

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the related consolidated statements of changes in equity and of cash flows for the nine 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.

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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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine 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.

Teng, Sheng-Wei

Liang, Hua-Ling

For and on Behalf of PricewaterhouseCoopers, Taiwan

November 6, 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 independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,058,972	34	\$ 4,741,109	72	\$ 5,075,067	72
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		231	-	752	-	332	-
1136	Financial assets at amortised cost -	6(4)						
	current		1,189,917	19	30,710	1	61,750	1
1150	Notes receivable, net		-	-	-	-	7	-
1170	Accounts receivable, net		4,954	-	2,037	-	1,582	-
1200	Other receivables	7	28,470	1	26,236	-	19,269	-
130X	Inventories		25,719	-	21,973	-	23,729	-
1410	Prepayments		210,089	3	211,264	3	201,734	3
11XX	Total current assets		<u>3,518,352</u>	<u>57</u>	<u>5,034,081</u>	<u>76</u>	<u>5,383,470</u>	<u>76</u>
Non-current assets								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non-current		9,608	-	8,725	-	8,699	-
1550	Investments accounted for using	6(5)						
	equity method		1,116,470	18	-	-	-	-
1600	Property, plant and equipment, net	6(6), 7 and 8	910,622	15	980,722	15	992,689	14
1755	Right-of-use assets	6(7)	463,635	8	194,835	3	206,818	3
1780	Intangible assets, net	6(8)	75,843	1	382,441	6	397,168	6
1900	Other non-current assets	7 and 8	45,131	1	32,897	-	53,668	1
15XX	Total non-current assets		<u>2,621,309</u>	<u>43</u>	<u>1,599,620</u>	<u>24</u>	<u>1,659,042</u>	<u>24</u>
1XXX	Total assets		<u>\$ 6,139,661</u>	<u>100</u>	<u>\$ 6,633,701</u>	<u>100</u>	<u>\$ 7,042,512</u>	<u>100</u>

(Continued)

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Current borrowings	6(9)	\$ 4,305	-	\$ 15,705	-	\$ 5,705	-
2130	Current contract liabilities	6(18)	12,211	-	3,160	-	-	-
2150	Notes payable		-	-	-	-	4	-
2170	Accounts payable		3,511	-	1,144	-	327	-
2200	Other payables	6(11)	34,236	1	146,978	2	104,351	2
2220	Other payables to related parties	7	257	-	333	-	-	-
2230	Current income tax liabilities		1,620	-	558	-	947	-
2280	Current lease liabilities	7	40,687	1	40,349	1	43,361	1
2320	Long-term liabilities, current portion	6(10)	7,000	-	7,000	-	7,000	-
2399	Other current liabilities		20,084	-	5,911	-	9,515	-
21XX	Total current liabilities		<u>123,911</u>	<u>2</u>	<u>221,138</u>	<u>3</u>	<u>171,210</u>	<u>3</u>
Non-current liabilities								
2500	Non-current financial liabilities at fair value through profit or loss	6(12)	48,405	1	46,065	1	47,625	1
2540	Long-term borrowings	6(10)	15,750	-	21,000	-	22,750	-
2550	Non-current provisions		5,850	-	-	-	-	-
2570	Deferred income tax liabilities		-	-	46,329	1	48,437	1
2580	Non-current lease liabilities	7	439,798	7	163,033	2	172,610	2
2600	Other non-current liabilities		3	-	3	-	3	-
25XX	Total non-current liabilities		<u>509,806</u>	<u>8</u>	<u>276,430</u>	<u>4</u>	<u>291,425</u>	<u>4</u>
2XXX	Total liabilities		<u>633,717</u>	<u>10</u>	<u>497,568</u>	<u>7</u>	<u>462,635</u>	<u>7</u>
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(15)	2,294,394	37	2,294,394	35	2,292,794	33
Capital surplus								
3200	Capital surplus	6(14)(16)(26)	7,121,430	116	6,932,631	104	6,874,571	97
Retained earnings								
3350	Accumulated deficit	6(17)	(5,044,651)	(82)	(4,522,538)	(68)	(3,944,793)	(56)
3400	Other equity interest	6(3)	(18,176)	-	(26,323)	-	(14,720)	-
3500	Treasury shares	6(15)(26)	(26,533)	-	(45,990)	(1)	(45,990)	(1)
31XX	Equity attributable to owners of the parent		<u>4,326,464</u>	<u>71</u>	<u>4,632,174</u>	<u>70</u>	<u>5,161,862</u>	<u>73</u>
36XX	Non-controlling interest	4(3) and 6(26)	<u>1,179,480</u>	<u>19</u>	<u>1,503,959</u>	<u>23</u>	<u>1,418,015</u>	<u>20</u>
3XXX	Total equity		<u>5,505,944</u>	<u>90</u>	<u>6,136,133</u>	<u>93</u>	<u>6,579,877</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>\$ 6,139,661</u>	<u>100</u>	<u>\$ 6,633,701</u>	<u>100</u>	<u>\$ 7,042,512</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
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(18)	\$ 11,476	2	\$ 1,075	-	\$ 23,130	3	\$ 4,204	1
5000	Operating costs		(32,936)	(6)	(9,221)	(2)	(82,418)	(11)	(36,167)	(3)
5900	Gross profit		(21,460)	(4)	(8,146)	(2)	(59,288)	(8)	(31,963)	(2)
	Operating expenses	6(6)(7)(8)(13)(14)(22)(23) and 7								
6200	Administrative expenses		(90,001)	(14)	(73,309)	(16)	(244,154)	(34)	(232,531)	(19)
6300	Research and development expenses		(506,534)	(81)	(518,928)	(114)	(1,299,606)	(183)	(1,219,341)	(98)
6000	Total operating expenses		(596,535)	(95)	(592,237)	(130)	(1,543,760)	(217)	(1,451,872)	(117)
6900	Operating loss		(617,995)	(99)	(600,383)	(132)	(1,603,048)	(225)	(1,483,835)	(119)
	Non-operating income and expenses									
7100	Interest income	6(19)	21,534	3	16,643	3	73,428	10	26,711	2
7010	Other income		5,004	1	187	-	7,891	1	450	-
7020	Other gains and losses	6(20) and 7	60,526	10	130,467	29	921,405	130	217,005	17
7050	Finance costs	6(21) and 7	(3,395)	-	(1,060)	-	(5,284)	(1)	(3,082)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(5)	(92,572)	(15)	-	-	(106,822)	(15)	-	-
7000	Total non-operating income and expenses		(8,903)	(1)	146,237	32	890,618	125	241,084	19
7900	Loss before tax		(626,898)	(100)	(454,146)	(100)	(712,430)	(100)	(1,242,751)	(100)
7950	Income tax benefit	6(24)	13,383	2	802	-	12,381	2	2,248	-
8200	Loss for the period		(\$ 613,515)	(98)	(\$ 453,344)	(100)	(\$ 700,049)	(98)	(\$ 1,240,503)	(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)	(\$ 1,242)	-	\$ 824	-	\$ 883	-	(\$ 407)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		2,477	-	4,670	1	2,687	-	10,082	1
8300	Other comprehensive income for the period, net		\$ 1,235	-	\$ 5,494	1	\$ 3,570	-	\$ 9,675	1
8500	Total comprehensive loss for the period		(\$ 612,280)	(98)	(\$ 447,850)	(99)	(\$ 696,479)	(98)	(\$ 1,230,828)	(99)
	Loss attributable to:									
8610	Owners of the parent		(\$ 567,838)	(91)	(\$ 387,533)	(86)	(\$ 522,113)	(73)	(\$ 1,036,171)	(83)
8620	Non-controlling interest		(45,677)	(7)	(65,811)	(14)	(177,936)	(25)	(204,332)	(17)
	Total		(\$ 613,515)	(98)	(\$ 453,344)	(100)	(\$ 700,049)	(98)	(\$ 1,240,503)	(100)
	Comprehensive loss attributable to:									
8710	Owners of the parent		(\$ 566,260)	(91)	(\$ 381,950)	(84)	(\$ 517,991)	(73)	(\$ 1,026,363)	(83)
8720	Non-controlling interest		(46,020)	(7)	(65,900)	(15)	(178,488)	(25)	(204,465)	(16)
	Total		(\$ 612,280)	(98)	(\$ 447,850)	(99)	(\$ 696,479)	(98)	(\$ 1,230,828)	(99)
9750	Loss per share (in dollars) Basic and diluted loss per share	6(25)	(\$ 2.48)		(\$ 1.70)		(\$ 2.28)		(\$ 4.72)	

