

Maywufa Company Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Maywufa Company Ltd.

Introduction

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

Scope of Review

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

Conclusion

Based on our reviews and the report of other auditors (refer to the other matter paragraph), nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of PhytoHealth Corporation, AmCad BioMed Corporation, and BROADSOUND CORPORATION accounted for using the equity method as of March 31, 2023 and 2022, but such statements were reviewed by other auditors. Our conclusion, insofar as it relates to the amounts of investments accounted for using the equity method and other comprehensive income included in the consolidated financial statements for these investees, is based solely on the reports of other auditors. According to the report of other auditors as of March 31, 2023 and 2022, the amounts of the investments accounted for using the equity method of Maywufa Group were NT\$503,975 thousand and NT\$518,681 thousand, respectively, both representing 19% of the consolidated total assets; the amounts of investments accounted for using the equity method - losses recognized of Maywufa Group for the three months ended March 31, 2023 and 2022 were NT\$2,876 thousand and NT\$5,687 thousand, respectively, representing (4%) and (9%) of the consolidated total profit before income tax, respectively.

The engagement partners on the reviews resulting in this independent auditors' review report are Chao-Mei Chen and Cheng-Chuan Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 10, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

| | March 31, 2023 (Reviewed) | | December 31, 2022 (Audited) | | March 31, 2022 (Reviewed) | |
|---|------------------------------|------------|--------------------------------|------------|------------------------------|------------|
| | Amount | % | Amount | % | Amount | % |
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Note 6) | \$ 183,492 | 7 | \$ 177,504 | 7 | \$ 197,219 | 7 |
| Financial assets at fair value through profit or loss (Note 7) | 30,033 | 1 | 52,004 | 2 | 30,018 | 1 |
| Notes receivable (Note 8) | 24,212 | 1 | 22,025 | 1 | 24,197 | 1 |
| Accounts receivable (Notes 8 and 30) | 267,903 | 10 | 205,802 | 8 | 220,683 | 8 |
| Other receivables (Notes 8 and 30) | 2,883 | - | 2,045 | - | 12,783 | 1 |
| Inventories (Note 9) | 220,859 | 9 | 232,375 | 9 | 232,260 | 9 |
| Prepayments | 2,684 | - | 1,430 | - | 2,163 | - |
| Other financial assets - current (Note 10) | 381,370 | 14 | 354,870 | 14 | 618,970 | 23 |
| Other current assets (Note 16) | 1,374 | - | 899 | - | 826 | - |
| Total current assets | <u>1,114,810</u> | <u>42</u> | <u>1,048,954</u> | <u>41</u> | <u>1,339,119</u> | <u>50</u> |
| NON-CURRENT ASSETS | | | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Note 12) | 123,099 | 5 | 119,228 | 5 | 138,322 | 5 |
| Investments accounted for using the equity method (Note 13) | 506,363 | 19 | 508,011 | 20 | 521,097 | 19 |
| Property, plant and equipment (Notes 14 and 31) | 800,996 | 30 | 725,048 | 29 | 573,615 | 21 |
| Right-of-use assets (Note 15) | 6,366 | - | 8,404 | - | 14,722 | 1 |
| Intangible assets | 3,766 | - | 3,609 | - | 1,229 | - |
| Deferred tax assets (Note 4) | 27,193 | 1 | 23,993 | 1 | 25,501 | 1 |
| Refundable deposits | 5,188 | - | 5,156 | - | 5,092 | - |
| Net defined benefit assets - non-current | 60,163 | 2 | 60,152 | 3 | 50,113 | 2 |
| Other non-current assets (Note 16) | 27,350 | 1 | 27,354 | 1 | 24,848 | 1 |
| Total non-current assets | <u>1,560,484</u> | <u>58</u> | <u>1,480,955</u> | <u>59</u> | <u>1,354,539</u> | <u>50</u> |
| TOTAL | <u>\$ 2,675,294</u> | <u>100</u> | <u>\$ 2,529,909</u> | <u>100</u> | <u>\$ 2,693,658</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Notes payable (Note 18) | \$ 15 | - | \$ 250 | - | \$ 20 | - |
| Accounts payable (Notes 18 and 30) | 79,383 | 3 | 78,255 | 3 | 77,389 | 3 |
| Other payables (Notes 19 and 30) | 218,212 | 8 | 180,388 | 7 | 169,683 | 6 |
| Current tax liabilities (Note 4) | 37,994 | 2 | 20,265 | 1 | 52,696 | 2 |
| Lease liabilities - current (Note 15) | 6,517 | - | 8,168 | - | 8,424 | 1 |
| Current portion of bonds payable (Note 20) | - | - | - | - | 300,000 | 11 |
| Other current liabilities | 24,110 | 1 | 25,097 | 1 | 22,220 | 1 |
| Total current liabilities | <u>366,231</u> | <u>14</u> | <u>312,423</u> | <u>12</u> | <u>630,432</u> | <u>24</u> |
| NON-CURRENT LIABILITIES | | | | | | |
| Long-term borrowings (Notes 17 and 31) | 251,751 | 9 | 218,185 | 9 | - | - |
| Deferred tax liabilities | 6 | - | 16 | - | - | - |
| Lease liabilities - non-current (Note 15) | - | - | 399 | - | 6,468 | - |
| Guarantee deposits (Note 30) | 1,789 | - | 1,893 | - | 1,893 | - |
| Total non-current liabilities | <u>253,546</u> | <u>9</u> | <u>220,493</u> | <u>9</u> | <u>8,361</u> | <u>-</u> |
| Total liabilities | <u>619,777</u> | <u>23</u> | <u>532,916</u> | <u>21</u> | <u>638,793</u> | <u>24</u> |
| EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 22) | | | | | | |
| Share capital - ordinary shares | 1,329,152 | 50 | 1,329,152 | 53 | 1,329,152 | 49 |
| Capital surplus | 188,049 | 7 | 188,042 | 7 | 187,995 | 7 |
| Retained earnings | | | | | | |
| Legal reserve | 178,465 | 7 | 178,465 | 7 | 162,234 | 6 |
| Special reserve | 59,357 | 2 | 59,357 | 2 | 147,620 | 6 |
| Unappropriated earnings | 403,083 | 15 | 348,139 | 14 | 308,033 | 11 |
| Total retained earnings | 640,905 | 24 | 585,961 | 23 | 617,887 | 23 |
| Other equity | (102,589) | (4) | (106,162) | (4) | (80,169) | (3) |
| Total equity | <u>2,055,517</u> | <u>77</u> | <u>1,996,993</u> | <u>79</u> | <u>2,054,865</u> | <u>76</u> |
| TOTAL | <u>\$ 2,675,294</u> | <u>100</u> | <u>\$ 2,529,909</u> | <u>100</u> | <u>\$ 2,693,658</u> | <u>100</u> |

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

(With Deloitte & Touche auditors' review report dated May 10, 2023)

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

| | For the Three Months Ended March 31 | | | |
|--|-------------------------------------|------------|----------------|------------|
| | 2023 | | 2022 | |
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 23 and 30) | \$ 344,974 | 100 | \$ 338,394 | 100 |
| OPERATING COSTS (Notes 9, 21, 24 and 30) | <u>118,664</u> | <u>34</u> | <u>113,676</u> | <u>34</u> |
| GROSS PROFIT | <u>226,310</u> | <u>66</u> | <u>224,718</u> | <u>66</u> |
| OPERATING EXPENSES (Notes 21, 24 and 30) | | | | |
| Selling and marketing expenses | 136,782 | 40 | 136,562 | 40 |
| General and administrative expenses | 23,819 | 7 | 24,168 | 7 |
| Expected credit impairment loss (gain on reversal) (Note 8) | <u>649</u> | <u>-</u> | <u>(177)</u> | <u>-</u> |
| Total operating expenses | <u>161,250</u> | <u>47</u> | <u>160,553</u> | <u>47</u> |
| PROFIT FROM OPERATIONS | <u>65,060</u> | <u>19</u> | <u>64,165</u> | <u>19</u> |
| NON-OPERATING INCOME AND EXPENSES (Note 24) | | | | |
| Interest income | 1,683 | - | 1,301 | 1 |
| Other revenue (Note 30) | 3,022 | 1 | 4,417 | 1 |
| Other gains and losses | 337 | - | 1,146 | - |
| Interest expense | (31) | - | (1,370) | - |
| Share of loss of associates (Note 13) | <u>(2,865)</u> | <u>(1)</u> | <u>(5,681)</u> | <u>(2)</u> |
| Total non-operating income and expenses | <u>2,146</u> | <u>-</u> | <u>(187)</u> | <u>-</u> |
| PROFIT BEFORE INCOME TAX | 67,206 | 19 | 63,978 | 19 |
| INCOME TAX EXPENSE (Notes 4 and 25) | <u>14,533</u> | <u>4</u> | <u>14,441</u> | <u>5</u> |
| NET PROFIT | <u>52,673</u> | <u>15</u> | <u>49,537</u> | <u>14</u> |

(Continued)

