                 | 8,099                     | 21,072       |
| Remuneration of directors            | -                      | 4,951                     | 4,951        | -                      | 3,751                     | 3,751        |
| Others                               | 18,831                 | 12,945                    | 31,776       | 18,940                 | 12,065                    | 31,005       |
| Depreciation                         | 104,994                | 31,353                    | 136,347      | 109,960                | 28,827                    | 138,787      |
| Amortization                         | 1,001                  | 10,035                    | 11,036       | 307                    | 10,398                    | 10,705       |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

The additional information of the numbers of employee and employee benefits in 2022 and 2021 were as follows:

|                                                       | <u><b>December 31, 2022</b></u> | <u><b>December 31, 2021</b></u> |
|-------------------------------------------------------|---------------------------------|---------------------------------|
| The number of employees                               | <u><b>1,006</b></u>             | <u><b>998</b></u>               |
| Directors were not serving as employees               | <u><b>8</b></u>                 | <u><b>6</b></u>                 |
| Average of employee benefits                          | <u><b>\$ 655</b></u>            | <u><b>647</b></u>               |
| Average of employee salary expenses                   | <u><b>\$ 550</b></u>            | <u><b>544</b></u>               |
| Adjustment of the average of employee salary expenses | <u><b>1.29%</b></u>             | <u><b>7.72%</b></u>             |
| Remuneration of supervisors                           | <u><b>\$ 883</b></u>            | <u><b>1,609</b></u>             |

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) are as follows:

- (i) Ensure that the Company's salary and remuneration arrangements comply with the relevant laws and regulations and are sufficient to attract the best talent.
- (ii) The performance evaluation and salary of directors, supervisors and managers shall be based on the competitors of the same industry standard, taking into account the results of the individual's performance evaluation, the time dedicated to the Company, the responsibilities undertaken, the achievement of personal goals, the performance of other positions, the salary and remuneration of the same peer salary level in recent year, the reasonableness of the connection between individual performance and the Company's operating performance and future risks as assessed by the achievement of the Company's short term and long term business objectives and the Company's financial position.
- (iii) Directors and managers should not be induced to engage in conduct that exceeds the Company's risk appetite in pursuit of the salary and remuneration.
- (iv) The percentage of remuneration for short term performance of directors and senior managers, and the timing of payment of some variable salary and remuneration, shall be determined by considering the characteristics of the industry and the nature of the Company's business.
- (v) The content and amount of remuneration to directors, supervisors and managers should be reasonable, and the determination of remuneration to directors, supervisors and managers should not be materially different from that of the financial performance.

If there is a significant decline in profits or a long term loss, the salary should not be higher than the previous year. Otherwise, an explanation of reasonableness should be disclosed in the annual report and reported in the shareholders' meeting.

- (vi) The remuneration to employees is based on their academic qualifications and duties in accordance with the standards of the Company's employee salary grade and additional pay statement of the job title.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

- (b) The explanation of current asset less than current liability on December 31, 2021 were as follows:

As of December 31, 2021, current assets were less than current liabilities mainly because of the Company's short-term and long-term bank loans due within one year. If the liabilities of bank loans are excluded, the current assets are still greater than the current payables, and the review of bank loans is based on the information from the consolidated financial statements as a reference for whether to approve loans or not.

The Company's cash flow in the coming year, taking into account the amount of bank loans and the extension of bank loans, the Company estimates that the short-term capital income in the coming year will be sufficient to meet the operating expenses.

**(13) Other disclosures**

- (a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

| Name of holder | Category and name of security  | Relationship with company | Account title                                                                                    | Ending balance           |                |                             |            | Highest balance during the year |                             | Note |
|----------------|--------------------------------|---------------------------|--------------------------------------------------------------------------------------------------|--------------------------|----------------|-----------------------------|------------|---------------------------------|-----------------------------|------|
|                |                                |                           |                                                                                                  | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value | Shares/Units (thousands)        | Percentage of ownership (%) |      |
| The company    | Ordinary-Bonraybio Corporation | None                      | Financial assets measured at fair value through other comprehensive gains and losses-non-current | 960                      | 36,100         | 5.62%                       | 36,100     | 960                             | 5.79%                       |      |

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Related party                     | Nature of relationship | Transaction details |           |                                     |                                                                  | Transactions with terms different from others |                                                                  | Notes/Accounts receivable (payable) |                                                         | Note |
|-----------------|-----------------------------------|------------------------|---------------------|-----------|-------------------------------------|------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------|------|
|                 |                                   |                        | Purchase/Sale       | Amount    | Percentage of total purchases/sales | Payment terms                                                    | Unit price                                    | Payment terms                                                    | Ending balance                      | Percentage of total notes/accounts receivable (payable) |      |
| The Company     | Bionime (Pingtan) Limited Company | Subsidiary of B.V.I    | Sale                | (206,375) | (9.96)%                             | net 90 days from the end of the month of when the invoice issued | No comparison                                 | net 90 days from the end of the month of when the invoice issued | 40,315                              | 5.78%                                                   |      |

- (viii) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of the capital stock: None

- (ix) Trading in derivative instruments: None

- (b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

| Name of investor | Name of investee              | Location               | Main businesses and products | Original investment amount |                   | Balance as of December 31, 2022 |                         |                | Net income (losses) of investee | Share of profits/losses of investee | Note  |
|------------------|-------------------------------|------------------------|------------------------------|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|-------|
|                  |                               |                        |                              | December 31, 2022          | December 31, 2021 | Shares (thousands)              | Percentage of ownership | Carrying value |                                 |                                     |       |
| The company      | Bionime GmbH                  | Switzerland            | Merchandise trading          | CHF300                     | CHF300            | Note1                           | 100 %                   | 24,276         | 940                             | 940                                 | Note4 |
| The company      | Bionime Incorporated (B.V.I)  | British Virgin Islands | Investing and holding        | USD3,090                   | USD3,090          | 3.09                            | 100 %                   | 89,371         | 5,506                           | 5,506                               | Note4 |
| The company      | Bionime USA Corporation       | America                | Merchandise trading          | USD11,150                  | USD11,150         | 1,115                           | 100 %                   | 94,060         | 4,929                           | 4,929                               | Note4 |
| The company      | Bionime Australia Pty Limited | Australia              | Merchandise trading          | AUD350                     | AUD350            | Note2                           | 100 %                   | (98)           | (46)                            | (46)                                | Note4 |
| The company      | Bionime (Malaysia) Sdn.Bhd    | Malaysia               | Merchandise trading          | MYR1,046                   | MYR1,046          | Note3                           | 65.09%                  | 13,857         | 2,408                           | 1,614                               | Note4 |

Note1: A company was established in Switzerland.

Note2: A company was established in Australia.

Note3: A company was established in Malaysia.