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

OBI PHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Other equity interest									
				Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income							
				Financial statements translation differences of foreign operations							
Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	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	Non-controlling interest	Total equity	
<u>Nine months ended September 30, 2022</u>											
		\$ 1,992,794	\$ 3,702,222	(\$ 2,908,622)	(\$ 6,453)	(\$ 18,075)	-	(\$ 45,990)	\$ 2,715,876	\$ 1,154,927	\$ 3,870,803
		-	-	(1,036,171)	-	-	-	-	(1,036,171)	(204,332)	(1,240,503)
		-	-	-	10,215	(407)	-	-	9,808	(133)	9,675
		-	-	(1,036,171)	10,215	(407)	-	-	(1,026,363)	(204,465)	(1,230,828)
	6(15)(16)	300,000	2,850,000	-	-	-	-	-	3,150,000	-	3,150,000
	6(26)	-	-	-	-	-	-	-	-	3	3
	6(14)(16)(23)(26)	-	86,044	-	-	-	-	-	86,044	33,855	119,899
	6(14)(16)(26)	-	2,650	-	-	-	-	-	2,650	(2,650)	-
	6(25)	-	233,655	-	-	-	-	-	233,655	436,345	670,000
		<u>\$ 2,292,794</u>	<u>\$ 6,874,571</u>	<u>(\$ 3,944,793)</u>	<u>\$ 3,762</u>	<u>(\$ 18,482)</u>	<u>\$ -</u>	<u>(\$ 45,990)</u>	<u>\$ 5,161,862</u>	<u>\$ 1,418,015</u>	<u>\$ 6,579,877</u>
<u>Nine months ended September 30, 2023</u>											
		\$ 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
		-	-	(522,113)	-	-	-	-	(522,113)	(177,936)	(700,049)
		-	-	-	3,239	883	-	-	4,122	(552)	3,570
		-	-	(522,113)	3,239	883	-	-	(517,991)	(178,488)	(696,479)
	6(14)(16)(23)(26)	-	60,584	-	-	-	-	-	60,584	39,651	100,235
	6(14)(23)	-	-	-	-	-	3,123	-	3,123	-	3,123
	6(14)(16)(26)	-	2,861	-	-	-	-	-	2,861	(2,861)	-
	6(15)(16)	-	-	-	-	-	-	19,457	11,887	5,719	17,606
	6(26)	-	132,924	-	-	-	-	-	132,924	519,550	652,474
	6(26)	-	-	-	902	-	-	-	902	(708,050)	(707,148)
		<u>\$ 2,294,394</u>	<u>\$ 7,121,430</u>	<u>(\$ 5,044,651)</u>	<u>\$ 6,056</u>	<u>(\$ 17,573)</u>	<u>(\$ 6,659)</u>	<u>(\$ 26,533)</u>	<u>\$ 4,326,464</u>	<u>\$ 1,179,480</u>	<u>\$ 5,505,944</u>

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
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(\$ 712,430)	(\$ 1,242,751)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(7)	162,686	132,816
Amortisation	6(8)	29,963	46,487
Impairment loss on property, plant and equipment	6(20)	5,962	-
Interest expense	6(21)	5,284	3,082
Losses on financial assets at fair value through profit or loss	6(2)	521	1,435
Interest income	6(19)	(73,428)	(26,711)
Compensation cost for share-based payment transactions	6(14)	103,502	119,899
Share of loss of associates accounted for using equity method		106,822	-
Gains on disposals of investments	6(20)	(879,847)	-
Losses on lease modification	6(20)	2,001	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		(2,917)	1,883
Notes receivable, net		-	(7)
Inventories		(3,746)	14,167
Other receivables		(7,770)	11,659
Prepayments		(16,545)	34,381
Changes in operating liabilities			
Current contract liabilities		9,051	-
Notes payable		-	4
Accounts payable		2,367	(198)
Other payables		(63,063)	97,978
Other payables to related parties		(76)	(70)
Other current liabilities		14,195	7,082
Cash outflow generated from operations		(1,317,468)	(1,091,916)
Interest received		83,830	15,587
Interest paid		(2,892)	(3,082)
Income tax received (paid)		10,110	(3,466)
Net cash flows used in operating activities		(1,226,420)	(1,082,877)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(1,651,397)	-
Proceeds from disposal of financial assets at amortised cost		30,710	78,250
Decrease in cash from disposal of subsidiaries		564,083	-
Acquisition of property, plant and equipment	6(27)	(58,988)	(232,478)
Acquisition of intangible assets	6(8)	(4,505)	(45,337)
Increase in prepayments for business facilities		(15,052)	(7,974)
(Increase) decrease in refundable deposits		(15,820)	14,036
Proceeds from disposal of investments accounted for under the equity method		203,448	-
Net cash flows used in investing activities		(2,075,687)	(193,503)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease principal	6(7)(28)	(38,470)	(39,795)
Increase in short-term borrowings		-	5,705
Repayment of short-term borrowings		(11,400)	-
Repayment of long-term borrowings	6(10)(28)	(5,250)	(5,250)
Increase in guarantee deposits received	6(28)	-	3
Proceeds from issuance of shares	6(15)	-	3,150,000
Increase in capital and issuance of new shares by the subsidiary	6(26)	652,474	670,000
Disposal of the shares of parent company held by the subsidiary	6(26)	17,606	-
Increase in financial liabilities at fair value through profit or loss by subsidiaries	4(3)	-	47,625
Net cash flows from financing activities		614,960	3,828,288
Effect due to changes in exchange rate		5,010	10,973
Net (decrease) increase in cash and cash equivalents		(2,682,137)	2,562,881
Cash and cash equivalents at beginning of period		4,741,109	2,512,186
Cash and cash equivalents at end of period		\$ 2,058,972	\$ 5,075,067

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

OBI PHARMA, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

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

1. HISTORY AND ORGANISATION

OBI PHARMA, INC. (the “Company”) was established on April 29, 2002 upon approval by the Ministry of Economic Affairs. The Company conducted the initial public offering in May 2012, and traded its shares on the Emerging Stock Market of the Taipei Exchange (formerly GreTai Securities Market) since March 23, 2015. The Company 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 November 6, 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
Amendments to IAS 12, “International tax reform - pillar two model rules”	May 23, 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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	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.

(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
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 21, 'Lack of exchangeability'	January 1, 2025

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 MATERIAL 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
			September 30, 2023	December 31, 2022	September 30, 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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	AP Biosciences, Inc.	Biotechnology development	Note 3	41.12	42.84	Note 3
OBI Pharma Limited	OBI Pharma (Shanghai) Limited	Biotechnology development	-	100.00	100.00	Note 4
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 September 30, 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. On May 23, 2023, in line with the registration of the stocks at the business places of securities firms and other matters related to the application for Taipei Exchange listing, the shareholders of AP Biosciences, Inc. during their meeting resolved to re-elect the directors before the end of term. Consequently, the Company's number of seats on the Board of Directors of AP Biosciences, Inc. was reduced to two of seven board seats. Taking into consideration the number of voting rights held by other shareholders, the fact that less than half of the seats in the Board of Directors were held by the Company, and the Company's inability to direct relevant activities, the Company concludes it has no control but only has significant influence on the entity. Refer to Note 6(27) for details.

Note 4: On May 8, 2023, the Company's Board of Directors resolved to liquidate OBI Pharma (Shanghai) Limited. In September, 2023, the residual property was remitted back to the Company and the liquidation was completed.

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 September 30, 2023, December 31, 2022 and September 30, 2022, the non-controlling interest amounted to \$1,179,480, \$1,503,959 and \$1,418,015, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest						Description
		September 30, 2023		December 31, 2022		September 30, 2022		
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)	
AP Biosciences, Inc.	Taiwan	\$ -	-	\$ 759,121	58.88%	\$ 698,093	57.16%	
Amaran Biotechnology Inc.	Taiwan	215,608	29.30%	245,290	29.30%	251,666	29.30%	Note
Obigen Pharma, Inc.	Taiwan	973,287	48.06%	506,381	37.83%	469,964	37.83%	

Note: Shares of the Company held by subsidiaries are treated as treasury shares. Thus, the non-controlling interest as of September 30, 2023, December 31, 2022 and September 30, 2022

decreased by \$10,997, \$19,062 and \$19,062, respectively.

