

**OBI PHARMA, INC.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 2022 AND 2021**

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of OBI PHARMA, INC.

### ***Opinion***

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

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

### ***Basis for opinion***

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

### ***Key audit matters***

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

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

***Key audit matter – Impairment assessment of intangible assets and investments accounted for under equity method***

Description

Refer to Note 4(14) for accounting policies on impairment assessment of non-financial assets, Note 5 for critical judgements adopted in the impairment assessment of intangible assets, and Note 6(6) in the parent company only financial statements and Note 6(7) in the consolidated financial statements for account details of intangible assets.

As of December 31, 2022, the balance of the Company's intangible assets amounted to NT\$81,952 thousand, which consists of related technologies acquired from other companies for new drug development. The balance of patents, patented technologies and goodwill arising from equity investments in AP Biosciences, Inc. amounted to NT\$158,277 thousand (shown as investments accounted for under equity method). Since the drug is still under development, no stable cash inflow can be generated. The Company assesses whether there is any indication of impairment of the patents and patented technologies based on external and internal information. The Company would then consider to recognise an impairment loss by comparing the recoverable amount if there is an indication that they are impaired. Additionally, the Company obtained the goodwill valuation report from an external appraiser firm. Since the impairment assessment performed by the management involves management's subjective judgment and the key assumptions used in the impairment assessment have a significant impact on the value-in-use estimates, we considered the impairment assessment of intangible assets and investments accounted for under equity method as one of the key audit matters.

How our audit addressed the matter

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

1. Reviewed the information used by the Company management for impairment assessment of intangible assets including plan and progress for each development project, etc., conducted discussion with management and director of research and development department regarding the information used for impairment assessment of intangible assets, and assessed whether:
  - (1) The features, marketing advantages and market tendency of the main products including research



and development technology are still competitive.

- (2) The progress of the major research and development plan has no significant delay.
  - (3) The total market value of the Company is higher than the net assets as of the balance sheet date.
2. Performed the following procedures based on the obtained valuation report on goodwill by external experts appointed by the Company:
- (1) Assessed whether the valuation methods adopted are reasonable for the industry, environment and the valued assets of the Company;
  - (2) Evaluated the reasonableness of main assumptions used in estimating the value-in-use, including R&D timeline, R&D success rate, market share of products after the receipt of drug permit license and royalty rate.
  - (3) Examined model parameters and calculations.
  - (4) Compared the discount rate used and assumptions on the capital cost of cash-generating units.
  - (5) Verified whether the value-in-use exceeds the book value of investments in AP Biosciences, Inc.

***Key audit matters - Impairment assessment of investments accounted for using the equity method***

Description

Refer to Note 4(10) for accounting policies on investments accounted for using the equity method, Note 5 for critical judgement adopted in the impairment assessment of investments accounted for using the equity method, and Note 6(3) for details of investments accounted for using the equity method.

The Company's investee, Amaran Biotechnology Inc. (Amaran), had significant amounts of property, plant and equipment and right-of-use assets. As of the balance sheet date, Amaran assesses whether there is any indication of impairment based on the external and internal information. If there is an indication that these assets may be impaired, these assets are tested for impairment based on their fair values or recoverable amounts. As the amount of investments accounted for using the equity method is significant, the assessment of fair value and recoverable amount involves management's subjective judgement, and the key assumptions used in the impairment assessment have a significant impact on the impairment assessment result, we considered the impairment assessment of investments accounted for using the equity method as one of the key audit matters.

#### How our audit addressed the matter

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

1. Reviewed and assessed the reasonableness of the data used in the assessment of impairment indication of property, plant and equipment and right-of-use assets.
2. Obtained an understanding of the reasonableness of future cash flow forecast developed by management.
3. Discussed financial operation forecast with management, and compared the forecast with historical results for reasonableness.
4. Reviewed the reasonableness of other significant assumptions used by management in determining future cash flows.

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

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

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

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

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

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



and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

David Teng

Eileen Liang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2023

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

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

OBI PHARMA, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,008,359	58	\$ 1,345,684	45
1170	Accounts receivable, net		2,037	-	1,741	
1200	Other receivables		22,555	-	18,429	1
1210	Other receivables due from related parties		-	-	170	-
1410	Prepayments	7	120,797	2	96,361	3
11XX	Total current assets		3,153,748	60	1,462,385	49
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(2)	8,725	-	9,106	-
1550	Investments accounted for under equity method	6(3) and 7	1,770,409	34	1,214,914	40
1600	Property, plant and equipment	6(4), 7 and 8	141,594	3	145,668	5
1755	Right-of-use assets	6(5)	50,823	1	87,065	3
1780	Intangible assets	6(6)	81,952	2	55,806	2
1900	Other non-current assets	7 and 8	19,619	-	31,813	1
15XX	Total non-current assets		2,073,122	40	1,544,372	51
1XXX	Total assets		\$ 5,226,870	100	\$ 3,006,757	100

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OBI PHARMA, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Current contract liabilities	6(14) and 7	\$ 368,520	7	\$ -	-
2200	Other payables	6(8)	95,684	2	147,614	5
2220	Other payables to related parties	7	36,109	1	13,232	1
2280	Current lease liabilities	7	29,779	-	35,843	1
2320	Long-term liabilities, current portion	6(7)	7,000	-	7,000	-
2399	Other current liabilities	7	8,762	-	1,571	-
21XX	Total current liabilities		545,854	10	205,260	7
Non-current liabilities						
2540	Long-term borrowings	6(7)	21,000	-	28,000	1
2580	Non-current lease liabilities	7	27,842	1	57,621	2
25XX	Total non-current liabilities		48,842	1	85,621	3
2XXX	Total liabilities		594,696	11	290,881	10
Equity						
	Share capital	6(11)				
3110	Common stock		2,294,394	44	1,992,794	66
	Capital Surplus	6(10)(12)				
3200	Capital surplus		6,932,631	133	3,702,222	123
	Accumulated deficit	6(13)				
3350	Accumulated deficit		( 4,522,538) ( 87)	( 2,908,622) ( 97)		
3400	Other equity interest	6(2)	( 26,323) -	( 24,528) ( 1)		
3500	Treasury stocks	6(11)	( 45,990) ( 1)	( 45,990) ( 1)		
3XXX	Total equity		4,632,174	89	2,715,876	90
	Significant Contingent Liabilities and	6(6) and 9				
	Unrecognised Contract Commitments					
	Significant Events after the Balance	11				
	Sheet Date					
3X2X	Total liabilities and equity		\$ 5,226,870	100	\$ 3,006,757	100

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

OBI PHARMA, INC.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)

				Year ended December 31			
		Notes	2022		2021		
Items			AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(14)	\$ 2,002	-	\$ 826,462	54	
5000	Operating costs		-	-	-	-	
5900	Gross profit		2,002	-	826,462	54	
5910	Unrealised loss from sales	6(3)	-	-	(824,706)	(54)	
5920	Realised profit from sales	6(3)	41,235	3	35,040	3	
5950	Net operating margin		43,237	3	36,796	3	
	Operating expenses	6(4)(5)(6)(9)(10) (18)(19) and 7					
6200	Administrative expenses		(138,247)	(9)	(123,068)	(8)	
6300	Research and development expenses		(1,279,576)	(79)	(1,082,106)	(71)	
6000	Total operating expenses		(1,417,823)	(88)	(1,205,174)	(79)	
6900	Operating loss		(1,374,586)	(85)	(1,168,378)	(76)	
	Non-operating income and expenses						
7100	Interest income	6(15)	45,752	3	4,625	-	
7010	Other income	7	7,178	-	18,552	1	
7020	Other gains and losses	6(16) and 7	156,943	10	(12,233)	(1)	
7050	Finance costs	6(17) and 7	(1,627)	-	(1,783)	-	
7070	Share of loss of associates and joint ventures accounted for under equity method, net	6(3)	(447,576)	(28)	(371,470)	(24)	
7000	Total non-operating income and expenses		(239,330)	(15)	(362,309)	(24)	
7900	<b>Loss before tax</b>		(1,613,916)	(100)	(1,530,687)	(100)	
7950	Income tax expense	6(20)	-	-	-	-	
8200	<b>Loss for the year</b>		<u>(\$ 1,613,916)</u>	<u>(100)</u>	<u>(\$ 1,530,687)</u>	<u>(100)</u>	
	<b>Other comprehensive income (loss) for the year, net</b>						
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>						
8316	Unrealised valuation gains and losses from equity investment instruments measured at fair value through other comprehensive income	6(3)	(\$ 381)	-	\$ 1,069	-	
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>						
8361	Financial statements translation differences of foreign operations		8,368	-	(8,809)	(1)	
8300	<b>Other comprehensive income (loss) for the year, net</b>		<u>\$ 7,987</u>	<u>-</u>	<u>(\$ 7,740)</u>	<u>(1)</u>	
8500	<b>Total comprehensive loss for the year</b>		<u>(\$ 1,605,929)</u>	<u>(100)</u>	<u>(\$ 1,538,427)</u>	<u>(101)</u>	
	Loss per share (in dollars)	6(21)					
9750	Basic and diluted loss per share		<u>(\$ 7.27)</u>		<u>(\$ 7.69)</u>		