Note4: The transactions mentioned above have been eliminated upon consolidation.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(c) Information on investment in mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

| Name of investee                   | Main businesses and products          | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2021 | Investment flows |        | Accumulated outflow of investment from Taiwan as of December 31, 2022 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) | Book value | Accumulated remittance of earnings in current period |
|------------------------------------|---------------------------------------|---------------------------------|----------------------|---------------------------------------------------------------------|------------------|--------|-----------------------------------------------------------------------|-------------------------------------|-------------------------|----------------------------|------------|------------------------------------------------------|
|                                    |                                       |                                 |                      |                                                                     | Outflow          | Inflow |                                                                       |                                     |                         |                            |            |                                                      |
| Bionime (Shenzhen) Limited Company | Merchandise trading                   | USD2,300                        | Note 1               | USD850                                                              | -                | -      | USD850                                                                | 5,452 (Note3)                       | 100%                    | 5,452                      | 92,306     | USD2,087 (NTD63,084)                                 |
| Bionime (Pingtan) Limited Company  | Merchandise trading and manufacturing | RMB\$20,000                     | Note 2               | -                                                                   | -                | -      | -                                                                     | 6,240 (Note3)                       | 100%                    | 6,240                      | 93,836     | -                                                    |

- (ii) Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of December 31, 2022 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|------------------------------------------------------------------|--------------------------------------------------------------|---------------------------|
| USD850<br>(NTD 27,520)                                           | USD 2,300<br>(NTD70,863)                                     | NTD1,243,455              |

Note 1: The investment method is to establish a company to invest in mainland companies through investment in the third region.

Note 2: Which is invested by Shenzhen subsidiary.

Note 3: Amount was recognized base on the audited financial statement.

- (iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidation financial statements, are disclosed in the "Information on significant transactions" and "Business relationship and major transactions between parent company and subsidiary company".

(d) Major shareholders

| Shareholder's Name                       | Shareholding | Shares     | Percentage |
|------------------------------------------|--------------|------------|------------|
| Tonghua Dongbao Pharmaceutical Co., Ltd. |              | 12,000,000 | 19.75 %    |
| Hua Eng Wire And Cable Co., Ltd.         |              | 7,485,900  | 12.32 %    |

**(14) Disclosures required for securities firm investing in countries or regions without securities authority:**

Please refer to 2022 consolidated financial report.

(Continued)

# BIONIME CORPORATION

## Statement of Cash and Cash Equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| <u>Item</u>  | <u>Description</u>          | <u>Foreign currency</u> | <u>Exchange rate</u> | <u>Amount</u>            |
|--------------|-----------------------------|-------------------------|----------------------|--------------------------|
| Cash         | Petty cash and cash on hand |                         |                      | \$ 635                   |
| Cash in bank | Demand deposits             |                         |                      | 88,364                   |
|              | Foreign currencies — USD    | 1,171,251.06            | 30.74                |                          |
|              | Foreign currencies — EUR    | 276,454.47              | 32.76                |                          |
|              | Foreign currencies — CHF    | 3,651.23                | 33.29                |                          |
|              | Foreign currencies — AUD    | 255,799.87              | 20.81                |                          |
|              | Foreign currencies — JPY    | 145                     | 0.23                 |                          |
|              | Foreign currencies — CNY    | 59,570.44               | 4.41                 |                          |
|              | Foreign currencies — SGD    | 2,385.13                | 22.85                |                          |
|              |                             |                         |                      | <u>50,822</u>            |
|              |                             |                         |                      | <u><u>\$ 139,821</u></u> |

**BIONIME CORPORATION**  
**Statement of Notes and Trade Receivables**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Client name</u>                       | <u>Description</u> | <u>Amount</u>            |
|------------------------------------------|--------------------|--------------------------|
| Notes receivables — Non-Related Parties  |                    |                          |
| TWGT54                                   | Operating          | \$ 4,380                 |
| TWGT31                                   | Operating          | 1,045                    |
| TWKG23A                                  | Operating          | 920                      |
| TWKG14                                   | Operating          | 556                      |
| Others (Note2)                           | Operating          | <u>4,102</u>             |
|                                          |                    | <u>11,003</u>            |
| Trade receivables — Related Parties      |                    |                          |
| Bionime (Pingtan) Limited Company        | Operating          | 40,314                   |
| Bionime (Malaysia) Sdn Bhd.              | Operating          | 5,629                    |
| Bionime USA Corporation                  | Operating          | 4,376                    |
| Tonghua Dongbao Pharmaceutical Co., Ltd. | Operating          | <u>4,153</u>             |
|                                          |                    | <u>54,472</u>            |
| Trade receivables — Non-Related Parties  |                    |                          |
| AFDZ01                                   | Operating          | 389,949                  |
| AFMA01                                   | Operating          | 56,452                   |
| Others (Note2)                           | Operating          | <u>221,855</u>           |
|                                          |                    | 668,256                  |
| Less : Loss allowance                    |                    | <u>(36,619)</u>          |
|                                          |                    | <u>631,637</u>           |
|                                          |                    | <u><u>\$ 697,112</u></u> |

Note1 : Due to contract agreement, revealed by code.

Note2 : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.



# **BIONIME CORPORATION**

## **Statement of Other Receivables**

**December 31, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

| <b>Item</b>       | <b>Description</b>     | <b>Amount</b>          |
|-------------------|------------------------|------------------------|
| Other Receivables | Other Receivables      | \$ 2,203               |
|                   | Tax Refund Receivables | <u>4,459</u>           |
|                   |                        | <u><b>\$ 6,662</b></u> |

## **Statement of Inventories**

| <b>Item</b>           | <b>Amount</b>            |                             | <b>Note</b>               |
|-----------------------|--------------------------|-----------------------------|---------------------------|
|                       | <b>Cost</b>              | <b>Net realizable value</b> |                           |
| Finished goods        | \$ 77,832                | 137,506                     | Price by realizable value |
| Work in process       | 310,795                  | 416,024                     | Price by realizable value |
| Materials             | <u>130,072</u>           | <u>128,229</u>              | Price by realizable value |
|                       | 518,699                  | <u><b>681,759</b></u>       |                           |
| Less : Loss allowance | <u>(40,378)</u>          |                             |                           |
|                       | <u><b>\$ 478,321</b></u> |                             |                           |

**BIONIME CORPORATION**  
**Statement of Prepayments and other current assets**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>                 | <u>Description</u>       | <u>Amount</u>            |
|-----------------------------|--------------------------|--------------------------|
| Prepayments to purchases    | Prepayments to Suppliers | \$ 87,255                |
| Other prepayments — current | Prepaid royalty          | 7,550                    |
|                             | Others                   | <u>5,580</u>             |
|                             |                          | <u>100,385</u>           |
| Other current assets        | Overpaid sales tax       | 7,055                    |
|                             | Temporary payments       | 4,063                    |
|                             | Others (Note)            | <u>3,074</u>             |
|                             |                          | <u>14,192</u>            |
|                             |                          | <u><b>\$ 114,577</b></u> |

Note : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

# BIONIME CORPORATION

## Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

| Name of investee              | Beginning Balance |                   | Addition |          | Decrease |             | Investment gains and losses recognized by the equity method |               | Translation adjustment | Others (Note) |            | Ending Balance (with foreign currency translation adjustment) |                | Collateral |
|-------------------------------|-------------------|-------------------|----------|----------|----------|-------------|-------------------------------------------------------------|---------------|------------------------|---------------|------------|---------------------------------------------------------------|----------------|------------|
|                               | Shares            | Amount            | Shares   | Amount   | Shares   | Amount      | Shares                                                      | Amount        |                        |               |            | Shares                                                        | Amount         |            |
| Bionime GmbH                  | -                 | \$ 21,087         | -        | -        | -        | -           | -                                                           | 989           | 2,200                  | -             | -          | -                                                             | 24,276         | None       |
| Bionime Incorporated(B.V.I)   | 3.09              | 80,618            | -        | -        | -        | -           | -                                                           | 5,506         | 3,016                  | 231           | 231        | 3.09                                                          | 89,371         | "          |
| Bionime USA Corporation       | 1,115             | 80,479            | -        | -        | -        | -           | -                                                           | 4,929         | 8,993                  | (341)         | (341)      | 1,115                                                         | 94,060         | "          |
| Bionime Australia Pty Limited | -                 | (49)              | -        | -        | -        | -           | -                                                           | (46)          | (3)                    | -             | -          | -                                                             | (98)           | "          |
| Bionime (Malaysia) Sdn Bhd    | -                 | 11,460            | -        | -        | -        | (81)        | -                                                           | 1,614         | 493                    | 371           | 371        | -                                                             | 13,857         | "          |
|                               |                   | <u>\$ 193,595</u> |          | <u>-</u> |          | <u>(81)</u> |                                                             | <u>12,992</u> | <u>14,699</u>          |               | <u>261</u> |                                                               | <u>221,466</u> |            |

Note : Unrealized Sales income changes.

