

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2023 AND 2022

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' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of OBI PHARMA, INC. and subsidiaries (the "Group") as at March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

David Teng

Eileen Liang

For and on behalf of PricewaterhouseCoopers, Taiwan

May 8, 2023

The accompanying consolidated 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 consolidated 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. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Assets		Notes	March 31, 2023		December 31, 2022		March 31, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 4,655,137	68	\$ 4,741,109	72	\$ 5,209,248	72
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		315	-	752	-	964	-
1136	Financial assets at amortised cost -	6(4)						
	current		360,900	5	30,710	1	140,000	2
1170	Accounts receivable, net		3,284	-	2,037	-	559	-
1200	Other receivables		22,443	-	26,236	-	5,833	-
130X	Inventories		23,683	1	21,973	-	7,846	-
1410	Prepayments		205,813	3	211,264	3	178,564	3
11XX	Total current assets		<u>5,271,575</u>	<u>77</u>	<u>5,034,081</u>	<u>76</u>	<u>5,543,014</u>	<u>77</u>
Non-current assets								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non-current		8,984	-	8,725	-	8,699	-
1600	Property, plant and equipment, net	6(5), 7 and 8	946,623	14	980,722	15	927,938	13
1755	Right-of-use assets	6(6)	184,201	3	194,835	3	236,738	3
1780	Intangible assets, net	6(7)	367,674	5	382,441	6	425,333	6
1900	Other non-current assets	8	36,551	1	32,897	-	88,141	1
15XX	Total non-current assets		<u>1,544,033</u>	<u>23</u>	<u>1,599,620</u>	<u>24</u>	<u>1,686,849</u>	<u>23</u>
1XXX	Total assets		<u>\$ 6,815,608</u>	<u>100</u>	<u>\$ 6,633,701</u>	<u>100</u>	<u>\$ 7,229,863</u>	<u>100</u>

(Continued)

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Liabilities and Equity		Notes	March 31, 2023		December 31, 2022		March 31, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Current borrowings	6(8)	\$ 6,726	-	\$ 15,705	-	\$ -	-
2130	Current contract liabilities	6(17)	3,595	-	3,160	-	-	-
2170	Accounts payable		162	-	1,144	-	251	-
2200	Other payables	6(10)	64,917	1	146,978	2	123,143	2
2220	Other payables to related parties	7	78	-	333	-	10,542	-
2230	Current income tax liabilities		930	-	558	-	904	-
2280	Current lease liabilities	7	35,315	1	40,349	1	50,614	1
2320	Long-term liabilities, current portion	6(9)	7,000	-	7,000	-	7,000	-
2399	Other current liabilities		24,425	-	5,911	-	12,126	-
21XX	Total current liabilities		<u>143,148</u>	<u>2</u>	<u>221,138</u>	<u>3</u>	<u>204,580</u>	<u>3</u>
Non-current liabilities								
2500	Non-current financial liabilities at fair value through profit or loss	6(11)	45,675	1	46,065	1	42,937	-
2540	Long-term borrowings	6(9)	19,250	-	21,000	-	26,250	-
2570	Deferred income tax liabilities		44,221	1	46,329	1	52,654	1
2580	Non-current lease liabilities	7	156,821	2	163,033	2	194,738	3
2600	Other non-current liabilities		3	-	3	-	3	-
25XX	Total non-current liabilities		<u>265,970</u>	<u>4</u>	<u>276,430</u>	<u>4</u>	<u>316,582</u>	<u>4</u>
2XXX	Total liabilities		<u>409,118</u>	<u>6</u>	<u>497,568</u>	<u>7</u>	<u>521,162</u>	<u>7</u>
Equity attributable to owners of parent								
	Share capital	6(14)						
3110	Common stock		2,294,394	34	2,294,394	35	2,292,794	32
	Capital surplus	6(13)(15)(25)						
3200	Capital surplus		7,085,120	103	6,932,631	104	6,593,884	91
	Retained earnings	6(16)						
3350	Accumulated deficit		(4,885,801)	(72)	(4,522,538)	(68)	(3,214,191)	(44)
3400	Other equity interest	6(3)	(26,561)	-	(26,323)	-	(19,904)	-
3500	Treasury shares	6(14)(25)	(34,787)	-	(45,990)	(1)	(45,990)	(1)
31XX	Equity attributable to owners of the parent		<u>4,432,365</u>	<u>65</u>	<u>4,632,174</u>	<u>70</u>	<u>5,606,593</u>	<u>78</u>
36XX	Non-controlling interest	4(3) and 6(25)	<u>1,974,125</u>	<u>29</u>	<u>1,503,959</u>	<u>23</u>	<u>1,102,108</u>	<u>15</u>
3XXX	Total equity		<u>6,406,490</u>	<u>94</u>	<u>6,136,133</u>	<u>93</u>	<u>6,708,701</u>	<u>93</u>
Significant Contingent Liabilities and Unrecognised Contract Commitments 9								
Significant Events after the Balance Sheet Date 11								
3X2X	Total liabilities and equity		<u>\$ 6,815,608</u>	<u>100</u>	<u>\$ 6,633,701</u>	<u>100</u>	<u>\$ 7,229,863</u>	<u>100</u>

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

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)
(UNAUDITED)

		Three months ended March 31				
			2023		2022	
Items		Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(17)	\$ 1,786	1	\$ 1,261	-
5000	Operating costs		(21,014)	(5)	(12,926)	(3)
5900	Gross profit		(19,228)	(4)	(11,665)	(3)
	Operating expenses	6(5)(6)(7)(12)(13) (21)(22) and 7				
6200	Administrative expenses		(74,584)	(18)	(82,949)	(22)
6300	Research and development expenses		(338,369)	(80)	(312,020)	(83)
6000	Total operating expenses		(412,953)	(98)	(394,969)	(105)
6900	Operating loss		(432,181)	(102)	(406,634)	(108)
	Non-operating income and expenses					
7100	Interest income	6(18)	24,760	6	1,402	-
7010	Other income		382	-	135	-
7020	Other gains and losses	6(19)	(14,549)	(4)	30,209	8
7050	Finance costs	6(20) and 7	(949)	-	(1,067)	-
7000	Total non-operating income and expenses		9,644	2	30,679	8
7900	Loss before tax		(422,537)	(100)	(375,955)	(100)
7950	Income tax benefit	6(23)	732	-	811	-
8200	Loss for the period		(\$ 421,805)	(100)	(\$ 375,144)	(100)
	Other comprehensive income (loss) for the period, net					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8316	Unrealised valuation gains and loss from equity investment instruments measured at fair value through other comprehensive income	6(3)	\$ 259	-	(\$ 407)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(1,414)	-	5,031	1
8300	Other comprehensive (loss) income for the period, net		(\$ 1,155)	-	\$ 4,624	1
8500	Total comprehensive loss for the period		(\$ 422,960)	(100)	(\$ 370,520)	(99)
	Loss attributable to:					
8610	Owners of the parent		(\$ 363,263)	(86)	(\$ 305,569)	(81)
8620	Non-controlling interest		(58,542)	(14)	(69,575)	(19)
	Total		(\$ 421,805)	(100)	(\$ 375,144)	(100)
	Comprehensive loss attributable to:					
8710	Owners of the parent		(\$ 364,531)	(86)	(\$ 300,945)	(80)
8720	Non-controlling interest		(58,429)	(14)	(69,575)	(19)
	Total		(\$ 422,960)	(100)	(\$ 370,520)	(99)
	Loss per share (in dollars)	6(24)				
9750	Basic and diluted loss per share		(\$ 1.59)		(\$ 1.52)	

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

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent									
		Other Equity Interest									Non-controlling interest
		Share capital- common stock	Capital reserves	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity, others	Treasury shares	Total	Total equity	
Notes											
<u>Three months ended March 31, 2022</u>											
Balance at January 1, 2022		\$ 1,992,794	\$ 3,702,222	(\$ 2,908,622)	(\$ 6,453)	(\$ 18,075)	\$ -	(\$ 45,990)	\$ 2,715,876	\$ 1,154,927	\$ 3,870,803
Net loss for the period		-	-	(305,569)	-	-	-	-	(305,569)	(69,575)	(375,144)
Other comprehensive income (loss) for the period		-	-	-	5,031	(407)	-	-	4,624	-	4,624
Total comprehensive (loss) income for the period		-	-	(305,569)	5,031	(407)	-	-	(300,945)	(69,575)	(370,520)
Issuance of shares	6(14)(15)	300,000	2,850,000	-	-	-	-	-	3,150,000	-	3,150,000
Increase in non-controlling interests	6(25)	-	-	-	-	-	-	-	-	3	3
Share-based payment transactions	6(13)(15)(22)(25)	-	41,317	-	-	-	-	-	41,317	17,098	58,415
Forfeiture of share options	6(13)(15)(25)	-	258	-	-	-	-	-	258	(258)	-
Changes in ownership interests in subsidiaries (Note)	6(25)	-	87	-	-	-	-	-	87	(87)	-
Balance at March 31, 2022		\$ 2,292,794	\$ 6,593,884	(\$ 3,214,191)	(\$ 1,422)	(\$ 18,482)	\$ -	(\$ 45,990)	\$ 5,606,593	\$ 1,102,108	\$ 6,708,701
<u>Three months ended March 31, 2023</u>											
Balance at January 1, 2023		\$ 2,294,394	\$ 6,932,631	(\$ 4,522,538)	\$ 1,915	(\$ 18,456)	(\$ 9,782)	(\$ 45,990)	\$ 4,632,174	\$ 1,503,959	\$ 6,136,133
Net loss for the period		-	-	(363,263)	-	-	-	-	(363,263)	(58,542)	(421,805)
Other comprehensive (loss) income for the period		-	-	-	(1,527)	259	-	-	(1,268)	113	(1,155)
Total comprehensive (loss) income for the period		-	-	(363,263)	(1,527)	259	-	-	(364,531)	(58,429)	(422,960)
Share-based payment transactions	6(13)(15)(22)(25)	-	21,662	-	-	-	-	-	21,662	8,518	30,180
Compensation cost of employee restricted stocks	6(13)(22)	-	-	-	-	-	1,030	-	1,030	-	1,030
Forfeiture of share options	6(13)(15)(25)	-	2,618	-	-	-	-	-	2,618	(2,618)	-
Disposal of company's share by subsidiaries recognised as treasury share transactions	6(14)(15)	-	(4,715)	-	-	-	-	11,203	6,488	3,145	9,633
Changes in ownership interests in subsidiaries (Note)	6(25)	-	132,924	-	-	-	-	-	132,924	519,550	652,474
Balance at March 31, 2023		\$ 2,294,394	\$ 7,085,120	(\$ 4,885,801)	\$ 388	(\$ 18,197)	(\$ 8,752)	(\$ 34,787)	\$ 4,432,365	\$ 1,974,125	\$ 6,406,490

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 consolidated financial statements.