Summarised financial information of the subsidiaries:

Balance sheet

	AP Biosciences, Inc.	
	December 31, 2022	September 30, 2022
Current assets	\$ 1,094,039	\$ 1,055,691
Non-current assets	240,783	253,166
Current liabilities	(4,519)	(39,130)
Non-current liabilities	(46,329)	(48,437)
Total net assets	<u>\$ 1,283,974</u>	<u>\$ 1,221,290</u>

	Amaran Biotechnology Inc.		
	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 106,380	\$ 166,510	\$ 158,418
Non-current assets	626,912	681,722	696,460
Current liabilities	(36,952)	(53,376)	(33,388)
Non-current liabilities	(83,755)	(85,506)	(86,085)
Total net assets	<u>\$ 612,585</u>	<u>\$ 709,350</u>	<u>\$ 735,405</u>

	Obigen Pharma, Inc.		
	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 1,052,766	\$ 491,173	\$ 216,278
Non-current assets	1,053,940	1,060,448	1,082,334
Current liabilities	(15,515)	(17,064)	(9,545)
Non-current liabilities	(99,616)	(49,688)	(51,381)
Total net assets	<u>\$ 1,991,575</u>	<u>\$ 1,484,869</u>	<u>\$ 1,237,686</u>

	AP Biosciences, Inc.
	Three months ended September 30, 2022
Revenue	\$ -
Loss before tax	(71,021)
Income tax benefit	2,108
Loss for the period	(68,913)
Other comprehensive loss	-
Total comprehensive loss for the period	<u>(\$ 68,913)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 31,276)</u>

	AP Biosciences, Inc.	
	Period from January 1, to May 23, 2023	Nine months ended September 30, 2022
Revenue	\$ -	\$ -
Loss before tax	(100,090)	(254,514)
Income tax benefit	3,332	6,325
Loss for the period	(96,758)	(248,189)
Other comprehensive loss	-	-
Total comprehensive loss for the period	(<u>\$ 96,758</u>)	(<u>\$ 248,189</u>)
Comprehensive loss attributable to non-controlling interest	(<u>\$ 56,972</u>)	(<u>\$ 112,639</u>)

Statement of comprehensive income

	Amaran Biotechnology Inc.	
	Three months ended September 30,	
	2023	2022
Revenue	\$ 14,639	\$ 5,022
Loss before tax	(41,469)	(53,236)
Income tax benefit	-	-
Loss for the period	(41,469)	(53,236)
Other comprehensive loss	-	-
Total comprehensive loss for the period	(<u>\$ 41,469</u>)	(<u>\$ 53,236</u>)
Comprehensive loss attributable to non-controlling interest	(<u>\$ 11,031</u>)	(<u>\$ 12,033</u>)

	Amaran Biotechnology Inc.	
	Nine months ended September 30,	
	2023	2022
Revenue	\$ 47,045	\$ 32,929
Loss before tax	(109,267)	(127,261)
Income tax benefit	-	-
Loss for the period	(109,267)	(127,261)
Other comprehensive loss	-	-
Total comprehensive loss for the period	(<u>\$ 109,267</u>)	(<u>\$ 127,261</u>)
Comprehensive loss attributable to non-controlling interest	(<u>\$ 34,709</u>)	(<u>\$ 31,462</u>)

Obigen Pharma, Inc.		
Three months ended September 30,		
	2023	2022
Revenue	\$ -	\$ -
Loss before tax	(71,665)	(58,693)
Income tax benefit	-	-
Loss for the period	(71,665)	(58,693)
Other comprehensive loss	-	-
Total comprehensive loss for the period	(<u> 71,665</u>)	(<u> 58,693</u>)
Comprehensive loss attributable to non-controlling interest	(<u> 34,439</u>)	(<u> 22,205</u>)

Obigen Pharma, Inc.		
Nine months ended September 30,		
	2023	2022
Revenue	\$ -	\$ -
Loss before tax	(178,214)	(155,039)
Income tax benefit	-	-
Loss for the period	(178,214)	(155,039)
Other comprehensive loss	-	-
Total comprehensive loss for the period	(<u> 178,214</u>)	(<u> 155,039</u>)
Comprehensive loss attributable to non-controlling interest	(<u> 84,224</u>)	(<u> 58,654</u>)

Statements of cash flows

AP Biosciences, Inc.		
	Period from January 1, to May 23, 2023	Nine months ended September 30, 2022
Net cash used in operating activities	(\$ 48,409)	(\$ 213,120)
Net cash used in investing activities	(435,511)	(2,367)
Net cash provided by financing activities	-	670,000
Net (decrease) increase in cash and cash equivalents	(483,920)	454,513
Cash and cash equivalents at beginning of period	<u>1,048,003</u>	<u>527,121</u>
Cash and cash equivalents at end of period	<u>\$ 564,083</u>	<u>\$ 981,634</u>

		Amaran Biotechnology Inc.	
		Nine months ended September 30,	
		2023	2022
Net cash used in operating activities	(\$	37,766)	(\$ 53,036)
Net cash provided by investing activities		6,579	44,269
Net cash (used in) provided by financing activities	(13,125)	3,785
Net decrease in cash and cash equivalents	(44,312)	4,982)
Cash and cash equivalents at beginning of period		118,111	131,557
Cash and cash equivalents at end of period	\$	73,799	\$ 126,575

		Obigen Pharma, Inc.	
		Nine months ended September 30,	
		2023	2022
Net cash used in operating activities	(\$	73,642)	(\$ 80,152)
Net cash used in investing activities	(839,543)	168,231)
Net cash provided by (used in) financing activities		647,437	(4,958)
Net decrease in cash and cash equivalents	(265,748)	(253,341)
Cash and cash equivalents at beginning of period		427,410	407,597
Cash and cash equivalents at end of period	\$	161,662	\$ 154,256

(4) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital

surplus' in proportion to its ownership.

- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(5) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(6) 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 September 30, 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand	\$ 182	\$ 212	\$ 212
Checking accounts and demand deposits	245,760	885,856	1,147,892
Time deposits	1,813,030	3,855,041	3,926,963
	<u>\$ 2,058,972</u>	<u>\$ 4,741,109</u>	<u>\$ 5,075,067</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

Items	September 30, 2023	December 31, 2022	September 30, 2022
Current item:			
Financial assets mandatorily measured at fair value			
Foreign listed stocks	\$ 1,394	\$ 1,394	\$ 1,394
Valuation adjustment	(1,163)	(642)	(1,062)
	\$ 231	\$ 752	\$ 332

- A. The Group recognised loss (including loss on disposals of investments) of \$55, \$211, \$521 and \$1,435 on financial assets at fair value through profit or loss for the three months and nine months ended September 30, 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

Items	September 30, 2023	December 31, 2022	September 30, 2022
Non-current item:			
Unlisted stocks	\$ 27,181	\$ 27,181	\$ 27,181
Valuation adjustment	(17,573)	(18,456)	(18,482)
	\$ 9,608	\$ 8,725	\$ 8,699

- 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 \$9,608, \$8,725 and \$8,699 as at September 30, 2023, December 31, 2022 and September 30, 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 September 30,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 1,242)	\$ 824
	\$ 883	(\$ 407)
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 883	(\$ 407)

C. As at September 30, 2023, December 31, 2022 and September 30, 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 \$9,608, \$8,725 and \$8,699, respectively.

(4) Financial assets at amortised cost

Items	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Time deposits	\$ 1,189,917	\$ 30,710	\$ 61,750

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

	Three months ended September 30,	
	2023	2022
Interest income	\$ 1,106	\$ 173
	Nine months ended September 30,	
	2023	2022
Interest income	\$ 3,096	\$ 522

B. As at September 30, 2023, December 31, 2022 and September 30, 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 \$1,189,917, \$30,710 and \$61,750, 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) Investments accounted for using equity method

A. Details of investments accounted for using the equity method:

	2023	2022
At January 1	\$ -	\$ -
Addition of investments accounted for using equity method	1,398,026	-
Disposal of investments accounted for using equity method	(174,590)	-
Share of profit or loss of investments accounted for using equity method	(106,822)	-
Others	(144)	-
At September 30	\$ 1,116,470	\$ -

B. The basic information of the associate that is material to the Group is as follows:

Company name	Principal of business	Shareholding ratio			Nature of relationship	Method of measurement
		September 30, 2023	December 31, 2022	September 30, 2022		
AP Biosciences, Inc.	Taiwan	35.87%	-	-	Holding at least 20% of the voting rights	Equity method

C. The summarised financial information of the associate that is material to the Group is as follows:

Balance sheet

	AP Biosciences, Inc. September 30, 2023
Current assets	\$ 878,220
Non-current assets	2,895,164
Current liabilities	(69,621)
Non-current liabilities	(631,910)
Total net assets	<u>\$ 3,071,853</u>
	<u>AP Biosciences, Inc. September 30, 2023</u>
Share in associate's net assets	1,101,775
Goodwill	14,695
Carrying amount of the associate	<u>\$ 1,116,470</u>

Note: In the second quarter of 2023, the identification of the difference between the investment cost and the Group's share of associate's fair value of the identifiable assets and liabilities was originally measured with the tentative amount. At the end of the measurement period, the difference between the investment cost and the share of acquired net equity has been finalised.

Statement of comprehensive income

	AP Biosciences, Inc.	
	Three months ended September 30, 2023	Nine months ended September 30, 2023
Revenue	\$ -	\$ -
Loss for the period from continuing operations	(274,909)	(309,564)
Other comprehensive income, net of tax	-	-
Total comprehensive loss	<u>(\$ 274,909)</u>	<u>(\$ 309,564)</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

For the three months and nine months ended September 30, 2022: None.

- D. On July 10, 2023, the Group disposed certain shares of AP Biosciences, Inc., which resulted in a decrease of the shareholding ratio to 35.87%. The difference between proceeds on disposal and the carrying amount was recognised as gains on disposal of investments amounting to \$28,857 (shown as “Other gains and losses”)
- E. The Group is the shareholder of AP Biosciences, Inc. with the largest holding of 35.87% equity interest. However, considering that the relevant power of the Group and its related parties over AP Biosciences, Inc. does not enable the Group to direct relevant activities, the Group has no control but only has significant influence on the entity. Refer to Note 4(3) for details.