**BIONIME CORPORATION**  
**Statement of Changes in Property, Plant and Equipment**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <b>Item</b>                       | <b>Beginning<br/>Balance</b> | <b>Addition</b>        | <b>Decrease</b>       | <b>Reclassification<br/>(Note)</b> | <b>Ending<br/>Balance</b> | <b>Collateral</b>      |
|-----------------------------------|------------------------------|------------------------|-----------------------|------------------------------------|---------------------------|------------------------|
| <b>Cost :</b>                     |                              |                        |                       |                                    |                           |                        |
| Land                              | \$ 1,420,840                 | -                      | -                     | -                                  | 1,420,840                 | Please refer to Note 8 |
| Building and structures           | 873,383                      | 2,268                  | -                     | -                                  | 875,651                   | "                      |
| Machinery equipment               | 798,056                      | 38,718                 | 11,687                | 19,217                             | 844,304                   | -                      |
| Molding equipment                 | 164,860                      | 5,508                  | 26,637                | 5,179                              | 148,910                   | -                      |
| Transportation equipment          | 1,588                        | -                      | -                     | -                                  | 1,588                     | -                      |
| Leasehold Improvements            | 17,066                       | 781                    | -                     | -                                  | 17,847                    | -                      |
| Office and other equipment        | <u>520,152</u>               | <u>5,878</u>           | <u>3,522</u>          | <u>1,949</u>                       | <u>524,457</u>            | -                      |
|                                   | <u>3,795,945</u>             | <u>53,153</u>          | <u>(41,846)</u>       | <u>26,345</u>                      | <u>3,833,597</u>          |                        |
| <b>Accumulated Depreciation :</b> |                              |                        |                       |                                    |                           |                        |
| Building and structures           | 169,728                      | 23,347                 | -                     | -                                  | 193,075                   |                        |
| Machinery equipment               | 608,448                      | 66,607                 | 3,029                 | -                                  | 672,026                   |                        |
| Molding equipment                 | 151,923                      | 9,230                  | 26,637                | -                                  | 134,516                   |                        |
| Transportation equipment          | 1,420                        | 144                    | -                     | -                                  | 1,564                     |                        |
| Leasehold Improvements            | 16,980                       | 110                    | -                     | -                                  | 17,090                    |                        |
| Office and other equipment        | <u>320,773</u>               | <u>35,519</u>          | <u>3,522</u>          | <u>-</u>                           | <u>352,770</u>            |                        |
|                                   | <u>1,269,272</u>             | <u>134,957</u>         | <u>(33,188)</u>       | <u>-</u>                           | <u>1,371,041</u>          |                        |
|                                   | <u><b>\$ 2,526,673</b></u>   | <u><b>(81,804)</b></u> | <u><b>(8,658)</b></u> | <u><b>26,345</b></u>               | <u><b>2,462,556</b></u>   |                        |

Note : Prepayment for equipment and Inventory reclassification for \$24,396 thousand and \$1,949 thousand, respectively.

**BIONIME CORPORATION**  
**Statement of Refundable Deposit**  
**December 31, 2022**

(Expressed in thousands of New Taiwan Dollars)

| <u>Item</u>        | <u>Description</u> | <u>Amount</u>          |
|--------------------|--------------------|------------------------|
| Refundable Deposit | Rental deposit     | \$ <u><u>2,864</u></u> |

**Statement of changes in Intangibles Assets**

**For the year ended December 31, 2022**

(Expressed in thousands of New Taiwan Dollars)

| <u>Item</u>       | <u>Beginning<br/>Balance</u> | <u>Addition</u>     | <u>Reclassification</u> | <u>Internal<br/>Development</u> | <u>Amortization</u>    | <u>Ending<br/>Balance</u> |
|-------------------|------------------------------|---------------------|-------------------------|---------------------------------|------------------------|---------------------------|
| Computer software | \$ 14,250                    | 9,917               | 552                     | -                               | 11,036                 | 13,683                    |
| Development cost  | <u>327,708</u>               | <u>-</u>            | <u>-</u>                | <u>165,329</u>                  | <u>-</u>               | <u>493,037</u>            |
|                   | <u><u>\$ 341,958</u></u>     | <u><u>9,917</u></u> | <u><u>552</u></u>       | <u><u>165,329</u></u>           | <u><u>(11,036)</u></u> | <u><u>506,720</u></u>     |

**BIONIME CORPORATION**  
**Statement of short-term borrowings**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Creditors</u> | <u>Description</u> | <u>Ending<br/>Balance</u> | <u>Contract<br/>Period</u> | <u>Range of interest rate</u> | <u>Bank of<br/>Credit Line</u> | <u>Collateral</u>                |
|------------------|--------------------|---------------------------|----------------------------|-------------------------------|--------------------------------|----------------------------------|
| Bank A           | Unsecured loan     | \$ 123,224                | Less one year              | 5.1218%~5.3535%               | 250,000                        | None                             |
| Bank B           | Pledge loan        | 122,628                   | "                          | 1.6469%~5.7703%               | 203,503                        | Land, Building<br>and Structures |
| Bank C           | Unsecured loan     | 55,146                    | "                          | 2.8703%~3.0410%               | 92,220                         | None                             |
| Bank D           | "                  | <u>51,029</u>             | "                          | 4.4186%                       | 200,000                        | "                                |
|                  |                    | <u><b>\$ 352,027</b></u>  |                            |                               |                                |                                  |

**Statement of Notes and Trade Payables**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Vendor Name</u>                           | <u>Description</u> | <u>Amount</u>            |
|----------------------------------------------|--------------------|--------------------------|
| <b>Notes Payables -Non-Related Parties :</b> |                    |                          |
| A Company                                    | Operating          | \$ 869                   |
| B Company                                    | "                  | <u>56</u>                |
|                                              |                    | <u>925</u>               |
| <b>Trade Payables-Non-Related Parties :</b>  |                    |                          |
| C Company                                    | Operating          | \$ 18,112                |
| D Company                                    | "                  | 14,604                   |
| E Company                                    | "                  | 13,198                   |
| F Company                                    | "                  | 9,863                    |
| Others (Note)                                | "                  | <u>120,174</u>           |
|                                              |                    | <u>175,951</u>           |
|                                              |                    | <u><b>\$ 176,876</b></u> |

Note : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

**BIONIME CORPORATION**  
**Statement of Other Payables and Other Current Liabilities**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>               | <u>Description</u>        | <u>Amount</u>            |
|---------------------------|---------------------------|--------------------------|
| Other payables            | Payback fees              | \$ 183,269               |
|                           | Salary and Wages Payables | 103,612                  |
|                           | Others (Note)             | <u>105,219</u>           |
|                           |                           | <u>392,100</u>           |
| Other current liabilities | Advance Sales Receipts    | 10,202                   |
|                           | Temporary receipts        | 1,332                    |
|                           | Others (Note)             | <u>488</u>               |
|                           |                           | <u>12,022</u>            |
|                           |                           | <b><u>\$ 404,122</u></b> |