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Three months ended March 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 422,537)	(\$ 375,955)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(6)	51,215	38,727
Amortisation	6(7)	15,097	15,885
Interest expense	6(20)	949	1,067
Interest income	6(18)	(24,760)	(1,402)
Loss on financial assets at fair value through profit or loss	6(2)	437	803
Compensation cost for share-based payment transactions	6(13)	31,210	58,415
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(1,247)	2,906
Inventories		(1,710)	1,716
Other receivables		2,180	14,078
Prepayments		5,451	(11,246)
Changes in operating liabilities			
Current contract liabilities		435	-
Accounts payable		(982)	(274)
Other payables		(77,014)	(125,865)
Other payables to related parties		(255)	10,472
Other current liabilities		18,514	9,693
Cash outflow generated from operations		(403,017)	(360,980)
Interest received		26,373	1,295
Interest paid		(949)	(1,067)
Income tax paid		(1,004)	(729)
Net cash flows used in operating activities		(378,597)	(361,481)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(360,900)	-
Proceeds from disposal of financial assets at amortised cost		30,710	-
Acquisition of property, plant and equipment	6(26)	(10,993)	(69,829)
Acquisition of intangible assets	6(7)	(330)	(42,899)
Increase in prepayments for business facilities		(3,962)	(21,440)
(Increase) decrease in refundable deposits		(221)	9,504
Net cash flows used in investing activities		(345,696)	(124,664)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of lease principal	6(6)(27)	(11,246)	(12,957)
Increase in short-term borrowings		2,041	-
Repayment of short-term borrowings		(11,020)	-
Repayment of long-term borrowings	6(9)(27)	(1,750)	(1,750)
Increase in guarantee deposits received	6(27)	-	3
Proceeds from issuance of shares	6(14)	-	3,150,000
Disposal of the shares of parent company held by the subsidiary	6(25)	9,633	-
Increase in capital and issuance of new shares by the subsidiary	6(25)	652,474	-
Increase in financial liabilities at fair value through profit or loss by subsidiaries	4(3)	-	42,937
Net cash flows from financing activities		640,132	3,178,233
Effect due to changes in exchange rate		(1,811)	4,974
Net (decrease) increase in cash and cash equivalents		(85,972)	2,697,062
Cash and cash equivalents at beginning of period		4,741,109	2,512,186
Cash and cash equivalents at end of period		\$ 4,655,137	\$ 5,209,248

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

OBI PHARMA, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022

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

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 and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in new drugs research.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on May 8, 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 2023 are as follows:

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

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

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

None.

(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 Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

- A. Except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, these consolidated 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 Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the

consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is the same with the basis used for the consolidated financial statements for the year ended December 31, 2022.

B. Subsidiaries included in the consolidated financial statements and movements for the period are as follows:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	OBI Pharma Limited	Investing and trading	100.00	100.00	100.00	
The Company	OBI Pharma USA, Inc.	Biotechnology development	100.00	100.00	100.00	
The Company	OBI Pharma Australia Pty Ltd.	Biotechnology development	100.00	100.00	100.00	
The Company	Odeon Therapeutics (Cayman) Limited	Investing and trading	77.42	77.42	77.42	Note 1
The Company	Amaran Biotechnology Inc.	Manufacture and wholesale of western pharmaceuticals as well as research and development of biotechnology	70.70	70.70	70.70	
The Company	Obigen Pharma, Inc.	Biotechnology development	51.94	62.17	62.17	Note 2
The Company	AP Biosciences, Inc.	Biotechnology development	41.12	41.12	54.62	Note 3
OBI Pharma Limited	OBI Pharma (Shanghai) Limited	Biotechnology development	100.00	100.00	100.00	
Odeon Therapeutics (Cayman) Limited	Odeon Therapeutics (Hong Kong) Limited	Investing and trading	100.00	100.00	100.00	Note 1
Odeon Therapeutics (Hong Kong) Limited	Odeon (Shanghai) Therapeutics Co. Ltd.	Biotechnology development	100.00	100.00	-	Note 1

Note 1: 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. Under 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. Odeon Therapeutics (Shanghai) is a subsidiary in Mainland China invested by Odeon Hong Kong, and it is primarily a main operating entity of Odeon in Mainland China.

Note 2: On October 28, 2022, the Board of Directors of Obigen Pharma, Inc. resolved to increase its capital by issuing 30,000 thousand new shares. However, the Company did not acquire shares proportionally to its interest. As such, the shareholding ratio decreased to 51.94% as at March 31, 2023.

Note 3: On June 22, 2022, the Board of Directors of AP Biosciences, Inc. resolved to increase its capital by issuing 16,000 thousand new shares. However, the Company did not acquire shares proportionally to its interest. As such, the shareholding ratio decreased to 41.12% as at December 31, 2022. Considering that the Company was still the single largest shareholder of AP Biosciences, Inc., and the Company holds more than half of board of directors, the Company did not lose control over AP Biosciences, Inc. and was still included in the consolidated entities.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of March 31, 2023, December 31, 2022 and March 31, 2022, the non-controlling interest amounted to \$1,974,125, \$1,503,959 and \$1,102,108, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest						Description
		March 31, 2023		December 31, 2022		March 31, 2022		
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)	
AP Biosciences, Inc.	Taiwan	\$ 738,465	58.88%	\$ 759,121	58.88%	\$ 318,362	45.38%	
Amaran Biotechnology Inc.	Taiwan	236,421	29.30%	245,290	29.30%	273,385	29.30%	Note
Obigen Pharma, Inc.	Taiwan	1,006,427	48.06%	506,381	37.83%	510,358	37.83%	

Note: Shares of the Company held by subsidiaries are treated as treasury shares. Thus, the non-controlling interest as of March 31, 2023, December 31, 2022 and March 31, 2022 decreased by \$14,419, \$19,062 and \$19,062, respectively.

Summarised financial information of the subsidiaries:

Balance sheet

	AP Biosciences, Inc.		
	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 1,063,470	\$ 1,094,039	\$ 512,641
Non-current assets	229,735	240,783	276,418
Current liabilities	(4,294)	(4,519)	(44,686)
Non-current liabilities	(44,220)	(46,329)	(52,654)
Total net assets	<u>\$ 1,244,691</u>	<u>\$ 1,283,974</u>	<u>\$ 691,719</u>

	Amaran Biotechnology Inc.		
	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 130,797	\$ 166,510	\$ 231,363
Non-current assets	665,305	681,722	724,546
Current liabilities	(25,144)	(53,376)	(61,975)
Non-current liabilities	(84,925)	(85,506)	(89,838)
Total net assets	<u>\$ 686,033</u>	<u>\$ 709,350</u>	<u>\$ 804,096</u>

	Obigen Pharma, Inc.		
	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 1,111,000	\$ 491,173	\$ 376,902
Non-current assets	1,038,440	1,060,448	1,043,616
Current liabilities	(9,140)	(17,064)	(17,264)
Non-current liabilities	(47,989)	(49,688)	(54,747)
Total net assets	<u>\$ 2,092,311</u>	<u>\$ 1,484,869</u>	<u>\$ 1,348,507</u>

Statement of comprehensive income

	AP Biosciences, Inc.	
	Three months ended March 31,	
	2023	2022
Revenue	\$ -	\$ -
Loss before tax	(47,211)	(97,218)
Income tax benefit	2,108	2,108
Loss for the period	(45,103)	(95,110)
Other comprehensive loss	-	-
Total comprehensive loss for the period	(\$ 45,103)	(\$ 95,110)
Comprehensive loss attributable to non-controlling interest	(\$ 26,557)	(\$ 43,165)

	Amaran Biotechnology Inc.	
	Three months ended March 31,	
	2023	2022
Revenue	\$ 14,401	\$ 16,231
Loss before tax	(27,661)	(38,949)
Income tax benefit	-	-
Loss for the period	(27,661)	(38,949)
Other comprehensive loss	-	-
Total comprehensive loss for the period	(\$ 27,661)	(\$ 38,949)
Comprehensive loss attributable to non-controlling interest	(\$ 10,218)	(\$ 11,002)

	Obigen Pharma, Inc.	
	Three months ended March 31,	
	2023	2022
Revenue	\$ -	\$ -
Loss before tax	(47,271)	(40,728)
Income tax benefit	-	-
Loss for the period	(47,271)	(40,728)
Other comprehensive loss	-	-
Total comprehensive loss for the period	(\$ 47,271)	(\$ 40,728)
Comprehensive loss attributable to non-controlling interest	(\$ 21,299)	(\$ 15,408)

Statements of cash flows

		AP Biosciences, Inc.	
		Three months ended March 31,	
		2023	2022
Net cash used in operating activities	(\$	29,568)	(\$ 54,162)
Net cash used in investing activities	(	330,712)	(154)
Net decrease in cash and cash equivalents	(	360,280)	(54,316)
Cash and cash equivalents at beginning of period		1,048,003	527,121
Cash and cash equivalents at end of period	\$	687,723	\$ 472,805

		Amaran Biotechnology Inc.	
		Three months ended March 31,	
		2023	2022
Net cash used in operating activities	(\$	15,911)	(\$ 12,179)
Net cash used in investing activities	(	3,320)	(13,956)
Net cash provided by (used in) financing activities		81	(620)
Net decrease in cash and cash equivalents	(	19,150)	(26,755)
Cash and cash equivalents at beginning of period		118,111	131,557
Cash and cash equivalents at end of period	\$	98,961	\$ 104,802

		Obigen Pharma, Inc.	
		Three months ended March 31,	
		2023	2022
Net cash used in operating activities	(\$	22,075)	(\$ 21,067)
Net cash used in investing activities	(	9,313)	(63,799)
Net cash provided by (used in) financing activities		650,802	(1,646)
Net increase (decrease) in cash and cash equivalents		619,414	(86,512)
Cash and cash equivalents at beginning of period		427,410	407,597
Cash and cash equivalents at end of period	\$	1,046,824	\$ 321,085

(4) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

There have been no significant changes as of March 31, 2023. Refer to Note 5 in the consolidated

financial statements for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash on hand	\$ 212	\$ 212	\$ 212
Checking accounts and demand deposits	1,003,525	885,856	4,016,286
Time deposits	3,651,400	3,855,041	1,192,750
	<u>\$ 4,655,137</u>	<u>\$ 4,741,109</u>	<u>\$ 5,209,248</u>

A. The Group 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 Group has no cash and cash equivalents pledged to others.