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

OBI PHARMA, INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

		Capital Reserves					Other Equity Interest				
								Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
	Notes	Share capital - common stock	Additional paid-in capital	Employee stock warrants	Restricted stock	Others	Accumulated deficit	Financial statements translation differences of foreign operations	Other equity, others	Treasury shares	Total equity
Year ended December 31, 2021											
		\$ 1,992,794	\$ 2,206,273	\$ 1,196,428	\$ -	\$ 282,081	(\$ 1,377,935 )	\$ 2,356	(\$ 19,144 )	\$ -	\$ 4,229,022
		-	-	-	-	-	( 1,530,687 )	-	-	-	( 1,530,687 )
		-	-	-	-	-	-	( 8,809 )	1,069	-	( 7,740 )
		-	-	-	-	-	( 1,530,687 )	( 8,809 )	1,069	-	( 1,538,427 )
Share-based payment transactions	6(10)(12)(19)	-	-	33,993	-	16,077	-	-	-	-	50,070
Share-based payment transactions of subsidiaries	6(12)	-	-	-	-	543	-	-	-	-	543
Forfeiture of share options	6(10)(12)	-	-	( 137,527 )	-	137,527	-	-	-	-	-
Forfeiture of share options issued by a subsidiary	6(12)	-	-	-	-	1,253	-	-	-	-	1,253
Changes in ownership interests in subsidiaries (Note)	6(3)(12)	-	-	-	-	( 35,272 )	-	-	-	( 2,403 )	( 37,675 )
Disposal Company's share by subsidiaries recognised as treasury share transactions	6(12)	-	-	-	-	846	-	-	-	10,244	11,090
Balance at December 31, 2021		\$ 1,992,794	\$ 2,206,273	\$ 1,092,894	\$ -	\$ 403,055	(\$ 2,908,622 )	(\$ 6,453 )	(\$ 18,075 )	\$ -	\$ 2,715,876
Year ended December 31, 2022											
		\$ 1,992,794	\$ 2,206,273	\$ 1,092,894	\$ -	\$ 403,055	(\$ 2,908,622 )	(\$ 6,453 )	(\$ 18,075 )	\$ -	\$ 2,715,876
		-	-	-	-	-	( 1,613,916 )	-	-	-	( 1,613,916 )
		-	-	-	-	-	-	8,368	( 381 )	-	7,987
		-	-	-	-	-	( 1,613,916 )	8,368	( 381 )	-	( 1,605,929 )
Issuance of shares	6(11)	300,000	2,850,000	-	-	-	-	-	-	-	3,150,000
Share-based payment transactions	6(10)(12)(19)	-	9,441	73,724	-	19,563	-	-	-	-	102,728
Issuance of employee restricted stocks	6(11)(12)	1,600	-	-	8,960	-	-	-	( 10,560 )	-	-
Compensation cost of employee restricted stocks	6(10)(19)	-	-	-	-	-	-	-	778	-	778
Forfeiture of share options	6(10)(12)	-	-	( 86,378 )	-	89,231	-	-	-	-	2,853
Changes in ownership interests in subsidiaries (Note)	6(3)(12)	-	-	-	-	265,868	-	-	-	-	265,868
Balance at December 31, 2022		\$ 2,294,394	\$ 5,065,714	\$ 1,080,240	\$ 8,960	\$ 777,717	(\$ 4,522,538 )	\$ 1,915	(\$ 18,456 )	(\$ 9,782 )	\$ 4,632,174

Note: It refers to effect of not acquiring shares issued by subsidiaries in proportion to its interest.

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



OBI PHARMA, INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before tax		( \$ 1,613,916 )	( \$ 1,530,687 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(4)(5)(18)	55,130	66,430
Amortisation	6(6)(18)	16,217	15,495
Interest expense	6(17)	1,627	1,783
Interest income	6(15)	( 45,752 )	( 4,625 )
Dividend income		-	( 80 )
Gains on disposals of property, plant and equipment	6(16)	( 7,281 )	( 8,870 )
Compensation cost for share-based payment	6(10)(18)	82,550	34,027
Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(3)	447,576	371,470
Unrealised (gain) loss on intercompany transactions	6(3)	( 41,235 )	789,666
Acquisition of subsidiaries equity interest in non-cash payment	6(22)	-	( 870,154 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	382,159
Accounts receivable, net		( 296 )	( 290 )
Other receivables		11,427	( 4,504 )
Other receivables due from related parties		170	1,625
Prepayments		( 24,436 )	34,759
Changes in operating liabilities			
Other payables		( 51,766 )	3,151
Other payables-related parties		22,877	( 30,925 )
Other current liabilities		7,191	174
Cash outflow generated from operations		( 1,139,917 )	( 749,396 )
Interest received		30,198	5,579
Dividends received		-	80
Interest paid		( 1,627 )	( 1,783 )
Net cash flows used in operating activities		( 1,111,346 )	( 745,520 )
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of investments accounted for under equity method	6(3)(22)	( 288,037 )	( 300,301 )
Acquisition of property, plant and equipment	6(22)	( 14,978 )	( 17,774 )
Proceeds from disposal of property, plant and equipment		48	370
Acquisition of intangible assets	6(6)	( 42,328 )	( 2,291 )
Decrease in prepayments for business facilities		-	1,391
Decrease in refundable deposits		12,159	627
Net cash flows used in investing activities		( 333,136 )	( 317,978 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Repayment of long-term debt	6(7)(23)	( 7,000 )	( 9,000 )
Repayment of lease principal	6(5)(23)	( 35,843 )	( 36,774 )
Proceeds from cash capital increase	6(11)	3,150,000	-
Net cash flows from (used in) financing activities		3,107,157	( 45,774 )
Net increase (decrease) in cash and cash equivalents		1,662,675	( 1,109,272 )
Cash and cash equivalents at beginning of year		1,345,684	2,454,956
Cash and cash equivalents at end of year		<u>\$ 3,008,359</u>	<u>\$ 1,345,684</u>

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

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OBI PHARMA, INC.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. HISTORY AND ORGANISATION

OBI PHARMA, INC. (the “Company”) was established on April 29, 2002 upon approval by the Ministry of Economic Affairs. The Company conducted the initial public offering in May 2012, and traded its shares on the Emerging Stock Market of the Taipei Exchange (formerly GreTai Securities Market) since March 23, 2015. The Company is primarily engaged in new drugs research.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 13, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income, these parent company only financial statements have been



prepared under the historical cost convention.

- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Otherwise, they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, they are classified as non-current liabilities.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Accounts receivable

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

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at

initial recognition to recognise changes in fair value in other comprehensive income.

- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs, and subsequently measured it at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

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

(10) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financials and operating policies. In general, it is presumed that the parent has the power to govern the financials and operating policies, if a parent holds, directly or indirectly, more than half of the voting power of an entity. Investments in subsidiaries are accounted for using equity method in these parent company only financial statements.
- B. Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity



transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

- E. Shares of the parent company held by subsidiaries are treated as treasury shares.
- F. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners’ equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(11) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	50 years
Lab equipment	3~5 years
Office equipment	3~5 years
Leasehold improvements	3~5 years

(12) Operating leases (lessee) - right-of-use assets / lease liabilities

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

commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

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

(13) Intangible assets

A. Patent and acquired special technology:

- (a) Patents acquired in intellectual property right as equity are recognised at fair value at the acquisition date, and amortised on a straight-line basis over the estimated useful life of 17 years.
- (b) If acquired by cash, it is recorded at acquisition cost. The estimated useful life is 10 years, and it is amortised on a straight-line basis.

B. Computer software

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

(14) Impairment of non-financial assets

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

years.

- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(15) Borrowings

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

(16) Derecognition of financial liabilities

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

(17) Employee benefits

A. Short-term employee benefits

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

B. Pensions - Defined contribution plans

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

C. Employees' compensation and directors' and supervisors remuneration

Employees' compensation and directors' and supervisors remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(18) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The

fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

**B. Restricted stocks:**

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

**(19) Income tax**

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.



Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures, to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(20) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(21) Revenue recognition

- A. The Company entered into a contract with a customer to grant a license of patents to the customer. Given the license is distinct from other promised goods or services in the contract, the Company recognises the revenue from licensing when the license is transferred to a customer either at a point in time or over time based on the nature of the license granted. The customer pays a non-refundable upfront fee upon signing of the contract, and makes milestone payments once each milestone is achieved. Revenue is recognised based on the transaction price. The nature of the Company's promise in granting a license is a promise to provide a right to access the Company's intellectual property if the Company undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Company's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licensing period. In

case the abovementioned conditions are not met, the nature of the Company's promise in granting a license is a promise to provide a right to use the Company's intellectual property and therefore the revenue is recognised when transferring the license to a customer at a point in time

- B. Some contracts require a sales-based royalty in exchange for a license of intellectual property. The Company recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

## 5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

### (1) Impairment assessment of intangible assets (excluding goodwill)

In accordance with IAS 36, the Company determines whether an intangible asset (excluding goodwill) may be impaired requiring significant judgements. The Company assesses whether there is any indication for impairment based on internal and external information, including the plan and progress of research and development project and the prospect of such technology.

### (2) Impairment assessment of investments accounted for using equity method

- A. The Company assesses impairment of tangible assets based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets based on how assets are utilised and industrial characteristics.
- B. The impairment assessment of goodwill relies on the Company's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 100	\$ 100
Checking accounts and demand deposits	104,832	349,104
Time deposits	2,903,427	996,480
	<u>\$ 3,008,359</u>	<u>\$ 1,345,684</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to

disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through other comprehensive income

Items	December 31, 2022	December 31, 2021
Non-current item:		
Unlisted stocks	\$ 27,181	\$ 27,181
Valuation adjustment	( 18,456)	( 18,075)
	<u>\$ 8,725</u>	<u>\$ 9,106</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$8,725 and \$9,106 as at December 31, 2022 and 2021, respectively.

B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2022	2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 381)	\$ 1,069

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$8,725 and \$9,106, respectively.

(3) Investments accounted for using equity method

	Years ended December 31,	
	2022	2021
At January 1	\$ 1,214,914	\$ 1,156,711
Addition of investments accounted for under equity method	656,557	1,245,301
Realised (unrealised) gain on intercompany transactions	48,469 (	798,072)
Shares of the parent company held and disposed by subsidiaries treated as treasury shares	-	8,687
Share of profit or loss of investments accounted for under equity method	( 447,576) (	371,470)
Changes in ownership interests in subsidiaries	265,868 (	35,272)
Changes in capital surplus	23,809	17,838
Changes in other equity items	8,368 (	8,809)
At December 31	\$ 1,770,409	\$ 1,214,914
	December 31, 2022	December 31, 2021
AP Biosciences, Inc.	\$ 586,000	\$ 484,977
Amaran Biotechnology Inc. (Note )	464,059	554,291
Odeon Therapeutics (Cayman) Limited	368,520	-
Obigen Pharma, Inc.	228,885	63,438
OBI Pharma USA, Inc.	67,575	54,716
OBI Pharma Australia Pty Ltd.	48,395	45,162
OBI Pharma Limited	6,975	12,330
	\$ 1,770,409	\$ 1,214,914

Note: Includes shares of the Company held and disposed by subsidiaries that are treated as treasury shares.