(6) 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	-	-	5,333	4,439	897	258	3,129	39,032	53,088
Reclassifications	-	-	-	2,340	-	111	26,763	(29,214)	-
Disposal of subsidiaries (Note 5)	-	-	-	(1,630)	(1,155)	-	-	-	(2,785)
Depreciation	-	(12,108)	(37,384)	(46,033)	(2,713)	(241)	(15,993)	-	(114,472)
Impairment loss	-	-	-	-	-	-	-	(5,962)	(5,962)
Net exchange differences	-	-	-	2	25	-	4	-	31
At September 30	<u>\$ 87,514</u>	<u>\$ 250,932</u>	<u>\$ 274,175</u>	<u>\$ 122,735</u>	<u>\$ 3,913</u>	<u>\$ 982</u>	<u>\$ 130,779</u>	<u>\$ 39,592</u>	<u>\$ 910,622</u>
<u>At September 30, 2023</u>									
Cost	\$ 87,514	\$ 370,019	\$ 534,243	\$ 458,433	\$ 35,294	\$ 2,141	\$ 207,888	\$ 45,554	\$ 1,741,086
Accumulated depreciation and impairment	-	(119,087)	(260,068)	(335,698)	(31,381)	(1,159)	(77,109)	(5,962)	(830,464)
	<u>\$ 87,514</u>	<u>\$ 250,932</u>	<u>\$ 274,175</u>	<u>\$ 122,735</u>	<u>\$ 3,913</u>	<u>\$ 982</u>	<u>\$ 130,779</u>	<u>\$ 39,592</u>	<u>\$ 910,622</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	-	255	5,870	87,890	2,097	422	54,561	18,922	170,017
Reclassifications (Note 1)	-	40,482	226,611	32,100	179	181	65,946	(349,937)	15,562
Depreciation	-	(10,749)	(27,596)	(37,424)	(2,756)	(157)	(13,156)	-	(91,838)
Net exchange differences	-	-	-	1	3	-	66	-	70
At September 30	<u>\$ 87,514</u>	<u>\$ 267,077</u>	<u>\$ 314,387</u>	<u>\$ 155,924</u>	<u>\$ 7,626</u>	<u>\$ 927</u>	<u>\$ 121,795</u>	<u>\$ 37,439</u>	<u>\$ 992,689</u>
<u>At September 30, 2022</u>									
Cost	\$ 87,514	\$ 370,019	\$ 524,748	\$ 458,151	\$ 41,546	\$ 1,773	\$ 186,525	\$ 37,439	\$ 1,707,715
Accumulated depreciation	-	(102,942)	(210,361)	(302,227)	(33,920)	(846)	(64,730)	-	(715,026)
	<u>\$ 87,514</u>	<u>\$ 267,077</u>	<u>\$ 314,387</u>	<u>\$ 155,924</u>	<u>\$ 7,626</u>	<u>\$ 927</u>	<u>\$ 121,795</u>	<u>\$ 37,439</u>	<u>\$ 992,689</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(27).

Note 4: The Group's lab equipment, office equipment and leasehold improvements have been fully depreciated and then derecognised. Therefore, for the nine months ended September 30, 2023 and 2022, cost and accumulated depreciation of property, plant and equipment both decreased by \$10,272 and \$225, respectively.

Note 5: The Group lost control over AP Biosciences, Inc. in 2023, resulting in the decrease in the cost and accumulated depreciation of property, plant and equipment amounting to \$32,941 and \$30,156, respectively.

(7) 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use right	\$ 84,770	\$ 86,943	\$ 87,668
Buildings	377,831	107,892	119,150
Transportation equipment (Business vehicles)	1,034	-	-
	<u>\$ 463,635</u>	<u>\$ 194,835</u>	<u>\$ 206,818</u>

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land use right	\$ 725	\$ 724
Buildings	27,123	12,942
Transportation equipment (Business vehicles)	29	-
	<u>\$ 27,877</u>	<u>\$ 13,666</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land use right	\$ 2,174	\$ 2,202
Buildings	46,011	38,776
Transportation equipment (Business vehicles)	29	-
	<u>\$ 48,214</u>	<u>\$ 40,978</u>

- D. The Group has recognised additions to right-of-use assets of \$335,120, \$0, \$343,305 and \$0 for the three months and nine months ended September 30, 2023 and 2022, respectively.
- E. For the nine months ended September 30, 2022, the Group recognised a decrease in right-of-use assets and lease liabilities both in the amount of \$2,657 after remeasurement of lease liabilities due to lease modification.
- F. For the nine months ended September 30, 2023, as the lease contract was early terminated, the Group recognised a decrease in right-of-use assets and lease liabilities in the amount of \$26,606

and \$31,755, respectively. Loss on lease modification amounting to \$2,001 was shown as other gains and losses.

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

	Three months ended September 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,259	\$ 914
Expense on short-term lease contracts	3,096	2,385
Expense on leases of low-value assets	144	135
Losses on lease modifications	2,001	-
	<u>Nine months ended September 30,</u>	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,851	\$ 2,698
Expense on short-term lease contracts	12,201	6,753
Expense on leases of low-value assets	357	340
Losses on lease modifications	2,001	-

H. For the nine months ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$55,879 (of which \$38,470 represents principal of lease liabilities) and \$49,586 (of which \$39,795 represents principal of lease liabilities), respectively.

I. 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.

(8) Intangible assets

	Patent					Patented technology	Trademarks	Software	Goodwill	Total
	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				
<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	-	-	-	-	-	-	8	4,497	-	4,505
Disposal of subsidiaries (Note 2)	-	-	-	(49,651)	(125,222)	(44,502)	-	(617)	(61,148)	(281,140)
Amortisation	(12)	(6,802)	(3,124)	(2,270)	(10,746)	(3,819)	(136)	(3,054)	-	(29,963)
At September 30	<u>\$ -</u>	<u>\$ 35,521</u>	<u>\$ 34,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094</u>	<u>\$ 4,869</u>	<u>\$ -</u>	<u>\$ 75,843</u>
<u>At September 30, 2023</u>										
Cost	\$ 1,500	\$ 90,693	\$ 41,648	\$ -	\$ -	\$ -	\$ 1,823	\$ 7,786	\$ -	\$ 143,450
Accumulated amortisation	(1,500)	(55,172)	(7,289)	-	-	-	(729)	(2,917)	-	(67,607)
	<u>\$ -</u>	<u>\$ 35,521</u>	<u>\$ 34,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094</u>	<u>\$ 4,869</u>	<u>\$ -</u>	<u>\$ 75,843</u>

	Patent					Patented technology		Trademarks	Software	Goodwill	Total
	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				
<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	-	-	-	-	3,688	-	45,336
Reclassifications (Note 1)	-	-	-	-	-	-	-	-	35	-	35
Amortisation	(714)	(112)	(6,802)	(3,124)	(4,367)	(20,395)	(7,248)	(136)	(3,589)	-	(46,487)
At September 30	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 44,591</u>	<u>\$ 38,524</u>	<u>\$ 53,377</u>	<u>\$ 142,766</u>	<u>\$ 50,738</u>	<u>\$ 1,267</u>	<u>\$ 4,707</u>	<u>\$ 61,148</u>	<u>\$ 397,168</u>
<u>At September 30, 2022</u>											
Cost	\$ 42,858	\$ 1,500	\$ 90,693	\$ 41,648	\$ 81,037	\$ 271,933	\$ 96,644	\$ 1,815	\$ 8,902	\$ 61,148	\$ 698,178
Accumulated amortisation	(42,858)	(1,450)	(46,102)	(3,124)	(27,660)	(129,167)	(45,906)	(548)	(4,195)	-	(301,010)
	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 44,591</u>	<u>\$ 38,524</u>	<u>\$ 53,377</u>	<u>\$ 142,766</u>	<u>\$ 50,738</u>	<u>\$ 1,267</u>	<u>\$ 4,707</u>	<u>\$ 61,148</u>	<u>\$ 397,168</u>

Note 1: The reclassifications resulted from a transfer from prepayments (shown as ‘other non-current asset’) to intangible assets.

Note 2: The Group’s software has been fully amortised and then derecognised. Therefore, for the nine months ended September 30, 2023 and 2022, cost and accumulated amortisation of intangible assets both decreased by \$3,712 and \$4,234, respectively.

Note 3: The Group lost control over AP Biosciences, Inc., resulting in the decrease in the cost and accumulated amortisation of intangible assets amounting to \$512,311 and \$231,171 on September 30, 2023, respectively.

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

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Administrative expenses	\$ 586	\$ 683
Research and development expenses	3,760	14,660
	<u>\$ 4,346</u>	<u>\$ 15,343</u>
	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Administrative expenses	\$ 1,674	\$ 2,069
Research and development expenses	28,289	44,418
	<u>\$ 29,963</u>	<u>\$ 46,487</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
AP Biosciences, Inc. (Bispecific monoclonal antibody new drug segment)	<u>\$ -</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. The special technology, computer software, and goodwill were derecognised as the Company lost control over AP Biosciences, Inc. in May 2023.
- 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.