Note : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

**BIONIME CORPORATION**  
**Statement of Long-term Borrowings**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Creditors</u> | <u>Description</u> | <u>Loan amount</u>             |                               | <u>Contract Period</u> | <u>Range of interest rate</u> | <u>Collateral</u>              |
|------------------|--------------------|--------------------------------|-------------------------------|------------------------|-------------------------------|--------------------------------|
|                  |                    | <u>Expired within one year</u> | <u>More than one year due</u> |                        |                               |                                |
| Bank B           | Mortgage loan      | \$ 50,666                      | 342,000                       | 104.09.30~119.09.30    | 1.65%                         | Land, Buildings and Structures |
| Bank B           | "                  | 62,500                         | -                             | 107.12.12~112.12.12    | 1.52%                         | "                              |
| Bank B           | "                  | 65,625                         | -                             | 107.09.03~112.09.03    | 1.52%                         | "                              |
| Bank B           | "                  | 25,000                         | 37,500                        | 109.06.24~114.06.24    | 1.65%                         | "                              |
| Bank B           | "                  | 25,000                         | 37,500                        | 109.06.16~114.06.16    | 1.52%                         | "                              |
| Bank B           | "                  | 25,000                         | 39,583                        | 109.07.01~114.07.01    | 1.52%                         | "                              |
| Bank B           | "                  | 25,000                         | 39,583                        | 109.07.06~114.07.06    | 1.52%                         | "                              |
| Bank B           | "                  | 25,000                         | 41,667                        | 109.08.17~114.08.17    | 1.52%                         | "                              |
| Bank B           | "                  | 25,000                         | 60,417                        | 110.05.03~115.05.03    | 1.50%                         | "                              |
| Bank B           | "                  | 27,084                         | 60,416                        | 110.05.31~115.05.03    | 1.50%                         | "                              |
| Bank B           | "                  | 27,273                         | 65,909                        | 110.09.03~115.05.03    | 1.50%                         | "                              |
| Bank B           | "                  | 14,583                         | 85,417                        | 110.05.27~116.05.27    | 1.63%                         | "                              |
| Bank B           | "                  | 12,500                         | 87,500                        | 110.06.01~116.05.27    | 1.50%                         | "                              |
| Bank B           | "                  | 12,500                         | 87,500                        | 110.06.24~116.05.27    | 1.63%                         | "                              |
| Bank B           | "                  | -                              | 400,000                       | 111.12.28~116.12.28    | 1.63%                         | "                              |
| Bank E           | Unsecured loan     | -                              | 100,000                       | 110.10.25~113.05.17    | 1.74%                         | None                           |
|                  |                    | <u>\$ 422,731</u>              | <u>1,484,992</u>              |                        |                               |                                |

**Statement of Operating Revenue**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>                   | <u>Quantity</u> | <u>Unit</u>     | <u>Amount</u>       |
|-------------------------------|-----------------|-----------------|---------------------|
| Meter                         | 1,153           | thousand tables | \$ 249,425          |
| Strips                        | 510,888         | thousand pieces | 1,485,962           |
| Others                        |                 |                 | <u>346,572</u>      |
|                               |                 |                 | 2,081,959           |
| Sales Returns                 |                 |                 | (3,859)             |
| Sale Discounts and Allowances |                 |                 | <u>(6,353)</u>      |
| Net Operating Revenues        |                 |                 | <u>\$ 2,071,747</u> |



**BIONIME CORPORATION**  
**Statement of Operating Costs**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>                                          | <u>Amount</u>              |
|------------------------------------------------------|----------------------------|
| Raw materials beginning of year                      | \$ 150,846                 |
| Add : Raw materials purchased                        | 662,537                    |
| Gain on physical inventory                           | 145                        |
| Less : Raw materials end of year                     | 130,072                    |
| Raw materials sold and scrapped                      | 20,488                     |
| Other                                                | <u>6,879</u>               |
| Raw materials used                                   | 656,089                    |
| Direct labor                                         | 279,353                    |
| Manufacturing overhead                               | <u>363,185</u>             |
| Manufacturing costs                                  | 1,298,627                  |
| Add : Work in process beginning of year              | 322,996                    |
| Work in process purchased                            | 318                        |
| Less : Work in process end of year                   | 310,795                    |
| Work in process sold and scrapped                    | 112,621                    |
| Transfer expense and other                           | <u>117,940</u>             |
| Cost of finished goods                               | 1,080,585                  |
| Add : Finished goods beginning of year               | 84,908                     |
| Less : Finished goods end of year                    | 77,832                     |
| Finished goods scrapped                              | 1,512                      |
| Other                                                | <u>2,469</u>               |
| Cost of manufacturing goods sold                     | 1,083,680                  |
| Add : Sold raw materials and work in process cost    | 119,334                    |
| Inventory scrapped                                   | 15,286                     |
| Provisions for inventory valuation and obsolescence  | 12,370                     |
| Less : Gain on disposal of left over bits and pieces | 2,644                      |
| Gain on physical inventory                           | 145                        |
| Other                                                | <u>59,917</u>              |
| Operating cost                                       | <u><u>\$ 1,167,964</u></u> |

**BIONIME CORPORATION**  
**Statement of Operating Expenses**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>               | <u>Selling Expense</u>   | <u>Administration<br/>Expense</u> | <u>Research and<br/>Developed Expense</u> |
|---------------------------|--------------------------|-----------------------------------|-------------------------------------------|
| Salary                    | \$ 44,035                | 88,181                            | 76,380                                    |
| Professional service fees | 20,624                   | 4,993                             | 18,092                                    |
| Advertisement             | 143,668                  | 30                                | 1                                         |
| Depreciation              | 2,344                    | 22,193                            | 6,816                                     |
| Research Materials        | -                        | -                                 | 26,161                                    |
| Laboratory fees           | -                        | 3,082                             | 35,502                                    |
| Insurance fees            | 6,099                    | 12,188                            | 5,886                                     |
| Shipping fees             | 52,784                   | 220                               | 812                                       |
| Others (Note)             | <u>102,423</u>           | <u>65,979</u>                     | <u>32,327</u>                             |
|                           | <u><b>\$ 371,977</b></u> | <u><b>196,866</b></u>             | <u><b>201,977</b></u>                     |

Note : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

**BIONIME CORPORATION**  
**Statement of Non-Operating income and expenses**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>                                    | <u>Description</u>                                        | <u>Amount</u>    |
|------------------------------------------------|-----------------------------------------------------------|------------------|
| <b>Non-Operating Income</b>                    |                                                           |                  |
| Interest income                                | Interest income from bank deposits                        | \$ 316           |
| Net of other income                            | Other income and expenses                                 | 2,648            |
| Rent income                                    | Rent revenue                                              | 583              |
| Investment income                              | Investment gains recognized by the equity method          | 12,992           |
|                                                |                                                           | <u>\$ 16,539</u> |
| <b>Non-Operating Expenses</b>                  |                                                           |                  |
| Interest expenses                              | Interest expenses of loan                                 | \$ 30,460        |
| Net of foreign exchange                        | Net of foreign exchange                                   | 1,161            |
| Loss of disposal and scrapping of fixed assets | Loss of disposal of fixed assets                          | 3,994            |
| Loss on disposal investments                   | Loss on changes in the shareholding ratio of subsidiaries | 13               |
|                                                |                                                           | <u>\$ 35,628</u> |

