

**BIONIME CORPORATION**  
**FINANCIAL STATEMENTS**  
**With Independent Auditors' Report**  
**For the Years Ended December 31, 2022 and 2021**

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

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## **Independent Auditors' Report**

To the Board of Directors of Bionime Corporation:

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matters to be communicated in our report.

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

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

Description of key audit matters:

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

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

How the matter was addressed in our audit

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

2. Assessment of Inventory

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

Description of key audit matters:

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

How the matter was addressed in our audit

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

3. Assessment of Trade Receivable

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

Description of key audit matters:

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

How the matter was addressed in our audit:

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

#### 4. Development Costs of Intangible Assets

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

Description of key audit matters:

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

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

How the matter was addressed in our audit:

Our principal audit procedures included:

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2023

#### **Notes to Readers**

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

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
BIONIME CORPORATION

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

| Assets                                                                                     | December 31, 2022   |            | December 31, 2021 |            | Liabilities and Equity                                   | December 31, 2022   |            | December 31, 2021 |            |
|--------------------------------------------------------------------------------------------|---------------------|------------|-------------------|------------|----------------------------------------------------------|---------------------|------------|-------------------|------------|
|                                                                                            | Amount              | %          | Amount            | %          |                                                          | Amount              | %          | Amount            | %          |
| <b>Current assets:</b>                                                                     |                     |            |                   |            | <b>Current liabilities:</b>                              |                     |            |                   |            |
| Cash and cash equivalents (note 6 (a))                                                     | \$ 139,821          | 3          | 142,263           | 3          | Short-term borrowings (note 6 (k) and 8)                 | \$ 352,027          | 7          | 507,778           | 11         |
| Notes receivable, net (note 6 (c))                                                         | 11,003              | -          | 16,773            | -          | Notes payables                                           | 925                 |            | 854               |            |
| Trade receivable, net (note 6 (c))                                                         | 631,637             | 13         | 335,990           | 7          | Trade payables                                           | 175,951             | 4          | 148,951           | 3          |
| Trade receivables-related parties, net (note (c) and 7)                                    | 54,472              | 1          | 70,622            | 2          | Other payables                                           | 392,100             | 8          | 255,191           | 6          |
| Other receivables (note 6 (d))                                                             | 6,662               | -          | 4,614             | -          | Other payables-related parties (note 7)                  | 39,948              | 1          | 25,043            | 1          |
| Other receivables-related parties (note 6 (d))                                             | 135                 | -          | -                 | -          | Payables on machinery and equipment                      | 21,935              |            | 13,152            |            |
| Current income tax assets                                                                  | -                   | -          | 2                 | -          | Current income tax liabilities                           | 6,627               | -          | 7,225             | -          |
| Inventories (note 6 (e))                                                                   | 478,321             | 10         | 530,741           | 12         | Current lease liabilities (note 6 (n))                   | 1,441               | -          | 1,126             | -          |
| Prepayments (note 9 (b))                                                                   | 100,385             | 2          | 88,373            | 2          | Other current liabilities (note 6 (l) and 7)             | 12,022              | -          | 5,636             | -          |
| Other current assets (note 6 (j))                                                          | 14,192              | -          | 12,699            | -          | Long-term borrowings, current portion (note 6 (m) and 8) | 422,731             | 9          | 361,083           | 8          |
| Other current financial assets (note 6 (j) and 8)                                          | 200                 | -          | 200               | -          |                                                          | 1,425,707           | 29         | 1,326,039         | 29         |
|                                                                                            | 1,436,828           | 29         | 1,202,277         | 26         | <b>Non-Current liabilities:</b>                          |                     |            |                   |            |
| <b>Non-current assets:</b>                                                                 |                     |            |                   |            | Long-term borrowings (note 6 (m) and 8)                  | 1,484,992           | 30         | 1,156,208         | 25         |
| Non-current financial assets at fair value through other comprehensive income (note 6 (b)) | 36,100              | 1          | 36,100            | 1          | Deferred income tax liabilities (note 6 (p))             | 160                 | -          | 419               | -          |
| Investments accounted for using equity method (note 6 (f))                                 | 221,466             | 4          | 193,595           | 4          | Non-current lease liabilities (note 6 (n))               | 2,003               | -          | 465               | -          |
| Property, plant and equipment (note 6 (g) and 8)                                           | 2,462,556           | 50         | 2,526,673         | 56         | Guarantee deposits received                              | 4                   | -          | 4                 | -          |
| Right-of-use assets (note 6 (h))                                                           | 3,430               | -          | 1,577             | -          |                                                          | 1,487,159           | 30         | 1,157,096         | 25         |
| Intangible assets (note 6 (i))                                                             | 506,720             | 10         | 341,958           | 8          | <b>Total liabilities</b>                                 | 2,912,866           | 59         | 2,483,135         | 54         |
| Deferred income tax assets (note 6 (p))                                                    | 56,360              | 1          | 50,536            | 1          | <b>Equity (note 6 (q))</b>                               |                     |            |                   |            |
| Prepayments for business facilities                                                        | 218,532             | 4          | 150,964           | 3          | Ordinary shares                                          | 606,870             | 12         | 622,888           | 14         |
| Guarantee deposits paid                                                                    | 2,864               | -          | 2,175             | -          | Advance receipts for share capital                       | 3,405               | -          | 15,083            | -          |
| Defined benefit asset, net (note 6 (o))                                                    | 2,070               | -          | 539               | -          | Capital surplus                                          | 1,302,633           | 26         | 1,362,223         | 30         |
| Other non-current assets (note 6 (j) and 9 (b))                                            | 38,365              | 1          | 46,090            | 1          | Retained earnings                                        | 163,030             | 3          | 225,521           | 5          |
|                                                                                            | 3,548,463           | 71         | 3,350,207         | 74         | Other equity interest                                    | (3,513)             | -          | (18,225)          | -          |
|                                                                                            |                     |            |                   |            | Treasury shares                                          | -                   | -          | (138,141)         | (3)        |
|                                                                                            |                     |            |                   |            | <b>Total equity</b>                                      | 2,072,425           | 41         | 2,069,349         | 46         |
| <b>Total assets</b>                                                                        | <b>\$ 4,985,291</b> | <b>100</b> | <b>4,552,484</b>  | <b>100</b> | <b>Total liabilities and equity</b>                      | <b>\$ 4,985,291</b> | <b>100</b> | <b>4,552,484</b>  | <b>100</b> |

See accompanying notes to financial statements.



(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**BIONIME CORPORATION**

**Statements of Comprehensive Income**

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

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

|                                                                                                                                  | <b>2022</b>       |           | <b>2021</b>      |            |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------|------------------|------------|
|                                                                                                                                  | <u>Amount</u>     | <u>%</u>  | <u>Amount</u>    | <u>%</u>   |
| <b>Net operating revenues</b> (note 6 (t) and 7)                                                                                 | \$ 2,071,747      | 100       | 1,692,350        | 100        |
| <b>Operating costs</b> (note 6 (e), (o)) and (u))                                                                                | <u>1,167,964</u>  | <u>56</u> | <u>1,031,748</u> | <u>61</u>  |
| <b>Gross profit from operations</b>                                                                                              | 903,783           | 44        | 660,602          | 39         |
| Less: Net unrealized (losses) gains between affiliates                                                                           | <u>82</u>         | <u>-</u>  | <u>(956)</u>     | <u>-</u>   |
| <b>Net Gross profit from operations</b>                                                                                          | <u>903,865</u>    | <u>44</u> | <u>659,646</u>   | <u>39</u>  |
| <b>Operating expenses</b> (note 6 (c), (o), (r), (u) and 7)):                                                                    |                   |           |                  |            |
| Selling expenses                                                                                                                 | 371,977           | 18        | 235,437          | 14         |
| Administrative expenses                                                                                                          | 196,866           | 10        | 196,013          | 11         |
| Research and development expenses                                                                                                | 201,977           | 10        | 187,860          | 11         |
| Impairment loss (impairment gain and reversal of impairment loss)<br>determined in accordance with IFRS 9                        | <u>29,587</u>     | <u>1</u>  | <u>(20,562)</u>  | <u>(1)</u> |
|                                                                                                                                  | <u>800,407</u>    | <u>39</u> | <u>598,748</u>   | <u>35</u>  |
| <b>Net operating income</b>                                                                                                      | <u>103,458</u>    | <u>5</u>  | <u>60,898</u>    | <u>4</u>   |
| <b>Non-operating income and expenses</b> (note 6 (v)):                                                                           |                   |           |                  |            |
| Interest income                                                                                                                  | 316               | -         | 72               | -          |
| Other income                                                                                                                     | 3,231             | -         | 15,018           | 1          |
| Other gains and losses                                                                                                           | (5,168)           | -         | 1,223            | -          |
| Finance costs                                                                                                                    | (30,460)          | (1)       | (18,812)         | (1)        |
| Share of profit of associates accounted for using equity method                                                                  | <u>12,992</u>     | <u>1</u>  | <u>10,364</u>    | <u>-</u>   |
|                                                                                                                                  | <u>(19,089)</u>   | <u>-</u>  | <u>7,865</u>     | <u>-</u>   |
| <b>Profit before income tax</b>                                                                                                  | 84,369            | 5         | 68,763           | 4          |
| <b>Less: tax income</b> (note 6 (p))                                                                                             | <u>(6,656)</u>    | <u>-</u>  | <u>(18,650)</u>  | <u>(1)</u> |
| <b>Profit</b>                                                                                                                    | <u>91,025</u>     | <u>5</u>  | <u>87,413</u>    | <u>5</u>   |
| <b>Other comprehensive income:</b>                                                                                               |                   |           |                  |            |
| <b>Items that may not be reclassified subsequently to profit or loss</b>                                                         |                   |           |                  |            |
| Gains (losses) on remeasurements of defined benefit plans                                                                        | <u>1,453</u>      | <u>-</u>  | <u>(66)</u>      | <u>-</u>   |
|                                                                                                                                  | <u>1,453</u>      | <u>-</u>  | <u>(66)</u>      | <u>-</u>   |
| <b>Items that may be reclassified subsequently to profit or loss</b>                                                             |                   |           |                  |            |
| Exchange differences on translation of foreign financial statements                                                              | 14,712            | 1         | (2,675)          | -          |
| Less: income tax related to components of other comprehensive<br>income that will be reclassified to profit or loss (note 6 (p)) | <u>-</u>          | <u>-</u>  | <u>-</u>         | <u>-</u>   |
| <b>Components of other comprehensive income that will be<br/>    reclassified to profit or loss</b>                              | <u>14,712</u>     | <u>1</u>  | <u>(2,675)</u>   | <u>-</u>   |
| <b>Other comprehensive income (after tax)</b>                                                                                    | <u>16,165</u>     | <u>1</u>  | <u>(2,741)</u>   | <u>-</u>   |
| <b>Comprehensive income</b>                                                                                                      | <u>\$ 107,190</u> | <u>6</u>  | <u>84,672</u>    | <u>5</u>   |
| <b>Earnings per share</b> (NT dollars) (note 6 (s))                                                                              |                   |           |                  |            |
| Basic earnings per share                                                                                                         | <u>\$ 1.50</u>    |           | <u>1.45</u>      |            |
| Diluted earnings per share                                                                                                       | <u>\$ 1.48</u>    |           | <u>1.44</u>      |            |

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

**BIONIME CORPORATION****Statements of Changes in Equity****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

|                                                                                              | Share capital   |                                    |                     |                 | Retained earnings |                 |                                  |          | Other equity interest                                               |                 |              |
|----------------------------------------------------------------------------------------------|-----------------|------------------------------------|---------------------|-----------------|-------------------|-----------------|----------------------------------|----------|---------------------------------------------------------------------|-----------------|--------------|
|                                                                                              | Ordinary shares | Advance receipts for share capital | Total share capital | Capital surplus | Legal reserve     | Special reserve | Unappropriated retained earnings | Total    | Exchange differences on translation of foreign financial statements | Treasury shares | Total equity |
| Balance on January 1, 2021                                                                   | \$ 617,558      | 9,702                              | 627,260             | 1,402,306       | 119,789           | 6,962           | 63,001                           | 189,752  | (15,550)                                                            | (138,141)       | 2,065,627    |
| Profit for the year ended December 31, 2021                                                  | -               | -                                  | -                   | -               | -                 | -               | 87,413                           | 87,413   | -                                                                   | -               | 87,413       |
| Other comprehensive income for the year ended December 31, 2021                              | -               | -                                  | -                   | -               | -                 | -               | (66)                             | (66)     | (2,675)                                                             | -               | (2,741)      |
| Comprehensive income for the year ended December 31, 2021                                    | -               | -                                  | -                   | -               | -                 | -               | 87,347                           | 87,347   | (2,675)                                                             | -               | 84,672       |
| Appropriation and distribution of retained earnings:                                         |                 |                                    |                     |                 |                   |                 |                                  |          |                                                                     |                 |              |
| Legal reserve                                                                                | -               | -                                  | -                   | -               | 6,275             | -               | (6,275)                          | -        | -                                                                   | -               | -            |
| Special reserve                                                                              | -               | -                                  | -                   | -               | -                 | 4,795           | (4,795)                          | -        | -                                                                   | -               | -            |
| Cash dividends on ordinary shares                                                            | -               | -                                  | -                   | -               | -                 | -               | (51,578)                         | (51,578) | -                                                                   | -               | (51,578)     |
| Employee stock options compensation costs                                                    | -               | -                                  | -                   | 12,773          | -                 | -               | -                                | -        | -                                                                   | -               | 12,773       |
| Employee stock options exercised                                                             | 5,330           | (9,702)                            | (4,372)             | 19,850          | -                 | -               | -                                | -        | -                                                                   | -               | 15,478       |
| Advance receipts for share capital                                                           | -               | 15,083                             | 15,083              | -               | -                 | -               | -                                | -        | -                                                                   | -               | 15,083       |
| Cash dividends of capital surplus                                                            | -               | -                                  | -                   | (72,706)        | -                 | -               | -                                | -        | -                                                                   | -               | (72,706)     |
| Balance on December 31, 2021                                                                 | \$ 622,888      | 15,083                             | 637,971             | 1,362,223       | 126,064           | 11,757          | 87,700                           | 225,521  | (18,225)                                                            | (138,141)       | 2,069,349    |
| Balance on January 1, 2022                                                                   | \$ 622,888      | 15,083                             | 637,971             | 1,362,223       | 126,064           | 11,757          | 87,700                           | 225,521  | (18,225)                                                            | (138,141)       | 2,069,349    |
| Profit for the year ended December 31, 2022                                                  | -               | -                                  | -                   | -               | -                 | -               | 91,025                           | 91,025   | -                                                                   | -               | 91,025       |
| Other comprehensive income for the year ended December 31, 2022                              | -               | -                                  | -                   | -               | -                 | -               | 1,453                            | 1,453    | 14,712                                                              | -               | 16,165       |
| Comprehensive income for the year ended December 31, 2022                                    | -               | -                                  | -                   | -               | -                 | -               | 92,478                           | 92,478   | 14,712                                                              | -               | 107,190      |
| Appropriation and distribution of retained earnings:                                         |                 |                                    |                     |                 |                   |                 |                                  |          |                                                                     |                 |              |
| Legal reserve                                                                                | -               | -                                  | -                   | -               | 8,735             | -               | (8,735)                          | -        | -                                                                   | -               | -            |
| Special reserve                                                                              | -               | -                                  | -                   | -               | -                 | 3,030           | (3,030)                          | -        | -                                                                   | -               | -            |
| Cash dividends on ordinary shares                                                            | -               | -                                  | -                   | -               | -                 | -               | (75,753)                         | (75,753) | -                                                                   | -               | (75,753)     |
| Retirement of treasury stocks                                                                | (20,000)        | -                                  | (20,000)            | (38,991)        | -                 | -               | (79,150)                         | (79,150) | -                                                                   | 138,141         | -            |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed of | -               | -                                  | -                   | (15)            | -                 | -               | (66)                             | (66)     | -                                                                   | -               | (81)         |
| Employee stock options compensation costs                                                    | -               | -                                  | -                   | 7,852           | -                 | -               | -                                | -        | -                                                                   | -               | 7,852        |
| Employee stock options exercised                                                             | 3,982           | (20,997)                           | (17,015)            | 17,015          | -                 | -               | -                                | -        | -                                                                   | -               | -            |
| Advance receipts for share capital                                                           | -               | 9,319                              | 9,319               | -               | -                 | -               | -                                | -        | -                                                                   | -               | 9,319        |
| Cash dividends of capital surplus                                                            | -               | -                                  | -                   | (45,451)        | -                 | -               | -                                | -        | -                                                                   | -               | (45,451)     |
| Balance on December 31, 2022                                                                 | \$ 606,870      | 3,405                              | 610,275             | 1,302,633       | 134,799           | 14,787          | 13,444                           | 163,030  | (3,513)                                                             | -               | 2,072,425    |