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

<u>Items</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current item:			
Financial assets mandatorily measured at fair value			
Foreign listed stocks	\$ 1,394	\$ 1,394	\$ 1,394
Valuation adjustment	(1,079)	(642)	(430)
	<u>\$ 315</u>	<u>\$ 752</u>	<u>\$ 964</u>

A. The Group recognised loss (including gain (loss) on disposals of investments) of (\$437) and (\$803) on financial assets at fair value through profit or loss for the three months ended March 31, 2023 and 2022, respectively.

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

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

<u>Items</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Non-current item:			
Unlisted stocks	\$ 27,181	\$ 27,181	\$ 27,181
Valuation adjustment	(18,197)	(18,456)	(18,482)
	<u>\$ 8,984</u>	<u>\$ 8,725</u>	<u>\$ 8,699</u>

A. The Group 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 \$8,984, \$8,725 and \$8,699 as at March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

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

	Three months ended March 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 259	(\$ 407)

- C. As at March 31, 2023, December 31, 2022 and March 31, 2022, 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 Group was \$8,984, \$8,725 and \$8,699, respectively.

(4) Financial assets at amortised cost

Items	March 31, 2023	December 31, 2022	March 31, 2022
Current items:			
Time deposits	\$ 360,900	\$ 30,710	\$ 140,000

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three months ended March 31,	
	2023	2022
Interest income	\$ 826	\$ 174

- B. As at March 31, 2023, December 31, 2022 and March 31, 2022, 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 amortised cost held by the Group was \$360,900, \$30,710 and \$140,000, respectively.

- C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Property, plant and equipment

The Group's property, plant and equipment are mainly for its own use. Details are as follows:

	Land	Buildings and structures	Machinery and equipment	Lab equipment	Office equipment	Other equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2023</u>									
Cost	\$ 87,514	\$ 370,019	\$ 528,910	\$ 481,681	\$ 41,519	\$ 1,772	\$ 184,060	\$ 35,736	\$ 1,731,211
Accumulated depreciation	-	(106,979)	(222,684)	(318,064)	(34,660)	(918)	(67,184)	-	(750,489)
	<u>\$ 87,514</u>	<u>\$ 263,040</u>	<u>\$ 306,226</u>	<u>\$ 163,617</u>	<u>\$ 6,859</u>	<u>\$ 854</u>	<u>\$ 116,876</u>	<u>\$ 35,736</u>	<u>\$ 980,722</u>
<u>2023</u>									
At January 1	\$ 87,514	\$ 263,040	\$ 306,226	\$ 163,617	\$ 6,859	\$ 854	\$ 116,876	\$ 35,736	\$ 980,722
Additions	-	-	-	2,761	235	-	2,950	-	5,946
Reclassifications (Note 1)	-	-	-	1,332	-	-	26,763	(27,566)	529
Depreciation	-	(4,035)	(12,427)	(17,389)	(970)	(71)	(5,689)	-	(40,581)
Net exchange differences	-	-	-	-	-	-	7	-	7
At March 31	<u>\$ 87,514</u>	<u>\$ 259,005</u>	<u>\$ 293,799</u>	<u>\$ 150,321</u>	<u>\$ 6,124</u>	<u>\$ 783</u>	<u>\$ 140,907</u>	<u>\$ 8,170</u>	<u>\$ 946,623</u>
<u>At March 31, 2023</u>									
Cost	\$ 87,514	\$ 370,019	\$ 528,910	\$ 485,446	\$ 41,718	\$ 1,772	\$ 208,691	\$ 8,170	\$ 1,732,240
Accumulated depreciation	-	(111,014)	(235,111)	(335,125)	(35,594)	(989)	(67,784)	-	(785,617)
	<u>\$ 87,514</u>	<u>\$ 259,005</u>	<u>\$ 293,799</u>	<u>\$ 150,321</u>	<u>\$ 6,124</u>	<u>\$ 783</u>	<u>\$ 140,907</u>	<u>\$ 8,170</u>	<u>\$ 946,623</u>

	Land	Buildings and structures	Machinery and equipment	Lab equipment	Office equipment	Other equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2022</u>									
Cost	\$ 87,514	\$ 329,282	\$ 292,267	\$ 338,104	\$ 39,722	\$ 1,170	\$ 65,848	\$ 368,454	\$ 1,522,361
Accumulated depreciation	-	(92,193)	(182,765)	(264,747)	(31,619)	(689)	(51,470)	-	(623,483)
	<u>\$ 87,514</u>	<u>\$ 237,089</u>	<u>\$ 109,502</u>	<u>\$ 73,357</u>	<u>\$ 8,103</u>	<u>\$ 481</u>	<u>\$ 14,378</u>	<u>\$ 368,454</u>	<u>\$ 898,878</u>
<u>2022</u>									
At January 1	\$ 87,514	\$ 237,089	\$ 109,502	\$ 73,357	\$ 8,103	\$ 481	\$ 14,378	\$ 368,454	\$ 898,878
Additions	-	-	655	2,227	487	-	-	50,678	54,047
Reclassifications (Note 1)	-	-	-	550	-	-	-	(550)	-
Depreciation	-	(3,356)	(7,673)	(10,238)	(890)	(42)	(2,880)	-	(25,079)
Net exchange differences	-	-	-	-	3	-	89	-	92
At March 31	<u>\$ 87,514</u>	<u>\$ 233,733</u>	<u>\$ 102,484</u>	<u>\$ 65,896</u>	<u>\$ 7,703</u>	<u>\$ 439</u>	<u>\$ 11,587</u>	<u>\$ 418,582</u>	<u>\$ 927,938</u>
<u>At March 31, 2022</u>									
Cost	\$ 87,514	\$ 329,282	\$ 292,922	\$ 340,894	\$ 39,790	\$ 1,170	\$ 66,040	\$ 418,582	\$ 1,576,194
Accumulated depreciation	-	(95,549)	(190,438)	(274,998)	(32,087)	(731)	(54,453)	-	(648,256)
	<u>\$ 87,514</u>	<u>\$ 233,733</u>	<u>\$ 102,484</u>	<u>\$ 65,896</u>	<u>\$ 7,703</u>	<u>\$ 439</u>	<u>\$ 11,587</u>	<u>\$ 418,582</u>	<u>\$ 927,938</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(26).

Note 4: The Group’s lab equipment, office equipment and leasehold improvements have been fully depreciated or sold and then derecognised. Therefore, for the three months ended March 31, 2023 and 2022, cost and accumulated depreciation of property, plant and equipment both decreased by \$5,446 and \$214, respectively.

(6) Leasing arrangements - lessee

- A. The Group leases various assets including land and office space. Rental contracts are typically made for periods of 1 to 14 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 amounts of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use right	\$ 86,219	\$ 86,943	\$ 91,781
Buildings	97,982	107,892	144,957
	<u>\$ 184,201</u>	<u>\$ 194,835</u>	<u>\$ 236,738</u>

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land use right	\$ 724	\$ 746
Buildings	9,910	12,902
	<u>\$ 10,634</u>	<u>\$ 13,648</u>

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

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 792	\$ 954
Expense on short-term lease contracts	4,579	2,147
Expense on leases of low-value assets	89	86

- E. For the three months ended March 31, 2023 and 2022, the Group's total cash outflow for leases were \$16,706 (of which \$11,246 represents principal of lease liabilities) and \$16,144 (of which \$12,957 represents principal of lease liabilities), respectively.
- F. Extension options
- (a) Extension options are included in the Group's lease contracts pertaining to land. These terms and conditions are the lessor's general practice and are in line with the plan and utilisation of the effective resources of the Group.
- (b) Extension options are included in the Group's lease contracts pertaining to certain offices based on the terms of the industrial park. The Group shall have the priority to lease the premises if it has no significant violation of the lease. These terms and conditions are in line with the plan and utilisation of the effective resources of the Group.

- (c) In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.
- G. The Group's lease transactions which have not yet commenced but already committed amounted to \$330,608 as at March 31, 2023.

(7) Intangible assets

	Patent					Patented technology				
	OBI-833 Next- generation cancer vaccine	OBI-3424 AKR1C3 enzyme prodrug	Trop 2 monoclonal antibody	Bifunctional fusion protein for age-related mascular degeneration	Bispecific monoclonal antibody	Antibody- drug development platform	Trademarks	Software	Goodwill	Total
<u>At January 1, 2023</u>										
Cost	\$ 1,500	\$ 90,693	\$ 41,648	\$ 81,037	\$ 271,933	\$ 96,644	\$ 1,815	\$ 8,550	\$ 61,148	\$ 654,968
Accumulated amortisation	(1,488)	(48,370)	(4,165)	(29,116)	(135,965)	(48,323)	(593)	(4,507)	-	(272,527)
	<u>\$ 12</u>	<u>\$ 42,323</u>	<u>\$ 37,483</u>	<u>\$ 51,921</u>	<u>\$ 135,968</u>	<u>\$ 48,321</u>	<u>\$ 1,222</u>	<u>\$ 4,043</u>	<u>\$ 61,148</u>	<u>\$ 382,441</u>
<u>2023</u>										
At January 1	\$ 12	\$ 42,323	\$ 37,483	\$ 51,921	\$ 135,968	\$ 48,321	\$ 1,222	\$ 4,043	\$ 61,148	\$ 382,441
Additions	-	-	-	-	-	-	-	330	-	330
Amortisation	(12)	(2,267)	(1,042)	(1,455)	(6,800)	(2,415)	(46)	(1,060)	-	(15,097)
At March 31	<u>\$ -</u>	<u>\$ 40,056</u>	<u>\$ 36,441</u>	<u>\$ 50,466</u>	<u>\$ 129,168</u>	<u>\$ 45,906</u>	<u>\$ 1,176</u>	<u>\$ 3,313</u>	<u>\$ 61,148</u>	<u>\$ 367,674</u>
<u>At March 31, 2023</u>										
Cost	\$ 1,500	\$ 90,693	\$ 41,648	\$ 81,037	\$ 271,933	\$ 96,644	\$ 1,815	\$ 7,683	\$ 61,148	\$ 654,101
Accumulated amortisation	(1,500)	(50,637)	(5,207)	(30,571)	(142,765)	(50,738)	(639)	(4,370)	-	(286,427)
	<u>\$ -</u>	<u>\$ 40,056</u>	<u>\$ 36,441</u>	<u>\$ 50,466</u>	<u>\$ 129,168</u>	<u>\$ 45,906</u>	<u>\$ 1,176</u>	<u>\$ 3,313</u>	<u>\$ 61,148</u>	<u>\$ 367,674</u>