- A. Details of the subsidiaries of the Company are provided in Note 4(3) in the Company's 2022 consolidated financial statements.
- B. On February 23, 2021, the Company entered into an intellectual property rights licensing agreement with respect to the global aesthetic medicine for OBI-858, Novel Botulinum Toxin with Obigen Pharma, Inc. The future clinical research and development of indication for OBI-858 aesthetic medicine will be proceeded by Obigen Pharma, Inc. The future clinical research and development of the OBI-858 aesthetic medicine will be proceeded by Obigen Pharma, Inc. Further, Obigen Pharma, Inc. will issue new 47,250 thousand shares, for a total of \$945,000 as consideration. The Company acquired 62.17% equity interest in Obigen Pharma, Inc. which then became a subsidiary under the control of the Company.
- C. Subsequent to the approval by the Board of Directors of the Company and the Investment Commission of MOEA on September 28, 2020 and November 11, 2021, respectively, the Company and Odeon Therapeutics (Hong Kong) Limited (hereafter referred to as "Odeon Hong

Kong”) entered into an exclusive licensing agreement in China (including Hong Kong and Macao) of OBI-833 (Globo H Adagloxad Simolenin) and OBI-999 (Globo H Antibody Drug Conjugate) on February 22, 2022. According to the agreement, Odeon Hong Kong will possess the rights to conduct clinical trials, register the licenses, and sell and provide services of OBI-833 and OBI-999 in China. The agreement also includes the right of prior purchase of intellectual property of OBI-888 (Globo H monoclonal antibody), exercisable within 2 years starting from the date the agreement was signed.

The licensing agreement provides for a payment upon signing of US\$12 million and milestone payments that could reach a total of US\$200 million, as well as royalties as a percentage of net sales. Under the agreement, the Company received the new preferred shares from Odeon Therapeutics (Cayman) Limited (hereafter referred to as “Odeon”, the parent company who owned a 100% equity interest in Odeon Hong Kong) in settlement of the payment upon signing. On March 21, 2022, Odeon issued 6,750 thousand preferred shares, of which 6,000 thousand shares were acquired by the Company, equivalent to 77.42% voting right. As such, the Company has control over Odeon hereafter.

- D. Realised and unrealised net sales through downstream transactions and unrealised gain on disposal of property, plant and equipment amounting to \$41,235 and \$789,666, \$7,234 and \$8,406 for the years ended December 31, 2022 and 2021, respectively, had been eliminated in accordance with the regulations. They had been accounted for as a deduction of “investments accounted for under equity method”.

(4) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Lab equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>At January 1, 2022</u>						
Cost	\$ 87,514	\$ 26,818	\$ 258,127	\$ 26,470	\$ 48,960	\$ 447,889
Accumulated depreciation	-	( 13,398)	( 225,028)	( 21,276)	( 42,519)	( 302,221)
	<u>\$ 87,514</u>	<u>\$ 13,420</u>	<u>\$ 33,099</u>	<u>\$ 5,194</u>	<u>\$ 6,441</u>	<u>\$ 145,668</u>
<u>2022</u>						
At January 1	\$ 87,514	\$ 13,420	\$ 33,099	\$ 5,194	\$ 6,441	\$ 145,668
Additions	-	-	14,814	-	-	14,814
Depreciation	-	( 299)	( 14,116)	( 1,796)	( 2,677)	( 18,888)
At December 31	<u>\$ 87,514</u>	<u>\$ 13,121</u>	<u>\$ 33,797</u>	<u>\$ 3,398</u>	<u>\$ 3,764</u>	<u>\$ 141,594</u>
<u>At December 31, 2022</u>						
Cost	\$ 87,514	\$ 26,818	\$ 271,542	\$ 26,470	\$ 45,520	\$ 457,864
Accumulated depreciation	-	( 13,697)	( 237,745)	( 23,072)	( 41,756)	( 316,270)
	<u>\$ 87,514</u>	<u>\$ 13,121</u>	<u>\$ 33,797</u>	<u>\$ 3,398</u>	<u>\$ 3,764</u>	<u>\$ 141,594</u>



	Land	Buildings and structures	Lab equipment	Office equipment	Leasehold improvements	Total
<u>At January 1, 2021</u>						
Cost	\$ 87,514	\$ 26,818	\$ 329,982	\$ 23,020	\$ 67,584	\$ 534,918
Accumulated depreciation	-	(13,098)	(240,940)	(19,841)	(49,393)	(323,272)
	<u>\$ 87,514</u>	<u>\$ 13,720</u>	<u>\$ 89,042</u>	<u>\$ 3,179</u>	<u>\$ 18,191</u>	<u>\$ 211,646</u>
<u>2021</u>						
At January 1	\$ 87,514	\$ 13,720	\$ 89,042	\$ 3,179	\$ 18,191	\$ 211,646
Additions	-	-	13,655	3,450	833	17,938
Disposal	-	-	(48,771)	-	(9,168)	(57,939)
Reclassifications (Note 1)	-	-	2,180	-	357	2,537
Depreciation	-	(300)	(23,007)	(1,435)	(3,772)	(28,514)
At December 31	<u>\$ 87,514</u>	<u>\$ 13,420</u>	<u>\$ 33,099</u>	<u>\$ 5,194</u>	<u>\$ 6,441</u>	<u>\$ 145,668</u>
<u>At December 31, 2021</u>						
Cost	\$ 87,514	\$ 26,818	\$ 258,127	\$ 26,470	\$ 48,960	\$ 447,889
Accumulated depreciation	-	(13,398)	(225,028)	(21,276)	(42,519)	(302,221)
	<u>\$ 87,514</u>	<u>\$ 13,420</u>	<u>\$ 33,099</u>	<u>\$ 5,194</u>	<u>\$ 6,441</u>	<u>\$ 145,668</u>

Note 1: The reclassifications resulted from a transfer from prepayments for business facilities (shown as 'other non-current asset') to property, plant and equipment.

Note 2: Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

Note 3: Refer to Note 6(22) for details.

Note 4: The Company's lab equipment and leasehold improvements have been fully depreciated or sold and then derecognised. Therefore, for the years ended December 31, 2022 and 2021, cost and accumulated depreciation of property, plant and equipment both decreased by \$4,839 and \$49,565, respectively.

(5) Leasing arrangements - lessee

- A. The Company leases various assets including office space. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. Short-term leases with a lease term of 12 months or less comprise offices. Low-value assets comprise photocopiers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Buildings	<u>\$ 50,823</u>	<u>\$ 87,065</u>

	Years ended December 31,	
	2022	2021
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 36,242	\$ 37,916

D. For the years ended December 31, 2022 and 2021, the additions to ‘right-of-use assets’ were \$0 and \$44,851, respectively.

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

	Years ended December 31,	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,156	\$ 1,263
Expense on short-term lease contracts	3,661	802
Expense on leases of low-value assets	370	370

F. For the years ended December 31, 2022 and 2021, the Company’s total cash outflow for leases arising from right-of-use assets were \$41,030 (of which \$35,843 represents principal of lease liabilities) and \$39,209 (of which \$36,774 represents principal of lease liabilities), respectively.

(6) Intangible assets

	Patent					
	OBI-858 Product development project of botulinum	OBI-833 Next-generation cancer vaccine	OBI-3424 AKR1C3 enzyme prodrug	Trop2 monoclonal antibody	Software	Total
<u>At January 1, 2022</u>						
Cost	\$ 42,858	\$ 1,500	\$ 90,693	\$ -	\$ 7,415	\$ 142,466
Accumulated amortisation	( 42,144)	( 1,338)	( 39,300)	-	( 3,878)	( 86,660)
	<u>\$ 714</u>	<u>\$ 162</u>	<u>\$ 51,393</u>	<u>\$ -</u>	<u>\$ 3,537</u>	<u>\$ 55,806</u>
<u>2022</u>						
At January 1	\$ 714	\$ 162	\$ 51,393	\$ -	\$ 3,537	\$ 55,806
Additions	-	-	-	41,648	680	42,328
Reclassifications	-	-	-	-	35	35
Amortisation	( 714)	( 150)	( 9,070)	( 4,165)	( 2,118)	( 16,217)
At December 31	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 42,323</u>	<u>\$ 37,483</u>	<u>\$ 2,134</u>	<u>\$ 81,952</u>
<u>At December 31, 2022</u>						
Cost	\$ 42,858	\$ 1,500	\$ 90,693	\$ 41,648	\$ 8,130	\$ 184,829
Accumulated amortisation	( 42,858)	( 1,488)	( 48,370)	( 4,165)	( 5,996)	( 102,877)
	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 42,323</u>	<u>\$ 37,483</u>	<u>\$ 2,134</u>	<u>\$ 81,952</u>

	Patent				
	OBI-858 Product development project of botulinum	OBI-833 Next-generation cancer vaccine	OBI-3424 AKR1C3 enzyme prodrug	Software	Total
<u>At January 1, 2021</u>					
Cost	\$ 42,858	\$ 1,500	\$ 90,693	\$ 8,630	\$ 143,681
Accumulated amortisation	( 37,858)	( 1,188)	( 30,231)	( 5,394)	( 74,671)
	<u>\$ 5,000</u>	<u>\$ 312</u>	<u>\$ 60,462</u>	<u>\$ 3,236</u>	<u>\$ 69,010</u>
<u>2021</u>					
At January 1	\$ 5,000	\$ 312	\$ 60,462	\$ 3,236	\$ 69,010
Additions	-	-	-	2,291	2,291
Amortisation	( 4,286)	( 150)	( 9,069)	( 1,990)	( 15,495)
At December 31	<u>\$ 714</u>	<u>\$ 162</u>	<u>\$ 51,393</u>	<u>\$ 3,537</u>	<u>\$ 55,806</u>
<u>At December 31, 2021</u>					
Cost	\$ 42,858	\$ 1,500	\$ 90,693	\$ 7,415	\$ 142,466
Accumulated amortisation	( 42,144)	( 1,338)	( 39,300)	( 3,878)	( 86,660)
	<u>\$ 714</u>	<u>\$ 162</u>	<u>\$ 51,393</u>	<u>\$ 3,537</u>	<u>\$ 55,806</u>

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

	Years ended December 31,	
	2022	2021
Administrative expenses	\$ 516	\$ 805
Research and development expenses	15,701	14,690
	<u>\$ 16,217</u>	<u>\$ 15,495</u>

B. In 2010, the Company acquired patents named “next-generation cancer vaccine” (OBI-833) and “reagent for cancer screening” (OBI-868). The contract states that the Company must pay royalty fees based on the achieved milestones. In 2013, the Company paid royalty fees of \$1,500 separately for both projects. Furthermore, the Company must pay royalty fees based on a certain percentage of the sales of patented products annually.