## VII.A Review and Analysis of the Company's Financial Position and Financial Performance, and a Listing of Risks

### 1. Financial Position

#### (1) Financial Statements Comparison Analysis Table

Unit: NT\$ Thousand

| Item \ Year                       | 2021             | 2022             | Difference     |               |
|-----------------------------------|------------------|------------------|----------------|---------------|
|                                   |                  |                  | Amount         | %             |
| Current assets                    | 1,389,717        | 1,636,615        | 246,898        | 17.77%        |
| Property, plant and equipment     | 2,536,803        | 2,472,543        | (64,260)       | -2.53%        |
| Intangible assets                 | 342,114          | 506,846          | 164,732        | 48.15%        |
| Other assets                      | 295,248          | 367,057          | 71,809         | 24.32%        |
| <b>Total assets</b>               | <b>4,563,882</b> | <b>4,983,061</b> | <b>419,179</b> | <b>9.18%</b>  |
| Current liabilities               | 1,329,432        | 1,410,960        | 81,528         | 6.13%         |
| Non-current liabilities           | 1,158,373        | 1,491,565        | 333,192        | 28.76%        |
| <b>Total liabilities</b>          | <b>2,487,805</b> | <b>2,902,525</b> | <b>414,720</b> | <b>16.67%</b> |
| Capital stock                     | 637,971          | 610,275          | (27,696)       | -4.34%        |
| Capital reserves                  | 1,362,223        | 1,302,633        | (59,590)       | -4.37%        |
| Retained earnings                 | 225,521          | 163,030          | (62,491)       | -27.71%       |
| Other Equity                      | -149,638         | 4,598            | 154,236        | -103.07%      |
| <b>Total shareholders' equity</b> | <b>2,076,077</b> | <b>2,080,536</b> | <b>4,459</b>   | <b>0.21%</b>  |

Analysis of any significant change: (The change is up to 20%, and amounted to NT\$10 million)

(a) The company has developed a new product, a continuous blood glucose monitoring system-CGM, which has reached technical feasibility in 2019 and meets the requirements for recognition of IFRS Intangible assets. Therefore, the relevant expenses of the development stage of NT\$493,037 thousand are capitalized and transferred to Intangible assets.

(b) Increase in other assets: Due to the increase in prepayment for equipment.

(c) Increase in non-current liabilities: Due to the increase in long-term loans.

(d) Decrease in retained earnings: Due to the cancellation of treasury stock and distribution of earnings.

(e) Decrease in other equity: This is due to the cancellation of treasury stock.

- (2) Where the effect is of material significance, the annual report shall describe the measures to be taken in response: The above-mentioned changes have no material impact on finance and business.

## 2. Financial performance

### (1) Comparison Analysis Table for Results of Operations

Unit: NT\$ Thousand

| Item \ Year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2021      | 2022      | Increased /decreased Amount | Percentage of change (%) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------------------------|--------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |           |                             |                          |
| Operating revenues                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1,867,675 | 2,227,118 | 359,443                     | 19.25%                   |
| Less: Sales return and discount                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 17,751    | 16,529    | (1,222)                     | -6.88%                   |
| Net operating revenue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1,849,924 | 2,210,589 | 360,665                     | 19.50%                   |
| Operating cost                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1,066,793 | 1,206,463 | 139,670                     | 13.09%                   |
| Gross profit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 783,131   | 1,004,126 | 220,995                     | 28.22%                   |
| Operating expense                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 707,837   | 872,709   | 164,872                     | 23.29%                   |
| Operating profit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 75,294    | 131,417   | 56,123                      | 74.54%                   |
| Non-Operating revenues and expenditures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | -709      | -44,934   | (44,225)                    | 6237.66%                 |
| Net profit before tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 74,585    | 86,483    | 11,898                      | 15.95%                   |
| Less: Income tax expense                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | -14,740   | -5,337    | 9,403                       | -63.79%                  |
| Net Income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 89,325    | 91,820    | 2,495                       | 2.79%                    |
| <p>Analysis of any significant change: (The change is up to 20%, and amounted to NT\$10 million)</p> <p>(1) Increase in gross profit: Due to the increase in operating revenue.</p> <p>(2) Increase in operating expense: Due to the increase in marketing and promotion expenses and the increase in expenses for research and development of new products.</p> <p>(3) Increase in operating profit: Due to the increase in gross profit.</p> <p>(4) Decrease in non-operating revenues and expenditures: Due to the increase in foreign currency exchange losses and interest expenses.</p> |           |           |                             |                          |

(2) The expected sales volume and its basis: Not applicable.

(3) The Company's future financial performance for any possible impact:

According to the company's sustainable development, Bionime is committed to improving the company's competitiveness and fulfilling the corporate social responsibility. In addition to continuously promoting the automation of the production and improving the technology and quality of production based on existing operations, supplemented by the comprehensive promotion of meticulous management, the cost of department can be effectively reduced via measures such as

effective improvement of manufacturing processes and operating procedures. The business strategies will continue to innovate Product and IoT development. Bionime will continue to strengthen the development of new markets, new channels, and new customers in the future, and expand the company's future operational growth momentum. Bionime will also improve the company's overall operational performance and expand the competitive advantages.

- (4) Measures to be taken in response: Keep abreast of the business and financial position of the invested business in order to provide the necessary resources and assistance in a timely manner.

### 3. Cash flow analysis

#### (1) Cash flow change analysis

Unit: NT\$ Thousand

| Opening balance<br>(December 31, 2021) | The cash flow generated from operating activities (2022) | The cash flow from generated from investment and financing activities (2022) | Cash flow surplus<br>(December 31, 2022) | Cash shortage contingency plan |                |
|----------------------------------------|----------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------|--------------------------------|----------------|
|                                        |                                                          |                                                                              |                                          | Investment plan                | Financing plan |
| 253,085                                | 142,292                                                  | -198,621                                                                     | 214,489                                  | -                              | -              |

Cash flow change analysis in 2022 is as follow

- (a) Cash inflow from operating activities of NT\$142,292 thousand: Mainly due to net cash surplus from operating activities.

Cash inflows from investment activities amounted to NT\$312,256 thousand: This is mainly due to the acquisition of real estate and intangible assets.

The cash inflow from financing activities of NT\$113,635 thousand: This is due to the increase in long-term loans.

- (2) Remedial measures and liquidity analysis for cash deficit: There is no cash deficit concerns.

- (3) Cash flow analysis for the coming year: Not applicable.

#### 4. Major capital expenditures during the most recent fiscal year: None

#### 5. Investment policy for the most recent fiscal year, the main reasons for the profits or losses, improvement plans, and investment plans for the coming year

- (1) Re-investment policy of the Company:

The re-investment policies of the Company are followed by the relevant executive departments in accordance with the internal control system - "Investment Cycle" and

“Acquisition and Disposal of Assets Procedures”, etc. The above-mentioned regulations or procedures are resolved by the board of directors or shareholders meeting.

(2) The main reasons for the profits or losses, improvement plans and future investment plan of re-investment:

(a) The subsidiary in Swiss is Bionime’s PO service center in Europe without any revenue. Currently, the local employees are helping to develop relevant markets in Europe. The expenses are mainly on the personnel costs and rent, which are positive surpluses every year.