	Patent						Patented technology					
	OBI-858 Product development project of botulinum	OBI-833 Next- generation cancer vaccine	OBI-3424 AKR1C3 enzyme prodrug	Trop 2 monoclonal antibody	Bifunctional fusion protein for age-related mascular degeneration	Bispecific monoclonal antibody	Antibody- drug development platform	Trademarks	Software	Goodwill	Total	
<u>At January 1, 2022</u>												
Cost	\$ 42,858	\$ 1,500	\$ 90,693	\$ -	\$ 81,037	\$ 271,933	\$ 96,644	\$ 1,815	\$ 9,413	\$ 61,148	\$ 657,041	
Accumulated amortisation	(42,144)	(1,338)	(39,300)	-	(23,293)	(108,772)	(38,658)	(412)	(4,840)	-	(258,757)	
	<u>\$ 714</u>	<u>\$ 162</u>	<u>\$ 51,393</u>	<u>\$ -</u>	<u>\$ 57,744</u>	<u>\$ 163,161</u>	<u>\$ 57,986</u>	<u>\$ 1,403</u>	<u>\$ 4,573</u>	<u>\$ 61,148</u>	<u>\$ 398,284</u>	
<u>2022</u>												
At January 1	\$ 714	\$ 162	\$ 51,393	\$ -	\$ 57,744	\$ 163,161	\$ 57,986	\$ 1,403	\$ 4,573	\$ 61,148	\$ 398,284	
Additions	-	-	-	41,648	-	-	-	-	1,251	-	42,899	
Reclassifications (Note)	-	-	-	-	-	-	-	-	35	-	35	
Amortisation	(714)	(37)	(2,268)	(1,042)	(1,455)	(6,799)	(2,416)	(46)	(1,108)	-	(15,885)	
At March 31	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ 49,125</u>	<u>\$ 40,606</u>	<u>\$ 56,289</u>	<u>\$ 156,362</u>	<u>\$ 55,570</u>	<u>\$ 1,357</u>	<u>\$ 4,751</u>	<u>\$ 61,148</u>	<u>\$ 425,333</u>	
<u>At March 31, 2022</u>												
Cost	\$ 42,858	\$ 1,500	\$ 90,693	\$ 41,648	\$ 81,037	\$ 271,933	\$ 96,644	\$ 1,815	\$ 9,046	\$ 61,148	\$ 698,322	
Accumulated amortisation	(42,858)	(1,375)	(41,568)	(1,042)	(24,748)	(115,571)	(41,074)	(458)	(4,295)	-	(272,989)	
	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ 49,125</u>	<u>\$ 40,606</u>	<u>\$ 56,289</u>	<u>\$ 156,362</u>	<u>\$ 55,570</u>	<u>\$ 1,357</u>	<u>\$ 4,751</u>	<u>\$ 61,148</u>	<u>\$ 425,333</u>	

Note: The reclassifications resulted from a transfer from prepayments (shown as 'other non-current asset') to intangible assets.

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

	Three months ended March 31,	
	2023	2022
Administrative expenses	\$ 590	\$ 694
Research and development expenses	14,507	15,191
	<u>\$ 15,097</u>	<u>\$ 15,885</u>

B. Goodwill is allocated as follows to the Group's cash-generating units:

	March 31, 2023	December 31, 2022	March 31, 2022
AP Biosciences, Inc. (Bispecific monoclonal antibody new drug segment)	<u>\$ 61,148</u>	<u>\$ 61,148</u>	<u>\$ 61,148</u>

- C. 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.
- D. 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.
- E. Aiming to bolster the competitive edge of products and the ability to develop new drugs, on January 10, 2018, the Company issued 1,675 thousand new common stocks in exchange for 6,700 thousand common stocks of AP Biosciences, Inc., which were held by AbProtix, Inc., at a share exchange ratio of 1:4 for a 67% equity interest in AP Biosciences, Inc. The Company hired independent experts to issue a purchase price allocation report for the business combination. Based on the report, the Company recognised patent and acquired special technology, computer software, and goodwill in the amounts of \$449,614, \$105, and \$61,148, respectively.
- F. 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.
- G. The Group has no intangible assets pledged to others.

(8) Short-term borrowings

Type of borrowings	March 31, 2023	Interest rate	Collateral
Bank borrowings			
Secured borrowings			Buildings located at No. 19, Shengyi 5th Rd., Zhubei City, Hsinchu County
	\$ <u>6,726</u>	2.090%	

Type of borrowings	December 31, 2022	Interest rate	Collateral
Bank borrowings			
Secured borrowings			Buildings located at No. 19, Shengyi 5th Rd., Zhubei City, Hsinchu County
	\$ <u>15,705</u>	1.965%	

The Group had no short-term borrowings as of March 31, 2022.

(9) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	March 31, 2023	December 31, 2022	March 31, 2022
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	\$ 26,250	\$ 28,000	\$ 33,250
Less: Current portion				(<u>7,000</u>)	(<u>7,000</u>)	(<u>7,000</u>)
				<u>\$ 19,250</u>	<u>\$ 21,000</u>	<u>\$ 26,250</u>

Note 1: The Group negotiated the borrowing contract with the bank whereby the principal is 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 March 31, 2023, December 31, 2022 and March 31, 2022, the interest rates were 2.00%, 1.88% and 1.33%, respectively.

(10) Other payables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accrued royalties	\$ 27,405	\$ 27,640	\$ -
Accrued consulting and service fee	13,101	8,019	6,067
Wages and salaries payable	4,701	12,734	15,222
Accrued clinical trials cost	2,178	43,515	2,401
Payable on equipment	1,059	6,106	46,256
Outsourced research expenses payable	1,003	3,814	35,708
Accrued clinical materials expense	954	16,766	819
Others	14,516	28,384	16,670
	<u>\$ 64,917</u>	<u>\$ 146,978</u>	<u>\$ 123,143</u>

(11) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Non-current items:			
Financial liabilities designated as at fair value through profit or loss			
Hybrid instrument - convertible preferred shares	<u>\$ 45,675</u>	<u>\$ 46,065</u>	<u>\$ 42,937</u>

- A. For the three months ended March 31, 2023 and 2022, no amount was recognised in profit or loss and other comprehensive income in relation to financial liabilities at fair value through profit or loss.
- B. The issuance of convertible preferred shares by the Group's subsidiary - Odeon Therapeutics (Cayman) Limited (hereafter referred to as "Odeon") amounting to \$45,675 was recognised under 'financial liabilities designated as at fair value through profit or loss on initial recognition' due to their compound instrument feature.
- C. For the three months ended March 31, 2023 and 2022, there were no changes in fair value, nor significant changes in fair value attributable to the changes in credit risk of the liabilities.
- D. The terms of the convertible preferred shares issued by Odeon are as follows:
- (a) Conversion:
- The holders of preferred shares may convert their preferred shares, at any time, into ordinary shares;
 - All of the preferred shares will be automatically converted into ordinary shares upon the completion of the Qualified IPO (Note);
 - The initial conversion price shall be 1:1, subject to adjustment as provided below:

- a. If the number of outstanding ordinary shares proportionally changes as a result of stock dividends, stock splits, reorganisation, etc., the number of preferred shares to be converted into ordinary shares shall be adjusted proportionally;
- b. When the price of new shares issued by Odeon is lower than the issue price of preferred shares, the conversion price shall be adjusted according to a specific formula.

(b) Dividends:

The holders of preferred shares shall be entitled to receive in preference a non-cumulative dividend at the rate of 8% when the dividend is declared. After dividends on preferred shares have been distributed, the holders of preferred shares also shall be entitled to receive pro rata share of dividends paid to ordinary shares on an as-converted basis.

(c) Liquidation preference:

The holders of preferred shares shall be entitled to receive in preference its original purchase price plus dividends declared but unpaid, and the residual assets are distributed in proportion to the number of ordinary shares on an as-converted basis.

(d) Redemption:

In the event of the following circumstances, the holders of preferred shares have priority over ordinary shares to request the entity to redeem shares at the original purchase price plus a simple interest of 10% per annum. The calculation period is from the original purchase date to the redemption date. Dividends declared but unpaid are calculated separately:

- i. If the Qualified IPO (Note) has not been consummated within five years since the first round of fundraising;
- ii. If any contracting party fails to fulfill its obligations under the investment contract, which results in a significant adverse impact on the entity or the holders of preferred shares;
- iii. If any contracting party has misconduct of misrepresentation and concealment, which results in a significant adverse impact on the entity or the holders of preferred shares;
- iv. If a redemption is requested by the holders of preferred shares as a result of any of the above circumstances and the number of redeemed shares accounts for 20% and above of the outstanding preferred shares, all the holders of preferred shares have the right to exercise their redemption rights (non-mandatory) from the entity.

(e) Voting right:

The voting rights of ordinary shares converted from preferred shares are the same as ordinary shares. Each share is 1 vote.

Note: The above Qualified IPO means a first firm commitment underwritten public offering of the ordinary shares of Odeon on the New York Stock Exchange, NASDAQ, Hong Kong Exchanges and Clearing or any international stock exchange approved by the Board of Directors. The offering price per share shall be 3 times more than the share price of preferred shares, or the amount raised through the initial public offering is USD

50 million and above.