C. On May 31, 2017, the Company entered into an agreement with Threshold Pharmaceuticals, Inc. to acquire the global IP right (excluding Mainland China, Hong Kong, Macao, Taiwan, Japan, South Korea, Singapore, Malaysia, Thailand, Turkey and India) and patent regarding the innovative micromolecule drug TH-3424, which was then renamed OBI-3424.

D. On December 8, 2021, the Company and Biosion, Inc. (hereafter referred to as “Biosion” ) entered into an exclusive authorisation contract of humanised Trop2 monoclonal antibody (product No.BSI-04702). The authorisation includes global exclusive right, except for Mainland China, Hong Kong and Macao. Under the contract, the Company will pay signing bonus to Biosion, milestone payment based on the progress of the research and development, and royalties based on a certain percentage of sales amount after the product has been launched in the market.

E. The Company has no intangible assets pledged to others.

(7) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2022	December 31, 2021
Long-term bank borrowings					
Secured borrowings	Borrowing period is from October 5, 2016 to October 5, 2026; interest is payable monthly (Note 1)	Note 3	Note 2	\$ 28,000	\$ 35,000
Less: Current portion				( 7,000)	( 7,000)
				<u>\$ 21,000</u>	<u>\$ 28,000</u>

Note 1: The Company negotiated a borrowing contract with the bank whereby the principal will be payable quarterly starting from January 2017.

Note 2: Refer to Note 8 for details.

Note 3: It was calculated based on 3-month adjustable rates for consumer loans plus 0.53% annual rate. As of December 31, 2022 and 2021, the interest rate was 1.88% and 1.33%, respectively.

(8) Other payables

	December 31, 2022	December 31, 2021
Accrued clinical trials cost	\$ 37,552	\$ 109,457
Accrued royalties	27,640	-
Accrued clinical material expense	13,844	16,822
Wages and salaries payable	4,529	4,674
Outsourced research expense payable	3,056	4,511
Accrued consulting and service fee	1,804	1,936
Payable on equipment	-	164
Others	7,259	10,050
	<u>\$ 95,684</u>	<u>\$ 147,614</u>

(9) Pension

The Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were \$8,259 and \$7,873, respectively.

(10) Share-based payment

- A. The options were granted to qualified employees of the Company and the subsidiaries which the Company holds over 50% equity interest by issuing new shares of the Company when exercised. The options are valid for 10 years. The major contents were as follows:

Type of agreement	Grant date	No. of units	Subscription share per unit	Vesting conditions	Weighted-average remaining contract period (years)
Employee stock option plan (Note 1)	2013.11.27	1,821,000	1	After two years of service, employees can exercise options monthly at a certain percentage based on the schedule	0.91
"	2014.02.21	1,744,000	1	"	1.14
"	2014.03.26	575,000	1	"	1.23
"	2015.05.06	2,861,000	1	"	2.35
"	2015.08.04	75,000	1	"	2.59
"	2015.11.06	353,000	1	"	2.85
"	2015.12.15	13,000	1	"	2.96
"	2016.03.25	1,377,000	1	"	3.23



Type of agreement	Grant date	No. of units	Subscription share per unit	Vesting conditions	Weighted-average remaining contract period (years)
Employee stock option plan (Note 1)	2017.03.09	3,145,000	1	After two years of service, employees can exercise options monthly at a certain percentage based on the schedule	4.19
"	2017.05.12	20,000	1	"	4.36
"	2017.08.11	20,000	1	"	4.61
"	2017.11.10	130,000	1	"	4.86
"	2018.01.19	1,685,000	1	"	5.05
"	2019.09.06	1,125,000	1	"	6.68
"	2019.11.08	385,000	1	"	6.85
"	2020.08.05	510,000	1	"	7.59
"	2021.11.05	3,859,000	1	"	8.85
"	2022.03.18	320,000	1	"	9.21
"	2022.05.06	143,000	1	"	9.35
"	2022.08.08	539,000	1	"	9.60
Cash capital increase reserved for employee preemption (Note 1)	2022.03.01	2,433,100	1	Vested immediately	-
Restricted stocks to employees (Note 2)	2022.10.25	160,000	1	After 2 years of service and achieving certain performance level, restricted stocks can be vested at a certain percentage (Note 3)	-

Note 1: The above share-based payment arrangements are equity-settled.

Note 2: The restricted shares issued by the Company cannot be sold, pledged, transferred, donated, collateralized, or disposed in any other method during the vesting period. However, the rights to distribution of dividends, bonuses and capital surplus, and subscription rights to cash capital increase are not restricted.

Note 3: The employee restricted shares granted to an executive can only be vested if (1) the executive remains employed by the Company on the last date of each vesting period; (2) during the vesting period, the executive may not breach any agreement with the Company or violate the Company's work rules; and (3) executive performance metrics set up by the Company are met (that is, a performance rating of at least "Exceed" or above for the year immediately preceding the expiration of each vesting period.).

The vesting conditions of granted employee restricted shares are as follows:

- a. 50% of restricted shares are vested to employees who remain employed by the Company two years from the grant date;
- b. 25% of restricted shares are vested to employees who remain employed by the Company three years from the grant date;
- c. 25% of restricted shares are vested to employees who remain employed by the Company four years from the grant date.

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

(a) Employee stock option plan

	Years ended December 31,			
	2022		2021	
	No. of units	Weighted-average exercise price (in dollars)	No. of units	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	12,725,314	\$ 206.34	9,954,335	\$ 251.81
Options granted	1,102,000	93.13	3,859,000	108.00
Options exercised	-	-	-	-
Options forfeited or expired	( 1,265,107)	181.03	( 1,088,021)	272.04
Options outstanding at end of the year	<u>12,562,207</u>	185.16	<u>12,725,314</u>	206.34
Options exercisable at end of the year	<u>7,927,119</u>		<u>7,801,399</u>	
Options authorised but not granted at end of the year	<u>-</u>		<u>1,141,000</u>	

(b) Restricted stocks to employees

	Years ended December 31,	
	2022	2021
	No. of shares	No. of shares
Stocks outstanding at January 1	-	-
Stocks granted	160,000	-
Stocks outstanding at December 31	<u>160,000</u>	<u>-</u>

C. No stock options were exercised for the years ended December 31, 2022 and 2021.

D. As of December 31, 2022 and 2021, the range of exercise prices of the Company's stock options outstanding were \$79~\$575.3 (in dollars) and \$108~\$727 (in dollars), respectively.

E. The fair value of stock options granted on grant date is measured using the Black-Scholes option-

pricing model. Relevant information is as follows:

Type of agreement	Grant date	Underlying market value on measurement date (in dollars)	Exercise price per share (in dollars)	Expected volatility (Note)	Expected option life	Expected dividend yield	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock option plan	2013.11.27	255.6	215.8	49.72%	6.375 years	0%	1.44%	128.42
"	2014.02.21	231.4	191.1	47.62%	6.375 years	0%	1.34%	114.80
"	2014.03.26	215.0	201.0	46.54%	6.375 years	0%	1.38%	97.07
"	2015.05.06	334.0	280.7	44.46%	6.375 years	0%	1.33%	150.18
"	2015.08.04	283.0	242.5	43.90%	6.375 years	0%	1.21%	125.27
"	2015.11.06	422.0	346.7	44.11%	6.375 years	0%	1.01%	186.00
"	2015.12.15	727.0	575.3	45.44%	6.375 years	0%	0.99%	328.28
"	2016.03.25	420.0	345.2	47.70%	6.375 years	0%	0.72%	195.43
"	2017.03.09	326.0	313.9	50.01%	6.375 years	0%	1.11%	159.90
"	2017.05.12	261.0	251.3	49.51%	6.375 years	0%	0.96%	126.34
"	2017.08.11	191.0	183.9	48.61%	6.375 years	0%	0.82%	90.60
"	2017.11.10	169.0	162.7	48.44%	6.375 years	0%	0.81%	79.91
"	2018.01.19	170.5	164.2	48.61%	6.375 years	0%	0.88%	81.04
"	2019.09.06	144.0	140.5	45.65%	6.375 years	0%	0.62%	64.29
"	2019.11.08	131.0	127.8	45.03%	6.375 years	0%	0.65%	57.88
"	2020.08.05	120.0	117.1	45.37%	6.375 years	0%	0.37%	52.76
"	2021.11.05	108.0	105.4	45.03%	6.375 years	0%	0.45%	47.33
"	2022.03.18	110.0	107.4	44.11%	6.375 years	0%	0.79%	48.06
"	2022.05.06	118.5	118.5	43.61%	6.375 years	0%	1.17%	52.11
"	2022.08.08	79.0	79.0	43.15%	6.375 years	0%	1.10%	34.33
Cash capital increase reserved for employee preemption	2022.03.01	115.0	105.0	54.48%	0.050 years	0%	0.34%	11.78
Restricted stocks to employees	2022.10.25	66.0			Note 2			66.00

Note 1: Expected price volatility rate was estimated by using the average price volatility of similar listed and OTC companies within the appropriate period and the Company's historical transaction data since its shares traded on the Emerging Stock Market.

Note 2: The Company issued employee restricted shares with a par value of NT\$10 (in dollars) per share, the issuance price was NT\$0 (at no cost), and the fair value was measured at the closing price of the Company's shares at the grant date.

F. For the years ended December 31, 2022 and 2021, the Company recognised compensation cost of \$82,094 and \$34,027, respectively.

G. For the year ended December 31, 2022, the Company's subsidiary, Obigen Pharma, Inc., had a cash capital increase and the Company's employees received employee stock options from the subsidiary, and the Company recognised employee stock option plan compensation cost of \$456.

(11) Share capital

A. As of December 31, 2022, the Company's authorised capital was \$3,000,000, consisting of 300 million shares of ordinary stock (including 24 million shares reserved for employee stock options), and the outstanding capital was \$2,294,394 with a par value of \$10 (in dollars) per share.