(b) After six years of deployment in retailers, pharmacies, doctors' clinics and diabetes educators in the United States, the subsidiary in the US every year with the stable growth in the demands and sales of test strips.

(c) The Group's subsidiary in Mainland is the production base, brand promotion and customer service center of Bionime in China. Starting from the second half of 2020, the Group’s Mainland subsidiary will gradually take over the exclusive distribution rights in some parts of China from Tonghua Dongbao. Through this approach, we expect to provide customers with more focused and prompt services. Although there was still a loss in 2021, it is expected that through the fermentation of brand benefits, the company will gradually increase its revenue every year and turn losses into profits.

(d) Due to the years of operation at the subsidiary in Malaysia established in 2018, Bionime's blood glucose monitoring device has been highly recognized by many critical opinion leaders in this field in the local market. Through the promotion of clinics, chain pharmacies, individual pharmacies, distributors and other channels, it makes steady profits every year.

Also, the Company always keeps abreast of the business and financial position of the invested business in order to provide the necessary resources and assistance in a timely manner.

(3) Investment plans for the coming year:

The Swiss subsidiary will contribute to revenue in Europe through cooperation with renowned pharmaceutical companies and distribution with other medical material suppliers; the Group's mainland subsidiary will continue its strategy in the previous year to maintain its policy support for POCT admissions and pursue market opportunities; and the Malaysian subsidiary will focus on developing comprehensive



solutions in the coming year to provide inpatient and outpatient services and gradually increase its market penetration and market share.

6. Risk and evaluation in the most recent fiscal year and up to the publication of the annual

(1) The impact of changes in the interest rate, fluctuation of exchange rate, inflation rate on the Company's profits (losses) and countermeasures to be taken in the future:

(a) The effect upon the Company's profits (losses) of interest rate fluctuations and countermeasures to be taken in the future

| Item                                | 2022      | 2023Q1    |
|-------------------------------------|-----------|-----------|
| Net operating revenue               | 2,210,589 | 415,123   |
| Net income                          | 91,820    | (5,091)   |
| Net interest income and expenditure | (30,648)  | (9,160)   |
| Net operating revenue ratio         | (1.39%)   | (2.21%)   |
| Net income ratio                    | (33.38%)  | (179.93%) |

The net interest income and expenditure of 2022 accounted for approximately (1.39)% and (33.38)% of the Company's and its subsidiaries' revenue and net income. The net interest income and expenditure of the first quarter of 2022 accounted for approximately (2.21)% and (179.93) of the Company's and its subsidiaries' revenue and net income. Therefore, the interest rate fluctuations have a significant impact on the revenue and profit of the Company and its subsidiaries.

In response to the risk of interest rate fluctuations, the Company will continue to pay attention to the future trends of the interest rate in the market and collect interest rate information of banks. It timely evaluates the interest rate of the current loans, and continues to establish good relations with banks. By presenting good bank financing credit record, it could obtain a relatively preferential interest rate of loans. When financing is needed, plan appropriate long-term and short-term bank loans depending on the actual capital requirements, to minimize the risks caused by fluctuations in interest rates and capital costs to the Company's operations.

(b) The effect upon the Company's profits (losses) of exchange rate fluctuations and countermeasures to be taken in the future

Unit: NT\$ Thousand

|                       |      |        |
|-----------------------|------|--------|
| Net operating revenue | 2022 | 2023Q1 |
|-----------------------|------|--------|

|                               |           |         |
|-------------------------------|-----------|---------|
| Net Income                    | 2,210,589 | 415,123 |
| Net exchange gains and losses | 91,820    | (5,091) |
| Net operating revenue ratio   | (14,964)  | (1,710) |
| Net income ratio              | 0.68%     | 0.41%   |
| Net operating revenue         | 16.30%    | 33.59%  |

The operating revenue of the Company and its subsidiaries is mainly denominated in US dollars and Euros. Therefore, the depreciation of US dollar or the Euro against the New Taiwan dollar will result in reduction of the profit of the Company and its subsidiaries. In order to reduce the impact of fluctuation of exchange rate on the profit and loss of the Company and its subsidiaries, the Accounts Department of the Company also collects information on exchange rate at any time, focuses on the trend and changes of major currencies in the international currency market to grasp the exchange rate trend, and maintain a good interactive relationship with the bank in order to get more extensive information on foreign exchange and more favorable exchange rate quotes. In terms of strategy, the balance of foreign currency assets and liabilities should be achieved as much as possible to achieve the effect of natural hedging, and reduce the impact of exchange rate fluctuations on the Company's profit and loss.

- (c)The impact of changes in the inflation rate on the Company's profits (losses) and countermeasures to be taken in the future

The increase in domestic and international prices will lead to an increase in the Company's purchasing costs, which may adversely affect the Company's profitability. However, the Company has more than one supplier. In the future, the Company will pay close attention to the inflation situation, and negotiate with different suppliers to reduce the impact of inflation on the Company.

- (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 countermeasures to be taken in the future: None.

- (3)Research and development work to be carried out in the future, and further expenditures expected for research and development work:

For the details of R&D situation, please refer to the detailed explanation in V. Operational Highlights. The R&D expenditures of the Company in 2022 was NT\$ 201,977 thousand, and the estimated R&D expenditures in 2023 is NT\$523,479 thousand. The main factors affecting the success of future R&D are the R&D capabilities of R&D personnel and the mastery of software and hardware systems. It is believed that the experience accumulated of the R&D team of the Company will surely competently perform this important task, and continues to develop competitive products.

- (4)Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and countermeasures to be taken:

In response to the subsequent revision of the guidelines for various operations by domestic and foreign authorities, the Company has actively cooperated with it, and currently, it has no significant impact on the financial operations.

- (5)Effect on the Company's financial operations of developments in science and technology as well as industrial change, and countermeasures to be taken:

The Company has always attached great importance to the improvement of R&D capabilities, paying attention to the evolution of technology in the industry, and commencing the evaluation and R&D of various products to meet market demand. It is evaluated that the developments in science and technology have no significant impact on the Company's financial operations in the near future.

Assessment analysis of security risk and countermeasures: The Company builds the operational management mechanism by referring to the COSO structure, and measuring the factors such as the control environment, risk assessment, control activities, information and communication, and supervision. Moreover, it summarizes the functions of risk management and internal control based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies". The information security risk management mechanism is described as follows:

- (a) Information security management mechanism

The Company shall, in accordance with the relevant laws and regulations and the Company's operating requirements, formulate internal management operations for control of electronic data processing operation cycles and information communication security, which shall be followed by all employees.

- (b) Information security management scheme

As for the information security risks of the Company, it confirms the unfavorable impact of the security risks on the Company's operating profit based on the results of the last step, so as to adopt corresponding management measures.

Information security management schemes planned after evaluation and consideration of information security risks:

- i. The operations of information system and the machine room are all implemented in accordance with ISO 27001 standards and comply with ISO27001 certification.
- ii. Network firewall settings
- iii. Email management and control
- iv. Antivirus software settings
- v. Security control of files and facilities

The management of the Company carries out internal control and risk supervision and management based on the business scope and operation management process of the Company.

(c) Information security management and review

The Company has listed information security inspection and control operations as an annual audit item. The audit office will conduct the audit annually at least; and the Company will conduct inspection based on the internal control system annually, and will report the results of internal control implementation to the Board for review and confirmation. A statement of internal control system is issued based on the results of the evaluation.