(12) Pension

- A. The Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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 plans of the Group for the three months ended March 31, 2023 and 2022 were \$3,806 and \$3,525, respectively.
- B. OBI Pharma Australia Pty Ltd. and OBI Pharma Limited were not required to set up a policy for employee pension plans. OBI Pharma (Shanghai) Limited, Odeon Therapeutics (Cayman) Limited, Odeon Therapeutics (Hong Kong) Limited and Odeon Therapeutics (Shanghai) Limited did not have any employees and thus did not recognise pension costs. For the pension plan based on local government regulations, OBI Pharma USA, Inc. recognised pension costs of \$1,186 and \$1,229 for the three months ended March 31, 2023 and 2022, respectively.

(13) Share-based payment

- A. Information on share-based payments made by the Company and the subsidiaries is as follows:
- (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 at a certain percentage based on the schedule	0.66
”	2014.02.21	1,744,000	1	”	0.89
”	2014.03.26	575,000	1	”	0.99
”	2015.05.06	2,861,000	1	”	2.10
”	2015.08.04	75,000	1	”	2.35
”	2015.11.06	353,000	1	”	2.60
”	2015.12.15	13,000	1	”	2.71
”	2016.03.25	1,377,000	1	”	2.98
”	2017.03.09	3,145,000	1	”	3.94
”	2017.05.12	20,000	1	”	4.11
”	2017.08.11	20,000	1	”	4.36

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)	2017.11.10	130,000	1	After two years of service, employees can exercise options at a certain percentage based on the schedule	4.61
"	2018.01.19	1,685,000	1	"	4.80
"	2019.09.06	1,125,000	1	"	6.44
"	2019.11.08	385,000	1	"	6.61
"	2020.08.05	510,000	1	"	7.35
"	2021.11.05	3,859,000	1	"	8.60
"	2022.03.18	320,000	1	"	8.97
"	2022.05.06	143,000	1	"	9.10
"	2022.08.08	639,000	1	"	9.35
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) The options were granted to qualified employees of the subsidiary, Amaran Biotechnology Inc., issuing new shares of the subsidiary 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)	2014.01.15	920	1,000	After one year of service, employees can exercise options at a certain percentage based on the schedule	0.79
"	2014.05.02	310	1,000	"	1.08
"	2014.09.03	270	1,000	"	1.42
"	2015.02.12	255	1,000	"	1.86
"	2015.05.27	300	1,000	"	2.15
"	2015.09.09	70	1,000	"	2.43
"	2015.12.15	235	1,000	"	2.70
"	2016.03.02	2,382	1,000	"	2.91
"	2016.09.02	45	1,000	"	3.42
"	2017.01.01	179	1,000	"	3.75
"	2017.04.01	34	1,000	"	4.00
"	2017.06.01	60	1,000	"	4.16
"	2018.03.23	1,090	1,000	"	4.97
"	2018.09.18	60	1,000	"	5.46
"	2019.01.01	65	1,000	"	5.75
"	2019.03.01	65	1,000	"	5.91
"	2019.10.01	210	1,000	"	6.50
"	2020.04.01	250	1,000	"	7.00
"	2020.05.01	120	1,000	"	7.08
"	2021.07.01	110	1,000	"	8.25
"	2021.08.01	115	1,000	"	8.34
"	2021.09.01	15	1,000	"	8.42
"	2021.10.01	1,139	1,000	"	8.50
"	2022.04.01	135	1,000	"	9.00
"	2022.05.01	60	1,000	"	9.08
"	2022.06.01	15	1,000	"	9.16
"	2023.01.01	41	1,000	"	9.76

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

- (c) The options were granted by the subsidiary, Obigen Pharma, Inc., to qualified employees of the subsidiary and the Company by issuing new shares of the subsidiary 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)	2021.12.09	1,568,000	1	After two years of service, employees can exercise options at a certain percentage based on the schedule	8.70
"	2022.03.23	163,000	1	"	8.97
"	2022.10.28	269,000	1	"	9.57
Cash capital increase reserved for employee preemption (Note)	2022.11.23	559,150	1	Vested immediately	-

Note: The above share-based payment arrangement is equity-settled.

- (d) The options were granted by the subsidiary, AP Biosciences, Inc., to qualified employees of the subsidiary and the Company by issuing new shares of the subsidiary 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)	2021.12.16	2,286,000	1	After two years of service, employees can exercise options at a certain percentage based on the schedule	8.70
"	2022.08.23	151,000	1	"	9.26

Note: The above share-based payment arrangement is equity-settled.

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

(a) The Company's employee stock option plan:

	Three months ended March 31,			
	2023		2022	
	No. of units	Weighted-average exercise price (in dollars)	No. of units	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the period	12,562,207	\$ 185.16	12,725,314	\$ 206.34
Options granted	-	-	320,000	107.40
Options forfeited or expired	(761,813)	250.06	(327,066)	125.75
Options outstanding at end of the period	<u>11,800,394</u>	180.97	<u>12,718,248</u>	192.35
Options exercisable at end of the period	<u>7,234,496</u>		<u>7,868,391</u>	
Options authorised but not granted at end of the period	<u>-</u>		<u>821,000</u>	

(b) Restricted stocks to employees:

	Three months ended March 31,	
	2023	2022
	No. of shares	No. of shares
Stocks outstanding at January 1 and March 31	<u>160,000</u>	<u>-</u>

(c) The employee stock option plan of subsidiary, Amaran Biotechnology Inc.:

	Three months ended March 31,			
	2023		2022	
	No. of units	Weighted-average exercise price (in dollars)	No. of units	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the period	3,772	\$ 36.09	4,336	\$ 36.57
Options granted	41	25.00	-	-
Options forfeited or expired	(419)	41.05	-	-
Options outstanding at end of the period	<u>3,394</u>	35.34	<u>4,336</u>	36.57
Options exercisable at end of the period	<u>2,335</u>		<u>2,817</u>	
Options authorised but not granted at end of the period	<u>-</u>		<u>251</u>	

(d) The employee stock option plan of subsidiary, Obigen Pharma, Inc.:

	Three months ended March 31,			
	2023		2022	
	No. of units	Weighted-average exercise price (in dollars)	No. of units	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the period	1,683,000	\$ 20.00	1,568,000	\$ 20.00
Options granted	-	-	163,000	20.00
Options forfeited or expired	-	-	(32,000)	20.00
Options outstanding at end of the period	<u>1,683,000</u>	20.00	<u>1,699,000</u>	20.00
Options exercisable at end of the period	<u>-</u>		<u>-</u>	
Options authorised but not granted at end of the period	<u>1,000,000</u>		<u>1,269,000</u>	

(e) The employee stock option plan of subsidiary, AP Biosciences, Inc.:

	Three months ended March 31,			
	2023		2022	
	No. of units	Weighted-average exercise price (in dollars)	No. of units	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the period	2,397,000	\$ 27.50	2,286,000	\$ 55.00
Options forfeited or expired	(62,000)	27.50	-	-
Options outstanding at end of the period	<u>2,335,000</u>	27.50	<u>2,286,000</u>	55.00
Options exercisable at end of the period	<u>-</u>		<u>-</u>	
Options authorised but not granted at end of the period	<u>-</u>		<u>151,000</u>	

C. The Company and the subsidiaries, Amaran Biotechnology Inc., Obigen Pharma, Inc. and AP Biosciences, Inc., have no stock option exercised for the three months ended March 31, 2023 and 2022.

D. As of March 31, 2023, December 31, 2022 and March 31, 2022, the range of exercise prices of the Company's stock options outstanding were \$79~\$575.3 (in dollars), \$79~\$575.3 (in dollars) and \$105.4~\$575.3 (in dollars), respectively. The range of exercise prices of the subsidiary's, Amaran Biotechnology Inc., stock options outstanding was \$15~\$70 (in dollars). The exercise prices of the subsidiary's, Obigen Pharma, Inc., stock options outstanding was \$20 (in dollars). The exercise prices of the subsidiaries', AP Biosciences, Inc., stock options outstanding were

\$27.5 (in dollars), \$27.5 (in dollars) and \$55 (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:

(a) The Company's employee stock option plan:

Type of agreement	Grant date	Underlying market value on measurement date (in dollars)	Exercise price per share (in dollars)	Expected volatility (Note 1)	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 share at the grant date.

(b) The employee stock option plan of subsidiary, Amaran Biotechnology Inc.:

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	2014.01.15	\$ 27.5	\$ 15.0	48.22%	10 years	0%	1.09%	\$ 18.20
"	2014.05.02	27.5	15.0	48.22%	10 years	0%	1.09%	18.20
"	2014.09.03	31.5	50.0	48.22%	10 years	0%	1.02%	10.79
"	2015.02.12	31.5	50.0	48.22%	10 years	0%	1.02%	10.79
"	2015.05.27	31.5	50.0	48.22%	10 years	0%	1.02%	10.79
"	2015.09.09	31.5	50.0	42.87%	10 years	0%	0.93%	12.80
"	2015.12.15	31.5	50.0	42.87%	10 years	0%	0.93%	12.80
"	2016.03.02	31.5	50.0	42.87%	10 years	0%	0.93%	12.80
"	2016.09.02	35.6	50.0	42.31%	10 years	0%	0.78%	15.33
"	2017.01.01	35.6	70.0	42.31%	10 years	0%	0.78%	15.33
"	2017.04.01	35.6	70.0	42.31%	10 years	0%	0.78%	15.33
"	2017.06.01	35.6	70.0	42.31%	10 years	0%	0.78%	15.33
"	2018.03.23	25.0	25.0	27.45%	10 years	0%	0.70%	4.04
"	2018.09.18	25.0	25.0	27.45%	10 years	0%	0.70%	4.04
"	2019.01.01	24.8	25.0	33.75%	6.25 years	0%	0.77%	8.46
"	2019.03.01	21.9	25.0	33.51%	6.25 years	0%	0.73%	6.44
"	2019.10.01	20.9	25.0	32.32%	6.25 years	0%	0.65%	5.59
"	2020.04.01	24.4	25.0	38.05%	6.25 years	0%	0.44%	8.94
"	2020.05.01	20.4	25.0	38.39%	6.25 years	0%	0.44%	6.47
"	2021.07.01	23.0	25.0	46.15%	6.25 years	0%	0.35%	9.58
"	2021.08.01	23.0	25.0	46.15%	6.25 years	0%	0.35%	9.58
"	2021.09.01	23.0	25.0	46.15%	6.25 years	0%	0.35%	9.58
"	2021.10.01	23.0	25.0	46.15%	6.25 years	0%	0.35%	9.58
"	2022.04.01	23.7	25.0	45.62%	6.25 years	0%	0.95%	10.22
"	2022.05.01	23.7	25.0	45.62%	6.25 years	0%	0.95%	10.22
"	2022.06.01	23.7	25.0	45.62%	6.25 years	0%	0.95%	10.22
"	2023.01.01	23.7	25.0	45.62%	6.25 years	0%	0.95%	10.22

Note: Expected price volatility rate was estimated by using the average price volatility of similar listed and OTC companies within the appropriate period.