(9) Short-term borrowings

Type of borrowings	September 30, 2023	Interest rate	Collateral
Bank borrowings			
Secured borrowings			Buildings located at No. 19, Shengyi 5th Rd., Zhubei City, Hsinchu County
	<u>\$ 4,305</u>	2.09%	
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%	
Type of borrowings	September 30, 2022	Interest rate	Collateral
Bank borrowings			
Secured borrowings			Buildings located at No. 19, Shengyi 5th Rd., Zhubei City, Hsinchu County
	<u>\$ 5,705</u>	1.59%~1.72%	

(10) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2023	December 31, 2022	September 30, 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	\$ 22,750	\$ 28,000	\$ 29,750
Less: Current portion				(7,000)	(7,000)	(7,000)
				<u>\$ 15,750</u>	<u>\$ 21,000</u>	<u>\$ 22,750</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 three-month adjustable rates for consumer loans plus 0.53% annual rate. As of September 30, 2023, December 31, 2022 and September 30, 2022, the interest rates were 2.13%, 1.88% and 1.74%, respectively.

(11) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Wages and salaries payable	\$ 10,879	\$ 12,734	\$ 14,133
Accrued consulting and service fee	7,938	8,019	8,149
Payable on equipment	206	6,106	3,914
Accrued clinical trials cost	-	43,515	-
Accrued royalties	-	27,640	25,400
Outsourced research expenses payable	-	3,814	34,536
Accrued clinical materials expense	-	16,766	847
Others	15,213	28,384	17,372
	<u>\$ 34,236</u>	<u>\$ 146,978</u>	<u>\$ 104,351</u>

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

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current items:			
Financial liabilities designated as at fair value through profit or loss			
Hybrid instrument - convertible preferred shares	<u>\$ 48,405</u>	<u>\$ 46,065</u>	<u>\$ 47,625</u>

- A. For the nine months ended September 30, 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 \$48,405 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 nine months ended September 30, 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:

- i. The holders of preferred shares may convert their preferred shares, at any time, into ordinary shares;
- ii. All of the preferred shares will be automatically converted into ordinary shares upon the completion of the Qualified IPO (Note);
- iii. 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.

(13) 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 and nine months ended September 30, 2023 and 2022 were \$3,714, \$3,713, \$11,329 and \$10,993, 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 \$1,299, \$1,151, \$3,809 and \$3,752 for the three months and nine months ended September 30, 2023 and 2022, respectively.

(14) 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	0.16
"	2014.02.21	1,744,000	1	"	0.39
"	2014.03.26	575,000	1	"	0.49
"	2015.05.06	2,861,000	1	"	1.60
"	2015.08.04	75,000	1	"	1.85
"	2015.11.06	353,000	1	"	2.10
"	2015.12.15	13,000	1	"	2.21
"	2016.03.25	1,377,000	1	"	2.48
"	2017.03.09	3,145,000	1	"	3.44
"	2017.05.12	20,000	1	"	3.61
"	2017.08.11	20,000	1	"	3.86
"	2017.11.10	130,000	1	"	4.11
"	2018.01.19	1,685,000	1	"	4.30
"	2019.09.06	1,125,000	1	"	5.94
"	2019.11.08	385,000	1	"	6.11
"	2020.08.05	510,000	1	"	6.85
"	2021.11.05	3,859,000	1	"	8.10
"	2022.03.18	320,000	1	"	8.47
"	2022.05.06	143,000	1	"	8.60
"	2022.08.08	639,000	1	"	8.86
"	2023.08.07	725,000			9.85
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	0.29
"	2014.05.02	310	1,000	"	0.58
"	2014.09.03	270	1,000	"	0.92
"	2015.02.12	255	1,000	"	1.36
"	2015.05.27	300	1,000	"	1.65
"	2015.09.09	70	1,000	"	1.93
"	2015.12.15	235	1,000	"	2.20
"	2016.03.02	2,382	1,000	"	2.41
"	2016.09.02	45	1,000	"	2.92
"	2017.01.01	179	1,000	"	3.25
"	2017.04.01	34	1,000	"	3.50

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)	2017.06.01	60	1,000	After one year of service, employees can exercise options at a certain percentage based on the schedule	3.66
"	2018.03.23	1,090	1,000	"	4.47
"	2018.09.18	60	1,000	"	4.96
"	2019.01.01	65	1,000	"	5.25
"	2019.03.01	65	1,000	"	5.41
"	2019.10.01	210	1,000	"	6.00
"	2020.04.01	250	1,000	"	6.50
"	2020.05.01	120	1,000	"	6.58
"	2021.07.01	110	1,000	"	7.75
"	2021.08.01	115	1,000	"	7.84
"	2021.09.01	15	1,000	"	7.92
"	2021.10.01	1,139	1,000	"	8.00
"	2022.04.01	135	1,000	"	8.50
"	2022.05.01	60	1,000	"	8.58
"	2022.06.01	15	1,000	"	8.66
"	2023.01.01	41	1,000	"	9.26

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	8.20
"	2022.03.23	163,000	1	"	8.48
"	2022.10.28	269,000	1	"	9.08
"	2023.5.26	427,000	1	"	9.66
"	2023.5.26	1,855,000	1	After six months of service, employees can exercise options	7.66
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 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	8.20
"	2022.08.23	151,000	1	"	8.76

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:

	Nine months ended September 30,			
	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	725,000	84.60	1,102,000	92.37
Options forfeited or expired	(1,536,250)	237.94	(920,441)	199.74
Options outstanding at end of the period	<u>11,750,957</u>	172.05	<u>12,906,873</u>	183.71
Options exercisable at end of the period	<u>6,695,831</u>		<u>7,884,391</u>	
Options authorised but not granted at end of the period	<u>2,275,000</u>		<u>-</u>	

(b) Restricted stocks to employees:

	Nine months ended September 30,	
	2023	2022
	No. of shares	No. of shares
Stocks outstanding at January 1 and September 30	<u>160,000</u>	<u>-</u>

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

	Nine months ended September 30,			
	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	210	25.00
Options forfeited or expired	(519)	37.95	(774)	35.79
Options outstanding at end of the period	<u>3,294</u>	35.66	<u>3,772</u>	36.09
Options exercisable at end of the period	<u>2,618</u>		<u>2,424</u>	
Options authorised but not granted at end of the period	<u>3,000,000</u>		<u>41</u>	

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

	Nine months ended September 30,			
	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	2,282,000	20.00	163,000	20.00
Options forfeited or expired	(241,000)	20.00	(302,000)	20.00
Options outstanding at end of the period	<u>3,724,000</u>	20.00	<u>1,429,000</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>1,018,000</u>		<u>1,269,000</u>	

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

	Nine months ended September 30,			
	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 granted	-	-	151,000	27.50
Options forfeited or expired	(70,000)	27.50	(40,000)	27.50
Options outstanding at end of the period	<u>Note</u>		<u>2,397,000</u>	27.50
Options exercisable at end of the period	<u>Note</u>		<u>-</u>	
Options authorised but not granted at end of the period	<u>Note</u>		<u>-</u>	

Note: In the second quarter of 2023, the Company lost control over AP Biosciences, Inc., which was not included in the consolidated entity.

C. The Company and the subsidiaries, Amaran Biotechnology Inc. and Obigen Pharma, Inc., have no stock option exercised for the nine months ended September 30, 2023 and 2022.

D. As of September 30, 2023, December 31, 2022 and September 30, 2022, the range of exercise prices of the Company's stock options outstanding were \$79~\$575.3 (in dollars). The range of exercise prices of the subsidiary's, Amaran Biotechnology Inc., stock options outstanding was \$15~\$70 (in dollars). The exercise price of the subsidiary's, Obigen Pharma, Inc., stock options outstanding was \$20 (in dollars). The exercise prices of AP Biosciences, Inc., stock options outstanding was \$27.5 (in dollars).

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

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	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
"	2023.08.07	84.6	84.6	42.23%	6.375 years	0%	1.11%	36.12
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

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	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	42.72%	6.375 years	0%	1.52%	17.59
"	2023.05.26	32.1	20.0	43.20%	6.375 years	0%	1.09%	18.32
"	2023.05.26	32.1	20.0	47.69%	4.250 years	0%	1.07%	17.29

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 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	\$ 27.5	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 and nine months ended September 30, 2023 and 2022, the Group recognised compensation cost of \$36,966, \$32,344, \$103,502 and \$119,899, 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.

(15) Share capital

A. As of September 30, 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	140	-
At September 30	229,248	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 September 30, 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	Nine months ended September 30, 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	-	140 thousand shares	191 thousand shares	\$ 26,533

Reason for reacquisition	Nine months ended September 30, 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.