(6) Effect on the Company's crisis management of changes in the Company's corporate image, and countermeasures to be taken:

As of the publication of the annual report, there is no major events affecting the Company's corporate image.

(7) Expected benefits and possible risks associated with any merger and acquisitions, and countermeasures being or to be taken: None.

(8) Expected benefits and possible risks associated with any plant expansion, and countermeasures being or to be taken: In response to the required production equipment for new product (CGM), we have expanded our CGM dust-free room facility to accommodate production equipment to increase production capacity. The newly renovated dust-free room of 1,200 pings was expanded to meet the new product launch plan. In view of the future growth prospect of new products and customer

demand, we will implement the principle of making full use of the existing production capacity and plan to invest in new production capacity and new equipment. We will continue to monitor the actual market demand and adjust our investment flexibly to improve the real return rate and reduce the investment risk.

(9) Risks associated with any consolidation of sales or purchasing operations, and countermeasures being or to be taken:

- (a) Purchasing operation: The main purchase items of the Company are the components of blood glucose meter and blood glucose test strip and related raw materials. The procurement amounts of company F in 2021 and 2022 have reached 8.7% and 10.8% of the net procurement amount of the Company. This is because the Company chose to cooperate with company C and company F for a long time under the Company's comprehensive consideration of the supplier's production technology, quality yield, supply capacity and cost planning. There is no consolidation of purchases in the most recent two years.
- (b) Sales operation: The Company's products are distributed throughout Europe, Americas and Asia, and there is no consolidation of sales operation, hence, there is no risk of consolidation of sales operation.

(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 has otherwise changed hands, and countermeasures being or to be taken: None.

(11) Effect upon and risk to Company associated with any change in governance personnel or top management, and countermeasures being or to be taken:

The Company's operations are mostly proposed by the executive units, and then approved by the management, therefore, a complete operation model has been established. If there is a change in governance personnel or top management, the impact on the Company's sustainable operation is limited.

(12) Litigation or non-litigation:

- (a) Any have been determined or are including in the litigation, non-litigation or

administrative litigation in which the results may have a significant effect on the Company's shareholders' equity and securities price, it should be fully disclosed in detail and include the facts of the dispute, cost of litigation, date of commencement of proceedings, litigants and the current situation regarding handling of litigation of the Company in the most recent two fiscal years and up to the date of publication of the annual report: None.

(b) The Company's directors, supervisors, general manager, de facto person in charge, majority shareholders and subordinate companies with a shareholding ratio of more than 10% have been determined or are including in the litigation, non-litigation or administrative litigation in which the results may have a significant effect on the Company's shareholders' equity and securities price in the most recent two fiscal years and up to the date of publication of the annual report: None.

(c) The Company's directors, supervisors, general manager, de facto person in charge, majority shareholders and subordinate companies with a shareholding ratio of more than 10% have been violated the provisions of Article 157 of the Securities and Exchange Act and the current situation regarding handling of the Company in the most recent two fiscal years and up to the date of publication of the annual report and: None.

(13) Other important risks, and countermeasures being or to be taken: None.

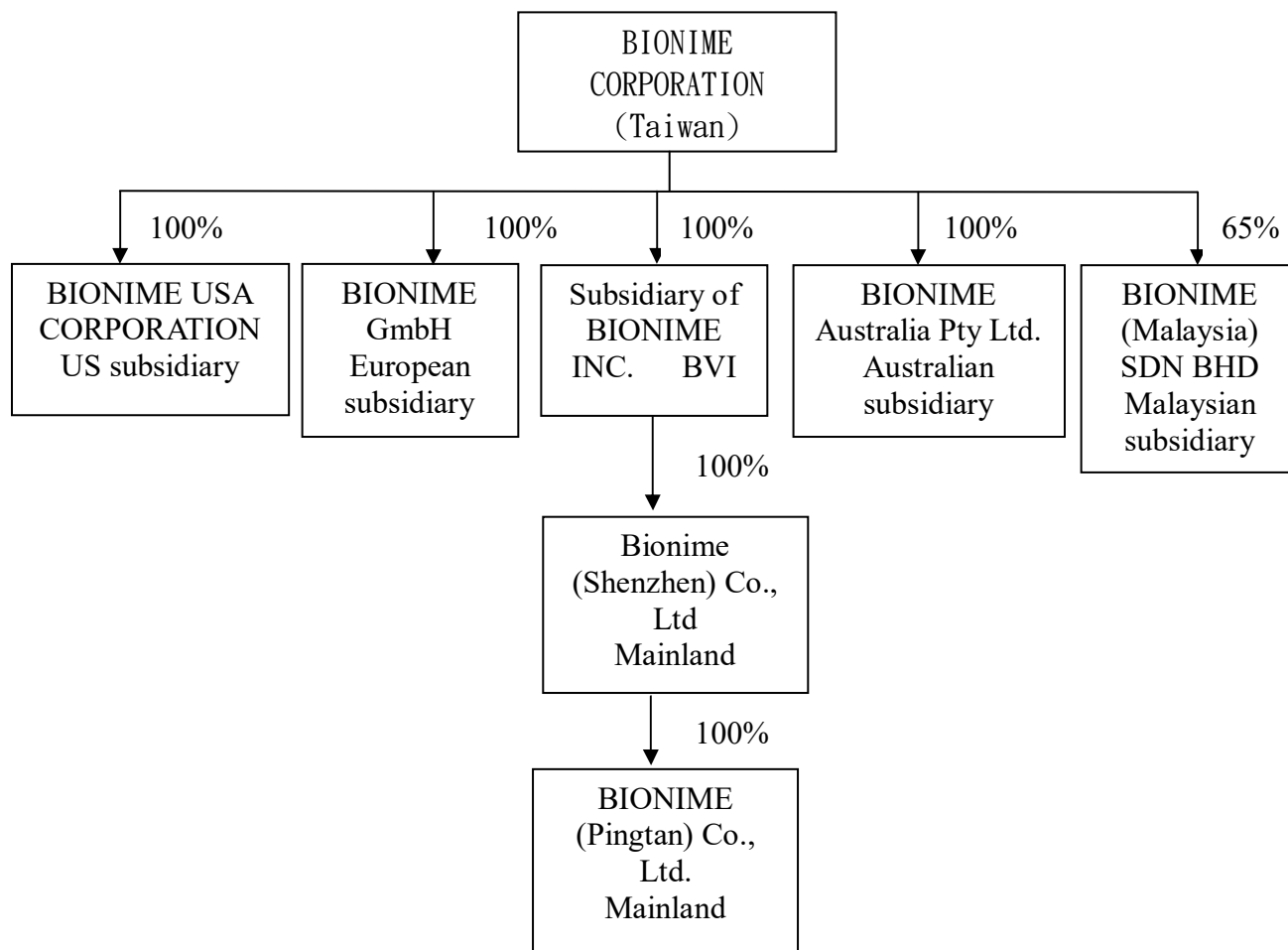
**7. Other important matters:** None.