(c) The employee stock option plan of subsidiary, Obigen Pharma, Inc.:

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	2021.12.09	\$ 20.7	\$ 20.0	47.29%	6.375 years	0%	0.49%	\$ 9.70
"	2022.03.23	23.9	20.0	47.20%	6.375 years	0%	0.91%	12.25
"	2022.10.28	31.0	20.0	47.20%	6.375 years	0%	1.52%	17.59

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)
Cash capital increase reserved for employee preemption	2022.11.23	\$ 32.1	\$ 32.0	39.90%	0.099 years	0%	1.02%	\$ 1.67

Note: Expected price volatility rate was estimated by using the average price volatility of similar listed and OTC companies within the appropriate period.

(d) The employee stock option plan of subsidiary, AP Biosciences, Inc.:

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	2021.12.16	\$ 45.2	\$ 55.0	80.87%	6.38 years	0%	0.48%	\$ 30.08
"	2022.08.23	27.6	27.5	82.88%	6.38 years	0%	1.17%	19.75

Note: Expected price volatility rate was estimated by using the historical volatility record of similar entities.

F. For the three months ended March 31, 2023 and 2022, the Group recognised compensation cost of \$31,210 and \$58,415, respectively.

G. On May 21, 2022, AP Biosciences, Inc. decreased the exercise price of employee stock options issued on December 16, 2021 from \$55 (in dollars) to \$27.5 (in dollars), in accordance with the terms of employee stock options. The modification came from capitalisation of capital surplus of AP Biosciences, Inc., and the stock options did not generate incremental fair value.

(14) Share capital

A. As of March 31, 2023, 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)	
	2023	2022
At January 1	229,108	198,948
Cash capital increase	-	30,000
Shares of the parent company sold by subsidiaries	81	-
At March 31	229,189	228,948

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 March 31, 2023, 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	Three months ended March 31, 2023				Carrying amount
	Beginning shares	Additions	Disposal	Ending shares	
Shares of the parent company held by subsidiaries treated as treasury shares (Note)	331 thousand shares	-	81 thousand shares	250 thousand shares	\$ 34,787

Reason for reacquisition	Three months ended March 31, 2022				Carrying amount
	Beginning shares	Additions	Disposal	Ending shares	
Shares of the parent company held by subsidiaries treated as treasury shares (Note)	331 thousand shares	-	-	331 thousand shares	\$ 45,990

Note: Shares of the parent company held by subsidiaries are treated as treasury share 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 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.

(15) 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.

	2023			
	Share premium	Employee stock options	Restricted stocks	Others
At January 1	\$ 5,065,714	\$1,080,240	\$ 8,960	\$ 777,717
Employee stock options compensation cost	-	16,081	-	5,581
Expiration of employee stock options	-	-	-	2,618
Changes in ownership interests in subsidiaries	-	-	-	132,924
Treasury share transactions	-	-	-	(4,715)
At March 31	<u>\$ 5,065,714</u>	<u>\$1,096,321</u>	<u>\$ 8,960</u>	<u>\$ 914,125</u>

	2022		
	Share premium	Employee stock options	Others
At January 1	\$ 2,206,273	\$ 1,092,894	\$ 403,055
Cash capital increase	2,850,000	-	-
Employee stock options compensation cost	9,441	28,469	3,407
Expiration of employee stock options	-	(11,971)	12,229
Changes in ownership interests in subsidiaries	-	-	87
At March 31	<u>\$ 5,065,714</u>	<u>\$ 1,109,392</u>	<u>\$ 418,778</u>

(16) Retained earnings

- 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 compensation 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:

	Year ended December 31, 2022
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 May 8, 2023, the aforementioned proposal for 2022 deficit compensation has not yet been resolved by the shareholders.

(17) Operating revenue

Disaggregation of revenue from contracts with customers is as follows:

	Three months ended March 31,
	2023 2022
Revenue from contracts with customers	\$ <u>1,786</u> \$ <u>1,261</u>

Disaggregation of revenue from contracts with customers is as follows:

Three months ended March 31, 2023	Service provision	Patent licensing	Total
Revenue from external customer contracts			
Contract revenue	\$ <u>1,222</u>	\$ <u>564</u>	\$ <u>1,786</u>
Three months ended March 31, 2022	Service provision	Patent licensing	Total
Revenue from external customer contracts			
Contract revenue	\$ <u>773</u>	\$ <u>488</u>	\$ <u>1,261</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Contract liabilities			
Contract liabilities - unearned sales revenue	\$ <u>3,595</u>	\$ <u>3,160</u>	\$ <u>-</u>

For the three months ended March 31, 2023 and 2022, the Group did not recognise revenues from the beginning balance of contract liabilities.

(18) Interest income

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 23,934	\$ 1,228
Interest income from financial assets measured at amortised cost	<u>826</u>	<u>174</u>
	<u>\$ 24,760</u>	<u>\$ 1,402</u>

(19) Other gains and losses

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Net currency exchange (losses) gains	(\$ 13,543)	\$ 31,022
Net losses on financial assets at fair value through profit or loss	(437)	(803)
Other losses	(<u>569</u>)	(<u>10</u>)
	<u>(\$ 14,549)</u>	<u>\$ 30,209</u>

(20) Finance costs

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest expense	\$ <u>949</u>	\$ <u>1,067</u>

(21) Expenses by nature

	Three months ended March 31,	
	2023	2022
Employee benefit expenses	\$ 139,458	\$ 161,555
Clinical material expenses	86,572	34,506
Clinical trials cost	62,090	32,413
Depreciation charges	51,215	38,727
Consulting and service fees	27,589	20,289
Outsourced research expenses	19,000	77,429
Amortisation charges	15,097	15,885
Rental expenses	4,702	2,243
Other expenses	28,244	24,848
Operating costs and expenses	<u>\$ 433,967</u>	<u>\$ 407,895</u>

(22) Employee benefit expense

	Three months ended March 31,	
	2023	2022
Wages and salaries (including directors' remuneration)	\$ 89,765	\$ 85,146
Share-based payment expense	31,210	58,415
Labor and health insurance fees	6,412	5,941
Pension costs	4,992	4,754
Other personnel expenses	7,079	7,299
	<u>\$ 139,458</u>	<u>\$ 161,555</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 March 31, 2023 and 2022, the Company had an accumulated deficit; thus, no employees' compensation and directors' remuneration was recognised for the three months ended March 31, 2023 and 2022.

(23) Income tax

A. Components of income tax benefit:

	Three months ended March 31,	
	2023	2022
Current tax:		
Current tax on loss for the period	(\$ 1,376)	(\$ 1,297)
Total current tax	<u>(1,376)</u>	<u>(1,297)</u>
Deferred tax:		
Origination and reversal of temporary difference	<u>2,108</u>	<u>2,108</u>
Total deferred tax	<u>2,108</u>	<u>2,108</u>
Income tax benefit	\$ 732	\$ 811

B. The income tax returns of the Company and its subsidiary, AP Biosciences, Inc., through 2020 have been assessed and approved by the Tax Authority. The income tax returns of the subsidiaries, Obigen Pharma, Inc. and Amaran Biotechnology Inc., through 2021 have been assessed and approved by the Tax Authority.

(24) Loss per share

	Three months ended March 31, 2023		
	Amount after tax	Weighted-average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss</u> <u>per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 363,263)	228,963	(\$ 1.59)
	Three months ended March 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</u> <u>per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 305,569)	200,949	(\$ 1.52)

Note: The potential ordinary shares have anti-dilutive effect due to net loss for the three months ended March 31, 2023 and 2022, so the calculation of diluted loss per share is the same as the calculation of basic loss per share.

(25) Non-controlling interest

- A. In the first quarter of 2022, the Group's subsidiaries, AP Biosciences, Inc., Amaran Biotechnology Inc. and Obigen Pharma, Inc., recognised employee compensation cost for the Company's or each subsidiaries' employee stock options granted to their respective employees as well as the expiration of certain stock options. Further, some subsidiaries granted their employee stock options to the Company's employees. These resulted to an increase in the non-controlling interest by \$16,753 and equity attributable to owners of the parent by \$6,397.
- B. Details of the Company's transactions with Odeon are provided in Note 4(3)B. The Group increased non-controlling interest by \$3 for the year ended December 31, 2022 as a result of acquisition of Odeon.
- C. For the three months ended March 31, 2023, the subsidiary, Amaran Biotechnology Inc., disposed shares of the Company which are treated as treasury shares by the Company. Refer to Note 6(14)C. for details. The transaction resulted to an increase in the non-controlling interest by \$3,145 and equity attributable to owners of the parent by \$6,488.
- D. In the first quarter of 2023, the Group's subsidiaries, AP Biosciences, Inc., Amaran Biotechnology Inc. and Obigen Pharma, Inc., recognised employee compensation cost for the Company's or each subsidiaries' employee stock options granted to their respective employees as well as the expiration of certain stock options. Further, some subsidiaries granted their employee stock options to the Company's employees. These resulted to an increase in the non-controlling interest by \$5,900 and equity attributable to owners of the parent by \$2,981.
- E. The subsidiary, Obigen Pharma, Inc., increased its capital by issuing new shares, and the effective date for the cash capital increase was set on February 13, 2023. However, as the Company did not acquire shares proportionally to its interest, the Company's shareholding ratio decreased by 10.23%. As of December 31, 2022, Obigen Pharma, Inc. had received cash in the amount of \$57,526. For the three months ended March 31, 2023, Obigen Pharma, Inc. received the remaining cash in the amount of \$652,474 and, in turn, all the proceeds from non-controlling interest in the total amount of \$710,000 were collected. The transaction resulted to an increase in non-controlling interest by \$519,550 and equity attributable to owners of the parent by \$132,924.