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

**BIONIME CORPORATION****Statements of Cash Flows****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

|                                                                                                         | <b>2022</b>       | <b>2021</b>      |
|---------------------------------------------------------------------------------------------------------|-------------------|------------------|
| <b>Cash flows from (used in) operating activities:</b>                                                  |                   |                  |
| Profit before tax                                                                                       | \$ 84,369         | 68,763           |
| Adjustments:                                                                                            |                   |                  |
| Adjustments to reconcile profit (loss):                                                                 |                   |                  |
| Depreciation expense                                                                                    | 136,347           | 138,787          |
| Amortization expense                                                                                    | 11,036            | 10,705           |
| Expected credit loss (gain)                                                                             | 29,587            | (20,562)         |
| Interest expense                                                                                        | 30,460            | 18,812           |
| Interest revenue                                                                                        | (316)             | (72)             |
| Share-based payments transactions                                                                       | 7,852             | 12,773           |
| Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method | (12,992)          | (10,364)         |
| Loss (gain) on disposal of property, plant and equipment                                                | 3,994             | (175)            |
| Gain on disposal of investments                                                                         | 13                | -                |
| Loss on lease modification                                                                              | -                 | 6                |
| Net unrealized gains between affiliates                                                                 | (82)              | 956              |
| <b>Total adjustments to reconcile profit</b>                                                            | <b>205,899</b>    | <b>150,866</b>   |
| <b>Changes in operating assets and liabilities:</b>                                                     |                   |                  |
| Changes in operating assets:                                                                            |                   |                  |
| Notes receivables                                                                                       | 5,770             | (5,219)          |
| Trade receivables                                                                                       | (325,234)         | 59,508           |
| Trade receivables due from related parties                                                              | 16,150            | 11,896           |
| Other receivables                                                                                       | (2,048)           | 155              |
| Other receivables due from related parties                                                              | (135)             | 82               |
| Inventories                                                                                             | 50,471            | (74,202)         |
| Other operating assets                                                                                  | (5,858)           | (32,362)         |
| <b>Total changes in operating assets</b>                                                                | <b>(260,884)</b>  | <b>(40,142)</b>  |
| Changes in operating liabilities:                                                                       |                   |                  |
| Notes payables                                                                                          | 71                | 5                |
| Trade payables                                                                                          | 27,000            | 4,918            |
| Trade payables due from related parties                                                                 | -                 | (375)            |
| Other payables                                                                                          | 135,718           | 59,720           |
| Other payables due from related parties                                                                 | 14,905            | (6,270)          |
| Other operating liabilities                                                                             | 6,386             | (8,520)          |
| <b>Total changes in operating liabilities</b>                                                           | <b>184,080</b>    | <b>49,478</b>    |
| <b>Total changes in operating assets and liabilities</b>                                                | <b>(76,804)</b>   | <b>9,336</b>     |
| <b>Total adjustments</b>                                                                                | <b>129,095</b>    | <b>160,202</b>   |
| Cash inflow generated from operations                                                                   | 213,464           | 228,965          |
| Interest received                                                                                       | 316               | 72               |
| Interest paid                                                                                           | (29,269)          | (18,624)         |
| Income taxes (paid) returned                                                                            | (23)              | 13,634           |
| <b>Net cash flows from operating activities</b>                                                         | <b>184,488</b>    | <b>224,047</b>   |
| <b>Cash flows from (used in) investing activities:</b>                                                  |                   |                  |
| Acquisition of property, plant and equipment                                                            | (44,370)          | (37,376)         |
| Proceeds from disposal of property, plant and equipment                                                 | 4,485             | -                |
| Increase in refundable deposits                                                                         | (689)             | (25)             |
| Acquisition of intangible assets                                                                        | (175,246)         | (147,094)        |
| Increase in prepayments for business facilities                                                         | (92,516)          | (98,505)         |
| <b>Net cash used in investing activities</b>                                                            | <b>(308,336)</b>  | <b>(283,000)</b> |
| <b>Cash flows from (used in) financing activities:</b>                                                  |                   |                  |
| Increase in short-term borrowings                                                                       | 2,358,152         | 1,662,674        |
| Decrease in short-term borrowings                                                                       | (2,516,840)       | (1,638,706)      |
| Decrease in short-term notes and bills payable                                                          | -                 | (40,000)         |
| Proceeds from long-term borrowings                                                                      | 1,000,000         | 500,000          |
| Repayments of long-term borrowings                                                                      | (609,568)         | (454,834)        |
| Payment of lease liabilities                                                                            | (1,390)           | (1,363)          |
| Cash dividends paid                                                                                     | (121,204)         | (124,284)        |
| Proceeds from exercise of employee stock options                                                        | 9,319             | 30,562           |
| <b>Net cash flows from (used in) financing activities</b>                                               | <b>118,469</b>    | <b>(65,951)</b>  |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                     | <b>2,937</b>      | <b>461</b>       |
| Net decrease in cash and cash equivalents                                                               | (2,442)           | (124,443)        |
| Cash and cash equivalents at beginning of period                                                        | 142,263           | 266,706          |
| <b>Cash and cash equivalents at end of period</b>                                                       | <b>\$ 139,821</b> | <b>142,263</b>   |

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**BIONIME CORPORATION**

**Notes to the Financial Statements**

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

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

**(1) Company history**

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

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

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

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

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

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

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

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

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

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

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

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

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

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

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

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## **BIONIME CORPORATION**

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

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

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

##### **(a) Statement of compliance**

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **(b) Basis of preparation**

###### **(i) Basis of measurement**

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

- 1) Fair value through profit or loss (Available-for-sale financial assets) are measured at fair value.
- 2) The defined benefit liability (asset) is recognized as the fair value of the plan assets, less, the present value of the defined benefit obligation.

###### **(ii) Functional and presentation currency**

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

##### **(c) Foreign currencies**

###### **(i) Foreign currency transaction**

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

(Continued)

## **BIONIME CORPORATION**

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

Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

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

(ii) Foreign operations

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

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

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

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

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

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

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

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;

(Continued)

## BIONIME CORPORATION

### Notes to the Financial Statements

- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

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

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

1) Financial assets measured at amortized cost

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

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

(Continued)



**BIONIME CORPORATION**  
**Notes to the Financial Statements**

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

(Continued)

## BIONIME CORPORATION

### Notes to the Financial Statements

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

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

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

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

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

#### 5) Derecognition of financial assets

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

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

6) Offsetting of financial assets and liabilities

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

(g) Inventories

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

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

(h) Investment in subsidiaries

The subsidiaries in which the Company holds a controlling interest are accounted for under the equity method in the non-consolidated financial statements. Under equity method, net income, other comprehensive income, and equity in the non-consolidated financial statements are the same as those attributable to the owners of the parent in the consolidated financial statements.

Changes in ownership of the subsidiaries are recognized as equity transaction.

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

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

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

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

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

(j) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

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

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

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modification

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

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

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

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

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## BIONIME CORPORATION

### Notes to the Financial Statements

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

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

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

(ii) As a lessor

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

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

(k) Intangible assets

(i) Recognition and measurement

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

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

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

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

1. Computer Software: 1-5 years
2. Development cost: 4 years

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

(l) Impairment of non-financial assets

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

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

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

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

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

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

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(m) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods

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

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

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

2) Financing components

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

2) Costs to fulfil a contract

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

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

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

(n) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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## **BIONIME CORPORATION**

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

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

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

(iii) Short-term employee benefits

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

(o) Share-based payment

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

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

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

(p) Income taxes

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

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

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

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

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

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

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

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

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**(q) Earnings per share**

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

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(r) Operating segments

Please refer to the consolidated financial statements of Bionime Corporation for the years ended December 31, 2022 and 2021.

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

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

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

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

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

(a) The loss allowance for trade receivables

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

(b) Valuation of inventories

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

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

**(6) Explanation of significant accounts**

**(a) Cash and cash equivalents**

|                                                         | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|---------------------------------------------------------|------------------------------|------------------------------|
| Petty cash and cash on hand                             | \$ 635                       | 1,111                        |
| Demand deposits                                         | 139,186                      | 141,152                      |
| Cash and cash equivalents in the statement of cash flow | <u><u>\$ 139,821</u></u>     | <u><u>142,263</u></u>        |

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

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

Financial assets at fair value through other comprehensive income

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

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

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

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

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

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

|                                                              | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|--------------------------------------------------------------|------------------------------|------------------------------|
| Notes receivables from operating activities                  | <u><u>\$ 11,003</u></u>      | <u><u>16,773</u></u>         |
| Trade receivables-measured as amortized cost                 | \$ 668,256                   | 343,083                      |
| Trade receivables-related parties-measured as amortized cost | 54,472                       | 70,622                       |
| Less : Loss allowance                                        | <u>(36,619)</u>              | <u>(7,093)</u>               |
|                                                              | <u><u>\$ 686,109</u></u>     | <u><u>406,612</u></u>        |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

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

|                         | <b>December 31, 2022</b>     |                                   |                                 |
|-------------------------|------------------------------|-----------------------------------|---------------------------------|
|                         | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current                 | 322,254                      | - %                               | -                               |
| 1 to 90 days past due   | 366,831                      | 3.54 %                            | 12,977                          |
| 91 to 180 days past due | 25,643                       | 18.09 %                           | 4,639                           |
| More than 181 days      | 19,003                       | 100 %                             | 19,003                          |
|                         | <b>\$ 733,731</b>            |                                   | <b>36,619</b>                   |

  

|                         | <b>December 31, 2021</b>     |                                   |                                 |
|-------------------------|------------------------------|-----------------------------------|---------------------------------|
|                         | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current                 | 363,359                      | - %                               | -                               |
| 1 to 90 days past due   | 67,062                       | 10.49 %                           | 7,036                           |
| 91 to 180 days past due | -                            | - %                               | -                               |
| More than 181 days      | 57                           | 100 %                             | 57                              |
|                         | <b>\$ 430,478</b>            |                                   | <b>7,093</b>                    |

The movement in the allowance for notes and trade receivable was as follows:

|                              | <b>For the years ended December 31,</b> |              |
|------------------------------|-----------------------------------------|--------------|
|                              | <b>2022</b>                             | <b>2021</b>  |
| Balance on January 1         | \$ 7,093                                | 36,055       |
| Impairment losses recognized | 29,587                                  | -            |
| Amounts written off          | (61)                                    | (8,400)      |
| Impairment losses reversed   | -                                       | (20,562)     |
| Balance on December 31       | <b>\$ 36,619</b>                        | <b>7,093</b> |

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

(d) Other receivables (including related parties)

|                                   | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|-----------------------------------|--------------------------|--------------------------|
| Other receivables                 | \$ 6,662                 | 4,614                    |
| Other receivables-related parties | 135                      | -                        |
|                                   | <b>\$ 6,797</b>          | <b>4,614</b>             |

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

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

(e) Inventories

|                                                | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|------------------------------------------------|--------------------------|--------------------------|
| Finished goods                                 | \$ 77,832                | 84,908                   |
| Less: Allowance for inventory valuation losses | (11,108)                 | (3,948)                  |
|                                                | <u>66,724</u>            | <u>80,960</u>            |
| Work in progress                               | 310,795                  | 322,996                  |
| Less: Allowance for inventory valuation losses | (11,254)                 | (9,154)                  |
|                                                | <u>299,541</u>           | <u>313,842</u>           |
| Raw materials                                  | 130,072                  | 150,846                  |
| Less: Allowance for inventory valuation losses | (18,016)                 | (14,907)                 |
|                                                | <u>112,056</u>           | <u>135,939</u>           |
|                                                | <u><u>\$ 478,321</u></u> | <u><u>530,741</u></u>    |

The details of the cost of sales were as follows:

|                                                                             | <u>For the years ended December 31,</u> |                         |
|-----------------------------------------------------------------------------|-----------------------------------------|-------------------------|
|                                                                             | <u>2022</u>                             | <u>2021</u>             |
| Cost of goods sold                                                          | \$ 1,143,097                            | 1,026,950               |
| Provisions (reversal of provision) for inventory valuation and obsolescence | 12,370                                  | (10,905)                |
| Losses on disposal of scrap                                                 | 15,286                                  | 18,288                  |
| Gains on disposal of leftover bits and pieces                               | (2,644)                                 | (2,333)                 |
| Gains on physical inventory                                                 | (145)                                   | (252)                   |
| Operating costs recognized                                                  | <u><u>\$ 1,167,964</u></u>              | <u><u>1,031,748</u></u> |

The Company measures its inventories at net realizable value. The amount of fair wear and tear, obsolescence, without active market for inventories was evaluated on reporting date and written down to lower of cost or net realizable value.

As of December 31, 2022 and 2021, the Company did not provide any inventories as collateral for its loans.

(f) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

(i) Subsidiary

|  | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
|  | <u><u>\$ 221,466</u></u> | <u><u>193,595</u></u>    |

Please refer to 2022 consolidated statement report.

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

- (ii) As of December 31, 2022 and 2021, the Company did not provide any investment accounted for using equity method as collateral for its loans.