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

	(Unit: shares in thousands)	
	2022	2021
At January 1	198,948	198,892
Cash capital increase	30,000	-
Shares of the parent company sold by subsidiaries	-	74
Treasury shares arising from changes in shareholding ratio of subsidiaries	-	(18)
Issuance of employee restricted stock	160	-
At December 31	229,108	198,948

B. The Board of Directors during its meeting on August 8, 2022 adopted a resolution to issue employee restricted ordinary shares with the effective date set on October 25, 2022. The number of shares issued is 160 thousand shares with a par value of NT\$10 (in dollars) per share. As of December 31, 2022, the restricted shares have not been vested and cancelled.

C. Treasury stock:

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Reason for reacquisition	Year ended December 31, 2022				
	Beginning shares	Additions	Disposal	Ending shares	Carrying amount
Shares of the Company held by the subsidiary, Amaran Biotechnology Inc., treated as treasury shares (Note)	331 thousand shares	-	-	331 thousand shares	<u>\$45,990</u>

  

Reason for reacquisition	Year ended December 31, 2021				
	Beginning shares	Additions	Disposal	Ending shares	Carrying amount
Shares of the Company held by the subsidiary, Amaran Biotechnology Inc., treated as treasury shares (Note)	387 thousand shares	18 thousand shares	74 thousand shares	331 thousand shares	<u>\$45,990</u>

Note: Shares of the parent company held by subsidiaries are treated as treasury shares but are entitled to the shareholders' rights. The number of shares was calculated by multiplying

the number of shares of the Company held by the subsidiaries by the the Company's shareholding ratio to subsidiaries.

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(12) Capital surplus

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

	2022			
	Share premium	Employee stock options	Restricted stocks	Others
At January 1	\$ 2,206,273	\$ 1,092,894	\$ -	\$ 403,055
Cash capital increase	2,850,000	-	-	-
Issuance of employee restricted stocks	-	-	8,960	-
Employee stock options compensation cost	9,441	73,724	-	19,563
Expiration of employee stock options	- (	86,378)	-	89,231
Changes in ownership interests in subsidiaries	-	-	-	265,868
At December 31	<u>\$ 5,065,714</u>	<u>\$ 1,080,240</u>	<u>\$ 8,960</u>	<u>\$ 777,717</u>

	2021		
	Employee		
	Share premium	stock options	Others
At January 1	\$ 2,206,273	\$ 1,196,428	\$ 282,081
Employee stock options compensation cost	-	33,993	16,077
Employee stock options compensation cost from subsidiaries	-	-	543
Expiration of employee stock options	-	( 137,527)	138,780
Changes in ownership interests in subsidiaries	-	-	( 35,272)
Treasury share transactions	-	-	846
At December 31	<u>\$ 2,206,273</u>	<u>\$ 1,092,894</u>	<u>\$ 403,055</u>

(13) Accumulated deficit

- A. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Cash dividends shall first be appropriated, and the remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. The Company is facing a capital intensive industrial environment, with the life cycle of the industry in the growth phase. The residual dividend policy is adopted taking into consideration the Company's operating expansion plans and investment demands. According to the balanced dividend policy adopted by the Board of Directors, stock dividends and cash dividends will be allocated in consideration of the actual net income and funds status and are subject to the approval by the Board of Directors and resolution by shareholders and cash dividends shall account for at least 10% of the total dividends distributed.
- C. Except for covering accumulated deficit, increasing capital or payment of cash, the legal reserve shall not be used for any other purpose. The amount capitalised or the cash payment shall not exceed 25% of the paid-in capital.
- D. As resolved by the shareholders on June 27, 2022, the Company's proposal for 2021 deficit is as follows:

	Year ended December 31, 2021
Accumulated deficit at beginning of the year	(\$ 1,377,935)
Net loss for 2021	( 1,530,687)
Accumulated deficit at end of the year	<u>(\$ 2,908,622)</u>



E. As resolved by the directors on March 13, 2023, the Company's proposal for 2022 deficit compensation is as follows:

	<u>Year ended December 31, 2022</u>
Accumulated deficit at beginning of the year	(\$ 2,908,622)
Net loss for 2022	( 1,613,916)
Accumulated deficit at end of the year	(\$ <u>4,522,538</u> )

As of March 13, 2023, the aforementioned proposal for 2022 deficit compensation has not yet been resolved by the shareholders.

(14) Operating revenue

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers	\$ <u>2,002</u>	\$ <u>826,462</u>

The Company recognises the revenue from licensing at a point in time, and the related information is as follows:

<u>Year ended December 31, 2022</u>	<u>Patent technology licensing</u>
Revenue from external customer contracts	
Contract revenue	\$ <u>2,002</u>
<u>Year ended December 31, 2021</u>	<u>Patent technology licensing</u>
Revenue from external customer contracts	
Contract revenue	\$ <u>826,462</u>

On February 23, 2021, the Company entered into an intellectual property rights licensing agreement with respect to the global aesthetic medicine for OBI-858, Novel Botulinum Toxin with Obigen Pharma, Inc and recognised revenue from patent licensing in the amount of \$824,706. The future clinical research and development of the OBI-858 aesthetic medicine will be proceeded by Obigen Pharma, Inc. Further, Obigen Pharma, Inc. issued 47,250 thousand new shares as a consideration. The Company acquired 62.17% equity interest in Obigen Pharma, Inc. which then became a subsidiary under the control of the Company. Information relating to unrealised gains is provided in Note 6(3)D.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities:			
Contract liabilities - unearned sales revenue	\$ <u>368,520</u>	\$ <u>-</u>	\$ <u>-</u>

For the years ended December 31, 2022 and 2021, the Company did not recognise revenues from the beginning balance of contract liabilities.

(15) Interest income

	Years ended December 31,	
	2022	2021
Interest income from bank deposits	\$ 45,752	\$ 4,625

(16) Other gains and losses

	Years ended December 31,	
	2022	2021
Net currency exchange gains (losses)	\$ 149,662	(\$ 40,642)
Gains on financial assets at fair value through profit or loss	-	19,656
Gain on disposal of property, plant and equipment	7,281	8,870
Other losses	-	( 117)
	<u>\$ 156,943</u>	<u>(\$ 12,233)</u>

(17) Finance costs

	Years ended December 31,	
	2022	2021
Interest expense	\$ 1,627	\$ 1,783

(18) Expenses by nature

	Years ended December 31,	
	2022	2021
Clinical trials cost	\$ 395,467	\$ 362,985
Clinical material expenses	275,550	196,639
Employee benefit expenses	270,860	212,501
Consulting and service fees	225,283	217,546
Outsourced research expense	94,984	81,220
Depreciation charges	55,130	66,430
Royalty expense	30,710	-
Amortisation charges	16,217	15,495
Rental expenses	4,088	1,278
Other expenses	49,534	51,080
Operating expenses	<u>\$ 1,417,823</u>	<u>\$ 1,205,174</u>

(19) Employee benefit expense

	Years ended December 31,	
	2022	2021
Wages and salaries	\$ 152,925	\$ 144,917
Share-based payment expense	82,550	34,027
Labor and health insurance fees	13,180	12,632
Pension costs	8,259	7,873
Directors' remuneration	4,623	4,338
Other personnel expenses	9,323	8,714
	<u>\$ 270,860</u>	<u>\$ 212,501</u>

- A. In accordance with the Articles of Incorporation, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' remuneration. A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the abovementioned employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The term shall be defined by the Board of Directors.
- B. As of December 31, 2022 and 2021, the Company had an accumulated deficit; thus, no employees' compensation and directors' and supervisors' remuneration was recognised for the years ended December 31, 2022 and 2021. Information about employees' compensation and directors' remuneration of the Company as approved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Income tax

A. The reconciliation between accounting income and income tax expense:

	Years ended December 31,	
	2022	2021
Tax calculated based on loss before tax and statutory tax rate	(\$ 322,783)	(\$ 306,137)
Tax effects of items required to be added by tax regulation	7,582	187,418
Tax effects of items disallowed by tax regulation	74	50
Tax effects of unrecognised deferred tax assets	315,127	118,669
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

B. Details of the amount the Company is entitled as investment tax credits and unrecognised deferred tax assets under the Act for the Development of Biotech and Pharmaceutical Industry are as follows:

December 31, 2022		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets
Research and development expense	<u>\$ 1,055,866</u>	<u>\$ 1,055,866</u>
December 31, 2021		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets
Research and development expense	<u>\$ 958,393</u>	<u>\$ 958,393</u>

The unused tax credits can offset the current income tax payable for the next five years with a range of not more than 50% of each year's income tax payable, but the last year can be fully offset.

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets for the Company are as follows:

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	\$ 405,027	\$ 405,027	\$ 405,027	2023
2014	606,286	606,286	606,286	2024
2015	981,510	981,510	981,510	2025
2016	943,536	943,536	943,536	2026
2017	1,040,320	1,040,320	1,040,320	2027
2018	1,211,688	1,211,688	1,211,688	2028
2019	1,186,227	1,186,227	1,186,227	2029
2020	1,106,846	1,106,846	1,106,846	2030
2021	198,929	198,929	198,929	2031
2022	1,283,313	1,283,313	1,283,313	2032

  

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	\$ 239,902	\$ 239,902	\$ 239,902	2022
2013	405,027	405,027	405,027	2023
2014	606,286	606,286	606,286	2024
2015	981,510	981,510	981,510	2025
2016	943,536	943,536	943,536	2026
2017	1,040,320	1,040,320	1,040,320	2027
2018	1,211,688	1,211,688	1,211,688	2028
2019	1,186,227	1,186,227	1,186,227	2029
2020	1,108,714	1,108,714	1,108,714	2030
2021	181,002	181,002	181,002	2031

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

(21) Loss per share

Year ended December 31, 2022			
	Amount after tax	Weighted-average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss for the year	(\$ 1,613,916)	222,127	(\$ 7.27)
Year ended December 31, 2021			
	Amount after tax	Weighted-average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss for the year	(\$ 1,530,687)	198,941	(\$ 7.69)

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

(22) Supplemental cash flow information

Investing activities with partial cash payments

Years ended December 31,		
	2022	2021
Acquisition of property, plant and equipment	\$ 14,814	17,938
Add: Opening balance of payable	164	-
Less: Ending balance of payable	-	( 164)
	<u>\$ 14,978</u>	<u>\$ 17,774</u>
Years ended December 31,		
	2022	2021
Acquisition of investments accounted for under equity method	\$ 656,557	\$ 1,245,301
Less: Acquisition of subsidiary equity interest in non-cash payment (Note)	( 368,520)	( 870,154)
Less: Acquisition of subsidiary equity interest using property, plant and equipment as a consideration	-	( 74,846)
	<u>\$ 288,037</u>	<u>\$ 300,301</u>



Note: For the year ended December 31, 2022, the amount represents the upfront payment of USD 1.2 million, and the Company received preferred shares issued by Odeon as consideration based on the contract. On March 21, 2022, Odeon issued 6,750 thousand preferred shares, and the Company acquired 6,000 thousand shares, constituting 77.42% voting rights. For the year ended December 31, 2021, the amount includes revenue from patent licensing, proceeds from disposal of other miscellaneous equipment (shown as 'Other income') and sales tax in the amount of \$824,706, \$448 and \$45,000, respectively.