(16) 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	-	44,254	-	16,330
Expiration of employee stock options	-	-	-	2,861
Changes in ownership interests in subsidiaries	-	-	-	132,924
Treasury share transactions	-	-	-	(7,570)
At September 30	<u>\$ 5,065,714</u>	<u>\$1,124,494</u>	<u>\$ 8,960</u>	<u>\$ 922,262</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	61,370	15,233
Expiration of employee stock options	-	(11,971)	14,621
Changes in ownership interests in subsidiaries	-	-	233,655
At September 30	<u>\$ 5,065,714</u>	<u>\$ 1,142,293</u>	<u>\$ 666,564</u>

(17) 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, 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>)

E. As resolved by the directors 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>)

(18) Operating revenue

Disaggregation of revenue from contracts with customers is as follows:

	Three months ended September 30,	
	2023	2022
Revenue from contracts with customers	\$ <u>11,476</u>	\$ <u>1,075</u>
	Nine months ended September 30,	
	2023	2022
Revenue from contracts with customers	\$ <u>23,130</u>	\$ <u>4,204</u>

Disaggregation of revenue from contracts with customers is as follows:

Three months ended September 30, 2023	Contract Development and Manufacturing Organization revenue	Patent technology licensing	Total
Revenue from external customer contracts			
Contract revenue	\$ <u>11,026</u>	\$ <u>450</u>	\$ <u>11,476</u>

Three months ended September 30, 2022	Contract Development and Manufacturing Organization revenue	Patent technology licensing	Total
Revenue from external customer contracts			
Contract revenue	\$ <u>573</u>	\$ <u>502</u>	\$ <u>1,075</u>
Nine months ended September 30, 2023	Contract Development and Manufacturing Organization revenue	Patent technology licensing	Total
Revenue from external customer contracts			
Contract revenue	\$ <u>21,638</u>	\$ <u>1,492</u>	\$ <u>23,130</u>
Nine months ended September 30, 2022	Contract Development and Manufacturing Organization revenue	Patent technology licensing	Total
Revenue from external customer contracts			
Contract revenue	\$ <u>2,710</u>	\$ <u>1,494</u>	\$ <u>4,204</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>January 1, 2022</u>
Contract liabilities				
Contract liabilities - unearned sales revenue	\$ <u>12,211</u>	\$ <u>3,160</u>	\$ <u>-</u>	\$ <u>-</u>

For the three months and nine months ended September 30, 2023 and 2022, the Group recognised revenues from the beginning balance of contract liabilities amounting to \$185, \$0, \$185 and \$0, respectively.

(19) Interest income

	Three months ended September 30,	
	2023	2022
Interest income from bank deposits	\$ 20,428	\$ 16,470
Interest income from financial assets measured at amortised cost	1,106	173
	<u>\$ 21,534</u>	<u>\$ 16,643</u>

	Nine months ended September 30,	
	2023	2022
Interest income from bank deposits	\$ 70,332	\$ 26,189
Interest income from financial assets measured at amortised cost	3,096	522
	<u>\$ 73,428</u>	<u>\$ 26,711</u>

(20) Other gains and losses

	Three months ended September 30,	
	2023	2022
Gains on disposals of investments	\$ 28,160	\$ -
Net currency exchange gains	34,585	130,721
Impairment loss on property, plant and equipment	-	-
Net losses on financial assets at fair value through profit or loss	(55)	(211)
Losses on lease modifications	(2,001)	-
Others losses	(163)	(43)
	<u>\$ 60,526</u>	<u>\$ 130,467</u>

	Nine months ended September 30,	
	2023	2022
Gains on disposals of investments	\$ 879,847	\$ -
Net currency exchange gains	51,002	218,483
Impairment loss on property, plant and equipment	(5,962)	-
Net losses on financial assets at fair value through profit or loss	(521)	(1,435)
Losses on lease modifications	(2,001)	-
Other losses	(960)	(43)
	<u>\$ 921,405</u>	<u>\$ 217,005</u>

(21) Finance costs

	Three months ended September 30,	
	2023	2022
Interest expense	\$ 3,395	\$ 1,060

	Nine months ended September 30,	
	2023	2022
Interest expense	\$ 5,284	\$ 3,082

(22) Expenses by nature

	Three months ended September 30,	
	2023	2022
Employee benefit expenses	\$ 154,212	\$ 139,062
Clinical trials cost	148,506	145,148
Clinical material expenses	73,552	82,589
Depreciation charges	63,049	52,935
Outsourced research expenses	50,526	70,788
Consulting and service fees	31,155	24,610
Royalty fees	48,875	31,500
Amortisation charges	4,346	15,343
Rental expenses	3,265	2,531
Other expenses	51,985	36,952
Operating costs and expenses	\$ 629,471	\$ 601,458

	Nine months ended September 30,	
	2023	2022
Employee benefit expenses	\$ 441,894	\$ 440,332
Clinical trials cost	325,836	266,128
Clinical material expenses	244,847	171,866
Depreciation charges	162,686	132,816
Outsourced research expenses	144,895	217,047
Consulting and service fees	90,337	82,754
Amortisation charges	29,963	46,487
Royalty fees	48,875	31,500
Rental expenses	12,624	7,128
Other expenses	124,221	91,981
Operating costs and expenses	\$ 1,626,178	\$ 1,488,039

(23) Employee benefit expense

	Three months ended September 30,	
	2023	2022
Wages and salaries (including directors' remuneration)	\$ 100,374	\$ 90,585
Share-based payment expense	36,966	32,344
Labor and health insurance fees	5,870	6,085
Pension costs	5,013	4,864
Other personnel expenses	5,989	5,184
	<u>\$ 154,212</u>	<u>\$ 139,062</u>

	Nine months ended September 30,	
	2023	2022
Wages and salaries (including directors' remuneration)	\$ 285,594	\$ 268,649
Share-based payment expense	103,502	119,899
Labor and health insurance fees	18,412	18,117
Pension costs	15,138	14,745
Other personnel expenses	19,248	18,922
	<u>\$ 441,894</u>	<u>\$ 440,332</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 September 30, 2023 and 2022, the Company had an accumulated deficit; thus, no employees' compensation and directors' remuneration was recognised for the three months and nine months ended September 30, 2023 and 2022.

(24) Income tax

A. Components of income tax (benefit) expense:

	Three months ended September 30,	
	2023	2022
Current tax:		
Current tax on profit (loss) for the period	\$ 1,860	(\$ 1,306)
Prior year income tax overestimation	(15,243)	-
Total deferred tax	-	2,108
Income tax (benefit) expense	(\$ 13,383)	\$ 802

	Nine months ended September 30,	
	2023	2022
Current tax:		
Current tax on profit (loss) for the period	\$ 6,194	(\$ 4,077)
Prior year income tax overestimation	(15,243)	-
Total deferred tax	(3,332)	6,325
Income tax (benefit) expense	(\$ 12,381)	\$ 2,248

B. The income tax returns of the Company 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.

C. The subsidiary, OBI Pharma Australia Pty Ltd., was qualified for the Research and Development Tax Incentive provided by the Australian Government, and the subsidiary received prior year income tax refund amounting to \$15,243 in the third quarter of 2023.

(25) Loss per share

	Three months ended September 30, 2023		
	Amount after tax	Weighted-average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 567,838)	229,086	(\$ 2.48)

Three months ended September 30, 2022			
	Amount after tax	Weighted-average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 387,533)	228,948	(\$ 1.70)

Nine months ended September 30, 2023			
	Amount after tax	Weighted-average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 522,113)	229,037	(\$ 2.28)

Nine months ended September 30, 2022			
	Amount after tax	Weighted-average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 1,036,171)	219,718	(\$ 4.72)

Note: The potential ordinary shares have anti-dilutive effect due to net loss for the three months and nine months ended September 30, 2023 and 2022, so the calculation of diluted loss per share is the same as the calculation of basic loss per share.

(26) Non-controlling interest

A. For the nine months ended September 30, 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 \$31,205 and equity attributable to owners of the parent by \$9,218.
- B. Details of the Company's transactions with Odeon are provided in Note 4(3)B. The Group increased non-controlling interest by \$3 in the first three quarters of 2022 as a result of acquisition of Odeon.
- C. For the nine months ended September 30, 2023, the subsidiary, Amaran Biotechnology Inc., disposed shares of the Company which are treated as treasury shares by the Company. Refer to Note 6(15)C. for details. The transaction resulted to an increase in the non-controlling interest by \$5,719 and equity attributable to owners of the parent by \$11,887.
- D. For the nine months ended September 30, 2023, AP Biosciences, Inc., and the Group's subsidiaries, 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 \$36,790 and equity attributable to owners of the parent by \$3,795.
- 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 nine months ended September 30, 2023, Obigen Pharma, Inc. received the remaining cash in the amount of \$652,474 and accordingly, all the proceeds from non-controlling interest totaling \$710,000 had been 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 Group lost control over AP Biosciences, Inc. on May 23, 2023 (refer to Note 4(3)), resulting in the decrease in non-controlling interests by \$708,050.
- G. The changes in non-controlling interests in AP Biosciences, Inc. and the subsidiaries, Amaran Biotechnology Inc. and Obigen Pharma, Inc., and the effects on the equity attributable to owners of the parent for the nine months ended September 30, 2023 and 2022 are shown below:

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

	Nine months ended September 30,	
	2023	2022
Cash	\$ 710,000	\$ 670,000
Increase in the carrying amount of non-controlling interest (Note)	(577,076)	(436,083)
Capital surplus - recognition of changes in ownership interest in subsidiaries	\$ 132,924	\$ 233,917