(g) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021 were as follows:

|                                          | Land                | Buildings and Structures | Machinery and Equipment | Molding Equipment | Transportation Equipment | Leasehold Improvements | Office and other Equipment | Total            |
|------------------------------------------|---------------------|--------------------------|-------------------------|-------------------|--------------------------|------------------------|----------------------------|------------------|
| <b>Cost or deemed cost:</b>              |                     |                          |                         |                   |                          |                        |                            |                  |
| Balance at January 1, 2022               | \$ 1,420,840        | 873,383                  | 798,056                 | 164,860           | 1,588                    | 17,066                 | 520,152                    | 3,795,945        |
| Additions                                | -                   | 2,268                    | 38,718                  | 5,508             | -                        | 781                    | 5,878                      | 53,153           |
| Disposal                                 | -                   | -                        | (11,687)                | (26,637)          | -                        | -                      | (3,522)                    | (41,846)         |
| Reclassification                         | -                   | -                        | 19,217                  | 5,179             | -                        | -                      | 1,949                      | 26,345           |
| Balance at December 31, 2022             | <u>\$ 1,420,840</u> | <u>875,651</u>           | <u>844,304</u>          | <u>148,910</u>    | <u>1,588</u>             | <u>17,847</u>          | <u>524,457</u>             | <u>3,833,597</u> |
| Balance at January 1, 2021               | \$ 1,420,840        | 871,035                  | 811,683                 | 153,027           | 1,588                    | 17,066                 | 517,317                    | 3,792,556        |
| Additions                                | -                   | 2,348                    | 27,527                  | 5,643             | -                        | -                      | 2,116                      | 37,634           |
| Disposal                                 | -                   | -                        | (49,615)                | -                 | -                        | -                      | (763)                      | (50,378)         |
| Reclassification                         | -                   | -                        | 8,461                   | 6,190             | -                        | -                      | 1,482                      | 16,133           |
| Balance at December 31, 2021             | <u>\$ 1,420,840</u> | <u>873,383</u>           | <u>798,056</u>          | <u>164,860</u>    | <u>1,588</u>             | <u>17,066</u>          | <u>520,152</u>             | <u>3,795,945</u> |
| <b>Depreciation and impairment loss:</b> |                     |                          |                         |                   |                          |                        |                            |                  |
| Balance at January 1, 2022               | \$ -                | 169,728                  | 608,448                 | 151,923           | 1,420                    | 16,980                 | 320,773                    | 1,269,272        |
| Depreciation for the year                | -                   | 23,347                   | 66,607                  | 9,230             | 144                      | 110                    | 35,519                     | 134,957          |
| Disposal                                 | -                   | -                        | (3,029)                 | (26,637)          | -                        | -                      | (3,522)                    | (33,188)         |
| Balance at December 31, 2022             | <u>\$ -</u>         | <u>193,075</u>           | <u>672,026</u>          | <u>134,516</u>    | <u>1,564</u>             | <u>17,090</u>          | <u>352,770</u>             | <u>1,371,041</u> |
| Balance at January 1, 2021               | \$ -                | 146,475                  | 594,480                 | 138,902           | 1,276                    | 16,449                 | 284,642                    | 1,182,224        |
| Depreciation for the year                | -                   | 23,253                   | 63,583                  | 13,021            | 144                      | 531                    | 36,890                     | 137,422          |
| Disposal                                 | -                   | -                        | (49,615)                | -                 | -                        | -                      | (759)                      | (50,374)         |
| Balance at December 31, 2021             | <u>\$ -</u>         | <u>169,728</u>           | <u>608,448</u>          | <u>151,923</u>    | <u>1,420</u>             | <u>16,980</u>          | <u>320,773</u>             | <u>1,269,272</u> |
| <b>Carrying amounts:</b>                 |                     |                          |                         |                   |                          |                        |                            |                  |
| Balance at December 31, 2022             | <u>\$ 1,420,840</u> | <u>682,576</u>           | <u>172,278</u>          | <u>14,394</u>     | <u>24</u>                | <u>757</u>             | <u>171,687</u>             | <u>2,462,556</u> |
| Balance at January 1, 2021               | <u>\$ 1,420,840</u> | <u>724,560</u>           | <u>217,203</u>          | <u>14,125</u>     | <u>312</u>               | <u>617</u>             | <u>232,675</u>             | <u>2,610,332</u> |
| Balance at December 31, 2021             | <u>\$ 1,420,840</u> | <u>703,655</u>           | <u>189,608</u>          | <u>12,937</u>     | <u>168</u>               | <u>86</u>              | <u>199,379</u>             | <u>2,526,673</u> |

(i) Disclosures on pledges

As of December 31, 2022 and 2021, the property, plant and equipment of the Company had been pledged as collateral for borrowings; please refer to Note 8.

(ii) Property, plant and equipment under construction

For the years ended December 31, 2022 and 2021, capitalized borrowing costs related to the construction of the new plant amounted to \$3,039 thousand and \$803 thousand, with a capitalization rate of 0.9173% to 2.9093% and 0.8923% to 0.9880% respectively.

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(h) Right-of-use assets

The Company leases many assets including buildings, vehicles, machinery and equipment. Information about leases for which the Company as a lessee was presented below:

|                                                            | <u>Buildings</u> | <u>Transportation<br/>Equipment</u> | <u>Machinery<br/>and<br/>Equipment</u> | <u>Total</u> |
|------------------------------------------------------------|------------------|-------------------------------------|----------------------------------------|--------------|
| <b>Costs:</b>                                              |                  |                                     |                                        |              |
| Balance at January 1, 2022                                 | \$ 2,987         | 469                                 | 1,048                                  | 4,504        |
| Additions                                                  | 3,243            | -                                   | -                                      | 3,243        |
| Disposal                                                   | -                | -                                   | -                                      | -            |
| Balance at December 31, 2022                               | <u>\$ 6,230</u>  | <u>469</u>                          | <u>1,048</u>                           | <u>7,747</u> |
| Balance at January 1, 2021                                 | \$ 2,987         | 475                                 | 1,048                                  | 4,510        |
| Additions                                                  | -                | 470                                 | -                                      | 470          |
| Disposal                                                   | -                | (476)                               | -                                      | (476)        |
| Balance at December 31, 2021                               | <u>\$ 2,987</u>  | <u>469</u>                          | <u>1,048</u>                           | <u>4,504</u> |
| <b>Accumulated depreciation and<br/>impairment losses:</b> |                  |                                     |                                        |              |
| Balance at January 1, 2022                                 | \$ 2,234         | 117                                 | 576                                    | 2,927        |
| Depreciation for the year                                  | 1,024            | 157                                 | 209                                    | 1,390        |
| Disposal                                                   | -                | -                                   | -                                      | -            |
| Balance at December 31, 2022                               | <u>\$ 3,258</u>  | <u>274</u>                          | <u>785</u>                             | <u>4,317</u> |
| Balance at January 1, 2021                                 | \$ 1,230         | 296                                 | 366                                    | 1,892        |
| Depreciation for the year                                  | 1,004            | 151                                 | 210                                    | 1,365        |
| Disposal                                                   | -                | (330)                               | -                                      | (330)        |
| Balance at December 31, 2021                               | <u>\$ 2,234</u>  | <u>117</u>                          | <u>576</u>                             | <u>2,927</u> |
| <b>Carrying amount:</b>                                    |                  |                                     |                                        |              |
| Balance at December 31, 2022                               | <u>\$ 2,972</u>  | <u>195</u>                          | <u>263</u>                             | <u>3,430</u> |
| Balance at January 1, 2021                                 | <u>\$ 1,757</u>  | <u>179</u>                          | <u>682</u>                             | <u>2,618</u> |
| Balance at December 31, 2021                               | <u>\$ 753</u>    | <u>352</u>                          | <u>472</u>                             | <u>1,577</u> |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(i) Intangible assets

The costs of intangible assets and amortization of the Company for the years ended December 31, 2022 and 2021 were as follows:

|                                          | <b>Computer<br/>software</b> | <b>Development<br/>cost</b> | <b>Total</b>          |
|------------------------------------------|------------------------------|-----------------------------|-----------------------|
| <b>Costs:</b>                            |                              |                             |                       |
| Balance at January 1, 2022               | \$ 34,133                    | 327,708                     | 361,841               |
| Additions                                | 9,917                        | -                           | 9,917                 |
| Acquisition internally developed         | -                            | 165,329                     | 165,329               |
| Reclassification                         | 552                          | -                           | 552                   |
| Disposal                                 | (5,479)                      | -                           | (5,479)               |
| Balance at December 31, 2022             | <u><u>\$ 39,123</u></u>      | <u><u>493,037</u></u>       | <u><u>532,160</u></u> |
| Balance at January 1, 2021               | \$ 28,212                    | 191,404                     | 219,616               |
| Additions                                | 10,790                       | -                           | 10,790                |
| Acquisition internally developed         | -                            | 136,304                     | 136,304               |
| Disposal                                 | (4,869)                      | -                           | (4,869)               |
| Balance at December 31, 2021             | <u><u>\$ 34,133</u></u>      | <u><u>327,708</u></u>       | <u><u>361,841</u></u> |
| <b>Amortization and Impairment Loss:</b> |                              |                             |                       |
| Balance at January 1, 2022               | \$ 19,883                    | -                           | 19,883                |
| Amortization for the year                | 11,036                       | -                           | 11,036                |
| Disposal                                 | (5,479)                      | -                           | (5,479)               |
| Balance at December 31, 2022             | <u><u>\$ 25,440</u></u>      | <u><u>-</u></u>             | <u><u>25,440</u></u>  |
| Balance at January 1, 2021               | \$ 14,047                    | -                           | 14,047                |
| Amortization for the year                | 10,705                       | -                           | 10,705                |
| Disposal                                 | (4,869)                      | -                           | (4,869)               |
| Balance at December 31, 2021             | <u><u>\$ 19,883</u></u>      | <u><u>-</u></u>             | <u><u>19,883</u></u>  |
| <b>Carrying amounts:</b>                 |                              |                             |                       |
| Balance at December 31, 2022             | <u><u>\$ 13,683</u></u>      | <u><u>493,037</u></u>       | <u><u>506,720</u></u> |
| Balance at January 1, 2021               | <u><u>\$ 14,165</u></u>      | <u><u>191,404</u></u>       | <u><u>205,569</u></u> |
| Balance at December 31, 2021             | <u><u>\$ 14,250</u></u>      | <u><u>327,708</u></u>       | <u><u>341,958</u></u> |

The Company is dedicated to developing its new product called Continuous Glucose Monitoring (CGM). For the year ended December 31, 2019, the product has met the criteria for capitalization, and therefore, the capitalized relevant development cost was amortized upon completion using the appropriate method. For the year ended December 31, 2022, the Company's capitalized cost amounted to \$493,037 thousand.

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(i) Amortization

The amortizations of intangible assets were included in the statement of comprehensive income for the years ended December 31, 2022 and 2021, were as follows:

|                    | <u>2022</u>      | <u>2021</u>   |
|--------------------|------------------|---------------|
| Operating costs    | \$ <u>1,001</u>  | <u>307</u>    |
| Operating expenses | \$ <u>10,035</u> | <u>10,398</u> |

(ii) Disclosures on pledges

As of December 31, 2022 and 2021, none of the intangible assets of the Company had been pledged as collateral.

(j) Other current assets and other non-current assets

The other current assets and other non-current assets of the Company were as follows:

|                                  | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------------|--------------------------|--------------------------|
| <b>Other financial assets:</b>   |                          |                          |
| Other current financial assets   | \$ <u>200</u>            | <u>200</u>               |
| <b>Other Current assets:</b>     |                          |                          |
| Overpaid sales tax               | \$ 7,055                 | 4,657                    |
| Temporary payments               | 4,063                    | 5,684                    |
| Others                           | <u>3,074</u>             | <u>2,358</u>             |
|                                  | \$ <u>14,192</u>         | <u>12,699</u>            |
| <b>Other non-current assets:</b> |                          |                          |
| Other non-current assets — other | \$ <u>38,365</u>         | <u>46,090</u>            |

(i) Other financial assets-current are the time deposits which are over three months of original expiry date. For the collateral pledged status, please refer to note 8.

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

(iii) Other non-current assets-other mainly consist of prepayment of royalties to GE company, for further contract details please refer to note 9(b).

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(k) Short-term borrowings

The short-term borrowings were summarized as follows:

|                         | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-------------------------|--------------------------|--------------------------|
| Unsecured bank loans    | \$ 229,399               | 457,778                  |
| Secured bank loans      | <u>122,628</u>           | <u>50,000</u>            |
|                         | <u>\$ 352,027</u>        | <u>507,778</u>           |
| Unused credit line      | <u>\$ 655,176</u>        | <u>1,283,972</u>         |
| Range of Interest rates | <u>0.6846%~5.7703%</u>   | <u>0.6846%~1.1100%</u>   |

For the collateral pledged for short-term borrowings, please refer to note 8.

(l) Other current liabilities

The details were as follows:

|                    | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------------|--------------------------|--------------------------|
| Contract liability | \$ 10,202                | 2,016                    |
| Temporary receipts | 1,332                    | 3,336                    |
| Others             | <u>488</u>               | <u>284</u>               |
|                    | <u>\$ 12,022</u>         | <u>5,636</u>             |

(m) Long-term borrowings

The details were as follows:

| <u>December 31, 2022</u> |                 |                       |                      |                     |
|--------------------------|-----------------|-----------------------|----------------------|---------------------|
|                          | <u>Currency</u> | <u>Interest rates</u> | <u>Maturity year</u> | <u>Amount</u>       |
| Secured bank loans       | NTD             | 1.50%~1.65%           | 2023~2030            | \$ 1,807,723        |
| Unsecured bank loans     | NTD             | 1.74%                 | 2024                 | 100,000             |
| Less: current portion    |                 |                       |                      | <u>(422,731)</u>    |
| Total                    |                 |                       |                      | <u>\$ 1,484,992</u> |
| Unused credit line       |                 |                       |                      | <u>\$ 231,440</u>   |

| <u>December 31, 2021</u> |                 |                       |                      |                     |
|--------------------------|-----------------|-----------------------|----------------------|---------------------|
|                          | <u>Currency</u> | <u>Interest rates</u> | <u>Maturity year</u> | <u>Amount</u>       |
| Secured bank loans       | NTD             | 1.00%                 | 2023~2030            | \$ 1,467,291        |
| Unsecured bank loans     | NTD             | 1.10%                 | 2023                 | \$ 50,000           |
| Less: current portion    |                 |                       |                      | <u>(361,083)</u>    |
| Total                    |                 |                       |                      | <u>\$ 1,156,208</u> |
| Unused credit line       |                 |                       |                      | <u>\$ -</u>         |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

Property, plant and equipment are pledged as collateral for long-term borrowings, please refer to note 8.

(n) Lease liabilities

The lease liabilities were as follows:

|             | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-------------|--------------------------|--------------------------|
| Current     | \$ <u>1,441</u>          | <u>1,126</u>             |
| Non-current | \$ <u>2,003</u>          | <u>465</u>               |

For the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss was as follows:

|                                        | <u>For the years ended December 31,</u> | <u>For the years ended December 31,</u> |
|----------------------------------------|-----------------------------------------|-----------------------------------------|
|                                        | <u>2022</u>                             | <u>2021</u>                             |
| Interest on lease liabilities          | \$ <u>21</u>                            | <u>23</u>                               |
| Expenses relating to short-term leases | \$ <u>4,667</u>                         | <u>5,885</u>                            |

The amounts recognized in the statement of cash flows for the Company was as follows:

|                               | <u>For the years ended December 31,</u> | <u>For the years ended December 31,</u> |
|-------------------------------|-----------------------------------------|-----------------------------------------|
|                               | <u>2022</u>                             | <u>2021</u>                             |
| Total cash outflow for leases | \$ <u>6,078</u>                         | <u>7,271</u>                            |

(i) Real estate leases

The Company leases warehouses, machinery and vehicles. The leases typically run for a period of 3 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases contain extension or cancellation options exercisable by the Company before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Company has some office and trivial leases with contract terms of one year. These leases are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(o) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value are as follows:

|                                                  | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------------------------------------------|--------------------------|--------------------------|
| Present value of the defined benefit obligations | \$ 2,992                 | 4,060                    |
| Fair value of plan assets                        | \$ (5,050)               | (4,599)                  |
| Suspension of Appropriation                      | (12)                     | -                        |
| Net defined benefit liabilities (assets)         | <u>\$ (2,070)</u>        | <u>(539)</u>             |

The Company's employee benefit liabilities were as follows:

|                               | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-------------------------------|--------------------------|--------------------------|
| Short-term vacation liability | <u>\$ 9,271</u>          | <u>9,271</u>             |

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$5,010 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of defined benefit obligations for the Company were as follows:

|                                            | <u>2022</u>     | <u>2021</u>  |
|--------------------------------------------|-----------------|--------------|
| Defined benefit obligation at January 1    | \$ 4,060        | 3,919        |
| Current service costs and interest cost    | 24              | 35           |
| Remeasurements loss (gain):                |                 |              |
| Actuarial loss (gain) arising from:        |                 |              |
| — financial assumptions                    | (1,092)         | 106          |
| Defined benefit obligations at December 31 | <u>\$ 2,992</u> | <u>4,060</u> |

(Continued)



**BIONIME CORPORATION**  
**Notes to the Financial Statements**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

|                                                   | <u>2022</u>     | <u>2021</u>  |
|---------------------------------------------------|-----------------|--------------|
| Fair value of plan assets at January 1            | \$ 4,599        | 4,371        |
| Interest income                                   | 28              | 40           |
| Contributions paid by the employer                | 62              | 150          |
| Remeasurements loss (gain):                       |                 |              |
| — Return on plan assets excluding interest income | 361             | 38           |
| Fair value of plan assets at December 31          | <u>\$ 5,050</u> | <u>4,599</u> |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

|                                                                     | <u>2022</u>   | <u>2021</u> |
|---------------------------------------------------------------------|---------------|-------------|
| Net interest of net liabilities for the defined benefit obligations | \$ (4)        | (5)         |
| Administration expenses                                             | <u>\$ (4)</u> | <u>(5)</u>  |

5) Actuarial assumptions

The Company's principal actuarial assumptions at the reporting date were as follows:

|                             | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-----------------------------|--------------------------|--------------------------|
| Discount rate               | 1.25 %                   | 0.60 %                   |
| Future salary increase rate | 3.00 %                   | 3.00 %                   |

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$0 thousand.