(23) Changes in liabilities from financing activities

	Lease liabilities	Long-term borrowings	Liabilities from financing activities - gross
At January 1, 2022	\$ 93,464	\$ 35,000	\$ 128,464
Changes in cash flow from financing activities	( 35,843)	( 7,000)	( 42,843)
At December 31, 2022	<u>\$ 57,621</u>	<u>\$ 28,000</u>	<u>\$ 85,621</u>

  

	Lease liabilities	Long-term borrowings	Liabilities from financing activities - gross
At January 1, 2021	\$ 85,387	\$ 44,000	\$ 129,387
Changes in cash flow from financing activities	( 36,774)	( 9,000)	( 45,774)
Changes in other non-cash items	44,851	-	44,851
At December 31, 2021	<u>\$ 93,464</u>	<u>\$ 35,000</u>	<u>\$ 128,464</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
OBI Pharma USA, Inc.	Subsidiary
OBI Pharma Australia Pty Ltd.	Subsidiary
AP Biosciences, Inc. (Note 1)	Subsidiary
Amaran Biotechnology Inc.	Subsidiary
Obigen Pharma, Inc. (Note 2)	Subsidiary
OBI Pharma Limited	Subsidiary
Odeon Therapeutics (Cayman) Limited	Subsidiary
Odeon Therapeutics (Hong Kong) Limited	Second-tier subsidiary
Ruentex Xu-Zhan Development Co., Ltd.	Other related party
Tanvex Biologics Corporation (Note 3)	Other related party

Note 1: AP Biosciences, Inc. changed its Chinese name as approved at the shareholders' meeting on October 28, 2021, but the English name remained the same.

Note 2: Refer to Note 6(14) for details.

Note 3: The Company re-elected directors during the shareholders' meeting on June 27, 2022. Therefore, the entity was no longer a related party of the Company since then. However, the Company re-elected the Chairman of the Board on December 30, 2022, and the new Chairman is also the Chairman of Tanvex Biologics Corporation, which in turn became a related party. Related details were disclosed for the whole year.

(2) Significant related party transactions

A. Non-operating income

	Years ended December 31,	
	2022	2021
Other income:		
Subsidiary		
-Obigen Pharma, Inc.	\$ 2,311	\$ 8,517
Rental income:		
Subsidiary		
-Obigen Pharma, Inc.	857	857
Total	<u>\$ 3,168</u>	<u>\$ 9,374</u>

The Company provided worker dispatching, maintenance service of information system and leased office to Obigen Parma, Inc. The price and payment terms were based on mutual agreement.

B. Research and development expenses

	Years ended December 31,	
	2022	2021
Subsidiaries		
-OBI Pharma USA, Inc.	\$ 185,653	\$ 161,053
-Amaran Biotechnology Inc.	59,788	23,384
-Obigen Pharma, Inc.	540	810
-AP Biosciences, Inc.	105	210
Other related party		
-Tanvex Biologics Corporation	5,136	2,323
	<u>\$ 251,222</u>	<u>\$ 187,780</u>

(a) The Company commissioned OBI Pharma USA, Inc. to render services of clinical trials and research and development for cancer. The price of services rendered was based on mutual agreement.

(b) The Company signed the drugs purchase agreement for clinical trial of OBI-821, OBI-822, OBI-833 and OBI-866 with Amaran Biotechnology Inc. The Company also commissioned Amaran Biotechnology Inc. to carry out equipment calibration and analysis service. The price

and payment terms were based on mutual agreement

- (c) The Company borrowed lab equipment from AP Biosciences, Inc. The price of such transactions was based on mutual agreement.
- (d) The Company commissioned Obigen Pharma, Inc. to render consulting services of clinical trials and research and development for cancer. The price and payment terms were based on mutual agreement.
- (e) The Company commissioned Tanvex Biologics Corporation to carry out clone selection services. The total contract price was \$7,250 (tax excluded), and the expenditures on consumables and other experiments are charged additionally. The aforementioned research and development expenses of \$5,136 included consumables and other related expenses.

C. Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries		
-Amaran Biotechnology Inc.	\$ <u>6,659</u>	\$ <u>-</u>
The above represents prepayments for service expenses.		

D. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries		
-OBI Pharma USA, Inc.	\$ 18,585	\$ 11,190
-Amaran Biotechnology Inc.	17,507	1,862
-AP Biosciences, Inc.	17	16
-Obigen Pharma, Inc.	-	94
Others		
-Tanvex Biologics Corporation	-	70
	\$ <u>36,109</u>	\$ <u>13,232</u>

Other payables arise from research and development expenditures.

E. Contract liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries		
-Odeon Therapeutics (Cayman) Limited	\$ <u>368,520</u>	\$ <u>-</u>

The above represents upfront payment.

F. Other current liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Second-tier subsidiary		
-Odeon Therapeutics (Hong Kong) Limited	\$ <u>3,970</u>	\$ <u>-</u>

The above represents receipts under custody.

G. Property transactions

(a) Disposal of property, plant and equipment

	Year ended December 31, 2022		Year ended December 31, 2021	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Subsidiary				
-Obigen Pharma, Inc.	\$ 48	\$ 48	\$ 370	\$ 370

(b) Acquisition of investments accounted for under equity method

		Year ended December 31, 2022			
		Accounts	No. of shares (shares in thousands)	Objects	Consideration
Subsidiaries					
-Obigen Pharma, Inc.	Investments accounted for under equity method		7,813	Shares	\$ 250,000
-OBI Pharma Australia Pty Ltd	"		1,850	Shares	38,036
		Year ended December 31, 2021			
		Accounts	No. of shares (shares in thousands)	Objects	Consideration
Subsidiaries					
-OBI Pharma Limited	Investments accounted for under equity method		500	Shares	\$ 14,070
-Amaran Biotechnology Inc.	"		11,449	Shares	286,231

E. Lease transactions (lessee)

- (a) The Company leases office buildings from Ruentex Xu-Zhan Development Co., Ltd. Rental contracts are made for periods from 2015 to 2025. The rentals are determined based on mutual agreements, and are paid monthly. The Company paid rental deposits for the above lease amounting to \$5,121.

(b) Lease liability

i. Outstanding balance:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related party		
-Ruentex Xu-Zhan Development Co., Ltd.	<u>\$ 43,405</u>	<u>\$ 56,279</u>

ii. Interest expense:

	<u>Years ended December 31,</u> <u>2022</u>	<u>2021</u>
Other related party		
-Ruentex Xu-Zhan Development Co., Ltd.	<u>\$ 811</u>	<u>\$ 1,004</u>

(3) Key management compensation

	<u>Years ended December 31,</u> <u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	<u>\$ 36,061</u>	<u>\$ 29,002</u>
Share-based payments	<u>35,706</u>	<u>22,229</u>
	<u>\$ 71,767</u>	<u>\$ 51,231</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	
Land	<u>\$ 87,514</u>	<u>\$ 87,514</u>	Long-term borrowings (Note)
Buildings and structures	<u>13,121</u>	<u>13,420</u>	Long-term borrowings (Note)
Other non-current assets (refundable deposits)	<u>19,619</u>	<u>31,778</u>	Duty paid after customer release and rental deposit, etc.
	<u>\$ 120,254</u>	<u>\$ 132,712</u>	

Note: The Company has entered into a mortgage contract with E. SUN Bank in 2016. The contract requires a property as collateral and the credit line is \$100 million. Refer to Note 6(7) for details.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Aside from the commitments described in Note 6(6) Intangible assets, others are as follows:

- (1) The Company purchased patent named "OBI-822" (formerly named "OPT-822"), therapeutically metastatic breast cancer vaccines on December 29, 2003. The amount of payment was determined based on whether the milestones in the agreement are achieved or not. As of December 31, 2022, the

remaining unpaid amount was US\$9 million.

- (2) Pursuant to the government grants for OBI-822, therapeutically metastatic breast cancer vaccines, in Phase II/III obtained by the Company from Department of Industrial Technology of Ministry of Economic Affairs R.O.C. (MOEA) on December 25, 2012, if OBI-822 will be successfully licensed to others, the Company promises to contribute 5% of the signing bonus and achieved milestones as feedback fund and the maximum amount for feedback fund is \$150,256.
- (3) In September 2017, the Company commissioned EirGenix, Inc. to jointly develop CRM197 under an agreement. On December 13, 2018, the Company has amended the agreement with EirGenix, Inc. whereby additional tasks were included to further improve the development process. The contract price totaled \$47,848, of which \$45,598 had been paid as of December 31, 2022.

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Refer to Note 6(13) for details on the proposal for 2022 deficit compensation.

#### 12. OTHERS

##### (1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern through maintaining an optimal capital structure to reduce the cost of capital, and to provide returns for shareholders after the Company turns around from loss to profit. In order to maintain or adjust the capital structure, the Company may increase capital by cash and sell assets to pay off or improve operating capital, adjust the amount of dividends paid to shareholders or capital reduction, etc. The Company monitors capital on the basis of the Debt/Equity ratio. The ratio is calculated by the "Net debt" divided by the "Total equity". The "Net debt" is the "Total liability" less cash and cash equivalents, and the "Total equity" is the same as the consolidated balance sheet.