Effect of share-based payment transactions:

	Nine months ended September 30,	
	2023	2022
Employee compensation cost	\$ 40,585	\$ 40,423
Increase in the carrying amount of non-controlling interest	(36,790)	(31,205)
Capital surplus - others	<u>\$ 3,795</u>	<u>\$ 9,218</u>

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

	Nine months ended September 30,	
	2023	2022
Recognised as treasury share	\$ 17,606	\$ -
Increase in the carrying amount of non-controlling interest	(5,719)	-
Treasury shares	(19,457)	-
Capital surplus - transactions of treasury shares	<u>(\$ 7,570)</u>	<u>\$ -</u>

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

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Nine months ended September 30,	
	2023	2022
Acquisition of property, plant and equipment	\$ 53,088	\$ 170,017
Add: Opening balance of payable	6,106	66,321
Less: Ending balance of payable	(206)	(3,860)
Cash paid during the period	<u>\$ 58,988</u>	<u>\$ 232,478</u>

B. As AP Biosciences, Inc. re-elected the directors on May 23, 2023, the Group lost control over AP Biosciences, Inc. (refer to Note 4(3)). At the date when control was lost, the Group remeasured the investment retained in the former subsidiary at its fair value, and recognised gain on disposal totaling \$851,687 (shown as other gains and losses) for the difference amount between its fair value and the carrying amount of investment and the amount previously recognised in other comprehensive income that might be reclassified to profit or loss which was reclassified to profit or loss. The information on the company's related assets and liabilities is as follows:

	<u>May 23, 2023</u>
The fair value of the previously held equity interest in AP Biosciences, Inc. at the date when control was lost	<u>\$ 1,398,026</u>
Carrying amount of the assets and liabilities of AP Biosciences, Inc.	
Cash	564,083
Financial assets at amortised cost - current	461,480
Other receivables	433
Other receivables from related parties	22
Prepayments	17,721
Property, plant and equipment	2,785
Intangible assets	281,140
Other non-current assets	13,317
Other payables	(43,779)
Other current liabilities	(22)
Deferred income tax liabilities	(42,996)
Total net assets	<u>\$ 1,254,184</u>

(28) Changes in liabilities from financing activities

	<u>Lease liabilities</u>	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities - gross</u>
At January 1, 2023	\$ 203,382	\$ 15,705	\$ 28,000	\$ 3	\$ 247,090
Changes in cash flow from financing activities	(38,470)	(11,400)	(5,250)	-	(55,120)
Impact of changes in foreign exchange rate	331	-	-	-	331
Changes in other non-cash items	315,242	-	-	-	315,242
At September 30, 2023	<u>\$ 480,485</u>	<u>\$ 4,305</u>	<u>\$ 22,750</u>	<u>\$ 3</u>	<u>\$ 507,543</u>

	<u>Lease liabilities</u>	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities - gross</u>
At January 1, 2022	\$ 258,032	\$ -	\$ 35,000	\$ -	\$ 293,032
Changes in cash flow from financing activities	(39,795)	5,705	(5,250)	3	(39,337)
Impact of changes in foreign exchange rate	391	-	-	-	391
Changes in other non-cash items	(2,657)	-	-	-	(2,657)
At September 30, 2022	<u>\$ 215,971</u>	<u>\$ 5,705</u>	<u>\$ 29,750</u>	<u>\$ 3</u>	<u>\$ 251,429</u>

7. RELATED PARTY TRANSACTIONS

(1) Name of related party and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
AP Biosciences, Inc. (Note 1)	Investee accounted for using equity method
Tanvex Biologics Corporation (Note 2)	Other related party
Ruentex Xu-Zhan Development Co., Ltd.	Other related party
Ruentex Construction Co., Ltd.	Other related party
Tanvex BioPharma USA, Inc. (Note 2)	Other related party

Note 1: The entity was originally a subsidiary of the Company, and on May 23, 2023, the Company lost control over the entity and thus it became the Company's investment accounted for using the equity method. Refer to Note 4(3) for details.

Note 2: 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

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Tanvex Biologics Corporation	\$ -	\$ -
Tanvex BioPharma USA, Inc.	\$ -	\$ -
AP Biosciences, Inc.	\$ 48	\$ -
	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Tanvex Biologics Corporation	\$ 75	\$ 11,937
Tanvex BioPharma USA, Inc.	\$ 1,236	\$ -
AP Biosciences, Inc.	\$ 100	\$ -

- (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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Ruentex Xu-Zhan Development Co., Ltd.	\$ 252	\$ -	\$ -
Tanvex Biologics Corporation	-	333	-
AP Biosciences, Inc.	5	-	-
	<u>\$ 257</u>	<u>\$ 333</u>	<u>\$ -</u>

Other payables mainly refer to research and development expenses and allocation of utilities expense.

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. The Group early terminated the contract in the third quarter of 2023 and paid the penalty in accordance with the contract. The Group recognised a loss on lease modification amounting to \$2,001 (shown as “Other gains and losses”) due to the abovementioned lease modification, and the uncollected rental deposits were transferred to “other receivables”.

(b) Lease liability

i. Outstanding balance:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Ruentex Xu-Zhan Development Co., Ltd.	\$ -	\$ 43,405	\$ 47,257

ii. Interest expense:

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Ruentex Xu-Zhan Development Co., Ltd.	\$ 138	\$ 197
	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Ruentex Xu-Zhan Development Co., Ltd.	\$ 459	\$ 627

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 September 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 35,371	\$ 26,533
Share-based payments	19,513	16,541
	<u>\$ 54,884</u>	<u>\$ 43,074</u>
	Nine months ended September 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 90,325	\$ 77,808
Share-based payments	54,241	51,437
	<u>\$ 144,566</u>	<u>\$ 129,245</u>

8. PLEGGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Land	\$ 87,514	\$ 87,514	\$ 87,514	Long-term borrowings (Note 1)
Buildings and structures	12,896	13,121	13,196	Long-term borrowings (Note 1)
Buildings and structures	238,036	249,920	253,881	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>38,579</u>	<u>31,997</u>	<u>39,288</u>	
	<u>\$ 377,025</u>	<u>\$ 382,552</u>	<u>\$ 393,879</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(10) 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(9) for details.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Aside from the commitments described in Notes 6(7) and (8), 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 September 30, 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 \$47,173 had been paid as of September 30, 2023.
- (4) The Group leased offices and laboratories in Taipei Bioinnovation Park. The contract price of significant improvements and construction totaled \$106,070 (taxes included), of which \$35,113 had been paid as of September 30, 2023.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On November 6, 2023, the Company's Board of Directors resolved to change the registered address of the Company to 6th floor, No. 508, Section 7, Zhongxiao East Road, Nangang District, Taipei City.

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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	\$ 231	\$ 752	\$ 332
Financial assets at fair value through other comprehensive income	\$ 9,608	\$ 8,725	\$ 8,699

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 2,058,972	\$ 4,741,109	\$ 5,075,067
Financial assets at amortised cost	1,189,917	30,710	61,750
Notes receivable	-	-	7
Accounts receivable	4,954	2,037	1,582
Other receivables	28,470	26,236	19,269
Other financial assets (guarantee deposits paid)	38,579	31,997	39,288
	<u>\$ 3,320,892</u>	<u>\$ 4,832,089</u>	<u>\$ 5,196,963</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss	\$ 48,405	\$ 46,065	\$ 47,625
Financial liabilities at amortised cost			
Short-term borrowings	\$ 4,305	\$ 15,705	\$ 5,705
Notes receivable	-	-	4
Accounts payable	3,511	1,144	327
Other payables (including related parties)	34,493	147,311	104,351
Long-term borrowings (including current portion)	22,750	28,000	29,750
Other non-current liabilities (guarantee deposits received)	3	3	3
	<u>\$ 65,062</u>	<u>\$ 192,163</u>	<u>\$ 140,140</u>
Lease liabilities	<u>\$ 480,485</u>	<u>\$ 203,382</u>	<u>\$ 215,971</u>

B. Financial risk management policies

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.