The weighted average lifetime of the defined benefit plans is 19.9 years.

6) Sensitivity analysis

As of December 31, 2022 and 2021, the impact on the present value of the defined benefit obligation, due to the change in actuarial assumption, was as follows:

|                               | <u>Influences of defined benefit obligation</u> |                       |
|-------------------------------|-------------------------------------------------|-----------------------|
|                               | <u>Increase 0.25%</u>                           | <u>Decrease 0.25%</u> |
| <b>December 31, 2022</b>      |                                                 |                       |
| Discount rate                 | \$ (139)                                        | 146                   |
|                               | <u>Increase 1.00%</u>                           | <u>Decrease 1.00%</u> |
| Future salary increasing rate | \$ 619                                          | (514)                 |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

|                               | <b>Influences of defined benefit obligation</b> |                       |
|-------------------------------|-------------------------------------------------|-----------------------|
|                               | <b>Increase 0.25%</b>                           | <b>Decrease 0.25%</b> |
| <b>December 31, 2021</b>      |                                                 |                       |
| Discount rate                 | \$ (199)                                        | 211                   |
|                               | <b>Increase 1.00%</b>                           | <b>Decrease 1.00%</b> |
| Future salary increasing rate | \$ 891                                          | (732)                 |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined benefit plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company paid a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The pension costs incurred from the defined contribution plan have been contributed to the Bureau of the Labor Insurance. The amounts of \$2,184 thousand and \$2,101 thousand for the years ended December 31, 2022 and 2021, respectively, were transferred to intangible assets as they were eligible for capitalization, please refer to note 6 (i), and the remaining pension costs are \$21,669 thousand and \$21,077 thousand separately.

(p) Income taxes

(i) Income tax income

The Company of income tax in the years 2022 and 2021 were as follows:

|                                                   | <b>2022</b>              | <b>2021</b>            |
|---------------------------------------------------|--------------------------|------------------------|
| Current income tax (income) expense               |                          |                        |
| Adjustment for prior periods                      | \$ (573)                 | 3,286                  |
| 5% surtax on un-distributed earnings              | -                        | 5                      |
|                                                   | <u>(573)</u>             | <u>3,291</u>           |
| Deferred tax expense (income)                     |                          |                        |
| Origination and reversal of temporary differences | <u>(6,083)</u>           | <u>(21,941)</u>        |
| Tax income                                        | <u><u>\$ (6,656)</u></u> | <u><u>(18,650)</u></u> |

None of the amount of income tax recognized in other comprehensive income for 2022 and 2021.

Reconciliation of income tax and profit before tax for 2022 and 2021 is as follows.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

|                                                        | <u>2022</u>              | <u>2021</u>            |
|--------------------------------------------------------|--------------------------|------------------------|
| Profit excluding income tax                            | \$ <u><b>84,369</b></u>  | <u><b>68,763</b></u>   |
| Income tax using the Company's domestic tax rate       | \$ 16,874                | 13,753                 |
| Non-deductible expenses                                | 4,710                    | 761                    |
| Book-tax income differences of the revenue and expense | (33,014)                 | (27,028)               |
| Investment income recognized under equity method       | (2,598)                  | (2,073)                |
| Changes in unrecognized temporary differences          | 6,540                    | (6,402)                |
| Prior years income tax adjustment                      | (573)                    | 3,286                  |
| Adjustment of deferred tax assets for prior years      | 1,405                    | (952)                  |
| 5% surtax on undistributed earnings                    | <u>-</u>                 | <u>5</u>               |
|                                                        | <u><b>\$ (6,656)</b></u> | <u><b>(18,650)</b></u> |

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

|                                                | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|------------------------------------------------|--------------------------|--------------------------|
| Tax effect of deductible temporary differences | \$ <u><b>12,252</b></u>  | <u><b>5,712</b></u>      |

The entity is able to control the timing of the reversal of the temporary differences associated with the investments in subsidiaries as of December 31, 2022 and 2021. Also, the management considers it is possible that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax assets. Details are as follows:

|                                                                                  | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------------------------------------------------------------|--------------------------|--------------------------|
| Aggregate amount of temporary differences related to investments in subsidiaries | \$ <u><b>253,079</b></u> | <u><b>257,962</b></u>    |
| Unrecognized deferred tax assets                                                 | \$ <u><b>50,616</b></u>  | <u><b>51,592</b></u>     |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

2) Unrecognized deferred tax liabilities

The entity is able to control the timing of the temporary differences associated with its investments in subsidiaries as of December 31, 2022 and 2021. Also the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

|                                                                                  | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|----------------------------------------------------------------------------------|------------------------------|------------------------------|
| Aggregate amount of temporary differences related to investments in subsidiaries | \$ <u><b>33,414</b></u>      | <u><b>25,305</b></u>         |
| Unrecognized deferred tax liabilities                                            | \$ <u><b>6,683</b></u>       | <u><b>5,061</b></u>          |

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

**Deferred Tax Assets:**

|                                     | <b>Unrealized<br/>loss on<br/>inventory<br/>obsolescence</b> | <b>Unrealized<br/>foreign<br/>exchange loss</b> | <b>Unrealized inter-<br/>company profits<br/>resulting from<br/>sales to affiliated<br/>companies</b> | <b>Operating<br/>loss carry<br/>forward</b> | <b>Reserve<br/>liability</b> | <b>Total</b>         |
|-------------------------------------|--------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------------|----------------------|
| <b>Balance at January 1, 2022</b>   | \$ 2,801                                                     | -                                               | 4,021                                                                                                 | 43,657                                      | 57                           | 50,536               |
| Recognized in profit or loss        | 1,237                                                        | 2,050                                           | (53)                                                                                                  | 2,647                                       | (57)                         | 5,824                |
| <b>Balance at December 31, 2022</b> | \$ <u><b>4,038</b></u>                                       | <u><b>2,050</b></u>                             | <u><b>3,968</b></u>                                                                                   | <u><b>46,304</b></u>                        | <u><b>-</b></u>              | <u><b>56,360</b></u> |
| <b>Balance at January 1, 2021</b>   | \$ 3,891                                                     | -                                               | 3,866                                                                                                 | 20,582                                      | -                            | 28,339               |
| Recognized in profit or loss        | (1,090)                                                      | -                                               | 155                                                                                                   | 23,075                                      | 57                           | 22,197               |
| <b>Balance at December 31, 2021</b> | \$ <u><b>2,801</b></u>                                       | <u><b>-</b></u>                                 | <u><b>4,021</b></u>                                                                                   | <u><b>43,657</b></u>                        | <u><b>57</b></u>             | <u><b>50,536</b></u> |

**Deferred Tax Liabilities:**

|                                     | <b>Unrealized<br/>foreign<br/>exchange loss</b> | <b>Others</b>     | <b>Total</b>      |
|-------------------------------------|-------------------------------------------------|-------------------|-------------------|
| <b>Balance at January 1, 2022</b>   | \$ 262                                          | 157               | 419               |
| Recognized in profit or loss        | (262)                                           | 3                 | (259)             |
| <b>Balance at December 31, 2022</b> | \$ <u><b>-</b></u>                              | <u><b>160</b></u> | <u><b>160</b></u> |
| <b>Balance at January 1, 2021</b>   | \$ 36                                           | 127               | 163               |
| Recognized in profit or loss        | 226                                             | 30                | 256               |
| <b>Balance at December 31, 2021</b> | \$ <u><b>262</b></u>                            | <u><b>157</b></u> | <u><b>419</b></u> |

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

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Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As of December 31, 2022, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

| <b>Subsidiaries</b> | <b>Year of loss</b> | <b>Unused tax loss</b> | <b>Expiry date</b> | <b>Remark</b>          |
|---------------------|---------------------|------------------------|--------------------|------------------------|
| Parent Company      | 2020                | \$ 107,675             | 2030               | Number of approved     |
| Parent Company      | 2021                | 103,874                | 2031               | Number of declarations |
| Parent Company      | 2022                | 19,970                 | 2032               | Number of declarations |
|                     |                     | <u>\$ 231,519</u>      |                    |                        |

(iii) Assessment of tax

The Company's tax returns for the years through 2020 were assessed by the Tax Authority.

(q) Capital and other equity

As of December 31 2022 and 2021, the numbers of authorized ordinary shares were 100,000 thousand shares, with par value of \$10 per share. The total value of authorized ordinary shares amounted to \$1,000,000 thousand (and of which \$60,000 thousand was reserved for the exercising of employee share options for each year). As of the date, 60,687 thousand (2021: 62,289 thousand) of ordinary thousand shares amounted to \$606,870 thousand (2021: \$622,888 thousand) were issued.

Reconciliation of shares outstanding for 2022 and 2021 was as follows:

(in thousands of shares)

|                               | <b>Ordinary Shares</b> |                      |
|-------------------------------|------------------------|----------------------|
|                               | <b>2022</b>            | <b>2021</b>          |
| Balance on January 1          | 62,289                 | 61,756               |
| Exercise of share options     | 398                    | 533                  |
| Retirement of treasury stocks | (2,000)                | -                    |
| Balance on December 31        | <u><b>60,687</b></u>   | <u><b>62,289</b></u> |

(i) Ordinary shares

As of December 31 2022, the Company issued 147 thousand, 121.8 thousand and 191.2 thousand new shares for employee stock options, with a par value of \$10 per share. The shares were exercised at \$46.4, \$55.1 and \$56.7 per share, with the carrying values of \$6,850 thousand, \$6,711 thousand and \$10,841 thousand, respectively.

Among the shares exercised, 147 thousand shares and 145.2 thousand shares had the exercise prices of \$46.6 and \$56.7, respectively, which were registered on April 7, 2022. 21.2 thousand shares had the exercise prices of \$56.7 which were registered on May 16, 2022. And 21.8 thousand shares had the exercise prices of \$56.7 which were registered on August 22, 2022. In addition, 60 thousand shares and 3 thousand shares had the exercise prices of \$55.1 and \$56.7, respectively, which were registered on November 21, 2022. The payments for all of the above shares had been received as of the reporting date. Furthermore, the amount of \$3,405 thousand from the remaining 61.8 thousand unregistered shares had been collected for the year ended December 31, 2022. All issued shares were paid upon issuance and the relevant statutory

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registration procedures have since been completed.

As of December 31 2021, the Company issued 68 thousand, 173 thousand, 231.5 thousand and 145.2 thousand new shares for employee stock options, with a par value of \$10 per share. The shares were exercised at \$46.4, \$46.6, \$48.0 and \$56.7 per share, with the carrying values of \$3,155 thousand、\$8,062 thousand、\$11,112 thousand and \$8,233 thousand, respectively.

Among the shares exercised, 68 thousand shares and 164 thousand shares had the exercise prices of \$46.4 and \$48.0, respectively, which were registered on June 24, 2021. 40.5 thousand shares had the exercise prices of \$48.0 which were registered on August 30, 2021. In addition, 26 thousand shares and 27 thousand shares had the exercise prices of \$46.4 and \$48.0, respectively, which were registered on November 15, 2021. The payment for all of the above shares have been received as of the reporting date. Furthermore, the amount of \$15,083 thousand from the remaining 292.2 thousand unregistered shares had been collected for the year ended December 31, 2021. 207.5 thousand shares which had issued in 2020 were registered on February 18, 2021. All issued shares were paid upon issuance and the relevant statutory registration procedures have since been completed.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021 were as follows:

|                                                         | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|---------------------------------------------------------|------------------------------|------------------------------|
| Share capital                                           | \$ 1,016,362                 | 1,100,804                    |
| Share capital of Employee share options                 | 124,097                      | 107,083                      |
| Employee share options                                  | 61,060                       | 55,437                       |
| Expired options                                         | 101,114                      | 98,884                       |
| The variation of ownership recognized in the subsidiary | -                            | 15                           |
|                                                         | <b><u>\$ 1,302,633</u></b>   | <b><u>1,362,223</u></b>      |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital increase by transferring the capital surplus in excess of the par value should not exceed 10% of the total common stock outstanding.

The Company has determined to distribute \$45,451 thousand and \$72,706 thousand as cash dividends out of APIC (Additional Paid-In Capital) on June 22, 2022 and August 30, 2021 with approval subjected to the stockholders' meeting, respectively.

(iii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

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### Notes to the Financial Statements

According to the Company Act, the distribution of dividends and bonus, or all or part, of legal reserve and capital reserve, distributed by way of cash, shall be decided during the board meeting approved by more than half of the directors, with two thirds of directors in attendance; thereafter, to be reported at the shareholders' meeting.

The Company's dividend policy depends on the Company's capital expenditure budget and required working capital. The remaining earnings will be distributed either in cash or in stock dividends, or both. However, the cash dividend cannot be less than 5% of the total dividends distributed.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

During the earnings of distribution, the amount to be reclassified as a special reserve (which does not qualify for earnings distribution) should be equal to the total net current-period reduction of other shareholders' equity in accordance with the regulation of Taiwan Stock Exchange Authority. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2021 and 2020 had been approved during the board meeting on March 22, 2022 and March 19, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

|                                                | <u>2021</u>                 |                         | <u>2020</u>                 |                         |
|------------------------------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|
|                                                | <u>Amount<br/>per share</u> | <u>Total<br/>amount</u> | <u>Amount<br/>per share</u> | <u>Total<br/>amount</u> |
| Dividends distributed to ordinary shareholders |                             |                         |                             |                         |
| Cash                                           | \$ <u>1.25</u>              | <u>75,753</u>           | <u>0.83</u>                 | <u>51,578</u>           |

The amounts of cash dividends on the appropriations of earnings for 2022 had been approved during the board meeting on March 14, 2023, as follows:

|                                                | <u>2022</u>                 |                         |
|------------------------------------------------|-----------------------------|-------------------------|
|                                                | <u>Amount<br/>per share</u> | <u>Total<br/>amount</u> |
| Dividends distributed to ordinary shareholders |                             |                         |
| Cash                                           | \$ <u>0.25</u>              | <u>15,191</u>           |

(Continued)

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**Notes to the Financial Statements**

(iv) Treasury shares

The Company failed to transfer to its employees the 2,000 thousand treasury shares it repurchased in 2017. According to the Securities Exchange Act, the shares should be retired if they were not transferred within five years after repurchasing.

The Company reduced its capital by repurchasing shares based on a resolution approved during the board meeting held on March 22, 2022. All relevant registration procedures had been completed on May 17, 2022.