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

| | For the Three Months Ended March 31 | | | |
|--|--|-----------|------------------|-----------|
| | 2023 | | 2022 | |
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME (LOSS) (Notes 13 and 22) | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | \$ 3,871 | 1 | \$ (7,815) | (2) |
| Share of the other comprehensive income of associates accounted for using the equity method | 1,210 | 1 | 1,876 | - |
| Items that may be reclassified subsequently to profit and loss | | | | |
| Exchange differences on translation of financial statements of foreign operations | <u>763</u> | <u>-</u> | <u>5,324</u> | <u>2</u> |
| Total other comprehensive income (loss) | <u>5,844</u> | <u>2</u> | <u>(615)</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>\$ 58,517</u> | <u>17</u> | <u>\$ 48,922</u> | <u>14</u> |
| NET INCOME ATTRIBUTABLE TO: | | | | |
| Shareholders of the parent | <u>\$ 52,673</u> | <u>15</u> | <u>\$ 49,537</u> | <u>15</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Shareholders of the parent | <u>\$ 58,517</u> | <u>17</u> | <u>\$ 48,922</u> | <u>14</u> |
| EARNINGS PER SHARE (Note 26) | | | | |
| Basic | <u>\$ 0.40</u> | | <u>\$ 0.37</u> | |
| Diluted | <u>\$ 0.40</u> | | <u>\$ 0.37</u> | |

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

(With Deloitte & Touche auditors' review report dated May 10, 2023)

(Concluded)

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)
(Reviewed, Not Audited)

| | Share Capital | Capital Surplus | Retained Earnings (Note 22) | | | Other Equity (Note 22) | | Total Equity |
|---|---------------------|-------------------|-----------------------------|-------------------|-------------------------|---|---|---------------------|
| | | | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translation of Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | |
| BALANCE AT JANUARY 1, 2022 | <u>\$ 1,329,152</u> | <u>\$ 187,953</u> | <u>\$ 162,234</u> | <u>\$ 147,620</u> | <u>\$ 238,299</u> | <u>\$ (17,554)</u> | <u>\$ (41,803)</u> | <u>\$ 2,005,901</u> |
| Other changes in capital surplus | | | | | | | | |
| Changes in capital surplus from investments in associates accounted for using the equity method (Notes 13 and 22) | - | 42 | - | - | - | - | - | 42 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income/disposal of investments in equity instruments designated at fair value through other comprehensive income by associates (Notes 12 and 22) | - | - | - | - | 20,197 | - | (20,197) | - |
| Net profit for the three months ended March 31, 2022 | - | - | - | - | 49,537 | - | - | 49,537 |
| Other comprehensive income (loss) for the three months ended March 31, 2022 | - | - | - | - | - | 5,324 | (5,939) | (615) |
| Total comprehensive income (loss) for the three months ended March 31, 2022 | - | - | - | - | 49,537 | 5,324 | (5,939) | 48,922 |
| BALANCE AT MARCH 31, 2022 | <u>\$ 1,329,152</u> | <u>\$ 187,995</u> | <u>\$ 162,234</u> | <u>\$ 147,620</u> | <u>\$ 308,033</u> | <u>\$ (12,230)</u> | <u>\$ (67,939)</u> | <u>\$ 2,054,865</u> |
| BALANCE AT JANUARY 1, 2023 | <u>\$ 1,329,152</u> | <u>\$ 188,042</u> | <u>\$ 178,465</u> | <u>\$ 59,357</u> | <u>\$ 348,139</u> | <u>\$ (15,440)</u> | <u>\$ (90,722)</u> | <u>\$ 1,996,993</u> |
| Other changes in capital surplus | | | | | | | | |
| Changes in capital surplus from investments in associates accounted for using the equity method (Notes 13 and 22) | - | 7 | - | - | - | - | - | 7 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income/disposal of investments in equity instruments designated at fair value through other comprehensive income by associates (Notes 13 and 22) | - | - | - | - | 2,271 | - | (2,271) | - |
| Net profit for the three months ended March 31, 2023 | - | - | - | - | 52,673 | - | - | 52,673 |
| Other comprehensive income (loss) for the three months ended March 31, 2023 | - | - | - | - | - | 763 | 5,081 | 5,844 |
| Total comprehensive income (loss) for the three months ended March 31, 2023 | - | - | - | - | 52,673 | 763 | 5,081 | 58,517 |
| BALANCE AT MARCH 31, 2023 | <u>\$ 1,329,152</u> | <u>\$ 188,049</u> | <u>\$ 178,465</u> | <u>\$ 59,357</u> | <u>\$ 403,083</u> | <u>\$ (14,677)</u> | <u>\$ (87,912)</u> | <u>\$ 2,055,517</u> |

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

(With Deloitte & Touche auditors' review report dated May 10, 2023)

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

| | For the Three Months Ended March 31 | |
|--|--|-----------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | \$ 67,206 | \$ 63,978 |
| Adjustments for: | | |
| Depreciation expenses | 6,927 | 7,143 |
| Amortization expenses | 381 | 230 |
| Expected credit impairment loss (gain on reversal) | 649 | (177) |
| Net gain on fair value changes of financial assets at fair value through profit or loss | (73) | (31) |
| Interest expense | 31 | 1,370 |
| Interest income | (1,683) | (1,301) |
| Share of loss of associates | 2,865 | 5,681 |
| Changes in operating assets and liabilities: | | |
| Financial assets at fair value through profit or loss | 22,044 | 12,014 |
| Notes receivable | (2,239) | 1,373 |
| Accounts receivable | (62,698) | (3,187) |
| Other receivables | (445) | (9,285) |
| Inventories | 11,512 | 6,159 |
| Net defined benefit assets | (11) | (23) |
| Prepayments | (1,257) | (294) |
| Other current assets | (475) | 123 |
| Notes payable | (235) | (182) |
| Accounts payable | 1,128 | (11,187) |
| Other payables | (4,068) | (48,186) |
| Other current liabilities | (992) | 1,661 |
| Cash generated from operations | <u>38,567</u> | <u>25,879</u> |
| Interest paid | (109) | (2,885) |
| Income taxes paid | <u>(14)</u> | <u>(6)</u> |
| Net cash generated from operating activities | <u>38,444</u> | <u>22,988</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Disposal of financial assets at fair value through other comprehensive income | - | 36,716 |
| Payments for property, plant and equipment | (38,511) | (59,055) |
| (Increase) decrease in refundable deposits | (32) | 1,449 |
| Payments for intangible assets | (538) | (135) |
| Increase in other financial assets | (26,500) | (19,310) |
| Decrease (increase) in other non-current assets | 4 | (568) |
| Increase in prepayments for equipment | - | (24,223) |
| Interest received | <u>1,290</u> | <u>980</u> |
| Net cash used in investing activities | <u>(64,287)</u> | <u>(64,146)</u> |

(Continued)

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

| | For the Three Months Ended | |
|---|----------------------------|-------------------|
| | March 31 | |
| | 2023 | 2022 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from long-term borrowings | \$ 33,566 | \$ - |
| Decrease in guarantee deposits | (104) | - |
| Repayment of the principal portion of lease liabilities | <u>(2,050)</u> | <u>(2,065)</u> |
| Net cash generated from (used in) financing activities | <u>31,412</u> | <u>(2,065)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | <u>419</u> | <u>2,433</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 5,988 | (40,790) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | <u>177,504</u> | <u>238,009</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>\$ 183,492</u> | <u>\$ 197,219</u> |

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

(With Deloitte & Touche auditors' review report dated May 10, 2023)

(Concluded)

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Maywufa Company Ltd. (the “Company”), along with the Company-controlled subsidiaries (collectively known as the “Group”), was incorporated in the Republic of China (ROC) in October 1976. The Company’s Chinese name was changed on April 30, 1998. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since September 17, 2001.

The main businesses of the Company are as follows:

- a. Manufacturing, processing and distribution of all kinds of hairdressing products (cleaning agents) soap, wholesale trading and agency.
- b. Manufacturing, processing and distribution of all kinds of cosmetics (except highly toxic), wholesale trading and agency, and trading of various department stores (the cosmetics manufacturing and processing department is limited to the main products of the factory).
- c. Distribution, wholesale and retail trading of various beauty products, health products and sports equipment.
- d. Retail and wholesale business of health food such as vitamin pills and oral liquid nutrients.
- e. Trading, wholesale and retail of medical drugs and medical equipment.
- f. Wholesale and retail sales of food, baby products and general food products enriched with vitamins, amino acids and minerals.
- g. The consulting and analysis business managed by the Pharmaceutical Affairs Bureau.
- h. Warehousing.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 10, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant impact on the Group’s accounting policies.