- F. The changes in non-controlling interests in the subsidiaries, AP Biosciences, Inc., Amaran Biotechnology Inc. and Obigen Pharma, Inc., and effects on the equity attributable to owners of the parent for the three months ended March 31, 2023 and 2022 are shown below:

Effect of not participating in capital increase proportionally to its interest:

	Three months ended March 31,	
	2023	2022
Cash	\$ 710,000	\$ -
Increase in the carrying amount of non-controlling interest (Note)	(577,076)	-
Capital surplus - recognition of changes in ownership interest in subsidiaries	\$ 132,924	\$ -

Effect of share-based payment transactions:

	Three months ended March 31,	
	2023	2022
Employee compensation cost	\$ 8,881	\$ 23,150
Increase in the carrying amount of non-controlling interest	(5,900)	(16,753)
Capital surplus - others	\$ 2,981	\$ 6,397

Effect of shares of the Company held by the subsidiary treated as treasury shares:

	Three months ended March 31,	
	2023	2022
Recognised as treasury share	\$ 9,633	\$ -
Increase in the carrying amount of non-controlling interest	(3,145)	-
Treasury shares	(11,203)	-
Capital surplus - transactions of treasury shares	(\$ 4,715)	\$ -

Note: Including an increase in non-controlling interest by \$57,526 due to advance receipts for capital stock at beginning of the period.

(26) Supplemental cash flow information

Investing activities with partial cash payments:

	Three months ended March 31,	
	2023	2022
Acquisition of property, plant and equipment	\$ 5,946	\$ 54,047
Add: Opening balance of payable	6,106	66,321
Less: Ending balance of payable	(1,059)	(46,256)
Ending balance of payable - related parties	-	(4,283)
Cash paid during the period	\$ 10,993	\$ 69,829

(27) Changes in liabilities from financing activities

	Lease liabilities	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Liabilities from financing activities - gross
At January 1, 2023	\$ 203,382	\$ 15,705	\$ 28,000	\$ 3	\$ 247,090
Changes in cash flow from financing activities	(11,246)	(8,979)	(1,750)	-	(21,975)
At March 31, 2023	<u>\$ 192,136</u>	<u>\$ 6,726</u>	<u>\$ 26,250</u>	<u>\$ 3</u>	<u>\$ 225,115</u>

	Lease liabilities	Long-term borrowings	Guarantee deposits received	Liabilities from financing activities - gross
At January 1, 2022	\$ 258,032	\$ 35,000	\$ -	\$ 293,032
Changes in cash flow from financing activities	(12,957)	(1,750)	3	(14,704)
Impact of changes in foreign exchange rate	277	-	-	277
At March 31, 2022	<u>\$ 245,352</u>	<u>\$ 33,250</u>	<u>\$ 3</u>	<u>\$ 278,605</u>

7. RELATED PARTY TRANSACTIONS

(1) Name of related party and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
Tanvex Biologics Corporation (Note)	Other related party
Ruentex Xu-Zhan Development Co., Ltd.	Other related party
Ruentex Construction Co., Ltd.	Other related party
Tanvex BioPharma USA, Inc. (Note)	Other related party

Note: The Company re-elected directors during the shareholders' meeting on June 27, 2022. Therefore, the entity was no longer a related party of the Group 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. Research and development expenses - manufacture of clinical materials

	Three months ended March 31,	
	2023	2022
Tanvex Biologics Corporation	\$ 75	\$ 5,962
Tanvex BioPharma USA, Inc.	\$ 1,236	\$ -

- (a) The Group commissioned Tanvex Biologics Corporation to carry out clone selection services and development as well as manufacture of the clinical candidate of the bispecific monoclonal antibody development platform. The total contract price was \$7,250 and US\$4,959 thousand, respectively, and the expenditures on consumables and other experiments are charged additionally. The aforementioned research and development expenses of \$75 included consumables and other related expenses.
- (b) The Group purchased consumables for experiments from Tanvex BioPharma USA, Inc., and prices and terms were based on mutual agreement.

B. Other payables

	March 31, 2023	December 31, 2022	March 31, 2022
Tanvex Biologics Corporation	\$ 78	\$ 333	\$ 6,259
Ruentex Construction Co., Ltd.	-	-	4,283
	\$ 78	\$ 333	\$ 10,542

Other payables represent research and development expenses and construction payments.

C. Lease transactions (lessee)

- (a) The Group 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 Group paid rental deposits for the above lease amounting to \$5,121.

(b) Lease liability

i. Outstanding balance:

	March 31, 2023	December 31, 2022	March 31, 2022
Ruentex Xu-Zhan Development Co., Ltd.	\$ 39,537	\$ 43,405	\$ 53,284

ii. Interest expense:

	Three months ended March 31,	
	2023	2022
Ruentex Xu-Zhan Development Co., Ltd.	\$ 168	\$ 221

D. The subsidiary, Obigen Pharma, Inc., commissioned Ruentex Construction Co., Ltd. to construct plants in Hsinchu Biomedical Science Park in July 2021, and the total contract price was \$90,092 (tax included). In addition, there was an additional construction cost of \$22,886 (tax included) and \$8,423 (tax included) in November 2021 and March 2022, respectively. As of December 31, 2022, all costs were all cleared and fully paid.

(3) Key management compensation

	Three months ended March 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 22,786	\$ 25,373
Share-based payments	16,093	18,355
	<u>\$ 38,879</u>	<u>\$ 43,728</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	March 31, 2023	December 31, 2022	March 31, 2022	
Land	\$ 87,514	\$ 87,514	\$ 87,514	Long-term borrowings (Note 1)
Buildings and structures	13,046	13,121	13,347	Long-term borrowings (Note 1)
Buildings and structures	245,959	249,920	-	Short-term borrowings (Note 2)
Other non-current assets (refundable deposits and time deposits)				Duty paid after customer release, deposits for clinical trial agreement, rental deposit and letters of credit, etc.
	<u>32,218</u>	<u>31,997</u>	<u>43,820</u>	
	<u>\$ 378,737</u>	<u>\$ 382,552</u>	<u>\$ 144,681</u>	

Note 1: 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(9) for details.

Note 2: The subsidiary, Amaran Biotechnology Inc., entered into a loan agreement with Mega International Commercial Bank for a total credit facility of \$100 million, and pledged properties as collateral with line of credit guarantee to Mega International Commercial Bank. Refer to Note 6(8) for details.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Aside from the commitments described in Notes 6(6) and (7) 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 March 31, 2023, 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 March 31, 2023.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) On December 27, 2022, the Board of Directors of AP Biosciences, Inc. resolved to lease offices and laboratories in Taipei Bioinnovation Park from Century Development Corporation. On April 20, 2023, both parties entered into a lease contract with the lease term being 7 years and 5 months, and the amount of right-of-use assets estimated by monthly rent was about \$85,230.
- (2) The Group leased offices and laboratories in Taipei Bioinnovation Park, and thus signed several decoration and construction agreements from April 1, 2023 to the date of authorisation for issuance of the consolidated financial statements. The total contract price of significant decoration and construction was approximately \$66,550 (taxes included). The aforementioned commitments remained unpaid as of May 8, 2023.
- (3) In light of future operating strategy, on May 8, 2023, the Board of Directors resolved to terminate the business of and dissolve the Company's subsidiary, OBI Pharma Limited, and the second-tier subsidiary, OBI Pharma (Shanghai) Limited.

12. OTHERS

(1) Capital management

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	\$ <u>315</u>	\$ <u>752</u>	\$ <u>964</u>
Financial assets at fair value through other comprehensive income	\$ <u>8,984</u>	\$ <u>8,725</u>	\$ <u>8,699</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 4,655,137	\$ 4,741,109	\$ 5,209,248
Financial assets at amortised cost	360,900	30,710	140,000
Accounts receivable	3,284	2,037	559
Other receivables	22,443	26,236	5,833
Other financial assets (guarantee deposits paid)	<u>32,218</u>	<u>31,997</u>	<u>43,820</u>
	<u>\$ 5,073,982</u>	<u>\$ 4,832,089</u>	<u>\$ 5,399,460</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss	\$ <u>45,675</u>	\$ <u>46,065</u>	\$ <u>42,937</u>
Financial liabilities at amortised cost			
Short-term borrowings	\$ 6,726	\$ 15,705	\$ -
Accounts payable	162	1,144	251
Other payables (including related parties)	64,995	147,311	133,685
Long-term borrowings (including current portion)	26,250	28,000	33,250
Other non-current liabilities (guarantee deposits received)	<u>3</u>	<u>3</u>	<u>3</u>
	<u>\$ 98,136</u>	<u>\$ 192,163</u>	<u>\$ 167,189</u>
Lease liabilities	<u>\$ 192,136</u>	<u>\$ 203,382</u>	<u>\$ 245,352</u>

B. Financial risk management policies

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022.

C. Significant financial risks and degrees of financial risks

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022, except for the items explained below:

(a) Market risk

Foreign exchange risk

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

March 31, 2023							
(Foreign currency: functional currency)	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	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$ 52,783	30.450	\$ 1,607,242	1%	\$ 16,072	\$	-
RMB:USD	471	0.146	2,087	1%	21		-
USD:RMB	162	6.872	4,933	1%	49		-
<u>Financial assets</u>							
<u>Non-monetary items</u>							
USD:NTD	14,430	30.450	439,390	-	-		-
RMB:USD	1,742	0.146	7,721	-	-		-
AUD:NTD	1,944	20.330	39,528	-	-		-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	1,996	30.450	60,778	1%	608		-

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	\$ 56,002	30.710	\$ 1,719,821	1%	\$ 17,198	\$	-
RMB:USD	2,001	0.144	8,820	1%	88		-
USD:RMB	176	6.967	5,405	1%	54		-
<u>Financial assets</u>							
<u>Non-monetary items</u>							
USD:NTD	14,428	30.710	443,070	-	-		-
RMB:USD	2,243	0.144	9,889	-	-		-
AUD:NTD	2,323	20.830	48,395	-	-		-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	2,884	30.710	88,568	1%	886		-
March 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	\$ 33,108	28.625	\$ 947,717	1%	\$ 9,477	\$	-
USD:RMB	260	6.353	7,443	1%	74		-
<u>Financial assets</u>							
<u>Non-monetary items</u>							
USD:NTD	14,405	28.625	412,344	-	-		-
RMB:USD	2,152	0.157	9,695	-	-		-
AUD:NTD	1,991	21.420	42,657	-	-		-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	1,320	28.625	37,785	1%	378		-

The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months

ended March 31, 2023 and 2022, amounted to(\$13,543) and \$31,022, respectively.