(v) Other equity interests (net-of-taxes)

|                                            | <b>Exchange differences on<br/>translation of foreign<br/>financial statements</b> |
|--------------------------------------------|------------------------------------------------------------------------------------|
| <b>Balance at January 1, 2022</b>          | \$ (18,225)                                                                        |
| Exchange differences on foreign operations | 14,712                                                                             |
| <b>Balance at December 31, 2022</b>        | <b>\$ (3,513)</b>                                                                  |
| <b>Balance at January 1, 2021</b>          | \$ (15,550)                                                                        |
| Exchange differences on foreign operations | (2,675)                                                                            |
| <b>Balance at December 31, 2021</b>        | <b>\$ (18,225)</b>                                                                 |

(r) Share-Based payment

(i) Employee stock options

As of December 31, 2022, details of the Employee Stock Option Plans (“ESOP”) issued by the company were as follows:

|                    | <b>2017 ESOP</b>                                              | <b>2018 ESOP</b>                                              | <b>2019 ESOP</b>                                              |
|--------------------|---------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
| Grant date         | 2017.1.13                                                     | 2018.1.2                                                      | 2019.11.5                                                     |
| Units issued       | 3,000,000                                                     | 1,000,000                                                     | 2,930,000                                                     |
| Term of grant      | 2017.1.13~2019.1.12                                           | 2018.1.2~2020.1.1                                             | 2019.11.5~2024.11.4                                           |
| Grant object       | Full-time employees<br>of the Company and<br>its subsidiaries | Full-time employees<br>of the Company and<br>its subsidiaries | Full-time employees<br>of the Company and<br>its subsidiaries |
| Vesting conditions | Services of the next<br>two years                             | Services of the next<br>two years                             | Services of the next<br>two years                             |

1) Determining the fair value of equity instruments granted

(Continued)



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The Company used Black-Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

|                             | <b>2022</b>      |                  |                  |
|-----------------------------|------------------|------------------|------------------|
|                             | <b>2017 ESOP</b> | <b>2018 ESOP</b> | <b>2019 ESOP</b> |
| Fair value at grant date    | \$16.07~\$17.35  | \$15.34~\$16.56  | \$22.53~\$25.83  |
| Share price at grant date   | 56.9             | 55.4             | 60.2             |
| Exercise price              | 46.4             | 46.6             | 55.1             |
| Expected volatility (%)     | 40.70%           | 40.10%           | 38.50%           |
| Expected life (years)       | Four years       | Four years       | Ten years        |
| Expected dividend           | -                | -                | -                |
| Risk-free interest rate (%) | 0.66%~0.70%      | 0.47%~0.51%      | 0.54%            |

  

|                             | <b>2021</b>      |                  |                  |
|-----------------------------|------------------|------------------|------------------|
|                             | <b>2017 ESOP</b> | <b>2018 ESOP</b> | <b>2019 ESOP</b> |
| Fair value at grant date    | \$16.07~\$17.35  | \$15.34~\$16.56  | \$22.53~\$25.83  |
| Share price at grant date   | 56.9             | 55.4             | 60.2             |
| Exercise price              | 46.4             | 46.6             | 56.7             |
| Expected volatility (%)     | 40.70%           | 40.10%           | 38.50%           |
| Expected life (years)       | Four years       | Four years       | Ten years        |
| Expected dividend           | -                | -                | -                |
| Risk-free interest rate (%) | 0.66%~0.70%      | 0.47%~0.51%      | 0.54%            |

Expected volatility is based on the weighted average of historical volatility, and it is adjusted when there is additional market information about the volatility. The Company determined the expected dividends and risk-free rate during the life of the option. These rates are determined based on government bonds, which are in accordance with the regulations. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

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2) Description of share-based payment arrangements

Details of the employee stock options are as follows:

| (in dollars)                           | <b>2022</b>                                    |                              | <b>2021</b>                                    |                              |
|----------------------------------------|------------------------------------------------|------------------------------|------------------------------------------------|------------------------------|
|                                        | <b>Weighted<br/>average<br/>exercise price</b> | <b>Number of<br/>options</b> | <b>Weighted<br/>average<br/>exercise price</b> | <b>Number of<br/>options</b> |
| Outstanding at January 1<br>(number)   | \$ 56.70                                       | 2,135,000                    | 56.87                                          | 3,160,000                    |
| Granted during the year<br>(number)    |                                                | -                            |                                                | -                            |
| Forfeited during the year<br>(number)  |                                                | (143,000)                    |                                                | (400,800)                    |
| Exercised during the year<br>(number)  |                                                | (167,800)                    |                                                | (617,700)                    |
| Expired during the year<br>(number)    |                                                | <u>(3,000)</u>               |                                                | <u>(6,500)</u>               |
| Outstanding at December 31<br>(number) | 55.10                                          | <u><b>1,821,200</b></u>      | 56.70                                          | <u><b>2,135,000</b></u>      |
| Exercisable at December 31<br>(number) |                                                | <u><b>1,821,200</b></u>      |                                                | <u><b>2,135,000</b></u>      |

(ii) Employee recognized in profit or loss

The Company incurred expenses and liabilities of share-based arrangements in 2022 and 2021 were as follows:

|                                                        | <b>2022</b>            | <b>2021</b>          |
|--------------------------------------------------------|------------------------|----------------------|
| Expenses resulting from granted employee share options | <u><b>\$ 7,852</b></u> | <u><b>12,773</b></u> |

(s) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31 2022 and 2021 were based on the profit attributable to ordinary shareholders of the Company amounting to \$91,025 thousand and \$87,413 thousand, respectively; and the weighted average number of ordinary shares outstanding of 60,533 thousand shares and 60,078 thousand shares, respectively, were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

|                                                             | <b>2022</b>             | <b>2021</b>          |
|-------------------------------------------------------------|-------------------------|----------------------|
| Profit attributable to ordinary shareholders of the Company | <u><b>\$ 91,025</b></u> | <u><b>87,413</b></u> |

(Continued)

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2) Weighted average number of ordinary shares

|                                                           | <u>2022</u>          | <u>2021</u>          |
|-----------------------------------------------------------|----------------------|----------------------|
| Weighted-average number of ordinary shares at December 31 | <u><u>60,533</u></u> | <u><u>60,078</u></u> |

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2022 and 2021 were based on profit attributable to ordinary shareholders of the Company amounting to \$91,025 thousand and \$87,413 thousand, respectively; and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 61,424 thousand shares and 60,827 thousand shares were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

|                                                                       | <u>2022</u>             | <u>2021</u>          |
|-----------------------------------------------------------------------|-------------------------|----------------------|
| Profit attributable to ordinary shareholders of the Company (diluted) | <u><u>\$ 91,025</u></u> | <u><u>87,413</u></u> |

2) Weight-average number of ordinary shares (diluted)

|                                                      | <u>2022</u>          | <u>2021</u>          |
|------------------------------------------------------|----------------------|----------------------|
| Weighted-average number of ordinary shares (basic)   | 60,533               | 60,078               |
| Effect of dilutive potential ordinary shares         |                      |                      |
| Effect of issuance of employee share options         | 705                  | 611                  |
| Effect of employee share bonus                       | 186                  | 138                  |
| Weighted-average number of ordinary shares (diluted) | <u><u>61,424</u></u> | <u><u>60,827</u></u> |

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

|                                     | <u>2022</u>                | <u>2021</u>             |
|-------------------------------------|----------------------------|-------------------------|
| <u>Primary geographical markets</u> |                            |                         |
| Algeria                             | \$ 728,548                 | 141,809                 |
| China                               | 230,622                    | 238,309                 |
| Switzerland                         | 136,449                    | 234,484                 |
| United State                        | 131,854                    | 148,685                 |
| Egypt                               | 31,308                     | 76,253                  |
| Other                               | 812,966                    | 852,810                 |
|                                     | <u><u>\$ 2,071,747</u></u> | <u><u>1,692,350</u></u> |
| <u>Major products</u>               |                            |                         |
| Meter and Strips                    | <u><u>\$ 2,071,747</u></u> | <u><u>1,692,350</u></u> |

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(ii) Contract balances

|                                                        | <u>2022</u>      | <u>2021</u>  |
|--------------------------------------------------------|------------------|--------------|
| Contract liabilities (under other current liabilities) | \$ <u>10,202</u> | <u>2,016</u> |

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that was included in the contract liability balance at the beginning of the period were \$2,016 thousand and \$13,581 thousand, respectively.

(u) Employee compensation, directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1.5% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to \$11,850 thousand and \$10,000 thousand and directors and supervisors remuneration amounting to \$2,970 thousand, and \$2,430 thousand respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2022 and 2021.

(v) Non-operating income and expenses

(i) interest income

The details of interest income for the years 2022 and 2021 were as follows:

|                                    | <u>2022</u>   | <u>2021</u> |
|------------------------------------|---------------|-------------|
| Interest income from bank deposits | \$ <u>316</u> | <u>72</u>   |

(ii) Other income

The details of other income for the years 2022 and 2021 were as follows:

|                       | <u>2022</u>     | <u>2021</u>   |
|-----------------------|-----------------|---------------|
| Rent income           | \$ 583          | 487           |
| Other income — others | 2,648           | 14,531        |
|                       | <u>\$ 3,231</u> | <u>15,018</u> |

(Continued)

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(iii) Other gains and losses

The details of other gains and losses for the years 2022 and 2021 were as follows:

|                                                              | <u>2022</u>     | <u>2021</u>    |
|--------------------------------------------------------------|-----------------|----------------|
| Foreign exchange (losses) gains                              | \$ (1,161)      | 1,054          |
| (Losses) gains on disposals of property, plant and equipment | (3,994)         | 175            |
| Losses of lease modification                                 | -               | (6)            |
| Losses on disposals of investments                           | (13)            | -              |
|                                                              | <u>\$ 5,168</u> | <u>(1,223)</u> |

(iv) Finance costs

The details of financial costs for the years 2022 and 2021 were as follows:

|                                 | <u>2022</u>      | <u>2021</u>   |
|---------------------------------|------------------|---------------|
| Interest expenses of bank loans | \$ 30,439        | 18,789        |
| Interest of lease liabilities   | 21               | 23            |
|                                 | <u>\$ 30,460</u> | <u>18,812</u> |

(w) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The major clients of Company are concentrated in medical instruments market. To minimize credit risk, the Company periodically evaluates their financial positions and requests collateral if deemed necessary. It also periodically assesses the recoverability of the accounts receivable and recognizes an allowance for impairment. The impairment loss is within management's expectation. As of December 31, 2022 and 2021, 71% and 38%, respectively, of trade receivables were comprised of five customers. Thus, the credit risk is significantly centralized.

3) Receivables and debt securities

For credit risk exposure of notes and trade receivables, please refer to note 6 (c).

Other financial assets at amortized cost includes other receivables and time deposits. For the details on loss allowance, please refer to note 6(d) and note 6 (j).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4 (f).

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(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

|                                                      | <u>Carrying<br/>amount</u> | <u>Contractual<br/>cash flows</u> | <u>Within<br/>1 year</u> | <u>1 -2<br/>years</u> | <u>2 -5<br/>years</u> | <u>Over<br/>5 years</u> |
|------------------------------------------------------|----------------------------|-----------------------------------|--------------------------|-----------------------|-----------------------|-------------------------|
| <b>December 31, 2022</b>                             |                            |                                   |                          |                       |                       |                         |
| <b>Non-derivative financial liabilities</b>          |                            |                                   |                          |                       |                       |                         |
| Secured bank loans                                   | \$ 1,930,351               | 1,957,161                         | 553,474                  | 433,716               | 828,757               | 141,214                 |
| Unsecured bank loans                                 | 329,399                    | 334,938                           | 233,543                  | 101,395               | -                     | -                       |
| Notes and trade payables                             | 176,876                    | 176,876                           | 176,876                  | -                     | -                     | -                       |
| Other payables (including related parties)           | 432,048                    | 432,048                           | 432,048                  | -                     | -                     | -                       |
| Payable on machinery and equipment                   | 21,935                     | 21,935                            | 21,935                   | -                     | -                     | -                       |
| Lease liabilities (Current and Non-Current)          | <u>3,444</u>               | <u>3,505</u>                      | <u>1,479</u>             | <u>2,026</u>          | <u>-</u>              | <u>-</u>                |
|                                                      | <b><u>\$ 2,894,053</u></b> | <b><u>2,926,463</u></b>           | <b><u>1,419,355</u></b>  | <b><u>537,137</u></b> | <b><u>828,757</u></b> | <b><u>141,214</u></b>   |
| <b>December 31, 2021</b>                             |                            |                                   |                          |                       |                       |                         |
| <b>Non-derivative financial liabilities</b>          |                            |                                   |                          |                       |                       |                         |
| Secured bank loans                                   | \$ 1,517,291               | 1,532,505                         | 415,234                  | 382,580               | 542,791               | 191,900                 |
| Unsecured bank loans                                 | 507,778                    | 512,849                           | 462,299                  | 50,550                | -                     | -                       |
| Notes and trade payables (including related parties) | 149,805                    | 149,805                           | 149,805                  | -                     | -                     | -                       |
| Other payables (including related parties)           | 280,234                    | 280,234                           | 280,234                  | -                     | -                     | -                       |
| Payable on machinery and equipment                   | 13,152                     | 13,152                            | 13,152                   | -                     | -                     | -                       |
| Lease liabilities (Current and Non-Current)          | <u>1,591</u>               | <u>1,604</u>                      | <u>1,135</u>             | <u>375</u>            | <u>94</u>             | <u>-</u>                |
|                                                      | <b><u>\$ 2,469,851</u></b> | <b><u>2,490,149</u></b>           | <b><u>1,321,859</u></b>  | <b><u>433,505</u></b> | <b><u>542,885</u></b> | <b><u>191,900</u></b>   |

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Company's significant exposure to foreign currency risk was as follows:

|                                     |     | <u>December 31, 2022</u>    |                           |            | <u>December 31, 2021</u>    |                           |            |
|-------------------------------------|-----|-----------------------------|---------------------------|------------|-----------------------------|---------------------------|------------|
|                                     |     | <u>Foreign<br/>currency</u> | <u>Exchange<br/>rates</u> | <u>NTD</u> | <u>Foreign<br/>currency</u> | <u>Exchange<br/>rates</u> | <u>NTD</u> |
| <b><u>Financial assets</u></b>      |     |                             |                           |            |                             |                           |            |
| <b><u>Monetary items</u></b>        |     |                             |                           |            |                             |                           |            |
| USD                                 | USD | 21,191                      | 30.74                     | 651,411    | USD 11,801                  | 27.67                     | 326,534    |
| EUR                                 | EUR | 2,402                       | 32.76                     | 78,690     | EUR 3,253                   | 31.37                     | 102,047    |
| <b><u>Financial liabilities</u></b> |     |                             |                           |            |                             |                           |            |
| <b><u>Monetary items</u></b>        |     |                             |                           |            |                             |                           |            |
| USD                                 | USD | 12,887                      | 30.74                     | 396,146    | USD 10,930                  | 27.67                     | 302,433    |
| EUR                                 | EUR | 1,804                       | 32.76                     | 59,099     | EUR 2,694                   | 31.37                     | 84,511     |

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 0.5% of the NTD against the USD and the EUR as of December 31, 2022 and 2021, would have increased (decreased) the net profit after tax by \$1,099 thousand and \$167 thousand, respectively.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2022 and 2021, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(1,161) thousand and \$1,054 thousand, respectively.