- b. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

| New IFRSs | Effective Date Announced by IASB (Note 1) |
|--|--|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback” | January 1, 2024 (Note 2) |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 “Initial application of IFRS 9 and IFRS 17 - Comparison Information” | January 1, 2023 |
| Amendments to IAS 1 “Liabilities Classified as Current or Non-current” | January 1, 2024 |
| Amendments to IAS 1 “Non-current Liabilities with Covenants” | January 1, 2024 |

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

Refer to Notes 11 and 35, Tables 2 and 3 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the consolidated financial statements for the year ended December 31, 2022 for the critical accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|---|-------------------|----------------------|-------------------|
| Cash on hand and petty cash | \$ 120 | \$ 120 | \$ 135 |
| Checking accounts and demand deposits | 34,287 | 114,294 | 35,205 |
| Cash equivalents | | | |
| Time deposits with original maturities of 3 months or less | 74,030 | 63,090 | 93,900 |
| Call deposits with original maturities of 3 months or less | <u>75,055</u> | <u>-</u> | <u>67,979</u> |
| | <u>\$ 183,492</u> | <u>\$ 177,504</u> | <u>\$ 197,219</u> |

The market interest rate intervals of bank deposits at the end of the reporting period were as follows:

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|---|----------------|----------------------|----------------|
| Demand deposits | 0.35%-1.25% | 0.25%-1.15% | 0.01%-0.20% |
| Time deposits with original maturities of 3 months or less | 1.10%-1.16% | 0.85%-1.035% | 0.60%-0.66% |
| Call deposits with original maturities of 3 months or less | 2.025% | - | 2.025% |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|----------------|------------------|----------------------|------------------|
| <u>Current</u> | | | |
| Mutual funds | <u>\$ 30,033</u> | <u>\$ 52,004</u> | <u>\$ 30,018</u> |

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|-------------------------------------|------------------|----------------------|------------------|
| <u>Notes receivable</u> | | | |
| At amortized cost | | | |
| Gross carrying amount | \$ 24,474 | \$ 22,235 | \$ 24,442 |
| Less: Allowance for impairment loss | <u>(262)</u> | <u>(210)</u> | <u>(245)</u> |
| | <u>\$ 24,212</u> | <u>\$ 22,025</u> | <u>\$ 24,197</u> |
| | | | (Continued) |

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|--|-------------------|----------------------|-------------------|
| <u>Accounts receivable</u> | | | |
| At amortized cost | | | |
| Gross carrying amount | \$ 270,646 | \$ 207,834 | \$ 223,269 |
| Less: Allowance for impairment loss | <u>(2,743)</u> | <u>(2,146)</u> | <u>(2,586)</u> |
| | <u>267,903</u> | <u>205,688</u> | <u>220,683</u> |
| Accounts receivable from related parties | - | 114 | - |
| Less: Allowance for impairment loss | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>114</u> | <u>-</u> |
| | <u>\$ 267,903</u> | <u>\$ 205,802</u> | <u>\$ 220,683</u> |
| <u>Other receivables</u> | | | |
| Interest | \$ 580 | \$ 187 | \$ 455 |
| Other | <u>63</u> | <u>210</u> | <u>9,860</u> |
| | 643 | 397 | 10,315 |
| Other receivables from related parties | <u>2,240</u> | <u>1,648</u> | <u>2,468</u> |
| | <u>\$ 2,883</u> | <u>\$ 2,045</u> | <u>\$ 12,783</u> |
| | | | (Concluded) |

a. Notes receivable

The average credit period of sales of goods was 1-7 months. No interest is charged on notes receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group transacts with a large number of unrelated customers; therefore, credit risk is not highly concentrated. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for notes receivable at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated using a provision matrix by reference to the past default records of the customer and the customer's current financial position. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a note receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For notes receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable based on the Group's provision matrix:

March 31, 2023

| | Not Past Due | 1 to 60 Days Past Due | 61 to 90 Days Past Due | 91 to 120 Days Past Due | Over 120 Days Past Due | Total |
|--------------------------------|------------------|-----------------------|------------------------|-------------------------|------------------------|------------------|
| Expected credit loss rate | 1.07% | - | - | - | - | |
| Gross carrying amount | \$ 24,474 | \$ - | \$ - | \$ - | \$ - | \$ 24,474 |
| Loss allowance (Lifetime ECLs) | <u>(262)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(262)</u> |
| Amortized cost | <u>\$ 24,212</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 24,212</u> |

December 31, 2022

| | Not Past Due | 1 to 60 Days Past Due | 61 to 90 Days Past Due | 91 to 120 Days Past Due | Over 120 Days Past Due | Total |
|--------------------------------|------------------|-----------------------|------------------------|-------------------------|------------------------|------------------|
| Expected credit loss rate | 0.94% | - | - | - | - | |
| Gross carrying amount | \$ 22,235 | \$ - | \$ - | \$ - | \$ - | \$ 22,235 |
| Loss allowance (Lifetime ECLs) | <u>(210)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(210)</u> |
| Amortized cost | <u>\$ 22,025</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 22,025</u> |

March 31, 2022

| | Not Past Due | 1 to 60 Days Past Due | 61 to 90 Days Past Due | 91 to 120 Days Past Due | Over 120 Days Past Due | Total |
|--------------------------------|------------------|-----------------------|------------------------|-------------------------|------------------------|------------------|
| Expected credit loss rate | 1% | - | - | - | - | |
| Gross carrying amount | \$ 24,442 | \$ - | \$ - | \$ - | \$ - | \$ 24,442 |
| Loss allowance (Lifetime ECLs) | <u>(245)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(245)</u> |
| Amortized cost | <u>\$ 24,197</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 24,197</u> |

The movements of the loss allowance of notes receivable were as follows:

| | For the Three Months Ended March 31 | |
|----------------------|-------------------------------------|---------------|
| | 2023 | 2022 |
| Balance at January 1 | \$ 210 | \$ 422 |
| Add: Provision | 52 | - |
| Less: Reversal | <u>-</u> | <u>(177)</u> |
| Balance at March 31 | <u>\$ 262</u> | <u>\$ 245</u> |

b. Accounts receivable

The average credit period of sales of goods was 1-7 months. No interest is charged on accounts receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group transacts with a large number of unrelated customers; therefore, credit risk is not highly concentrated. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default records of the customer and the customer's current financial position. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group different customer base.

The Group writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable based on the Group's provision matrix:

March 31, 2023

| | Not Past Due | 1 to 60 Days Past Due | 61 to 90 Days Past Due | 91 to 120 Days Past Due | Over 120 Days Past Due | Total |
|--------------------------------|---------------------|----------------------------------|---------------------------------------|--|---------------------------------------|-------------------|
| Expected credit loss rate | 1% | 1.05%-2.82% | - | - | - | |
| Gross carrying amount | \$ 262,779 | \$ 7,867 | \$ - | \$ - | \$ - | \$ 270,646 |
| Loss allowance (Lifetime ECLs) | <u>(2,659)</u> | <u>(84)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,743)</u> |
| Amortized cost | <u>\$ 260,120</u> | <u>\$ 7,783</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 267,903</u> |

December 31, 2022

| | Not Past Due | 1 to 60 Days Past Due | 61 to 90 Days Past Due | 91 to 120 Days Past Due | Over 120 Days Past Due | Total |
|--------------------------------|---------------------|----------------------------------|---------------------------------------|--|---------------------------------------|-------------------|
| Expected credit loss rate | 1.03% | 1.1%-3.63% | - | - | - | |
| Gross carrying amount | \$ 198,544 | \$ 9,404 | \$ - | \$ - | \$ - | \$ 207,948 |
| Loss allowance (Lifetime ECLs) | <u>(2,042)</u> | <u>(104)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,146)</u> |
| Amortized cost | <u>\$ 196,502</u> | <u>\$ 9,300</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 205,802</u> |

March 31, 2022

| | Not Past Due | 1 to 60 Days Past Due | 61 to 90 Days Past Due | 91 to 120 Days Past Due | Over 120 Days Past Due | Total |
|-----------------------------------|-------------------|--------------------------|------------------------------|-------------------------------|------------------------------|-------------------|
| Expected credit loss rate | 1.01% | 1.63%- 12.02% | - | - | - | |
| Gross carrying amount | \$ 217,442 | \$ 5,827 | \$ - | \$ - | \$ - | \$ 223,269 |
| Loss allowance (Lifetime ECLs) | <u>(2,284)</u> | <u>(100)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,384)</u> |
| Amortized cost | <u>\$ 215,158</u> | <u>\$ 5,727</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 220,885</u> |

The movements of the loss allowance of accounts receivable were as follows:

| | For the Three Months Ended March 31 | |
|----------------------|--|-----------------|
| | 2023 | 2022 |
| Balance at January 1 | \$ 2,146 | \$ 2,586 |
| Add: Provision | <u>597</u> | <u>-</u> |
| Balance at March 31 | <u>\$ 2,743</u> | <u>\$ 2,586</u> |

As of March 31, 2022, the loss allowance on accounts receivable was \$2,384 thousand after calculating the expected credit loss. The loss allowance of \$2,586 thousand exceeded the aforementioned amount, and the difference was not material; therefore, the loss allowance was not adjusted.

c. Other receivables

The Group measures the loss allowance for other receivables at an amount equal to lifetime ECLs. The Group estimated the loss allowance by reference to the past default records of the customer and the customer's current financial position, and uses other publicly available financial information or its own trading records to rate the default risk of different receivables.