During 2022, the Company's strategy, which was unchanged from 2021, was to maintain the gearing ratio within reasonable security range. The ratios are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total liability	\$ 594,696	\$ 290,881
Less: Cash and cash equivalents	( 3,008,359)	( 1,345,684)
Net debt	(\$ 2,413,663)	(\$ 1,054,803)
Total equity	<u>\$ 4,632,174</u>	<u>\$ 2,715,876</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income	<u>\$ 8,725</u>	<u>\$ 9,106</u>
Financial assets at amortised cost/loans and receivables		
Cash and cash equivalents	3,008,359	1,345,684
Accounts receivable	2,037	1,741
Other receivables (including related parties)	22,555	18,599
Other financial assets (refundable deposits)	<u>19,619</u>	<u>31,778</u>
	<u>\$ 3,052,570</u>	<u>\$ 1,397,802</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Other payables (including related parties)	<u>\$ 131,793</u>	<u>\$ 160,846</u>
Long-term borrowings (including current portion)	<u>28,000</u>	<u>35,000</u>
	<u>\$ 159,793</u>	<u>\$ 195,846</u>
Lease liabilities	<u>\$ 57,621</u>	<u>\$ 93,464</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and AUD. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022						
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 52,872	30.710	\$1,623,699	1%	\$ 16,237	\$ -
<u>Financial assets</u>						
<u>Non-monetary items</u>						
USD:NTD	14,428	30.710	443,070	-	-	-
AUD:NTD	2,323	20.830	48,395	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	2,847	30.710	87,431	1%	874	-
December 31, 2021						
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 38,997	27.680	\$1,079,437	1%	\$ 10,794	\$ -
<u>Financial assets</u>						
<u>Non-monetary items</u>						
USD:NTD	2,422	27.680	67,046	-	-	-
AUD:NTD	2,249	20.080	45,162	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	4,316	27.680	119,467	1%	1,195	-



- v. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to \$149,662 and (\$40,642), respectively.

#### Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The prices of the Company's investments in equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant. Other components of equity for the years ended December 31, 2022 and 2021 would have increased / decreased by \$87 and \$91, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

- i. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. The Company's borrowings were calculated by floating rate and stated at New Taiwan Dollars for the years ended December 31, 2022 and 2021.
- ii. At December 31, 2022 and 2021, if interest rates had been 1% higher or lower with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have been \$200 and \$313 lower or higher, respectively, mainly as a result of changes in interest expense on floating rate borrowings.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. For banks and financial institutions the Company only independently rated parties with stable credit rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. Under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customer's accounts receivable, contract assets and rent receivable in accordance with customer types. The Company applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. When estimating the allowance for uncollectible accounts receivable, the Company incorporates forward-looking information in the adjustment of the loss rate, which is calculated based on historical data from specific periods and current information. As of December 31, 2022 and 2021, the expected loss rate of the Company's accounts receivable that are not past due is immaterial.

(c) Liquidity risk

- i. Cash flow forecasting is performed by Company treasury to monitor rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational and R&D needs. Such forecasting is in compliance with internal R&D project schedule targets.
- ii. Company treasury invests surplus cash in interest bearing current deposits, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022					
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:					
Other payables (including related parties)	\$ 131,793	\$ -	\$ -	\$ -	\$ -
Long-term borrowings (including current portion)	7,455	7,324	7,192	7,060	-
Lease liabilities (including current portion)	30,461	16,144	12,108	-	-
December 31, 2021					
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:					
Other payables (including related parties)	\$ 160,846	\$ -	\$ -	\$ -	\$ -
Long-term borrowings (including current portion)	7,415	7,322	7,229	14,178	-
Lease liabilities (including current portion)	36,999	30,461	16,144	12,108	-

- iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

### (3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in financial assets at fair value through other comprehensive income is included in Level 3.

- B. The carrying amount of financial instruments not measured at fair value including cash and cash equivalents, accounts receivable, other receivables (including those to related parties), other financial asset (guarantee deposits paid) and other payables (including those to related parties) is a reasonable approximation to their fair value; the interest rate on long-term borrowings (including the portion due within a year or one operating cycle) is close to the market interest rate, therefore their carrying amount is a reasonable basis for the estimation of their fair value.
- C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

December 31, 2022				
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 8,725	\$ 8,725
December 31, 2021				
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 9,106	\$ 9,106

- D. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price.

E. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (median)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 8,725</u>	Market comparable companies	Price to book ratio multiple	1.13~4.32 (1.68)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	14.50%~ 73.24% (33%)	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (median)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 9,106</u>	Market comparable companies	Price to book ratio multiple	1.41~2.63 (1.83)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	16.68%~ 46.21% (29%)	The higher the discount for lack of marketability, the lower the fair value

- F. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±10%	\$ -	\$ -	\$ 873	(\$ 873)
	Discount for lack of marketability	±10%	\$ -	\$ -	\$ 428	(\$ 428)
			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±10%	\$ -	\$ -	\$ 910	(\$ 910)
	Discount for lack of marketability	±10%	\$ -	\$ -	\$ 374	(\$ 374)

- G. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

			Equity securities	
			Years ended December 31,	
			2022	2021
Opening net book amount			\$ 9,106	\$ 8,037
Profit (loss) recognised in other comprehensive income			(381)	1,069
Closing net book amount			\$ 8,725	\$ 9,106

- H. As of December 31, 2022 and 2021, there was no transfer into or out from Level 3.

(4) Impact of COVID-19

Based on the Company's assessment, the COVID-19 pandemic has no significant impact on the Company.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Refer to table 3.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Refer to table 7.

14. SEGMENT INFORMATION

Pursuant to Article 22 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, segment information is not required in the parent company only financial statements.

OBI PHARMA, INC.  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ 100
Checking accounts		18,710
Demand deposits - NTD		65,402
- Foreign currencies	USD 656 thousand, exchange rate 30.71	20,150
- Foreign currencies	RMB 129 thousand, exchange rate 4.408	570
Time deposits - Foreign currencies	USD 52,150 thousand, exchange rate 30.71, interest rate 4%~5.05%, mature between January ~ February 2023	1,601,527
- NTD	Interest rate 1.1%~1.28%, mature between January ~ February 2023	1,301,900
		<u>\$ 3,008,359</u>



OBI PHARMA, INC.  
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Name	Beginning Balance		Addition		Decrease		Investment Income (Loss)	Change in Other Equity Interest	Ending Balance			Market Value or Net Assets Value	Collateral
	Shares (in shares)	Amount	Shares (in shares)	Amount	Shares (in shares)	Amount			Shares (in shares)	Percentage of Ownership	Amount		
AP Biosciences, Inc. (Note 1)	13,312,000	\$ 484,977	13,312,000	\$ -	-	\$ -	(\$ 166,095)	\$ 267,118	26,624,000	41.12%	\$ 586,000	\$ 586,000	None
Amaran Biotechnology Inc.	64,915,252	554,291	-	-	-	-	( 95,791)	5,559	64,915,252	70.70%	464,059	464,059	"
Odeon Therapeutics (Cayman) Limited (Note 2)	-	-	6,000,000	368,520	-	-	-	-	6,000,000	77.42%	368,520	368,520	"
Obigen Pharma, Inc. (Note 3)	47,250,000	63,438	7,812,500	298,470	-	-	( 135,656)	2,633	55,062,500	62.17%	228,885	228,885	"
OBI Pharma USA, Inc.	2,701,000	54,716	-	-	-	-	( 7,698)	20,557	2,701,000	100.00%	67,575	67,575	"
OBI Pharma Australia Pty Ltd.	10,650,000	45,162	1,850,000	38,036	-	-	( 36,697)	1,894	12,500,000	100.00%	48,395	48,395	"
OBI Pharma Limited	2,650,000	12,330	-	-	-	-	( 5,639)	284	2,650,000	100.00%	6,975	6,975	"
		<u>\$ 1,214,914</u>		<u>\$ 705,026</u>		<u>\$ -</u>	<u>(\$ 447,576)</u>	<u>\$ 297,761</u>			<u>\$ 1,770,409</u>	<u>\$ 1,770,409</u>	

Note 1: Additions pertain to capitalisation of capital surplus

Note 2: Additions included the long-term equity investment accounted for using equity method acquired in exchange of patent licensing of \$368,520.

Note 3: Additions included realised gain on sales and gain on disposals of property, plant and equipment of \$48,470 and cash capital increase of \$250,000. The effective date for cash capital increase was set on February 13, 2023, and thus the shareholding ratio did not change on December 31, 2022.

OBI PHARMA, INC.  
STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	Administrative Expense	Research and Development Expense	Note
Wages and salaries and directors' remuneration	\$ 79,049	\$ 161,049	
Clinical material expenses	-	275,550	
Consulting and service fees	15,970	209,313	
Clinical trials cost	-	395,467	
Depreciation charges	14,893	40,237	
Outsourced research expense	-	94,984	
Other expenses	28,335	102,976	Balance of individual
	<u>\$ 138,247</u>	<u>\$ 1,279,576</u>	accounts has not exceeded
			5% of total account balance

OBI PHARMA, INC.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTISATION EXPENSES BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Nature	Function	Years ended December 31,					
		2022			2021		
		Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense							
Wages and salaries		\$ -	\$ 235,475	\$ 235,475	\$ -	\$ 178,944	\$ 178,944
Labour and health insurance fees		-	13,180	13,180	-	12,632	12,632
Pension costs		-	8,259	8,259	-	7,873	7,873
Directors' remuneration		-	4,623	4,623	-	4,338	4,338
Other personnel expenses		-	9,323	9,323	-	8,714	8,714
		<u>\$ -</u>	<u>\$ 270,860</u>	<u>\$ 270,860</u>	<u>\$ -</u>	<u>\$ 212,501</u>	<u>\$ 212,501</u>
Depreciation		<u>\$ -</u>	<u>\$ 55,130</u>	<u>\$ 55,130</u>	<u>\$ -</u>	<u>\$ 66,430</u>	<u>\$ 66,430</u>
Amortisation		<u>\$ -</u>	<u>\$ 16,217</u>	<u>\$ 16,217</u>	<u>\$ -</u>	<u>\$ 15,495</u>	<u>\$ 15,495</u>

Note:

A. As at December 31, 2022 and 2021, the Company had 133 and 131 employees, including 4 and 4 non-employee directors, respectively.