(iv) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.5%, the Company's net income would have increased / decreased by \$9,039 thousand and \$8,100 thousand for the year ended December 31, 2022 and 2021, respectively with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

|                                                                             |                     | December 31, 2022 |          |               |               |
|-----------------------------------------------------------------------------|---------------------|-------------------|----------|---------------|---------------|
|                                                                             |                     | Fair Value        |          |               |               |
|                                                                             | Book Value          | Level 1           | Level 2  | Level 3       | Total         |
| <b>Financial assets at fair value through other comprehensive income</b>    |                     |                   |          |               |               |
| Stocks unlisted companies                                                   | \$ 36,100           | -                 | -        | 36,100        | 36,100        |
| <b>Financial assets measured at amortized cost</b>                          |                     |                   |          |               |               |
| Cash and cash equivalents                                                   | \$ 139,821          | -                 | -        | -             | -             |
| Notes and trade receivables<br>(including related parties)                  | 697,112             | -                 | -        | -             | -             |
| Other receivables (including related parties)                               | 6,797               | -                 | -        | -             | -             |
| Other financial assets-current                                              | 200                 | -                 | -        | -             | -             |
|                                                                             | 843,930             | -                 | -        | -             | -             |
|                                                                             | <u>\$ 880,030</u>   | <u>-</u>          | <u>-</u> | <u>36,100</u> | <u>36,100</u> |
| <b>Financial liabilities at amortized cost</b>                              |                     |                   |          |               |               |
| Short-term borrowings                                                       | \$ 352,027          | -                 | -        | -             | -             |
| Notes and trade payables, and other payables<br>(including related parties) | 608,924             | -                 | -        | -             | -             |
| Payable on machine and equipment                                            | 21,935              | -                 | -        | -             | -             |
| Lease liabilities (Current and Non-current)                                 | 3,444               | -                 | -        | -             | -             |
| Long-term borrowings, including current portion                             | 1,907,723           | -                 | -        | -             | -             |
|                                                                             | <u>\$ 2,894,053</u> | <u>-</u>          | <u>-</u> | <u>-</u>      | <u>-</u>      |
|                                                                             |                     | December 31, 2021 |          |               |               |
|                                                                             |                     | Fair Value        |          |               |               |
|                                                                             | Book Value          | Level 1           | Level 2  | Level 3       | Total         |
| <b>Financial assets at fair value through other comprehensive income</b>    |                     |                   |          |               |               |
| Stocks unlisted companies                                                   | \$ 36,100           | -                 | -        | 36,100        | 36,100        |
| <b>Financial assets measured at amortized cost</b>                          |                     |                   |          |               |               |
| Cash and cash equivalents                                                   | \$ 142,263          | -                 | -        | -             | -             |
| Notes and trade receivables<br>(including related parties)                  | 423,385             | -                 | -        | -             | -             |
| Other receivables (including related parties)                               | 4,614               | -                 | -        | -             | -             |
| Other financial assets-current                                              | 200                 | -                 | -        | -             | -             |
|                                                                             | 570,462             | -                 | -        | -             | -             |
|                                                                             | <u>\$ 606,562</u>   | <u>-</u>          | <u>-</u> | <u>36,100</u> | <u>36,100</u> |
| <b>Financial liabilities at amortized</b>                                   |                     |                   |          |               |               |
| Short-term borrowings                                                       | \$ 507,778          | -                 | -        | -             | -             |
| Notes and trade payables, and other payables<br>(including related parties) | 430,039             | -                 | -        | -             | -             |
| Payable on machine and equipment                                            | 13,152              | -                 | -        | -             | -             |
| Lease liabilities (Current and Non-current)                                 | 1,591               | -                 | -        | -             | -             |
| Long-term borrowings, including current portion                             | 1,517,291           | -                 | -        | -             | -             |
|                                                                             | <u>\$ 2,469,851</u> | <u>-</u>          | <u>-</u> | <u>-</u>      | <u>-</u>      |

(Continued)



**BIONIME CORPORATION**  
**Notes to the Financial Statements**

2) Valuation techniques for financial instruments not measured at fair value :

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

If there is quoted price generated by transactions for financial liabilities measured at amortized cost, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Transfers between Level 1 and Level 2

There were no transfers from one level to another level in 2022 and 2021.

4) Reconciliation of Level 3 fair values

|                                                              | <b>Fair value through other<br/>comprehensive income</b> |
|--------------------------------------------------------------|----------------------------------------------------------|
|                                                              | <b>Unquoted equity instruments</b>                       |
| Opening balance, January 1, 2022<br>(i.e. December 31, 2022) | \$ <u><u>36,100</u></u>                                  |
| Opening balance, January 1, 2021<br>(i.e. December 31, 2021) | \$ <u><u>36,100</u></u>                                  |

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

Quantified information of significant unobservable inputs was as follows:

| <b>Item</b>                                                                                                     | <b>Valuation<br/>technique</b> | <b>Significant<br/>unobservable inputs</b>                                                                                                                                               | <b>Inter-relationship<br/>between significant<br/>unobservable inputs<br/>and fair value<br/>measurement</b>                                                                                         |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial assets at fair value through other comprehensive income — equity investments without an active market | Discounted Cash Flow Method    | <ul style="list-style-type: none"> <li>Forecast annual revenue growth rate ( December 31, 2022 ; 20%~40% )</li> <li>Weight average capital cost ( December 31, 2022 ; 9.33% )</li> </ul> | <ul style="list-style-type: none"> <li>the annual revenue growth rate was higher, the fair value was higher</li> <li>the weight average capital cost was higher, the fair value was lower</li> </ul> |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(x) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Company's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulates the use of derivative financial instruments in accordance with the Company's policy on risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Company continue to review the amount of the risk exposure in accordance with the Company's policies and the risk management's policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Company's receivables from customers and investments in debt securities.

1) Trade and other receivables

The Company established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Company will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Company continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the Risk Management Committee.

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## BIONIME CORPORATION

### Notes to the Financial Statements

The Company did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

#### 2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

#### 3) Guarantee

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries. At December 31, 2022, no guarantees were outstanding (2021: none).

#### (iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2022 and 2021, the Company's unused credit lines were amounted to \$655,176 thousand and \$1,283,972 thousand, respectively.

#### (v) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affects the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Committee.

##### 1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily New Taiwan Dollars (NTD) 、EUR and US Dollars (USD) and Chinese Yuan (CNY). The currencies used in these transactions are NTD, EUR, US Dollars (USD), and CNY.

##### 2) Interest rate risk

The borrowing rate of the Company is agreed in accordance with the contract, and financing decisions are all approved by the Board of Directors.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

3) Other market price risk

The Company is not exposed to equity price risk from its investments in equity securities.

(y) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2022, the Company's capital management strategy is consistent with the prior year as of December 31, 2021, and the gearing ratio is maintained within 30% to 75% to ensure financing at reasonable cost. The Company's debt-to-equity ratio at the end of the reporting period was as follows:

|                                     | <b>December 31, 2022</b>   | <b>December 31, 2021</b> |
|-------------------------------------|----------------------------|--------------------------|
| Total liabilities                   | \$ 2,912,866               | 2,483,135                |
| Less: cash and cash equivalents     | 139,821                    | 142,263                  |
| Net debt                            | <u><b>\$ 2,773,045</b></u> | <u><b>2,340,872</b></u>  |
| Total equity                        | <u><b>\$ 2,072,425</b></u> | <u><b>2,069,349</b></u>  |
| Total capital                       | <u><b>\$ 4,845,470</b></u> | <u><b>4,410,221</b></u>  |
| Debt-to-equity ratio at 31 December | <u><b>57.23%</b></u>       | <u><b>53.08%</b></u>     |

(z) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021, were as follows:

- (i) For right-of-assets under leases, please refer to note 6(n).

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(ii) Reconciliation of liabilities arising from financing activities were as follows:

|                                             | <u>January<br/>1,2022</u> | <u>Cash<br/>flows</u> | <u>Non-cash changes</u> |                                          |                              |                                                    | <u>December<br/>31,2021</u> |
|---------------------------------------------|---------------------------|-----------------------|-------------------------|------------------------------------------|------------------------------|----------------------------------------------------|-----------------------------|
|                                             |                           |                       | <u>Additions</u>        | <u>Foreign<br/>exchange<br/>movement</u> | <u>Release<br/>the lease</u> | <u>(Profit) loss<br/>of lease<br/>modification</u> |                             |
| Long-term borrowings                        | \$ 1,517,291              | 390,432               | -                       | -                                        | -                            | -                                                  | 1,907,723                   |
| Short-term borrowings                       | 507,778                   | (158,688)             | -                       | 2,937                                    | -                            | -                                                  | 352,027                     |
| Lease liabilities (current and non-current) | 1,591                     | (1,390)               | 3,243                   | -                                        | -                            | -                                                  | 3,444                       |
| Total liabilities from financing activities | <u>\$ 2,026,660</u>       | <u>230,354</u>        | <u>3,243</u>            | <u>2,937</u>                             | <u>-</u>                     | <u>-</u>                                           | <u>2,263,194</u>            |

|                                             | <u>January<br/>1,2021</u> | <u>Cash<br/>flows</u> | <u>Non-cash changes</u> |                                          |                              |                                                    | <u>December<br/>31,2020</u> |
|---------------------------------------------|---------------------------|-----------------------|-------------------------|------------------------------------------|------------------------------|----------------------------------------------------|-----------------------------|
|                                             |                           |                       | <u>Additions</u>        | <u>Foreign<br/>exchange<br/>movement</u> | <u>Release<br/>the lease</u> | <u>(Profit) loss<br/>of lease<br/>modification</u> |                             |
| Long-term borrowings                        | \$ 1,472,125              | 45,166                | -                       | -                                        | -                            | -                                                  | 1,517,291                   |
| Short-term borrowings                       | 483,349                   | 23,968                | -                       | 461                                      | -                            | -                                                  | 507,778                     |
| Lease liabilities (current and non-current) | 2,623                     | (1,363)               | 470                     | -                                        | (145)                        | 6                                                  | 1,591                       |
| Total liabilities from financing activities | <u>\$ 1,958,097</u>       | <u>67,771</u>         | <u>470</u>              | <u>461</u>                               | <u>(145)</u>                 | <u>6</u>                                           | <u>2,026,660</u>            |

**(7) Related-party transactions**

(a) Names and relationship with related parties

The followings are entities that have had transactions with a related party during the periods covered in the financial statements.

| <u>Name of related Party</u>                                  | <u>Relationship with the Company</u>                            |
|---------------------------------------------------------------|-----------------------------------------------------------------|
| Bionime Incorporated (B.V.I)                                  | Subsidiary of the Company                                       |
| Bionime GmbH                                                  | Subsidiary of the Company                                       |
| Bionime USA Corporation                                       | Subsidiary of the Company                                       |
| Bionime Australia Pty Limited                                 | Subsidiary of the Company                                       |
| Bionime (Malaysia) Sdn Bhd                                    | Subsidiary of the Company                                       |
| Bionime (Shenzhen) Limited Company (Bionime Shenzhen)         | Subsidiary of the Company                                       |
| Bionime (Pingtan) Limited Company (Bionime Pingtan)           | Subsidiary of the Company                                       |
| Tonghua Dongbao Pharmaceutical Co., Ltd.<br>(Tonghua Dongbao) | Director of the Company                                         |
| Shanghai Juyi Network Technology Co., Ltd. (Juyi)             | Entity which is joint controlled by<br>key management personnel |
| HUANG, CHUN-MU                                                | Key management personnel                                        |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to its related party were as follows:

|                       | <b>2022</b>       | <b>2021</b>    |
|-----------------------|-------------------|----------------|
| Subsidiary            | \$ 284,297        | 266,406        |
| Other related parties | 24,248            | 46,461         |
|                       | <b>\$ 308,545</b> | <b>312,867</b> |

The price given to the related-parties is not comparable to other non-related products due to their product characteristics. The general customer's collection term is about 45 to 120 days, or advance sales receipts, and the collection term for Bionime Incorporated (B.V.I), Bionime GmbH, Bionime USA Corporation, Bionime Australia Pty Limited, Bionime (Malaysia) Sdn Bhd, Bionime (Pingtan) Limited Company and Bionime (Shenzhen) Limited Company were approximately 90 days, 60 days, 120 days, 120 days, 100 days, 90 days and 90 days, respectively, the other related parties of the Company of the collection conditions is advance sales receipts or 45 days from the end of the month of when the invoice is issued.

(ii) Purchases

The amounts of purchases by the Company from related parties were as follows:

|            | <b>2022</b> | <b>2021</b> |
|------------|-------------|-------------|
| Subsidiary | \$ 395      | 1,440       |

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms were 90 days.

(iii) Receivables from related parties

The receivables from related parties were as follows:

| <u>Account</u>    | <u>Relationship</u>   | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-------------------|-----------------------|--------------------------|--------------------------|
| Trade receivables | Subsidiary            | \$ 50,319                | 70,622                   |
| Trade receivables | Other related parties | 4,153                    | -                        |
| Other receivables | Subsidiary            | 135                      | -                        |
|                   |                       | <b>\$ 54,607</b>         | <b>70,622</b>            |

(iv) Payables to related parties

| <u>Account</u> | <u>Relationship</u>   | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------|-----------------------|--------------------------|--------------------------|
| Other payables | Subsidiary:           |                          |                          |
|                | Bionime GmbH          | \$ 22,987                | 19,967                   |
|                | Bionime Pingtan       | 16,517                   | 1,677                    |
|                | Other related parties | 444                      | 3,399                    |
|                |                       | <b>\$ 39,948</b>         | <b>25,043</b>            |

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

- (v) Others (account for other current liabilities)

The others to related parties were as follows:

| <u>Account</u>     | <u>Relationship</u> | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------------|---------------------|--------------------------|--------------------------|
| Temporary receipts | Subsidiary          | \$ <u>209</u>            | <u>209</u>               |

- (vi) Other related parties

- 1) The service fees paid by the Company were as follows

|                       | <u>2022</u>      | <u>2021</u>   |
|-----------------------|------------------|---------------|
| Bionime GmbH          | \$ 21,872        | 20,007        |
| Other related parties | -                | 5,124         |
|                       | \$ <u>21,872</u> | <u>25,131</u> |

- 2) The company sold equipment to subsidiaries in 2015, and disposed of the price and disposal benefits were \$2,078 thousand and \$1,455 thousand respectively, and deferred recognition of unrealized disposal benefits were \$1,455 thousand. In 2022 and 2021, the amortization of assets based on the useful life of the assets was recognized as the realized gain of assets for sale was \$179 thousand. For more details information on Property, plant and equipment, please refer to Note 6 (g).
- 3) The sales expenses were \$29,167 thousand and \$12,990 thousand in 2022 and 2021 respectively, which caused by signing technical service contract with subsidiary of the Company-Bionime Shenzhen was under selling expenses.
- 4) The sales expense was \$15,113 thousand in 2022, which caused by signing technical service contract with subsidiary of the Company-Bionime Pingtan was under selling expenses.
- 5) The company entered into a patent license agreement with the key management. The agreement is from June 30, 2004, to April 17, 2023, and entitles the Company to use U.S. patent No. 10/354684 and No. 10/462904 without any charges.

- (c) Key management personnel compensation

Key management personnel compensation comprised:

|                                   | <u>2022</u>      | <u>2021</u>   |
|-----------------------------------|------------------|---------------|
| Short-term employee benefits      | \$ 17,206        | 9,300         |
| Post-employment benefits          | -                | -             |
| Termination benefits              | -                | -             |
| Other long-term employee benefits | -                | -             |
| Share-based payments              | 565              | 920           |
|                                   | \$ <u>17,771</u> | <u>10,220</u> |

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**BIONIME CORPORATION**  
**Notes to the Financial Statements**

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

| <b>Pledged assets</b>          | <b>Object</b>            | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|--------------------------------|--------------------------|--------------------------|--------------------------|
| Property, plant and equipment  | Guarantee for bank loans | \$ 2,103,416             | 2,124,495                |
| Other financial assets-current | Purchase deposit         | 200                      | 200                      |
|                                |                          | <b>\$ 2,103,616</b>      | <b>2,124,695</b>         |

**(9) Significant commitments and contingencies**

(a) Unrecognized contractual commitments are as follows:

|                                              | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|----------------------------------------------|--------------------------|--------------------------|
| Acquisition of property, plant and equipment | <b>\$ 21,515</b>         | <b>14,032</b>            |

(b) The Company had entered into a trademark license agreement with GE in February 2020, with contract period of 10 years, and a minimum royalty of USD 2,500 thousand, which had been fully prepaid at the end of March 2020. The royalty expenses will be recognized in the future years in accordance with the GE contract, and will be included in the prepayments and other non-current assets.