## VIII. Special Disclosure

### 1. Information related to the Company's affiliates

#### (1) Consolidated business reports of affiliated companies

##### (a) Organizational chart of affiliated companies (December 31, 2022)



##### (b) Basic information of affiliated companies

| Name of company             | Date of incorporation | Region                                                                                                                                                 | Paid-in Capital    | Principal business activity  |
|-----------------------------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------------|
| Bionime Inc.                | November 2004         | OMC Chambers, P.O. Box 3152, Road Town, Tortola, B. V. I.                                                                                              | USD 3,090 thousand | Investment company           |
| Bionime (Shenzhen) Co., Ltd | December 2005         | Zone A, 9th Floor, Fukang Technology Building, 8 Fukang Commercial Plaza, 10th Industrial Zone, Yousong, Longhua Office, Bao'an New District, Shenzhen | USD 2,300 thousand | Merchandising-sector company |
| Bionime GmbH                | April 2005            | Tramstrasse 16 9442 Berneck / Switzerland                                                                                                              | CHF 300 thousand   | Merchandising-sector company |
| Bionime USA Corp.           | February              | 1450 E Spruce Street,                                                                                                                                  | USD 11,150         | Merchandising-sector         |

|                              |               |                                                                                                                                  |                       |                                 |
|------------------------------|---------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------------|
|                              | 2008          | Bldg. B<br>Ontario CA 91761-8314                                                                                                 | thousand              | company                         |
| Bionime Australia Pty Ltd    | February 2010 | Level 7, York Street,<br>Sydney NSW 2000<br>Australia                                                                            | AUD 350<br>thousand   | Merchandising-sector<br>company |
| BIONIME (Pingtan) Co., Ltd.  | January 2015  | Taiwan Pioneer Park,<br>Pingtan Comprehensive<br>Experimental Area,<br>Pingtan County, Fuzhou<br>City, Fujian Province,<br>China | RMB20,000<br>thousand | Manufacturing<br>company        |
| BIONIME(MALAYSIA)<br>SDN BHD | April 2018    | C-05-11,ITECH<br>TOWER,JALAN<br>IMPACT,CYBER 6<br>CYBERJAYA SELANGOR                                                             | RM 1,046<br>thousand  | Merchandising-sector<br>company |

(c) Shareholders presumed to have control and subordinate relationship with the same information: None.

(d) The operating activities of affiliated companies and their association

| Industry Type                | Name of company             | Association with the operating activities of affiliated companies |
|------------------------------|-----------------------------|-------------------------------------------------------------------|
| Investment company           | Bionime Inc.                | The parent company of Bionime (Shenzhen) Co., Ltd.                |
| Merchandising-sector company | Bionime (Shenzhen) Co., Ltd | The re-investment company of Bionime Inc.                         |
| Merchandising-sector company | Bionime GmbH                | None                                                              |
| Merchandising-sector company | Bionime USA Corp.           | None                                                              |
| Merchandising-sector company | Bionime Australia Pty Ltd   | None                                                              |
| Manufacturing company        | BIONIME (Pingtan) Co., Ltd. | The re-investment company of Bionime (Shenzhen) Co., Ltd.         |
| Merchandising-sector company | BIONIME(MALAYSIA) SDN BHD   | None                                                              |

(e) Directors, supervisors and general managers of affiliated companies:

| Name of company    | Position title | Name or representative                                  | Shareholding                    |                         |
|--------------------|----------------|---------------------------------------------------------|---------------------------------|-------------------------|
|                    |                |                                                         | Number of shares ( 1000 shares) | Shareholding percentage |
| Bionime Inc.       | Chairman       | BIONIME CORPORATION<br>Representative:<br>Huang,Chun-Mu | 3.09                            | 100%                    |
| Bionime (Shenzhen) | Legal          | Bionime Inc.                                            | - (Note 1)                      | 100%                    |



|                             |                      |                                                                 |            |      |
|-----------------------------|----------------------|-----------------------------------------------------------------|------------|------|
| Co., Ltd                    | representative       | Representative:<br>Huang,Chun-Mu                                |            |      |
| Bionime GmbH                | Chairman             | BIONIME CORPORATION<br>Representative:<br>Huang,Chun-Mu         | - (Note 2) | 100% |
| Bionime USA Corp.           | Chairman             | BIONIME CORPORATION<br>Representative:<br>Huang,Chun-Mu         | 1,150      | 100% |
| Bionime Australia Pty Ltd   | Chairman             | BIONIME CORPORATION<br>Representative:<br>Huang,Chun-Mu         | -((Note 3) | 100% |
|                             | Director             | BIONIME CORPORATION<br>Representative:<br>Chen,Hui-Zhen         |            |      |
|                             |                      | Huang,Hui Hsuan                                                 |            |      |
| BIONIME (Pingtan) Co., Ltd. | Legal representative | Representative of Bionime (Shenzhen) Co., Ltd:<br>Huang,Chun-Mu | - (Note 1) | 100% |
| Bionime(Malaysia) SDN BHD   | Chairman             | BIONIME CORPORATION<br>Representative:<br>Huang,Chun-Mu         | -(Note4)   | 65%  |
|                             | Director             | BIONIME CORPORATION<br>Representative:<br>Chen,Hui-Zhen         |            |      |
|                             |                      | TING YIK PUNG                                                   |            |      |

Note 1: A limited company established in Mainland China

Note 2: A limited company established in Switzerland

Note 3: A limited company established in Australia

Note 4: A limited company established in Malaysia

(f) Operating Overview of Affiliated Companies

Unit: NT\$ Thousand

| Name of company         | Capital | Total assets | Total liabilities | shareholders' equity | Operating revenues | Net profit | Net Income | EPS        |
|-------------------------|---------|--------------|-------------------|----------------------|--------------------|------------|------------|------------|
| Bionime Inc.            | 98,064  | 108,338      | 0                 | 108,338              | 0                  | -53        | 5,506      | 1,781.88   |
| Bionime (Shenzhen) Co., | 70,702  | 100,784      | 8,478             | 92,306               | 48,877             | -858       | 5,452      | N/A(Note1) |

|                             |         |         |        |        |         |        |       |            |
|-----------------------------|---------|---------|--------|--------|---------|--------|-------|------------|
| Ltd                         |         |         |        |        |         |        |       |            |
| Bionime GmbH                | 7,529   | 26,888  | 2,612  | 24,276 | 21,872  | 1,193  | 989   | N/A(Note1) |
| Bionime USA Corp.           | 343,193 | 99,759  | 6,089  | 93,670 | 98,706  | 8,955  | 4,929 | 4.42       |
| Bionime Australia Pty Ltd   | 10,042  | 352     | 450    | -98    | 0       | -46    | -46   | N/A(Note1) |
| BIONIME (Pingtan) Co., Ltd. | 88,224  | 151,074 | 57,238 | 93,836 | 228,668 | 15,028 | 6,240 | N/A(Note1) |
| Bionime(Malaysia) SDN BHD   | 12,066  | 29,222  | 5,989  | 23,233 | 49,251  | 3,536  | 2,408 | 2.30       |

Note1: The affiliated company is a limited company, so there is no earnings per share.

## (2) Consolidated financial statements of affiliated companies

The companies should be included in the consolidated financial statements of affiliated enterprises of the Company in 2022(from January 1-December 31, 2022) was prepared in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same with the companies should be included in the parent and subsidiary consolidated financial statements in accordance with the IFRS No. 10 approved by the Financial Supervisory Commission, and the relevant information shall disclose in the consolidated financial statements of the affiliated enterprises has been disclosed, therefore, no separate consolidated financial statements of the affiliated enterprises will be presented.

2. Transaction about the Company's private placement of securities during the most recent fiscal year up to the publication of the annual report: None.
3. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year up to the publication of the annual report: None.
4. Other matters for which supplementary explanation is required: None.

**IX. If any of the 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, has occurred during the most recent fiscal year up to the publication of the annual report: None.**

**BIONIME CORPORATION**



**Chairman: Huang, Chun-Mu**