C. Significant financial risks and degrees of financial risks

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, 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:

September 30, 2023

	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	\$ 31,513	32.270	\$ 1,016,925	1%	\$ 10,169	\$ -
SGD:NTD	43	23.530	1,012	1%	10	-
USD:RMB	26	7.309	839	1%	8	-
<u>Financial assets</u>						
<u>Non-monetary items</u>						
USD:NTD	14,573	32.270	470,262	-	-	-
RMB:USD	449	0.137	1,981	-	-	-
AUD:NTD	1,362	20.550	27,991	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1,673	32.270	53,988	1%	540	-

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	-

September 30, 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	\$ 64,833	31.750	\$ 2,058,448	1%	\$ 20,584	\$ -
RMB:USD	2,000	0.141	8,946	1%	89	-
USD:RMB	138	7.098	4,382	1%	44	-
<u>Financial assets</u>						
<u>Non-monetary items</u>						
USD:NTD	14,376	31.750	456,423	-	-	-
RMB:USD	1,422	0.141	6,359	-	-	-
AUD:NTD	880	20.660	18,175	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	2,000	31.750	63,500	1%	635	-

The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2023 and 2022, amounted to \$34,585, \$130,721, \$51,002 and \$218,483, 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 (including those from related parties), 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:

	September 30, 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	\$ 231	\$ -	\$ -	\$ 231
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	9,608	9,608
	<u>\$ 231</u>	<u>\$ -</u>	<u>\$ 9,608</u>	<u>\$ 9,839</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Hybrid instrument	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,405</u>	<u>\$ 48,405</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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,065</u>	<u>\$ 46,065</u>

	September 30, 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	\$ 332	\$ -	\$ -	\$ 332
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	8,699	8,699
	<u>\$ 332</u>	<u>\$ -</u>	<u>\$ 8,699</u>	<u>\$ 9,031</u>
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Hybrid instrument	\$ -	\$ -	\$ 47,625	\$ 47,625

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:

	<u>Fair value at September 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (median)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 9,608</u>	Market comparable companies	Price to book ratio multiple	0.93~2.32 (1.63)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	11.35%~ 39.89% (25.01%)	The higher the discount for lack of marketability, the lower the fair value
Hybrid instrument:					
Convertible preferred shares	<u>\$ 48,405</u>	Most recent non-active market price	Not applicable	-	Not applicable
	<u>Fair value at December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (median)</u>	<u>Relationship of inputs to fair value</u>
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

	<u>Fair value at September 30, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (median)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 8,699</u>	Market comparable companies	Price to book ratio multiple	1.14~4.76 (1.64)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	13.74%~ 71.04% (31%)	The higher the discount for lack of marketability, the lower the fair value
Hybrid instrument:					
Convertible preferred shares	<u>\$ 47,625</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:

		<u>September 30, 2023</u>				
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>		
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Equity instruments	Price to book ratio multiple	±10%	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 957</u>	<u>(\$ 957)</u>
	Discount for lack of marketability	±10%	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320</u>	<u>(\$ 320)</u>

December 31, 2022						
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Price to book ratio multiple	±10%	\$ -	\$ -	\$ 873	(\$ 873)
	Discount for lack of marketability	±10%	\$ -	\$ -	\$ 428	(\$ 428)
September 30, 2022						
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Price to book ratio multiple	±10%	\$ -	\$ -	\$ 871	(\$ 871)
	Discount for lack of marketability	±10%	\$ -	\$ -	\$ 396	(\$ 396)

H. The following chart is the movement of Level 3 for the nine months ended September 30, 2023 and 2022:

Nine months ended September 30, 2023			
	Equity securities	Hybrid instrument	Total
Opening net book amount	\$ 8,725	\$ 46,065	\$ 54,790
Loss recognised in other comprehensive income	883	-	883
Effect of exchange rate changes	-	2,340	2,340
Closing net book amount	\$ 9,608	\$ 48,405	\$ 58,013
Nine months ended September 30, 2022			
	Equity securities	Hybrid instrument	Total
Opening net book amount	\$ 9,106	\$ -	\$ 9,106
Loss recognised in other comprehensive income	(407)	-	(407)
Acquired during the period	-	47,625	47,625
Closing net book amount	\$ 8,699	\$ 47,625	\$ 56,324

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 nine months ended September 30, 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>Nine months ended</u>						
<u>September 30, 2023</u>						
Revenue from external customers	\$ 1,492	\$ -	\$ -	\$ 21,638	\$ -	\$ 23,130
Inter-segment revenue	-	-	-	25,409	(25,409)	-
Total segment revenue	<u>\$ 1,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,047</u>	<u>(\$ 25,409)</u>	<u>\$ 23,130</u>
Segment loss	<u>(\$ 186,592)</u>	<u>(\$ 83,427)</u>	<u>(\$ 178,214)</u>	<u>(\$ 109,267)</u>	<u>(\$ 142,549)</u>	<u>(\$ 700,049)</u>
Segment loss, including:						
Depreciation	\$ 57,455	\$ 876	\$ 49,202	\$ 56,185	(\$ 1,032)	\$ 162,686
Amortisation	11,295	569	30,927	1,435	(14,263)	29,963
Finance costs	3,105	-	1,086	1,093	-	5,284
Interest income	61,936	2,839	7,744	909	-	73,428
	Anti-cancer new drug	Bispecific monoclonal antibody new drug	Botulinum toxin new drug	CDMO	Reconciliation and elimination	Total
<u>Nine months ended</u>						
<u>September 30, 2022</u>						
Revenue from external customers	\$ 1,494	\$ -	\$ -	\$ 2,710	\$ -	\$ 4,204
Inter-segment revenue	-	-	-	30,219	(30,219)	-
Total segment revenue	<u>\$ 1,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,929</u>	<u>(\$ 30,219)</u>	<u>\$ 4,204</u>
Segment loss	<u>(\$ 719,167)</u>	<u>(\$ 222,887)</u>	<u>(\$ 155,039)</u>	<u>(\$ 127,261)</u>	<u>(\$ 16,149)</u>	<u>(\$ 1,240,503)</u>
Segment loss, including:						
Depreciation	\$ 49,487	\$ 5,470	\$ 39,938	\$ 43,498	(\$ 5,577)	\$ 132,816
Amortisation	12,447	1,317	30,926	1,097	700	46,487
Finance costs	1,475	-	730	882	(5)	3,082
Interest income	24,998	622	573	518	-	26,711

OBI Pharma, Inc. and Subsidiaries

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

September 30, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2023				
				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	\$ 9,608	3.27%	\$ 9,608	None
Amaran Biotechnology Inc.	Edesa Biotech, Inc./Stock	"	Financial assets at fair value through profit or loss - current	11,338	231	-	231	"

OBI Pharma, Inc. and Subsidiaries
Significant inter-company transactions during the reporting period
Nine months ended September 30, 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	\$ 54,003	(Note 4)	0.88
1	"	"	"	Service revenue	161,118	"	696.58
2	Amaran Biotechnology Inc.	"	"	CMO revenue and calibration and analysis service revenue	25,408	"	109.85
3	Odeon Therapeutics (Cayman) Limited	"	"	Contract liabilities	387,240	"	6.31

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

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

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

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

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

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

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

OBI Pharma, Inc. and Subsidiaries
Information on investees
Nine months ended September 30, 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 September 30, 2023			Net loss of the investee for the nine months ended September 30, 2023	Investment loss recognised by the Company for the nine months ended September 30, 2023	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
OBI Pharma, Inc.	AP Biosciences, Inc.	Taiwan	Research and development of biotechnology	\$ 558,276	\$ 640,035	23,223,000	35.87	\$ 1,116,470	(\$ 141,119)	(\$ 146,608)	Note 3
"	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	396,977	(109,267)	(81,830)	Note 2
"	Odeon Therapeutics (Cayman) Limited	Cayman Islands	Investments and trading	387,240	387,240	6,000,000	77.42	387,240	(2,031)	-	"
"	Obigen Pharma, Inc.	Taiwan	Research and development of biotechnology	1,195,000	945,000	55,062,500	51.94	300,643	(178,214)	(93,990)	"
"	OBI Pharma USA, Inc.	USA	Research and development of biotechnology	87,129	87,129	2,701,000	100.00	76,320	(10,033)	(10,033)	"
"	OBI Pharma Australia Pty Ltd.	Australia	Research and development of biotechnology	256,875	256,875	12,500,000	100.00	27,991	(19,880)	(19,880)	"
"	OBI Pharma Limited	Hong Kong	Investments and trading	85,516	85,516	2,650,000	100.00	6,702	(1,078)	(1,078)	"
Odeon Therapeutics (Cayman) Limited	Odeon Therapeutics (Hong Kong) Limited	Hong Kong	Investments and trading	435,645	435,645	1	100.00	435,645	(1,783)	-	"

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.

Note 3: On May 23, 2023, the Company lost control and only has significant influence over AP Biosciences, Inc. The remaining 41.12% equity interest was remeasured at fair value and the profit or loss before the date when control was lost was eliminated when preparing the consolidated financial statements.

OBI Pharma, Inc. and Subsidiaries
Information on investments in Mainland China
Nine months ended September 30, 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 nine months ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee for the nine months ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
OBI Pharma (Shanghai) Limited	Research and development of biotechnology	\$ 80,675	Note 1	\$ 80,675	-	\$ 80,675	\$ -	(\$ 311)	100.00	(\$ 311)	\$ -	-	
Odeon Therapeutics (Shangha) Limited	Research and development of biotechnology	9,291	Note 2	-	-	-	-	(1,881)	100.00	(1,881)	1,981	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 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.	\$ -	\$ -		\$ 80,675	\$ 2,595,879								

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: OBI Pharma (Shanghai) Limited. has remitted back the residual property and completed the liquidation in September 2023, which has been approved pursuant to the Jing-Shen-Zi Letter No. 11256103190 by the Investment Commission of the Ministry of Economic Affairs (MOEA) on October 17, 2023.

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. and Subsidiaries

Major shareholders information

September 30, 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).