9. INVENTORIES

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|---------------------|-----------------------|------------------------------|-----------------------|
| Commodities | \$ 66,521 | \$ 62,676 | \$ 79,241 |
| Finished goods | 72,503 | 83,172 | 72,458 |
| Packaging materials | 35,783 | 39,190 | 37,169 |
| Raw materials | 38,482 | 36,461 | 34,373 |
| Work in progress | <u>7,570</u> | <u>10,876</u> | <u>9,019</u> |
| | <u>\$ 220,859</u> | <u>\$ 232,375</u> | <u>\$ 232,260</u> |

The nature of the cost of goods sold is as follows:

| | For the Three Months Ended March 31 | |
|-----------------------------------|--|-------------------|
| | 2023 | 2022 |
| Cost of inventories sold | \$ 117,186 | \$ 112,327 |
| Inventory obsolescence loss | 1,373 | 1,354 |
| Loss (gain) on physical inventory | <u>105</u> | <u>(5)</u> |
| | <u>\$ 118,664</u> | <u>\$ 113,676</u> |

10. OTHER FINANCIAL ASSETS - CURRENT

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|--|-----------------------|------------------------------|-----------------------|
| Time deposits with original maturities of more than 3 months | <u>\$ 381,370</u> | <u>\$ 354,870</u> | <u>\$ 618,970</u> |

The market intervals of time deposits with original maturities of more than 3 months in the bank at the end of the reporting period were as follows:

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|---------------|-----------------------|------------------------------|-----------------------|
| Time deposits | 1.150%-1.565% | 1.025%-1.440% | 0.40%-0.820% |

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

| Investor | Investee | Nature of Activities | Percentage of Ownership (%) | | |
|--|---|---|-----------------------------|----------------------|-------------------|
| | | | March 31, 2023 | December 31, 2022 | March 31, 2022 |
| Maywufa Company Ltd. | Maywufa Corporation (Samoa Maywufa) | Investment Holdings | 100.00 | 100.00 | 100.00 |
| Maywufa Corporation (Samoa Maywufa) | Maywufa Hongkong Corporation Limited (Hong Kong Maywufa) | Investment Holdings | 100.00 | 100.00 | 100.00 |
| Maywufa Hongkong Corporation Limited (Hong Kong Maywufa) | Maywufa Cosmetics (Shanghai) Co., Ltd. (Maywufa (Shanghai) Company) | Cosmetics and household goods wholesale | 100.00 | 100.00 | 100.00 |

The main business risks of Samoa Maywufa and its subsidiaries are political risk and exchange rate risk due to changes in government regulations and cross-strait relations.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|----------------------|-------------------|----------------------|-------------------|
| <u>Non-current</u> | | | |
| Domestic investments | | | |
| Listed shares | \$ 37,228 | \$ 36,265 | \$ 50,888 |
| Unlisted shares | 79,272 | 76,364 | 81,514 |
| Foreign investments | | | |
| Unlisted shares | <u>6,599</u> | <u>6,599</u> | <u>5,920</u> |
| | <u>\$ 123,099</u> | <u>\$ 119,228</u> | <u>\$ 138,322</u> |

Refer to Note 35 and Table 1 (Marketable Securities Held) for information relating to the investments in the table above.

Refer to Note 22(e) for information relating to financial assets at fair value through other comprehensive income.

These investments in equity instruments are held for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The Group adjusted the portion of the investment and sold certain listed common stocks at the fair value of \$36,716 thousand, resulting in an unrealized gain of \$20,197 thousand on the related other equity - financial assets at fair value through other comprehensive income and loss transferred to retained earnings for the three months ended March 31, 2022.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|--------------------------|-------------------|----------------------|-------------------|
| <u>Listed company</u> | | | |
| PhytoHealth Corporation | \$ 454,039 | \$ 454,824 | \$ 464,339 |
| AmCad BioMed Corporation | 27,148 | 27,713 | 31,098 |
| <u>Unlisted company</u> | | | |
| Broadsound Corporation | 22,788 | 23,097 | 23,244 |
| Lu Te Na Company Limited | <u>2,388</u> | <u>2,377</u> | <u>2,416</u> |
| | <u>\$ 506,363</u> | <u>\$ 508,011</u> | <u>\$ 521,097</u> |

The Group's percentage of ownership and voting rights in associates as of the balance sheet date were as follows:

| Name of Company | March 31, 2023 | December 31, | March 31, 2022 |
|--------------------------|----------------|--------------|----------------|
| | | 2022 | |
| PhytoHealth Corporation | 17.69% | 17.69% | 17.69% |
| AmCad BioMed Corporation | 6.53% | 6.53% | 6.53% |
| Broadsound Corporation | 10.00% | 10.00% | 10.00% |
| Lu Te Na Company Limited | 35.00% | 35.00% | 35.00% |

The Group holds less than 20% of the shares of PhytoHealth Corporation, AmCad BioMed Corporation, and Broadsound Corporation, but obtained some of the seats of directors of these companies; therefore, it has significant influence over these companies, which are all accounted for using the equity method.

Refer to Note 35 and Table 2 of the notes to financial statements for more information on the investees.

For the three months ended March 31, 2023 and 2022, the Group's share of profit or loss in investments in associates accounted for using the equity method was as follows:

| | For the Three Months Ended March 31 | |
|--------------------------|--|-------------------|
| | 2023 | 2022 |
| PhytoHealth Corporation | \$ (1,876) | \$ (5,058) |
| AmCad BioMed Corporation | (691) | (505) |
| Broadsound Corporation | (309) | (124) |
| Lu Te Na Company Limited | <u>11</u> | <u>6</u> |
| | <u>\$ (2,865)</u> | <u>\$ (5,681)</u> |

The Group recognized an increase of \$7 thousand and \$42 thousand in capital surplus for the changes in other equity of the associates in proportion to its shareholding as of March 31, 2023 and 2022, respectively.

The Group recognized \$2,271 thousand of equity instruments measured at fair value through other comprehensive income for the three months ended March 31, 2023, based on the percentage of ownership of the associates, and the related other equity - unrealized gain was transferred to retained earnings.

Share of the other comprehensive income (loss) of associates accounted for using the equity method is recognized based on the financial statements of each associate reviewed by accountants for the same period.

The information on the Group's associates is summarized as follows:

| | For the Three Months Ended March 31 | |
|--|--|-------------------|
| | 2023 | 2022 |
| The Company's share of: | | |
| Loss from continuing operations | \$ (2,865) | \$ (5,681) |
| Other comprehensive income (loss) | <u>1,210</u> | <u>1,876</u> |
| Total comprehensive income (loss) for the period | <u>\$ (1,655)</u> | <u>\$ (3,805)</u> |

Information on the level 1 fair value of related companies with open market quotations is as follows:

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|--------------------------|-----------------------|------------------------------|-----------------------|
| PhytoHealth Corporation | \$ 662,214 | \$ 670,996 | \$ 713,153 |
| AmCad BioMed Corporation | <u>\$ 55,233</u> | <u>\$ 55,407</u> | <u>\$ 62,007</u> |

14. PROPERTY, PLANT AND EQUIPMENT

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|--------------------------|-----------------------|------------------------------|-----------------------|
| Land | \$ 293,932 | \$ 293,932 | \$ 293,932 |
| Buildings | 185,552 | 188,802 | 201,328 |
| Machinery and equipment | 14,001 | 15,123 | 18,003 |
| Processing tools | 1,052 | 1,163 | 1,426 |
| Other equipment | 70 | 108 | 128 |
| Construction in progress | <u>306,389</u> | <u>225,920</u> | <u>58,798</u> |
| | <u>\$ 800,996</u> | <u>\$ 725,048</u> | <u>\$ 573,615</u> |

| | Land | Buildings | Machinery and Equipment | Processing Tools | Other Equipment | Construction in Progress | Total |
|--|-------------------|---------------------|------------------------------------|-----------------------------|----------------------------|-------------------------------------|---------------------|
| <u>Cost</u> | | | | | | | |
| Balance at January 1, 2023 | \$ 293,932 | \$ 389,364 | \$ 49,270 | \$ 2,517 | \$ 2,181 | \$ 225,920 | \$ 963,184 |
| Additions | - | - | - | - | - | 80,469 | 80,469 |
| Effects of foreign currency exchange differences | - | 651 | - | - | - | - | 651 |
| Balance at March 31, 2023 | <u>\$ 293,932</u> | <u>\$ 390,015</u> | <u>\$ 49,270</u> | <u>\$ 2,517</u> | <u>\$ 2,181</u> | <u>\$ 306,389</u> | <u>\$ 1,044,304</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | |
| Balance at January 1, 2023 | \$ - | \$ (200,562) | \$ (34,147) | \$ (1,354) | \$ (2,073) | \$ - | \$ (238,136) |
| Depreciation expenses | - | (3,618) | (1,122) | (111) | (38) | - | (4,889) |
| Effects of foreign currency exchange differences | - | (283) | - | - | - | - | (283) |
| Balance at March 31, 2023 | <u>\$ -</u> | <u>\$ (204,463)</u> | <u>\$ (35,269)</u> | <u>\$ (1,465)</u> | <u>\$ (2,111)</u> | <u>\$ -</u> | <u>\$ (243,308)</u> |
| Carrying amount at December 31, 2022 and January 1, 2023 | <u>\$ 293,932</u> | <u>\$ 188,802</u> | <u>\$ 15,123</u> | <u>\$ 1,163</u> | <u>\$ 108</u> | <u>\$ 225,920</u> | <u>\$ 725,048</u> |
| Carrying amount at March 31, 2023 | <u>\$ 293,932</u> | <u>\$ 185,552</u> | <u>\$ 14,001</u> | <u>\$ 1,052</u> | <u>\$ 70</u> | <u>\$ 306,389</u> | <u>\$ 800,996</u> |
| <u>Cost</u> | | | | | | | |
| Balance at January 1, 2022 | \$ 293,932 | \$ 403,980 | \$ 94,918 | \$ 3,508 | \$ 2,081 | \$ - | \$ 798,419 |
| Disposals | - | 257 | - | - | - | 58,798 | 59,055 |
| Effects of foreign currency exchange differences | - | 4,585 | - | 3 | - | - | 4,588 |
| Balance at March 31, 2022 | <u>\$ 293,932</u> | <u>\$ 408,822</u> | <u>\$ 94,918</u> | <u>\$ 3,511</u> | <u>\$ 2,081</u> | <u>\$ 58,798</u> | <u>\$ 862,062</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | |
| Balance at January 1, 2022 | \$ - | \$ (202,015) | \$ (75,683) | \$ (1,937) | \$ (1,908) | \$ - | \$ (281,543) |
| Depreciation expenses | - | (3,635) | (1,232) | (145) | (45) | - | (5,057) |
| Effects of foreign currency exchange differences | - | (1,844) | - | (3) | - | - | (1,847) |
| Balance at March 31, 2022 | <u>\$ -</u> | <u>\$ (207,494)</u> | <u>\$ (76,915)</u> | <u>\$ (2,085)</u> | <u>\$ (1,953)</u> | <u>\$ -</u> | <u>\$ (288,447)</u> |
| Carrying amount at March 31, 2022 | <u>\$ 293,932</u> | <u>\$ 201,328</u> | <u>\$ 18,003</u> | <u>\$ 1,426</u> | <u>\$ 128</u> | <u>\$ 58,798</u> | <u>\$ 573,615</u> |