(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 Group's investment in financial assets at fair value through other comprehensive income and financial liabilities at fair value through profit or loss is included in Level 3.

B. The carrying amount of financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortised cost, accounts receivable, other receivables, other financial assets (guarantee deposits paid), accounts payable, other payables (including those to related parties), financial liabilities at fair value through profit or loss and other non-current liabilities (guarantee deposits received) is a reasonable approximation to their fair value; the interest rate on long-term and short-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:

March 31, 2023				
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Foreign listed stocks	\$ 315	\$ -	\$ -	\$ 315
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	8,984	8,984
	<u>\$ 315</u>	<u>\$ -</u>	<u>\$ 8,984</u>	<u>\$ 9,299</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Hybrid instrument	\$ -	\$ -	\$ 45,675	\$ 45,675
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,675</u>	<u>\$ 45,675</u>
December 31, 2022				
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Foreign listed stocks	\$ 752	\$ -	\$ -	\$ 752
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	8,725	8,725
	<u>\$ 752</u>	<u>\$ -</u>	<u>\$ 8,725</u>	<u>\$ 9,477</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Hybrid instrument	\$ -	\$ -	\$ 46,065	\$ 46,065
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,065</u>	<u>\$ 46,065</u>

	March 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Foreign listed stocks	\$ 964	\$ -	\$ -	\$ 964
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	8,699	8,699
	<u>\$ 964</u>	<u>\$ -</u>	<u>\$ 8,699</u>	<u>\$ 9,663</u>
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Hybrid instrument	\$ -	\$ -	\$ 42,937	\$ 42,937

D. The methods and assumptions the Group used to measure fair value are as follows:

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

	<u>Listed stocks</u>
Market quoted price	Closing price

E. 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.

F. 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 March 31, 2023	Valuation technique	Significant unobservable input	Range (median)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 8,984</u>	Market comparable companies	Price to book ratio multiple	1.05~5.87 (1.72)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	14.55%~ 39.05% (34%)	The higher the discount for lack of marketability, the lower the fair value
Hybrid instrument:					
Convertible preferred shares	<u>\$ 45,675</u>	Most recent non-active market price	Not applicable	-	Not applicable
	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
Hybrid instrument:					
Convertible preferred shares	<u>\$ 46,065</u>	Most recent non-active market price	Not applicable	-	Not applicable

	Fair value at March 31, 2022	Valuation technique	Significant unobservable input	Range (median)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 8,699</u>	Market comparable companies	Price to book ratio multiple	1.30~2.69 (1.68)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	16.25%~ 75.57% (29%)	The higher the discount for lack of marketability, the lower the fair value
Hybrid instrument:					
Convertible preferred shares	<u>\$ 42,937</u>	Most recent non-active market price	Not applicable	-	Not applicable

G. The Group 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:

			March 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
	Input	Change	change	change	change	change
Financial assets						
Equity instruments	Price to book ratio multiple	±10%	\$ -	\$ -	\$ 901	(\$ 901)
	Discount for lack of marketability	±10%	\$ -	\$ -	\$ 460	(\$ 460)

December 31, 2022						
	Input	Change	Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
			change	change	change	change
Financial assets						
Equity instruments	Price to book ratio multiple	±10%	\$ -	\$ -	\$ 873	(\$ 873)
	Discount for lack of marketability	±10%	\$ -	\$ -	\$ 428	(\$ 428)
March 31, 2022						
	Input	Change	Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable	Unfavourable	Favourable	Unfavourable
			change	change	change	change
Financial assets						
Equity instruments	Price to book ratio multiple	±10%	\$ -	\$ -	\$ 868	(\$ 868)
	Discount for lack of marketability	±10%	\$ -	\$ -	\$ 355	(\$ 355)

H. The following chart is the movement of Level 3 for the three months ended March 31, 2023 and 2022:

Three months ended March 31, 2023			
	Equity securities	Hybrid instrument	Total
Opening net book amount	\$ 8,725	\$ 46,065	\$ 54,790
Loss recognised in other comprehensive income	259	-	259
Effect of exchange rate changes	-	(390)	(390)
Closing net book amount	\$ 8,984	\$ 45,675	\$ 54,659

	Three months ended March 31, 2022		
	Equity securities	Hybrid instrument	Total
Opening net book amount	\$ 9,106	\$ -	\$ 9,106
Profit recognised in other comprehensive income	(407)	-	(407)
Acquired during the period	-	42,937	42,937
Closing net book amount	<u>\$ 8,699</u>	<u>\$ 42,937</u>	<u>\$ 51,636</u>

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- 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 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- 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 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 3.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 4.
- 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 5.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by

the chief operating decision-maker that are used to make strategic decisions.

The Group has four reportable segments, which are anti-cancer new drug segment, bispecific monoclonal antibody new drug segment, botulinum toxin new drug segment and CDMO segment. The segments are identified in the functional perspective such as the territory of the research and development of new drugs and CDMO (Contract Development and Manufacturing Organization).

(2) Measurement of segment information

All operating segments of the Group apply the same accounting policies.

(3) Segment information

The segment income or loss after tax reported to the chief operating decision-maker is measured in a manner consistent with revenues and expenses in the statement of comprehensive income. For the three months ended March 31, 2023 and 2022, the segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Anti-cancer new drug	Bispecific monoclonal antibody new drug	Botulinum toxin new drug	CDMO	Reconciliation and elimination	Total
<u>Three months ended</u>						
<u>March 31, 2023</u>						
Revenue from external customers	\$ 564	\$ -	\$ -	\$ 1,222	\$ -	\$ 1,786
Inter-segment revenue	-	-	-	13,178	(13,178)	-
Total segment revenue	<u>\$ 564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,400</u>	<u>(\$ 13,178)</u>	<u>\$ 1,786</u>
Segment loss	<u>(\$ 290,638)</u>	<u>(\$ 36,669)</u>	<u>(\$ 47,271)</u>	<u>(\$ 27,661)</u>	<u>(\$ 19,566)</u>	<u>(\$ 421,805)</u>
Segment loss, including:						
Depreciation	\$ 16,186	\$ 653	\$ 16,308	\$ 18,656	(\$ 588)	\$ 51,215
Amortisation	3,712	426	10,309	417	233	15,097
Finance costs	348	-	223	378	-	949
Interest income	21,660	1,812	1,043	245	-	24,760
<u>Three months ended</u>						
<u>March 31, 2022</u>						
Revenue from external customers	\$ 488	\$ -	\$ -	\$ 773	\$ -	\$ 1,261
Inter-segment revenue	-	-	-	15,458	(15,458)	-
Total segment revenue	<u>\$ 488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,231</u>	<u>(\$ 15,458)</u>	<u>\$ 1,261</u>
Segment loss	<u>(\$ 201,948)</u>	<u>(\$ 86,676)</u>	<u>(\$ 40,728)</u>	<u>(\$ 38,949)</u>	<u>(\$ 6,843)</u>	<u>(\$ 375,144)</u>
Segment loss, including:						
Depreciation	\$ 16,369	\$ 1,986	\$ 9,671	\$ 12,561	(\$ 1,860)	\$ 38,727
Amortisation	4,712	400	10,309	231	233	15,885
Finance costs	543	-	250	278	(4)	1,067
Interest income	890	98	227	187	-	1,402

OBI Pharma, Inc.

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

March 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of March 31, 2023				
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	\$ 8,984	3.27%	\$ 8,984	None
Amaran Biotechnology Inc.	Edesa Biotech, Inc./Stock	"	Financial assets at fair value through profit or loss - current	11,338	315	-	315	"

OBI Pharma, Inc.
Significant inter-company transactions during the reporting period
Three months ended March 31, 2023

Table 2

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	\$ 30,986	(Note 4)	0.45
1	"	"	"	Service revenue	45,860	"	2,567.75
2	Amaran Biotechnology Inc.	"	"	CMO revenue and calibration and analysis service revenue	13,178	"	737.85
3	Odeon Therapeutics (Cayman) Limited	"	"	Contract liabilities	365,400	"	5.36

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

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer transaction, it is not required to disclose twice):

- (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
Three months ended March 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2023			Net loss of the investee for the three months ended March 31, 2023	Investment loss recognised by the Company for the three months ended March 31, 2023	Footnote
				Balance as at March 31, 2023	Balance as at March 31, 2022	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	\$ 567,375	(\$ 36,669)	(\$ 18,546)	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	449,613	(27,662)	(23,553)	"
"	Odeon Therapeutics (Cayman) Limited	Cayman Islands	Investments and trading	365,400	365,400	6,000,000	77.42	365,400	(468)	-	"
"	Obigen Pharma, Inc.	Taiwan	Research and development of biotechnology	1,195,000	945,000	55,062,500	51.94	347,177	(47,271)	(25,972)	"
"	OBI Pharma USA, Inc.	USA	Research and development of biotechnology	82,215	82,215	2,701,000	100.00	68,662	(3,366)	(3,366)	"
"	OBI Pharma Australia Pty Ltd.	Australia	Research and development of biotechnology	254,125	254,125	12,500,000	100.00	39,528	(7,882)	(7,882)	"
"	OBI Pharma Limited	Hong Kong	Investments and trading	80,693	80,693	2,650,000	100.00	5,328	(1,673)	(1,673)	"
Odeon Therapeutics (Cayman) Limited	Odeon Therapeutics (Hong Kong) Limited	Hong Kong	Investments and trading	411,075	411,075	1	100.00	411,075	(339)	-	"

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
Three months ended March 31, 2023

Table 4

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, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023	Net income of investee for the three months ended March 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2023	Book value of investments in Mainland China as of March 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
OBI Pharma (Shanghai) Limited	Research and development of biotechnology	\$ 76,125	Note 1	\$ 76,125	-	-	\$ 76,125	(\$ 1,671)	100.00	(\$ 1,671)	\$ 4,390	-	
Odeon Therapeutics (Shangha) Limited	Research and development of biotechnology	8,767	Note 2	-	-	-	-	(554)	100.00	(554)	3,331	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023 (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.	\$ 76,125	\$	76,125	\$	2,659,419								

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 reviewed 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
March 31, 2023

Table 5

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).