**(10) Losses Due to Major Disasters : None**

**(11) Subsequent Events : None**

**(12) Other**

(a) A summary of current-period employee benefits, depreciation, depletion, and amortization, by function, is as follows:

| <b>By function</b><br><b>By item</b> | <b>2022</b>            |                           |              | <b>2021</b>            |                           |              |
|--------------------------------------|------------------------|---------------------------|--------------|------------------------|---------------------------|--------------|
|                                      | <b>Operating Costs</b> | <b>Operating Expenses</b> | <b>Total</b> | <b>Operating Costs</b> | <b>Operating Expenses</b> | <b>Total</b> |
| Employee benefits                    |                        |                           |              |                        |                           |              |
| Salary                               | 345,476                | 202,762                   | 548,238      | 323,019                | 216,080                   | 539,099      |
| Labor and health insurance           | 34,234                 | 17,880                    | 52,114       | 32,986                 | 16,927                    | 49,913       |
| Pension                              | 13,399                 | 8,254                     | 21,653       | 12,973                 | 8,099                     | 21,072       |
| Remuneration of directors            | -                      | 4,951                     | 4,951        | -                      | 3,751                     | 3,751        |
| Others                               | 18,831                 | 12,945                    | 31,776       | 18,940                 | 12,065                    | 31,005       |
| Depreciation                         | 104,994                | 31,353                    | 136,347      | 109,960                | 28,827                    | 138,787      |
| Amortization                         | 1,001                  | 10,035                    | 11,036       | 307                    | 10,398                    | 10,705       |

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**BIONIME CORPORATION**  
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The additional information of the numbers of employee and employee benefits in 2022 and 2021 were as follows:

|                                                       | <u><b>December 31, 2022</b></u> | <u><b>December 31, 2021</b></u> |
|-------------------------------------------------------|---------------------------------|---------------------------------|
| The number of employees                               | <u><b>1,006</b></u>             | <u><b>998</b></u>               |
| Directors were not serving as employees               | <u><b>8</b></u>                 | <u><b>6</b></u>                 |
| Average of employee benefits                          | <u><b>\$ 655</b></u>            | <u><b>647</b></u>               |
| Average of employee salary expenses                   | <u><b>\$ 550</b></u>            | <u><b>544</b></u>               |
| Adjustment of the average of employee salary expenses | <u><b>1.29%</b></u>             | <u><b>7.72%</b></u>             |
| Remuneration of supervisors                           | <u><b>\$ 883</b></u>            | <u><b>1,609</b></u>             |

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) are as follows:

- (i) Ensure that the Company's salary and remuneration arrangements comply with the relevant laws and regulations and are sufficient to attract the best talent.
- (ii) The performance evaluation and salary of directors, supervisors and managers shall be based on the competitors of the same industry standard, taking into account the results of the individual's performance evaluation, the time dedicated to the Company, the responsibilities undertaken, the achievement of personal goals, the performance of other positions, the salary and remuneration of the same peer salary level in recent year, the reasonableness of the connection between individual performance and the Company's operating performance and future risks as assessed by the achievement of the Company's short term and long term business objectives and the Company's financial position.
- (iii) Directors and managers should not be induced to engage in conduct that exceeds the Company's risk appetite in pursuit of the salary and remuneration.
- (iv) The percentage of remuneration for short term performance of directors and senior managers, and the timing of payment of some variable salary and remuneration, shall be determined by considering the characteristics of the industry and the nature of the Company's business.
- (v) The content and amount of remuneration to directors, supervisors and managers should be reasonable, and the determination of remuneration to directors, supervisors and managers should not be materially different from that of the financial performance.

If there is a significant decline in profits or a long term loss, the salary should not be higher than the previous year. Otherwise, an explanation of reasonableness should be disclosed in the annual report and reported in the shareholders' meeting.

- (vi) The remuneration to employees is based on their academic qualifications and duties in accordance with the standards of the Company's employee salary grade and additional pay statement of the job title.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

- (b) The explanation of current asset less than current liability on December 31, 2021 were as follows:

As of December 31, 2021, current assets were less than current liabilities mainly because of the Company's short-term and long-term bank loans due within one year. If the liabilities of bank loans are excluded, the current assets are still greater than the current payables, and the review of bank loans is based on the information from the consolidated financial statements as a reference for whether to approve loans or not.

The Company's cash flow in the coming year, taking into account the amount of bank loans and the extension of bank loans, the Company estimates that the short-term capital income in the coming year will be sufficient to meet the operating expenses.

**(13) Other disclosures**

- (a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

| Name of holder | Category and name of security  | Relationship with company | Account title                                                                                    | Ending balance           |                |                             |            | Highest balance during the year |                             | Note |
|----------------|--------------------------------|---------------------------|--------------------------------------------------------------------------------------------------|--------------------------|----------------|-----------------------------|------------|---------------------------------|-----------------------------|------|
|                |                                |                           |                                                                                                  | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value | Shares/Units (thousands)        | Percentage of ownership (%) |      |
| The company    | Ordinary-Bonraybio Corporation | None                      | Financial assets measured at fair value through other comprehensive gains and losses-non-current | 960                      | 36,100         | 5.62%                       | 36,100     | 960                             | 5.79%                       |      |

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Related party                     | Nature of relationship | Transaction details |           |                                     |                                                                  | Transactions with terms different from others |                                                                  | Notes/Accounts receivable (payable) |                                                         | Note |
|-----------------|-----------------------------------|------------------------|---------------------|-----------|-------------------------------------|------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------|------|
|                 |                                   |                        | Purchase/Sale       | Amount    | Percentage of total purchases/sales | Payment terms                                                    | Unit price                                    | Payment terms                                                    | Ending balance                      | Percentage of total notes/accounts receivable (payable) |      |
| The Company     | Bionime (Pingtan) Limited Company | Subsidiary of B.V.I    | Sale                | (206,375) | (9.96)%                             | net 90 days from the end of the month of when the invoice issued | No comparison                                 | net 90 days from the end of the month of when the invoice issued | 40,315                              | 5.78%                                                   |      |

- (viii) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of the capital stock: None

- (ix) Trading in derivative instruments: None

- (b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

| Name of investor | Name of investee              | Location               | Main businesses and products | Original investment amount |                   | Balance as of December 31, 2022 |                         |                | Net income (losses) of investee | Share of profits/losses of investee | Note  |
|------------------|-------------------------------|------------------------|------------------------------|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|-------|
|                  |                               |                        |                              | December 31, 2022          | December 31, 2021 | Shares (thousands)              | Percentage of ownership | Carrying value |                                 |                                     |       |
| The company      | Bionime GmbH                  | Switzerland            | Merchandise trading          | CHF300                     | CHF300            | Note1                           | 100 %                   | 24,276         | 940                             | 940                                 | Note4 |
| The company      | Bionime Incorporated (B.V.I)  | British Virgin Islands | Investing and holding        | USD3,090                   | USD3,090          | 3.09                            | 100 %                   | 89,371         | 5,506                           | 5,506                               | Note4 |
| The company      | Bionime USA Corporation       | America                | Merchandise trading          | USD11,150                  | USD11,150         | 1,115                           | 100 %                   | 94,060         | 4,929                           | 4,929                               | Note4 |
| The company      | Bionime Australia Pty Limited | Australia              | Merchandise trading          | AUD350                     | AUD350            | Note2                           | 100 %                   | (98)           | (46)                            | (46)                                | Note4 |
| The company      | Bionime (Malaysia) Sdn.Bhd    | Malaysia               | Merchandise trading          | MYR1,046                   | MYR1,046          | Note3                           | 65.09%                  | 13,857         | 2,408                           | 1,614                               | Note4 |

Note1: A company was established in Switzerland.

Note2: A company was established in Australia.

Note3: A company was established in Malaysia.

Note4: The transactions mentioned above have been eliminated upon consolidation.

(Continued)

**BIONIME CORPORATION**  
**Notes to the Financial Statements**

(c) Information on investment in mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

| Name of investee                   | Main businesses and products          | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2021 | Investment flows |        | Accumulated outflow of investment from Taiwan as of December 31, 2022 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) | Book value | Accumulated remittance of earnings in current period |
|------------------------------------|---------------------------------------|---------------------------------|----------------------|---------------------------------------------------------------------|------------------|--------|-----------------------------------------------------------------------|-------------------------------------|-------------------------|----------------------------|------------|------------------------------------------------------|
|                                    |                                       |                                 |                      |                                                                     | Outflow          | Inflow |                                                                       |                                     |                         |                            |            |                                                      |
| Bionime (Shenzhen) Limited Company | Merchandise trading                   | USD2,300                        | Note 1               | USD850                                                              | -                | -      | USD850                                                                | 5,452 (Note3)                       | 100%                    | 5,452                      | 92,306     | USD2,087 (NTD63,084)                                 |
| Bionime (Pingtan) Limited Company  | Merchandise trading and manufacturing | RMB\$20,000                     | Note 2               | -                                                                   | -                | -      | -                                                                     | 6,240 (Note3)                       | 100%                    | 6,240                      | 93,836     | -                                                    |

- (ii) Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of December 31, 2022 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|------------------------------------------------------------------|--------------------------------------------------------------|---------------------------|
| USD850<br>(NTD 27,520)                                           | USD 2,300<br>(NTD70,863)                                     | NTD1,243,455              |

Note 1: The investment method is to establish a company to invest in mainland companies through investment in the third region.

Note 2: Which is invested by Shenzhen subsidiary.

Note 3: Amount was recognized base on the audited financial statement.

- (iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidation financial statements, are disclosed in the "Information on significant transactions" and "Business relationship and major transactions between parent company and subsidiary company".

(d) Major shareholders

| Shareholder's Name                       | Shareholding | Shares     | Percentage |
|------------------------------------------|--------------|------------|------------|
| Tonghua Dongbao Pharmaceutical Co., Ltd. |              | 12,000,000 | 19.75 %    |
| Hua Eng Wire And Cable Co., Ltd.         |              | 7,485,900  | 12.32 %    |

**(14) Disclosures required for securities firm investing in countries or regions without securities authority:**

Please refer to 2022 consolidated financial report.

(Continued)

**BIONIME CORPORATION**  
**Statement of Cash and Cash Equivalents**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>  | <u>Description</u>          | <u>Foreign currency</u> | <u>Exchange rate</u> | <u>Amount</u>            |
|--------------|-----------------------------|-------------------------|----------------------|--------------------------|
| Cash         | Petty cash and cash on hand |                         |                      | \$ 635                   |
| Cash in bank | Demand deposits             |                         |                      | 88,364                   |
|              | Foreign currencies — USD    | 1,171,251.06            | 30.74                |                          |
|              | Foreign currencies — EUR    | 276,454.47              | 32.76                |                          |
|              | Foreign currencies — CHF    | 3,651.23                | 33.29                |                          |
|              | Foreign currencies — AUD    | 255,799.87              | 20.81                |                          |
|              | Foreign currencies — JPY    | 145                     | 0.23                 |                          |
|              | Foreign currencies — CNY    | 59,570.44               | 4.41                 |                          |
|              | Foreign currencies — SGD    | 2,385.13                | 22.85                | <u>50,822</u>            |
|              |                             |                         |                      | <u><b>\$ 139,821</b></u> |

**BIONIME CORPORATION**  
**Statement of Notes and Trade Receivables**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Client name</u>                       | <u>Description</u> | <u>Amount</u>            |
|------------------------------------------|--------------------|--------------------------|
| Notes receivables — Non-Related Parties  |                    |                          |
| TWGT54                                   | Operating          | \$ 4,380                 |
| TWGT31                                   | Operating          | 1,045                    |
| TWKG23A                                  | Operating          | 920                      |
| TWKG14                                   | Operating          | 556                      |
| Others (Note2)                           | Operating          | <u>4,102</u>             |
|                                          |                    | <u>11,003</u>            |
| Trade receivables — Related Parties      |                    |                          |
| Bionime (Pingtan) Limited Company        | Operating          | 40,314                   |
| Bionime (Malaysia) Sdn Bhd.              | Operating          | 5,629                    |
| Bionime USA Corporation                  | Operating          | 4,376                    |
| Tonghua Dongbao Pharmaceutical Co., Ltd. | Operating          | <u>4,153</u>             |
|                                          |                    | <u>54,472</u>            |
| Trade receivables — Non-Related Parties  |                    |                          |
| AFDZ01                                   | Operating          | 389,949                  |
| AFMA01                                   | Operating          | 56,452                   |
| Others (Note2)                           | Operating          | <u>221,855</u>           |
|                                          |                    | 668,256                  |
| Less : Loss allowance                    |                    | <u>(36,619)</u>          |
|                                          |                    | <u>631,637</u>           |
|                                          |                    | <u><u>\$ 697,112</u></u> |

Note1 : Due to contract agreement, revealed by code.

Note2 : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

**BIONIME CORPORATION****Statement of Other Receivables****December 31, 2022****(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>       | <u>Description</u>     | <u>Amount</u>          |
|-------------------|------------------------|------------------------|
| Other Receivables | Other Receivables      | \$ 2,203               |
|                   | Tax Refund Receivables | <u>4,459</u>           |
|                   |                        | <u><u>\$ 6,662</u></u> |

**Statement of Inventories**

| <u>Item</u>           | <u>Amount</u>            |                             | <u>Note</u>               |
|-----------------------|--------------------------|-----------------------------|---------------------------|
|                       | <u>Cost</u>              | <u>Net realizable value</u> |                           |
| Finished goods        | \$ 77,832                | 137,506                     | Price by realizable value |
| Work in process       | 310,795                  | 416,024                     | Price by realizable value |
| Materials             | <u>130,072</u>           | <u>128,229</u>              | Price by realizable value |
|                       | 518,699                  | <u><u>681,759</u></u>       |                           |
| Less : Loss allowance | <u>(40,378)</u>          |                             |                           |
|                       | <u><u>\$ 478,321</u></u> |                             |                           |

**BIONIME CORPORATION**  
**Statement of Prepayments and other current assets**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>                 | <u>Description</u>       | <u>Amount</u>            |
|-----------------------------|--------------------------|--------------------------|
| Prepayments to purchases    | Prepayments to Suppliers | \$ 87,255                |
| Other prepayments — current | Prepaid royalty          | 7,550                    |
|                             | Others                   | <u>5,580</u>             |
|                             |                          | <u>100,385</u>           |
| Other current assets        | Overpaid sales tax       | 7,055                    |
|                             | Temporary payments       | 4,063                    |
|                             | Others (Note)            | <u>3,074</u>             |
|                             |                          | <u>14,192</u>            |
|                             |                          | <u><b>\$ 114,577</b></u> |

Note : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.