In response to the Company's operational development, the Group's board of directors approved on May 12, 2021 to build a GMP factory on its own land in the Yangmei factory area. The contract was signed with the construction company on February 10, 2022 with a total contract amount of \$699,300 thousand.

There was no indication that property, plant and equipment was impaired, so the Group did not perform an impairment test for the three months ended March 31, 2023 and 2022.

Property, plant and equipment of the Group were depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|---------------------------------------|-------------|
| Buildings | |
| Main building | 20-60 years |
| Mechanical and electrical engineering | 3-20 years |
| Decoration engineering | 3-15 years |
| Machinery equipment | 5-15 years |
| Processing tools | 2-5 years |
| Other equipment | 2-5 years |

15. LEASE ARRANGEMENTS

a. Right-of-use assets

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|---|-----------------|--|------------------|
| <u>Carrying amount</u> | | | |
| Buildings | \$ 4,786 | \$ 6,382 | \$ 11,169 |
| Transportation equipment | <u>1,580</u> | <u>2,022</u> | <u>3,553</u> |
| | <u>\$ 6,366</u> | <u>\$ 8,404</u> | <u>\$ 14,722</u> |
| | | For the Three Months Ended March 31 | |
| | | 2023 | 2022 |
| Depreciation charge for right-of-use assets | | | |
| Buildings | | \$ 1,596 | \$ 1,596 |
| Transportation equipment | | <u>442</u> | <u>490</u> |
| | | <u>\$ 2,038</u> | <u>\$ 2,086</u> |

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the three months ended March 31, 2023 and 2022.

b. Lease liabilities

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|-------------------------|-----------------|----------------------|-----------------|
| <u>Carrying amounts</u> | | | |
| Current | <u>\$ 6,517</u> | <u>\$ 8,168</u> | <u>\$ 8,424</u> |
| Non-current | <u>\$ -</u> | <u>\$ 399</u> | <u>\$ 6,468</u> |

Range of discount rate for lease liabilities was as follows:

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|--------------------------|-----------------------|------------------------------|-----------------------|
| Buildings | 1.596% | 1.596% | 1.596% |
| Transportation equipment | 1.596% | 1.596% | 1.596% |

c. Material leasing activities and terms

The Group leases buildings for operating purposes for a period of 2.33 years.

The Group leases transportation equipment for general operating activities for a period of 3 to 5 years.

At the end of the lease term, the Group does not have bargain purchase options to acquire the above lease subjects.

d. Other lease information

| | For the Three Months Ended March 31 | |
|---|--|-------------------|
| | 2023 | 2022 |
| Expenses relating to short-term leases | \$ 235 | \$ 361 |
| Expenses relating to low-value asset leases | \$ 87 | \$ 88 |
| Total cash outflow for leases | <u>\$ (2,403)</u> | <u>\$ (2,579)</u> |

The Group elected to apply the recognition exemption of certain leases of office equipment that qualify as short-term leases of buildings and construction and that qualify as low-value leases of assets, and not to recognize the related right-of-use assets and lease liabilities for these leases.

16. OTHER ASSETS

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|---------------------------|-----------------------|------------------------------|-----------------------|
| <u>Current</u> | | | |
| Temporary payments | <u>\$ 1,374</u> | <u>\$ 899</u> | <u>\$ 826</u> |
| <u>Non-current</u> | | | |
| Prepayments for equipment | \$ 27,350 | \$ 27,350 | \$ 24,223 |
| Others | <u>-</u> | <u>4</u> | <u>625</u> |
| | <u>\$ 27,350</u> | <u>\$ 27,354</u> | <u>\$ 24,848</u> |

17. BORROWINGS

Long-term Borrowings

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|------------------------------|-------------------|----------------------|----------------|
| Secured borrowings (Note 31) | | | |
| Bank loans | <u>\$ 251,751</u> | <u>\$ 218,185</u> | <u>\$ -</u> |

The floating rates of the bank loans, which the Group used to build a factory, are calculated monthly on the balance of the principal, with interest paid monthly for the first 67 months and the principal repayable in equal monthly installments from the 67th month onward, at an effective interest rate of 0.68% to 1.08% per annum, and the loan period is eight years.

18. NOTES PAYABLE AND ACCOUNTS PAYABLE

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|-------------------------|------------------|----------------------|------------------|
| <u>Notes payable</u> | | | |
| Operating | <u>\$ 15</u> | <u>\$ 250</u> | <u>\$ 20</u> |
| <u>Accounts payable</u> | | | |
| Operating | \$ 55,542 | \$ 57,152 | \$ 58,644 |
| Related parties | <u>23,841</u> | <u>21,103</u> | <u>18,745</u> |
| | <u>\$ 79,383</u> | <u>\$ 78,255</u> | <u>\$ 77,389</u> |

Accounts Payable

The Group has a financial risk management policy to ensure that all accounts payable are repaid within the prearranged credit period, which ranges from one to six months.

19. OTHER PAYABLES

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|-----------------------------------|-------------------|----------------------|-------------------|
| Payables for promotion fee | \$ 64,606 | \$ 61,057 | \$ 51,827 |
| Payables for advertising fee | 54,358 | 49,843 | 63,054 |
| Payables for construction | 41,958 | - | - |
| Payables for salaries and bonuses | 31,982 | 47,451 | 30,777 |
| Others | <u>25,308</u> | <u>22,037</u> | <u>24,025</u> |
| | <u>\$ 218,212</u> | <u>\$ 180,388</u> | <u>\$ 169,683</u> |

20. BONDS PAYABLE

March 31, 2022

| | |
|----------------------------------|------------------|
| Domestic secured corporate bonds | \$ 300,000 |
| Less: Current portion | <u>(300,000)</u> |
| | <u>\$ -</u> |

On March 19, 2018, the Group issued a 5-year secured corporate bond with a total amount of \$300,000 thousand, which is guaranteed by a bank, and the interest will be paid annually at 0.94% per annum and the principal will be repaid in one lump sum. On May 11, 2022, the Group's board of directors resolved to repurchase and cancel the first issue of secured bonds issued by the Group in 2018, and the transaction was completed on May 26, 2022.

21. RETIREMENT BENEFIT PLANS

The pension expenses of the defined benefit plan were calculated based on the actuarially determined pension cost rate on December 31, 2023 and 2022. An analysis by function of the pension expense was as follows:

| | March 31 | |
|--------------------|-------------|--------------|
| | 2023 | 2022 |
| Operating costs | \$ - | \$ 7 |
| Operating expenses | <u>\$ -</u> | <u>\$ 25</u> |

22. EQUITY

a. Share capital

Ordinary shares

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|---|---------------------|----------------------|---------------------|
| Shares authorized (in thousands of shares) | <u>300,000</u> | <u>300,000</u> | <u>300,000</u> |
| Shares authorized | <u>\$ 3,000,000</u> | <u>\$ 3,000,000</u> | <u>\$ 3,000,000</u> |
| Shares issued and fully paid (in thousands of shares) | <u>132,915</u> | <u>132,915</u> | <u>132,915</u> |
| Shares issued and fully paid | <u>\$ 1,329,152</u> | <u>\$ 1,329,152</u> | <u>\$ 1,329,152</u> |

b. Capital surplus

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|--|-------------------|----------------------|-------------------|
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note) | | | |
| Issuance of ordinary shares | \$ 161,940 | \$ 161,940 | \$ 161,940 |
| <u>May only be used to offset a deficit</u> | | | |
| Share of changes in capital surplus of associates | <u>26,109</u> | <u>26,102</u> | <u>26,055</u> |
| | <u>\$ 188,049</u> | <u>\$ 188,042</u> | <u>\$ 187,995</u> |

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

A reconciliation of the carrying amount at the beginning and at the end of the three months ended March 31, 2023 and 2022 for each class of capital surplus was as follows:

| | Issuance of Ordinary Shares | Changes in Capital Surplus from Investments in Associates Accounted for Using the Equity Method |
|---|-----------------------------------|--|
| Balance at January 1, 2023 | \$ 161,940 | \$ 26,102 |
| Changes in capital surplus from investments in associates accounted for using the equity method | - | 7 |
| Balance at March 31, 2023 | <u>\$ 161,940</u> | <u>\$ 26,109</u> |
| Balance at January 1, 2022 | \$ 161,940 | \$ 26,013 |
| Changes in capital surplus from investments in associates accounted for using the equity method | - | 42 |
| Balance at March 31, 2022 | <u>\$ 161,940</u> | <u>\$ 26,055</u> |

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings at least used 50% by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 24 (f).