B. As at December 31, 2022 and 2021, the amounts of employee stock options expensed as employee salaries were \$82,550 and \$34,027, respectively.

C. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:

(a) Average employee benefit expense in current year was \$2,064 ((Total employee benefit expense in current year – Total directors' compensation in current year)/( Number of employees in current year - Number of non-employee directors in current year)).

Average employee benefit expense in previous year was \$1,639 ((Total employee benefit expense in previous year – Total directors' compensation in previous year)/ (Number of employees in previous year – Number of non-employee directors in previous year)).

(b) Average employees salaries in current year was \$1,825 (Total employee salaries in current year / (Number of employees in current year – Number of non-employee directors in current year)).

Average employees salaries in previous year was \$1,409 (Total employee salaries in previous year / (Number of employees in previous year – Number of non-employee directors in previous year)).

Average employees salaries, excluding the expenses from employee stock options, in current year, was \$1,185 (Total employee salaries in current year – Total employee stock options expenses in current year / (Number of employees in current year – Number of non-employee directors in current year)).

Average employees salaries, excluding the expenses from employee stock options, in previous year was \$1,141 (Total employee salaries in previous year - Total employee stock options expenses in previous year / (Number of employees in previous year – Number of non-employee directors in previous year)).

OBI PHARMA, INC.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTISATION EXPENSES BY FUNCTION (Cont.)  
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

(c) Adjustments of average employees salaries was 29.52% ((Average employee salaries in current year- Average employee salaries in previous year)/ Average employee salaries in previous year).

Adjustments of average employees salaries, excluding the expenses from employee stock options, was 3.86% ((Average employee salaries, excluding employee stock options expenses, in current year- Average employee salaries, excluding employee stock options expenses, in previous year)/ Average employee salaries, excluding employee stock options expenses, in previous year).

(d) The Company had no supervisors' remuneration in both current and previous years.

(e) The Company has set up the audit committee and therefore it has no supervisors' remuneration.

(f) The Company's remuneration policy (including directors, managers and employees) is as follows:

(1) Directors:

- i. In accordance with the Articles of Incorporation, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed no be higher than 2% for directors' remuneration.
- ii. The remuneration to directors is determined by the Remuneration Committee based on the extent of their participation and value of contribution to the Company by reference to the general pay levels in the same industry, and the reports thereof are submitted to the Board of Directors for resolution. The Company may set different remuneration for the independent directors and general directors.

(2) Managers and employees

- i. In accordance with the Articles of Incorporation, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed at no lower than 2% for employees' compensation.
- ii. The Company's annual salary adjustment levels are determined based on a comprehensive consideration of the Company's operational performance and profitability by reference to the salary adjustment levels in the same industry. The Company also differentiates rewards by offering different levels of salary adjustments based on managers'/employees' performance assessment. In addition, the Company sets up employee compensation and stock options regulations and rules, which establish a clear compensation, reward and punishment standards, to share the Company's operational performance and growth with employees.

OBI Pharma, Inc.  
Loans to others  
Year ended December 31, 2022

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No.	Creditor	Borrower	Is a related party	General ledger account	Maximum outstanding balance during the year ended	Balance at	Actual	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2022	December 31, 2022	amount drawn down						Item	Value			
1	OBI Pharma Australia Pty Ltd	OBI Pharma (Shanghai) Limited	Y	Other receivables - related party	\$ 3,071	\$ -	\$ -	1.33%	2	\$ -	Working capital	\$ -	-	\$ -	\$ 4,839	\$ 19,358	Note 1

Note 1: In accordance with the Company's 'Operational Procedures for Loaning Funds to Others', ceiling on total loans to others is 40% of the Company's net assets, and limit on loans granted to a single party is 10% of the Company's net assets.

Note 2: Ceiling on total loans from a subsidiary to others is 40% of the subsidiary's net assets and limit on loans from a subsidiary to a single party is 10% of the subsidiary's net assets.

Note 3: The nature of the loan is as follows:

- (1) Business transaction: 1
- (2) Short-term financing: 2

OBI Pharma, Inc.

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

December 31, 2022

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership	Fair value	Footnote
OBI Pharma, Inc.	Agnitio Science & Technology Inc./Stock	None	Financial assets at fair value through other comprehensive income - non-current	867,018	\$ 8,725	3.27%	\$ 8,725	None
Amaran Biotechnology Inc.	Edesa Biotech, Inc./Stock	"	Financial assets at fair value through profit or loss - current	11,338	752	-	752	"

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

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

					Balance as at January 1, 2022		Additions		Disposal				Balance as at December 31, 2022		
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Footnote
OBI Pharma, Inc.	Odeon Therapeutics (Cayman) Limited Preference stock	Investments accounted for under the equity method	Note 1	Subsidiary	-	\$ -	6,000,000	\$ 368,520 Note 3	-	\$ -	\$ -	\$ -	6,000,000	\$ 368,520	Note 2

Note 1: Counterparty included Odeon Therapeutics (Hong Kong) Limited and Odeon Therapeutics (Cayman) Limited (the parent company who owned a 100% equity interest in Odeon Hong Kong)

Note 2: Odeon Therapeutics (Cayman) Limited (Odeon) became a subsidiary of the Company since the first quarter of 2022.

Note 3: It included the Company’s new investment amounting to USD\$12,000 in Odeon in March 2022.

OBI Pharma, Inc.  
Significant inter-company transactions during the reporting period  
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	OBI Pharma USA, Inc.	OBI Pharma, Inc.	2	Accounts receivable	\$ 18,585	(Note 4)	0.28
1	"	"	"	Service revenue	185,653	"	3,940.86
2	Amaran Biotechnology Inc.	"	"	CMO revenue and calibration and analysis service revenue	59,788	"	1,269.11
2	"	"	"	Accounts receivable	17,507	"	0.26
3	Odeon Therapeutics (Cayman) Limited	"	"	Contract liabilities	368,520	"	5.56

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

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

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

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

Note 4: The transaction terms are based on the mutual agreement.

Note 5: Only those inter-company transactions exceeding \$10,000 are disclosed, with the transactions from the counterparty undisclosed.



OBI Pharma, Inc.  
Information on investees  
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net loss of the investee for the year ended December 31, 2022	Investment loss recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
OBI Pharma, Inc.	AP Biosciences, Inc.	Taiwan	Research and development of biotechnology	\$ 640,035	\$ 640,035	26,624,000	41.12	\$ 586,000	(\$ 288,535)	(\$ 166,095)	Note 2
"	Amaran Biotechnology Inc.	Taiwan	Manufacture and wholesale of western pharmaceuticals as well as research and development of biotechnology	676,096	676,096	64,915,252	70.70	464,059	( 156,508)	( 95,791)	"
"	Odeon Therapeutics (Cayman) Limited	Cayman Islands	Investments and trading	368,520	-	6,000,000	77.42	368,520	( 6,979)	-	"
"	Obigen Pharma, Inc.	Taiwan	Research and development of biotechnology	945,000	945,000	47,250,000	62.17	228,885	( 218,206)	( 135,656)	"
"	OBI Pharma USA, Inc.	USA	Research and development of biotechnology	82,917	82,917	2,701,000	100.00	67,575	( 7,698)	( 7,698)	"
"	OBI Pharma Australia Pty Ltd.	Australia	Research and development of biotechnology	260,375	221,840	12,500,000	100.00	48,395	( 36,697)	( 36,697)	"
"	OBI Pharma Limited	Hong Kong	Investments and trading	81,382	81,382	2,650,000	100.00	6,975	( 5,639)	( 5,639)	"
Odeon Therapeutics (Cayman) Limited	Odeon Therapeutics (Hong Kong) Limited	Hong Kong	Investments and trading	414,585	-	1	100.00	414,585	( 6,513)	-	"

Note 1: The accounts of the Company are maintained in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates and balance sheet accounts at spot exchange rates prevailing at the balance sheet date.

Note 2: Inter-company transactions between companies within the Group are eliminated.

OBI Pharma, Inc.  
Information on investments in Mainland China  
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
OBI Pharma (Shanghai) Limited	Research and development of biotechnology	\$ 76,775	Note 1	\$ 76,775	-	-	\$ 76,775	(\$ 5,586)	100.00	(\$ 5,586)	\$ 6,025	-	
Odeon Therapeutics (Shanghai) Limited	Research and development of biotechnology	8,842	Note 2	-	-	-	-	( 5,175)	100.00	( 5,175)	3,864	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 3)		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA								
OBI Pharma, Inc.	\$ 76,775	\$ 76,775			\$ 2,779,304								

Note 1: Reinvesting in the investee in Mainland China through OBI Pharma Limited.

Note 2: Reinvesting in the investee in Mainland China through Odeon Therapeutics (Hong Kong) Limited.

Note 3 The total investment amount of USD 2.5 million was approved pursuant to the Jing-Shen-II-Zi Letter No.10200125600, No. 10600182730, No. 10800182030, No. 10900147100 and No.11000049960.

Note 4: Abovementioned investment income (loss) was recognised based on the financial reports audited by the parent company's CPA.

Note 5: The accounts of the Company are maintained in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates and balance sheet accounts at spot exchange rates prevailing at the balance sheet date.

OBI Pharma, Inc.  
Major shareholders information  
December 31, 2022

Table 7

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Yi Tai Investment Co., Ltd.	25,765,032	11.22%
Huei Hong Investment Co., Ltd.	19,005,462	8.28%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in calculation basis.

Note 2: If the aforementioned data contains shares which were held in the trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with the Securities and Exchange Act, the shareholding ratio include the self-owned shares and shares held in trust, at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

Note 3: Basis for preparation of this table is presumably in accordance with the shareholders' register as of the date for suspension of share transfer for a shareholders' special meeting (no covering of short sale positions) to further calculate the allocation of the balance of each margin trading.

Note 4: Ownership (%) = Total number of shares held / Total number of shares in dematerialised form.

Note 5: Total number of shares in dematerialised form (including treasury shares) amounted to 229,439,374 shares = 229,439,374 (common shares) + 0 (preference shares).