**BIONIME CORPORATION**

**Statement of changes in investments accounted for using the equity method**

**For the year ended December 31, 2022**

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

| Name of investee              | Beginning Balance |                   | Addition |          | Decrease |             | Investment gains and losses recognized by the equity method | Translation adjustment | Others (Note) | Ending Balance (with foreign currency translation adjustment) |                         |                | Collateral |
|-------------------------------|-------------------|-------------------|----------|----------|----------|-------------|-------------------------------------------------------------|------------------------|---------------|---------------------------------------------------------------|-------------------------|----------------|------------|
|                               | Shares            | Amount            | Shares   | Amount   | Shares   | Amount      |                                                             |                        |               | Shares                                                        | Percentage of ownership | Amount         |            |
| Bionime GmbH                  | -                 | \$ 21,087         | -        | -        | -        | -           | 989                                                         | 2,200                  | -             | -                                                             | 100                     | 24,276         | None       |
| Bionime Incorporated(B.V.I)   | 3.09              | 80,618            | -        | -        | -        | -           | 5,506                                                       | 3,016                  | 231           | 3.09                                                          | 100                     | 89,371         | "          |
| Bionime USA Corporation       | 1,115             | 80,479            | -        | -        | -        | -           | 4,929                                                       | 8,993                  | (341)         | 1,115                                                         | 100                     | 94,060         | "          |
| Bionime Australia Pty Limited | -                 | (49)              | -        | -        | -        | -           | (46)                                                        | (3)                    | -             | -                                                             | 100                     | (98)           | "          |
| Bionime (Malaysia) Sdn Bhd    | -                 | 11,460            | -        | -        | -        | (81)        | 1,614                                                       | 493                    | 371           | -                                                             | 65.09                   | 13,857         | "          |
|                               |                   | <u>\$ 193,595</u> |          | <u>-</u> |          | <u>(81)</u> | <u>12,992</u>                                               | <u>14,699</u>          | <u>261</u>    |                                                               |                         | <u>221,466</u> |            |

Note : Unrealized Sales income changes.

**BIONIME CORPORATION**  
**Statement of Changes in Property, Plant and Equipment**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <b>Item</b>                       | <b>Beginning<br/>Balance</b> | <b>Addition</b>        | <b>Decrease</b>       | <b>Reclassification<br/>(Note)</b> | <b>Ending<br/>Balance</b> | <b>Collateral</b>      |
|-----------------------------------|------------------------------|------------------------|-----------------------|------------------------------------|---------------------------|------------------------|
| <b>Cost :</b>                     |                              |                        |                       |                                    |                           |                        |
| Land                              | \$ 1,420,840                 | -                      | -                     | -                                  | 1,420,840                 | Please refer to Note 8 |
| Building and structures           | 873,383                      | 2,268                  | -                     | -                                  | 875,651                   | "                      |
| Machinery equipment               | 798,056                      | 38,718                 | 11,687                | 19,217                             | 844,304                   | -                      |
| Molding equipment                 | 164,860                      | 5,508                  | 26,637                | 5,179                              | 148,910                   | -                      |
| Transportation equipment          | 1,588                        | -                      | -                     | -                                  | 1,588                     | -                      |
| Leasehold Improvements            | 17,066                       | 781                    | -                     | -                                  | 17,847                    | -                      |
| Office and other equipment        | <u>520,152</u>               | <u>5,878</u>           | <u>3,522</u>          | <u>1,949</u>                       | <u>524,457</u>            | -                      |
|                                   | <u>3,795,945</u>             | <u>53,153</u>          | <u>(41,846)</u>       | <u>26,345</u>                      | <u>3,833,597</u>          |                        |
| <b>Accumulated Depreciation :</b> |                              |                        |                       |                                    |                           |                        |
| Building and structures           | 169,728                      | 23,347                 | -                     | -                                  | 193,075                   |                        |
| Machinery equipment               | 608,448                      | 66,607                 | 3,029                 | -                                  | 672,026                   |                        |
| Molding equipment                 | 151,923                      | 9,230                  | 26,637                | -                                  | 134,516                   |                        |
| Transportation equipment          | 1,420                        | 144                    | -                     | -                                  | 1,564                     |                        |
| Leasehold Improvements            | 16,980                       | 110                    | -                     | -                                  | 17,090                    |                        |
| Office and other equipment        | <u>320,773</u>               | <u>35,519</u>          | <u>3,522</u>          | <u>-</u>                           | <u>352,770</u>            |                        |
|                                   | <u>1,269,272</u>             | <u>134,957</u>         | <u>(33,188)</u>       | <u>-</u>                           | <u>1,371,041</u>          |                        |
|                                   | <u><b>\$ 2,526,673</b></u>   | <u><b>(81,804)</b></u> | <u><b>(8,658)</b></u> | <u><b>26,345</b></u>               | <u><b>2,462,556</b></u>   |                        |

Note : Prepayment for equipment and Inventory reclassification for \$24,396 thousand and \$1,949 thousand, respectively.

**BIONIME CORPORATION**  
**Statement of Refundable Deposit**  
**December 31, 2022**

(Expressed in thousands of New Taiwan Dollars)

| <u>Item</u>        | <u>Description</u> | <u>Amount</u>          |
|--------------------|--------------------|------------------------|
| Refundable Deposit | Rental deposit     | \$ <u><u>2,864</u></u> |

**Statement of changes in Intangibles Assets**

**For the year ended December 31, 2022**

(Expressed in thousands of New Taiwan Dollars)

| <u>Item</u>       | <u>Beginning<br/>Balance</u> | <u>Addition</u>     | <u>Reclassification</u> | <u>Internal<br/>Development</u> | <u>Amortization</u>    | <u>Ending<br/>Balance</u> |
|-------------------|------------------------------|---------------------|-------------------------|---------------------------------|------------------------|---------------------------|
| Computer software | \$ 14,250                    | 9,917               | 552                     | -                               | 11,036                 | 13,683                    |
| Development cost  | <u>327,708</u>               | <u>-</u>            | <u>-</u>                | <u>165,329</u>                  | <u>-</u>               | <u>493,037</u>            |
|                   | <u><u>\$ 341,958</u></u>     | <u><u>9,917</u></u> | <u><u>552</u></u>       | <u><u>165,329</u></u>           | <u><u>(11,036)</u></u> | <u><u>506,720</u></u>     |

**BIONIME CORPORATION**  
**Statement of short-term borrowings**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Creditors</u> | <u>Description</u> | <u>Ending<br/>Balance</u> | <u>Contract<br/>Period</u> | <u>Range of interest rate</u> | <u>Bank of<br/>Credit Line</u> | <u>Collateral</u>                |
|------------------|--------------------|---------------------------|----------------------------|-------------------------------|--------------------------------|----------------------------------|
| Bank A           | Unsecured loan     | \$ 123,224                | Less one year              | 5.1218%~5.3535%               | 250,000                        | None                             |
| Bank B           | Pledge loan        | 122,628                   | "                          | 1.6469%~5.7703%               | 203,503                        | Land, Building<br>and Structures |
| Bank C           | Unsecured loan     | 55,146                    | "                          | 2.8703%~3.0410%               | 92,220                         | None                             |
| Bank D           | "                  | <u>51,029</u>             | "                          | 4.4186%                       | 200,000                        | "                                |
|                  |                    | <u><b>\$ 352,027</b></u>  |                            |                               |                                |                                  |

**Statement of Notes and Trade Payables**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Vendor Name</u>                           | <u>Description</u> | <u>Amount</u>            |
|----------------------------------------------|--------------------|--------------------------|
| <b>Notes Payables -Non-Related Parties :</b> |                    |                          |
| A Company                                    | Operating          | \$ 869                   |
| B Company                                    | "                  | <u>56</u>                |
|                                              |                    | <u>925</u>               |
| <b>Trade Payables-Non-Related Parties :</b>  |                    |                          |
| C Company                                    | Operating          | \$ 18,112                |
| D Company                                    | "                  | 14,604                   |
| E Company                                    | "                  | 13,198                   |
| F Company                                    | "                  | 9,863                    |
| Others (Note)                                | "                  | <u>120,174</u>           |
|                                              |                    | <u>175,951</u>           |
|                                              |                    | <u><b>\$ 176,876</b></u> |

Note : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

**BIONIME CORPORATION**  
**Statement of Other Payables and Other Current Liabilities**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>               | <u>Description</u>        | <u>Amount</u>            |
|---------------------------|---------------------------|--------------------------|
| Other payables            | Payback fees              | \$ 183,269               |
|                           | Salary and Wages Payables | 103,612                  |
|                           | Others (Note)             | <u>105,219</u>           |
|                           |                           | <u>392,100</u>           |
| Other current liabilities | Advance Sales Receipts    | 10,202                   |
|                           | Temporary receipts        | 1,332                    |
|                           | Others (Note)             | <u>488</u>               |
|                           |                           | <u>12,022</u>            |
|                           |                           | <b><u>\$ 404,122</u></b> |

Note : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.

**BIONIME CORPORATION**  
**Statement of Long-term Borrowings**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Creditors</u> | <u>Description</u> | <u>Loan amount</u>             |                               | <u>Contract Period</u> | <u>Range of interest rate</u> | <u>Collateral</u>              |
|------------------|--------------------|--------------------------------|-------------------------------|------------------------|-------------------------------|--------------------------------|
|                  |                    | <u>Expired within one year</u> | <u>More than one year due</u> |                        |                               |                                |
| Bank B           | Mortgage loan      | \$ 50,666                      | 342,000                       | 104.09.30~119.09.30    | 1.65%                         | Land, Buildings and Structures |
| Bank B           | "                  | 62,500                         | -                             | 107.12.12~112.12.12    | 1.52%                         | "                              |
| Bank B           | "                  | 65,625                         | -                             | 107.09.03~112.09.03    | 1.52%                         | "                              |
| Bank B           | "                  | 25,000                         | 37,500                        | 109.06.24~114.06.24    | 1.65%                         | "                              |
| Bank B           | "                  | 25,000                         | 37,500                        | 109.06.16~114.06.16    | 1.52%                         | "                              |
| Bank B           | "                  | 25,000                         | 39,583                        | 109.07.01~114.07.01    | 1.52%                         | "                              |
| Bank B           | "                  | 25,000                         | 39,583                        | 109.07.06~114.07.06    | 1.52%                         | "                              |
| Bank B           | "                  | 25,000                         | 41,667                        | 109.08.17~114.08.17    | 1.52%                         | "                              |
| Bank B           | "                  | 25,000                         | 60,417                        | 110.05.03~115.05.03    | 1.50%                         | "                              |
| Bank B           | "                  | 27,084                         | 60,416                        | 110.05.31~115.05.03    | 1.50%                         | "                              |
| Bank B           | "                  | 27,273                         | 65,909                        | 110.09.03~115.05.03    | 1.50%                         | "                              |
| Bank B           | "                  | 14,583                         | 85,417                        | 110.05.27~116.05.27    | 1.63%                         | "                              |
| Bank B           | "                  | 12,500                         | 87,500                        | 110.06.01~116.05.27    | 1.50%                         | "                              |
| Bank B           | "                  | 12,500                         | 87,500                        | 110.06.24~116.05.27    | 1.63%                         | "                              |
| Bank B           | "                  | -                              | 400,000                       | 111.12.28~116.12.28    | 1.63%                         | "                              |
| Bank E           | Unsecured loan     | -                              | 100,000                       | 110.10.25~113.05.17    | 1.74%                         | None                           |
|                  |                    | <u>\$ 422,731</u>              | <u>1,484,992</u>              |                        |                               |                                |

**Statement of Operating Revenue**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>                   | <u>Quantity</u> | <u>Unit</u>     | <u>Amount</u>       |
|-------------------------------|-----------------|-----------------|---------------------|
| Meter                         | 1,153           | thousand tables | \$ 249,425          |
| Strips                        | 510,888         | thousand pieces | 1,485,962           |
| Others                        |                 |                 | <u>346,572</u>      |
|                               |                 |                 | 2,081,959           |
| Sales Returns                 |                 |                 | (3,859)             |
| Sale Discounts and Allowances |                 |                 | <u>(6,353)</u>      |
| Net Operating Revenues        |                 |                 | <u>\$ 2,071,747</u> |

**BIONIME CORPORATION**  
**Statement of Operating Costs**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>                                          | <u>Amount</u>              |
|------------------------------------------------------|----------------------------|
| Raw materials beginning of year                      | \$ 150,846                 |
| Add : Raw materials purchased                        | 662,537                    |
| Gain on physical inventory                           | 145                        |
| Less : Raw materials end of year                     | 130,072                    |
| Raw materials sold and scrapped                      | 20,488                     |
| Other                                                | <u>6,879</u>               |
| Raw materials used                                   | 656,089                    |
| Direct labor                                         | 279,353                    |
| Manufacturing overhead                               | <u>363,185</u>             |
| Manufacturing costs                                  | 1,298,627                  |
| Add : Work in process beginning of year              | 322,996                    |
| Work in process purchased                            | 318                        |
| Less : Work in process end of year                   | 310,795                    |
| Work in process sold and scrapped                    | 112,621                    |
| Transfer expense and other                           | <u>117,940</u>             |
| Cost of finished goods                               | 1,080,585                  |
| Add : Finished goods beginning of year               | 84,908                     |
| Less : Finished goods end of year                    | 77,832                     |
| Finished goods scrapped                              | 1,512                      |
| Other                                                | <u>2,469</u>               |
| Cost of manufacturing goods sold                     | 1,083,680                  |
| Add : Sold raw materials and work in process cost    | 119,334                    |
| Inventory scrapped                                   | 15,286                     |
| Provisions for inventory valuation and obsolescence  | 12,370                     |
| Less : Gain on disposal of left over bits and pieces | 2,644                      |
| Gain on physical inventory                           | 145                        |
| Other                                                | <u>59,917</u>              |
| Operating cost                                       | <u><u>\$ 1,167,964</u></u> |

**BIONIME CORPORATION**  
**Statement of Operating Expenses**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>               | <u>Selling Expense</u>   | <u>Administration<br/>Expense</u> | <u>Research and<br/>Developed Expense</u> |
|---------------------------|--------------------------|-----------------------------------|-------------------------------------------|
| Salary                    | \$ 44,035                | 88,181                            | 76,380                                    |
| Professional service fees | 20,624                   | 4,993                             | 18,092                                    |
| Advertisement             | 143,668                  | 30                                | 1                                         |
| Depreciation              | 2,344                    | 22,193                            | 6,816                                     |
| Research Materials        | -                        | -                                 | 26,161                                    |
| Laboratory fees           | -                        | 3,082                             | 35,502                                    |
| Insurance fees            | 6,099                    | 12,188                            | 5,886                                     |
| Shipping fees             | 52,784                   | 220                               | 812                                       |
| Others (Note)             | <u>102,423</u>           | <u>65,979</u>                     | <u>32,327</u>                             |
|                           | <u><b>\$ 371,977</b></u> | <u><b>196,866</b></u>             | <u><b>201,977</b></u>                     |

Note : If the amount does not exceed 5 percent of the balance of the subject, it will not be listed separately.



**BIONIME CORPORATION**  
**Statement of Non-Operating income and expenses**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <b>Item</b>                                    | <b>Description</b>                                        | <b>Amount</b>           |
|------------------------------------------------|-----------------------------------------------------------|-------------------------|
| <b>Non-Operating Income</b>                    |                                                           |                         |
| Interest income                                | Interest income from bank deposits                        | \$ 316                  |
| Net of other income                            | Other income and expenses                                 | 2,648                   |
| Rent income                                    | Rent revenue                                              | 583                     |
| Investment income                              | Investment gains recognized by the equity method          | <u>12,992</u>           |
|                                                |                                                           | <b>\$ <u>16,539</u></b> |
| <b>Non-Operating Expenses</b>                  |                                                           |                         |
| Interest expenses                              | Interest expenses of loan                                 | \$ 30,460               |
| Net of foreign exchange                        | Net of foreign exchange                                   | 1,161                   |
| Loss of disposal and scrapping of fixed assets | Loss of disposal of fixed assets                          | 3,994                   |
| Loss on disposal investments                   | Loss on changes in the shareholding ratio of subsidiaries | <u>13</u>               |
|                                                |                                                           | <b>\$ <u>35,628</u></b> |