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1100208161, No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2022 that were proposed by the board of directors on February 24, 2023 and the appropriations of earnings for 2021 that had been resolved by the shareholders in their meeting on May 25, 2022 were as follows:

| | Appropriation of Earnings | |
|---------------------------------|---------------------------------------|--------------------|
| | For the Year Ended December 31 | |
| | 2022 | 2021 |
| Legal reserve | <u>\$ 19,332</u> | <u>\$ 16,231</u> |
| Special reserve | <u>\$ 46,805</u> | <u>\$ (88,263)</u> |
| Cash dividends | <u>\$ 146,207</u> | <u>\$ 155,511</u> |
| Cash dividends per share (NT\$) | <u>\$ 1.10</u> | <u>\$ 1.17</u> |

The appropriation of earnings for 2022 is subject to the resolution of the shareholders in their meeting to be held on May 26, 2023.

d. Special reserve

The cumulative translation adjustment transferred to retained earnings was \$8,874 thousand when the Company initially adopted IFRSs. The increase in retained earnings from the initial adoption of IFRSs was not enough to provide for the increase in retained earnings, so only a special reserve of \$1,875 thousand was provided for the increase in retained earnings from the conversion to IFRSs.

e. Other equity items

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|---|-----------------------|------------------------------|-----------------------|
| Exchange differences on translation of financial statements of foreign operations | | | |
| Attributable to the Company | <u>\$ (14,677)</u> | <u>\$ (15,440)</u> | <u>\$ (12,230)</u> |
| Unrealized valuation gain (loss) on financial assets at FVTOCI | | | |
| Attributable to the Company | (100,011) | (103,882) | (83,460) |
| Share from associates accounted for using the equity method | <u>12,099</u> | <u>13,160</u> | <u>15,521</u> |
| | <u>(87,912)</u> | <u>(90,722)</u> | <u>(67,939)</u> |
| | <u>\$ (102,589)</u> | <u>\$ (106,162)</u> | <u>\$ (80,169)</u> |

1) Exchange differences on translation of financial statements of foreign operations

Translation differences arising from the translation of the net assets of foreign operations from their functional currency into the Company's presentation currency (i.e., New Taiwan dollars) are recognized directly in other comprehensive income as translation differences in the financial statements of foreign operations. The cumulative translation differences on the financial statements of foreign operations are transferred to profit or loss upon disposal of the foreign operations.

| | For the Three Months Ended March 31 | |
|--|--|--------------------|
| | 2023 | 2022 |
| Balance at January 1 | \$ (15,440) | \$ (17,554) |
| Recognized for the period | | |
| Exchange differences on translation of financial statements of foreign operations | <u>763</u> | <u>5,324</u> |
| Other comprehensive income recognized for the period | <u>763</u> | <u>5,324</u> |
| Balance at March 31 | <u>\$ (14,677)</u> | <u>\$ (12,230)</u> |

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

| | For the Three Months Ended March 31 | |
|---|--|--------------------|
| | 2023 | 2022 |
| Balance at January 1 | \$ (90,722) | \$ (41,803) |
| Recognized for the period | | |
| Unrealized gain (loss) - equity instruments | 3,871 | (7,815) |
| Share from associates accounted for using the equity method | <u>1,210</u> | <u>1,876</u> |
| Other comprehensive income | <u>5,081</u> | <u>(5,939)</u> |
| Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal | <u>(2,271)</u> | <u>(20,197)</u> |
| Balance at March 31 | <u>\$ (87,912)</u> | <u>\$ (67,939)</u> |

Please refer to Note 29 (b) for the reconciliation of the Level 3 fair value measurements of financial assets at fair value through other comprehensive income.

23. REVENUE

| | For the Three Months Ended March 31 | |
|---------------------------------------|--|-------------------|
| | 2023 | 2022 |
| Revenue from contracts with customers | | |
| Revenue from the sale of goods | | |
| Consumer business unit | \$ 244,750 | \$ 253,455 |
| Pharmaceutical business unit | <u>100,224</u> | <u>84,939</u> |
| | <u>\$ 344,974</u> | <u>\$ 338,394</u> |

Revenue from sale of goods

The Group's sales come from various channels, such as e-commerce, medical institutions, wholesalers and retailers, and discounts are granted to different sales targets on different terms. Revenue is measured at the fair value of the consideration received or receivable, less estimated customer returns, discounts and other similar discounts.

Refer to Note 8 for the details of accounts receivable generated from contracts.

24. NET PROFIT

a. Other income

| | For the Three Months Ended March 31 | |
|---------------|--|-----------------|
| | 2023 | 2022 |
| Rental income | \$ 2,714 | \$ 2,749 |
| Other income | <u>308</u> | <u>1,668</u> |
| | <u>\$ 3,022</u> | <u>\$ 4,417</u> |

b. Other gains and losses

| | For the Three Months Ended March 31 | |
|---|--|-----------------|
| | 2023 | 2022 |
| Fair value changes of financial assets | | |
| Financial assets mandatorily classified as at FVTPL | \$ 73 | \$ 31 |
| Net foreign exchange gains | <u>264</u> | <u>1,115</u> |
| | <u>\$ 337</u> | <u>\$ 1,146</u> |

c. Interest expense

| | For the Three Months Ended March 31 | |
|---|--|-----------------|
| | 2023 | 2022 |
| Interest on bank loans | \$ 548 | \$ - |
| Interest on lease liabilities | 31 | 65 |
| Interest on bonds | - | 705 |
| Interest on deferred issue costs of corporate bonds | - | 600 |
| Less: Capitalized interest | <u>(548)</u> | <u>-</u> |
| | <u>\$ 31</u> | <u>\$ 1,370</u> |

Information about capitalized interest was as follows:

| | For the Three Months Ended March 31 | |
|--|--|------------------|
| | 2023 | 2023 |
| Capitalized interest amount | \$ <u>548</u> | \$ <u>-</u> |
| Capitalization rate | 0.68%-1.08% | - |
| d. Depreciation and amortization expense | | |
| | For the Three Months Ended March 31 | |
| | 2023 | 2022 |
| An analysis of depreciation by function | | |
| Operating costs | \$ 3,735 | \$ 3,810 |
| Operating expenses | <u>3,192</u> | <u>3,333</u> |
| | <u>\$ 6,927</u> | <u>\$ 7,143</u> |
| An analysis of amortization by function | | |
| Operating costs | \$ 152 | \$ - |
| Operating expenses | <u>229</u> | <u>230</u> |
| | <u>\$ 381</u> | <u>\$ 230</u> |
| e. Employee benefits expense | | |
| | For the Three Months Ended March 31 | |
| | 2023 | 2022 |
| Post-employment benefits | | |
| Defined contribution plan | \$ 1,604 | \$ 1,582 |
| Defined benefit plans (Note 21) | - | 32 |
| Other employee benefits | | |
| Salaries and bonuses | 40,817 | 40,308 |
| Labor and health insurance | 3,725 | 3,767 |
| Other | <u>1,595</u> | <u>1,662</u> |
| Total employee benefits expense | <u>\$ 47,741</u> | <u>\$ 47,351</u> |
| An analysis of employee benefits expense by function | | |
| Operating expenses | \$ 37,921 | \$ 37,399 |
| Operating costs | <u>9,820</u> | <u>9,952</u> |
| | <u>\$ 47,741</u> | <u>\$ 47,351</u> |

f. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of 3%-6% and no higher than 4%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the three months ended March 31, 2023 and 2022 are as follows:

Accrual rate

| | For the Three Months Ended March 31 | |
|---------------------------|--|-------------|
| | 2023 | 2022 |
| Compensation of employees | 3% | 3% |
| Remuneration of directors | 2% | 2% |

Amount

| | For the Three Months Ended March 31 | |
|---------------------------|--|-------------|
| | 2023 | 2022 |
| | Cash | Cash |
| Compensation of employees | \$ 2,122 | \$ 2,020 |
| Remuneration of directors | 1,415 | 1,347 |

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of employees' compensation and remuneration of directors for 2023 and 2022 that were resolved by the board of directors on February 24, 2023 and February 23, 2022, respectively, are as shown below:

| | 2022 | 2021 |
|---------------------------|-------------|-------------|
| | Cash | Cash |
| Compensation of employees | \$ 6,580 | \$ 6,653 |
| Remuneration of directors | 4,386 | 4,435 |

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

| | For the Three Months Ended March 31 | |
|-------------------------|--|-----------------|
| | 2023 | 2022 |
| Foreign exchange gains | \$ 356 | \$ 1,274 |
| Foreign exchange losses | <u>(92)</u> | <u>(159)</u> |
| Net gains | <u>\$ 264</u> | <u>\$ 1,115</u> |

25. INCOME TAXES RELATING

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

| | For the Three Months Ended March 31 | |
|---|--|------------------|
| | 2023 | 2022 |
| Current tax | | |
| In respect of the current period | \$ 17,743 | \$ 14,219 |
| Deferred tax | | |
| In respect of the current period | <u>(3,210)</u> | <u>222</u> |
| Income tax expense recognized in profit or loss | <u>\$ 14,533</u> | <u>\$ 14,441</u> |

b. Income tax assessment

The income tax returns through 2021 have been assessed by the tax authorities, there is no difference between the amount of approved and declared tax.

26. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Period

| | For the Three Months Ended March 31 | |
|--|--|------------------|
| | 2023 | 2022 |
| Net profit attributable to owners of the Company | <u>\$ 52,673</u> | <u>\$ 49,537</u> |

Shares

| | For the Three Months Ended March 31 | |
|--|--|----------------|
| | 2023 | 2022 |
| Weighted average number of ordinary shares used in the computation of basic earnings per share | 132,915 | 132,915 |
| Effect of potentially dilutive ordinary shares | | |
| Compensation of employees | <u>164</u> | <u>158</u> |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>133,079</u> | <u>133,073</u> |

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows for the three months ended March 31, 2023 and 2022:

As of March 31, 2023, the unpaid amount for acquiring property, plant and equipment was \$41,958 thousand, which was recognized in other payables (refer to Note 19).

b. Changes in liabilities arising from financing activities

For the three months ended March 31, 2023

| | Opening Balance | Cash Flows | Non-cash Changes | | Closing Balance |
|-------------------|----------------------------|-------------------|-------------------------------------|----------------|----------------------------|
| | | | Amortization of Interest | Others | |
| Lease liabilities | <u>\$ 8,567</u> | <u>\$ (2,050)</u> | <u>\$ 31</u> | <u>\$ (31)</u> | <u>\$ 6,517</u> |

For the three months ended March 31, 2022

| | Opening Balance | Cash Flows | Non-cash Changes | | Closing Balance |
|-------------------|----------------------------|-------------------|-------------------------------------|----------------|----------------------------|
| | | | Amortization of Interest | Others | |
| Lease liabilities | <u>\$ 16,957</u> | <u>\$ (2,065)</u> | <u>\$ 65</u> | <u>\$ (65)</u> | <u>\$ 14,892</u> |

28. CAPITAL RISK MANAGEMENT

The objective of the Group's capital management is to ensure that the companies in the Group can continue to operate, and maximize shareholder returns by optimizing the balance of debt and equity.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Among the financial assets and financial liabilities not measured at fair value, there is no material difference between the carrying amount and the fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|----------------|------------------|-------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Mutual funds | \$ <u>30,033</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>30,033</u> |
| <u>Financial assets at FVTOCI</u> | | | | |
| Investments in equity instruments at FVTOCI | | | | |
| Domestic listed shares | \$ 37,228 | \$ - | \$ - | \$ 37,228 |
| Domestic unlisted shares | - | - | 79,272 | 79,272 |
| Foreign unlisted shares | - | - | 6,599 | 6,599 |
| | \$ <u>37,228</u> | \$ <u>-</u> | \$ <u>85,871</u> | \$ <u>123,099</u> |

December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|----------------|------------------|-------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Mutual funds | \$ <u>52,004</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>52,004</u> |
| <u>Financial assets at FVTOCI</u> | | | | |
| Investments in equity instruments at FVTOCI | | | | |
| Domestic listed shares | \$ 36,265 | \$ - | \$ - | \$ 36,265 |
| Domestic unlisted shares | - | - | 76,364 | 76,364 |
| Foreign unlisted shares | - | - | 6,599 | 6,599 |
| | \$ <u>36,265</u> | \$ <u>-</u> | \$ <u>82,963</u> | \$ <u>119,228</u> |

March 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|-------------|------------------|-------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Mutual funds | \$ 30,018 | \$ - | \$ - | \$ 30,018 |
| <u>Financial assets at FVTOCI</u> | | | | |
| Investments in equity instruments at FVTOCI | | | | |
| Domestic listed shares | \$ 50,888 | \$ - | \$ - | \$ 50,888 |
| Domestic unlisted shares | - | - | 81,514 | 81,514 |
| Foreign unlisted shares | - | - | 5,920 | 5,920 |
| | <u>\$ 50,888</u> | <u>\$ -</u> | <u>\$ 87,434</u> | <u>\$ 138,322</u> |

There was no transfer between Level 1 and Level 2 for the three months ended March 31, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at FVTOCI - equity instruments

| | For the Three Months Ended March 31 | |
|---|--|------------------|
| | 2023 | 2022 |
| Balance at January 1 | \$ 82,963 | \$ 91,156 |
| Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI) | <u>2,908</u> | <u>(3,722)</u> |
| Balance at March 31 | <u>\$ 85,871</u> | <u>\$ 87,434</u> |

3) Valuation techniques and assumptions for measuring fair value

When the Group is trading mutual funds or stocks in the market, their fair values are based on their net asset values and the market closing prices at the balance sheet date.

Investments in domestic unlisted equity is calculated by the market approach or asset approach, and the fair value of the investment target is calculated.

In the market approach, the fair value of the investment target is determined based on the transaction price of the stock of companies engaged in similar businesses in the active market, the value multiplier implied by the price, and the discount for lack of marketability.

In the asset approach, the market value of individual assets and liabilities covered by the investment target is used to reflect the value of the business or activities.

c. Categories of financial instruments

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|--|----------------|----------------------|----------------|
| <u>Financial assets</u> | | | |
| FVTPL | | | |
| Mandatorily classified as at FVTPL | \$ 30,033 | \$ 52,004 | \$ 30,018 |
| Financial assets at amortized cost (Note 1) | 865,048 | 767,402 | 1,078,944 |
| Financial assets recognized at FVTOCI | | | |
| Equity instruments | 123,099 | 119,228 | 138,322 |
| <u>Financial liabilities</u> | | | |
| Financial liabilities at amortized cost (Note 2) | 519,168 | 431,520 | 518,208 |

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise notes payable, accounts payable, other payables (excluding salaries and bonuses payable), bonds payable within one year, long-term borrowings and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, accounts receivable, other financial assets, accounts payable, bonds payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Group is mainly exposed to the USD, RMB and EUR.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

| | <u>USD Impact</u> | | <u>RMB Impact</u> | | <u>EUR Impact</u> | |
|----------------|-----------------------------------|-------------|-----------------------------------|-------------|-----------------------------------|-------------|
| | <u>For the Three Months Ended</u> | | <u>For the Three Months Ended</u> | | <u>For the Three Months Ended</u> | |
| | <u>March 31</u> | | <u>March 31</u> | | <u>March 31</u> | |
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| Profit or loss | \$ (27) | \$ (145) | \$ - | \$ (132) | \$ 107 | \$ 636 |

The above effects of profit and loss were mainly derived from the Group's foreign currency deposits, accounts receivable and accounts payable valued in the USD, RMB and EUR which were still circulating at the balance sheet date.

The significant change in the sensitivity to exchange rates during the current period compared to the same period last year was mainly due to the change in accounts payable.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

| | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|-------------------------------|-----------------------|--------------------------|-----------------------|
| Fair value interest rate risk | | | |
| Financial assets | \$ 75,055 | \$ 20,000 | \$ 292,899 |
| Financial liabilities | 6,517 | 8,567 | 314,892 |
| Cash flow interest rate risk | | | |
| Financial assets | 489,618 | 512,010 | 523,139 |
| Financial liabilities | 251,751 | 218,185 | - |

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 12.5 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 12.5 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2023 and 2022 would have decreased/increased by \$74 thousand and \$184 thousand, respectively, which was mainly a result of bank deposits and long-term borrowings.

The Group's sensitivity to interest rates decreased during the current year mainly due to the increase in long-term bank loans.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the period.

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the three months ended March 31, 2023 and 2022 would have increased/decreased by \$6,155 thousand and \$6,916 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to the price risk decreased during the current period because of the decrease in equity securities held by the Group.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and due to financial guarantee provided by the Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheet.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's accounts receivable covers a wide range of customers in different industries and geographical areas, therefore the Group does not have significant credit risk to any single counterparty or any group of counterparties with similar characteristics.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods that have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay include both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

March 31, 2023

| | Within 3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---|----------------------------|-------------------------------|------------------|-------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing | \$ 265,287 | \$ 341 | \$ 1,789 | \$ - |
| Lease liabilities | 2,110 | 4,453 | - | - |
| Variable interest rate liabilities | <u>596</u> | <u>2,036</u> | <u>15,120</u> | <u>257,161</u> |
| | <u>\$ 267,993</u> | <u>\$ 6,830</u> | <u>\$ 16,909</u> | <u>\$ 257,161</u> |

December 31, 2022

| | Within 3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---|----------------------------|-------------------------------|------------------|-------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing | \$ 211,137 | \$ 305 | \$ 1,893 | \$ - |
| Lease liabilities | 2,081 | 6,098 | 400 | - |
| Variable interest rate liabilities | <u>516</u> | <u>1,549</u> | <u>71,479</u> | <u>160,871</u> |
| | <u>\$ 213,734</u> | <u>\$ 7,952</u> | <u>\$ 73,772</u> | <u>\$ 160,871</u> |

March 31, 2022

| | Within 3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---|----------------------------|-------------------------------|------------------|-----------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing | \$ 216,002 | \$ 300,086 | \$ 2,120 | \$ - |
| Lease liabilities | <u>2,129</u> | <u>6,388</u> | <u>6,514</u> | <u>-</u> |
| | <u>\$ 218,131</u> | <u>\$ 306,474</u> | <u>\$ 8,634</u> | <u>\$ -</u> |

30. TRANSACTIONS WITH RELATED PARTIES

a. Related parties

| <u>Related Party Name</u> | <u>Related Party Category</u> |
|--|---|
| PhytoHealth Corporation | Investments accounted for using the equity method (associate) |
| AmCad BioMed Corporation | Investments accounted for using the equity method (associate) |
| Broadsound Corporation | Investments accounted for using the equity method (associate) |
| Lu Te Na a Limited | Investments accounted for using the equity method (associate) |
| Taiwan Incubator SME Development Corp. | The chairman is the same as the company (other related parties) |

b. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

1) Sales

| Line Item | Related Party Category | For the Three Months Ended March 31 | |
|-------------------|-------------------------------|--|-----------------|
| | | 2023 | 2022 |
| Operating revenue | Associates | <u>\$ 1,225</u> | <u>\$ 1,232</u> |
| | Other related parties | <u>\$ 2</u> | <u>\$ 3</u> |

The Group had signed a cooperation contract with PhytoHealth Corporation to sell its products. The Group is responsible for introducing PhytoHealth Corporation and making an agreement with clients and assisting in the negotiation of related businesses. According to the terms of the contract, a certain percentage of the sales amount will be charged as the consideration for the service.

| Line Item | Related Party Category/Name | For the Three Months Ended | |
|-----------------|------------------------------------|----------------------------|------------------|
| | | March 31 | |
| | | 2023 | 2022 |
| Operating costs | Purchases of goods | | |
| | PhytoHealth Corporation | <u>\$ 22,425</u> | <u>\$ 17,720</u> |
| | Other operation costs - associates | <u>\$ 281</u> | <u>\$ -</u> |

The Group had signed a contract with PhytoHealth Corporation to sell its products “PG2® Lyo. Injection”, “Epipen F.C.,” and other drugs in Taiwan. The contract term is set to start in January 2014 to December 2016. If a party is not notified the contract would not be renewed in writing by the expiration date, and the contract would automatically be renewed for one more year.

The Group had signed a contract with AmCad BioMed Corporation to sell its products “AmCAD-Ute” in Taiwan. The contract term is set to start on April 24, 2015 and end on March 31, 2018. If a party is not notified the contract would not be renewed in writing by the expiration date, and the contract would automatically be renewed for one more year. PhytoHealth Corporation requested the Group to issue a guarantee note for \$10,000 thousand as collateral of payment.

The sales prices and payment terms to related parties were not significantly different from those of sales to third parties.

| Line Item | Related Parties Category | For the Three Months Ended | |
|------------------|--------------------------|----------------------------|-------------|
| | | March 31 | |
| | | 2023 | 2022 |
| Selling expenses | Associates | <u>\$ 2</u> | <u>\$ -</u> |

Selling expenses are the commissions paid by the Group to associates.

2) Receivables from related parties

| Line Item | Related Party Category/Name | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|---------------------|-----------------------------|-----------------|-------------------|-----------------|
| Accounts receivable | Associates | <u>\$ -</u> | <u>\$ 114</u> | <u>\$ -</u> |
| Other receivables | Associates | | | |
| | PhytoHealth Corporation | \$ 1,562 | \$ 946 | \$ 1,783 |
| | AmCad BioMed Corporation | <u>29</u> | <u>53</u> | <u>36</u> |
| | | <u>\$ 1,591</u> | <u>\$ 999</u> | <u>\$ 1,819</u> |

The outstanding accounts receivable from related parties are unsecured. For the three months ended March 31, 2023 and 2022, no impairment losses were recognized for accounts receivable from related parties.

Other receivables represent payments made on behalf of the Group.

3) Payables to related parties

| Account Item | Related Party Category/Name | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|---------------------|------------------------------------|-----------------------|--------------------------|-----------------------|
| Accounts payable | Associates | | | |
| | PhytoHealth Corporation | \$ 23,546 | \$ 21,000 | \$ 18,606 |
| | Other | <u>295</u> | <u>103</u> | <u>139</u> |
| | | <u>\$ 23,841</u> | <u>\$ 21,103</u> | <u>\$ 18,745</u> |
| Other payables | Related parties | <u>\$ 3</u> | <u>\$ 17</u> | <u>\$ 1</u> |

4) Refundable deposits

| Related Party Category/Name | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|------------------------------------|-----------------------|--------------------------|-----------------------|
| Associates | | | |
| PhytoHealth Corporation | \$ 1,448 | \$ 1,448 | \$ 1,448 |
| AmCad BioMed Corporation | <u>249</u> | <u>249</u> | <u>249</u> |
| | <u>\$ 1,697</u> | <u>\$ 1,697</u> | <u>\$ 1,697</u> |

The refundable deposits are deposits received from PhytoHealth Corporation and AmCad BioMed Corporation for the rental of a plant and warehouse.

5) Lease arrangements

Lease arrangements - the Group is lessor under an operating lease

The Group leases the right of using part of the plant to AmCad BioMed Corporation and PhytoHealth Corporation under an operating lease. Part of the lease agreement is specified three months prior to the expiration of the lease period each year. The lease period will be automatically extended for one year if there are no objections.

Lease receivables were as follows:

| Related Party Category/Name | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|------------------------------------|-----------------------|--------------------------|-----------------------|
| Related parties | | | |
| PhytoHealth Corporation | \$ 551 | \$ 551 | \$ 551 |
| AmCad BioMed Corporation | <u>98</u> | <u>98</u> | <u>98</u> |
| | <u>\$ 649</u> | <u>\$ 649</u> | <u>\$ 649</u> |

Lease payments to be received in the future were as follows:

| Related Party Category/Name | March 31, 2023 | December 31, | March 31, 2022 |
|-----------------------------|-----------------|-----------------|-----------------|
| | | 2022 | |
| Associates | | | |
| PhytoHealth Corporation | \$ 8,897 | \$ 5,591 | \$ 5,435 |
| AmCad BioMed Corporation | 420 | 711 | 1,395 |
| Lu Te Na Company Limited | <u>27</u> | <u>36</u> | <u>63</u> |
| | <u>\$ 9,344</u> | <u>\$ 6,338</u> | <u>\$ 6,893</u> |

Total lease revenue was as follows:

| Related Party Category/Name | For the Three Months Ended March 31 | |
|-----------------------------|--|-----------------|
| | 2023 | 2022 |
| Associates | | |
| PhytoHealth Corporation | \$ 1,575 | \$ 1,575 |
| AmCad BioMed Corporation | 280 | 280 |
| Lu Te Na Company Limited | <u>9</u> | <u>9</u> |
| | <u>\$ 1,864</u> | <u>\$ 1,864</u> |

The rental amounts and collection methods are similar to that of general leasing transactions.

c. Remuneration of key management personnel

The remuneration directors and other key management personnel was as follows:

| | For the Three Months Ended March 31 | |
|------------------------------|--|------------------|
| | 2023 | 2022 |
| Short-term employee benefits | \$ 11,286 | \$ 11,186 |
| Post-employment benefits | <u>170</u> | <u>170</u> |
| | <u>\$ 11,456</u> | <u>\$ 11,356</u> |

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged as collateral for long-term borrowings:

| | March 31, 2023 | December 31, | March 31, 2022 |
|-----------|-------------------|-------------------|----------------|
| | | 2022 | |
| Land | \$ 74,189 | \$ 74,189 | \$ - |
| Buildings | <u>66,589</u> | <u>67,930</u> | <u>-</u> |
| | <u>\$ 140,778</u> | <u>\$ 142,119</u> | <u>\$ -</u> |

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group were as follows:

- a. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group issued and deposited guarantee notes as purchase and performance guarantee, both of which are \$10,000 thousand in three years.
- b. As of March 31, 2023 and 2022, the Group had unrecognized contractual commitments of \$469,390 thousand and \$688,716 thousand, respectively, for the acquisition of property, plant and equipment.

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

March 31, 2023

| | Foreign Currency | Exchange Rate | Carrying Amount |
|------------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 126 | 30.45 (USD:NTD) | \$ 3,849 |
| EUR | 84 | 33.15 (EUR:NTD) | 2,791 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 109 | 30.45 (USD:NTD) | 3,308 |
| EUR | 149 | 33.15 (EUR:NTD) | 4,926 |

December 31, 2022

| | Foreign Currency | Exchange Rate | Carrying Amount |
|------------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 180 | 30.71 (USD:NTD) | \$ 5,537 |
| EUR | 105 | 32.72 (EUR:NTD) | 3,448 |
| RMB | 656 | 4.392 (RMB:NTD) | 2,883 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 66 | 30.71 (USD:NTD) | 2,037 |
| EUR | 204 | 32.72 (EUR:NTD) | 6,377 |

March 31, 2022

| | Foreign Currency | Exchange Rate | Carrying Amount |
|------------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 101 | 28.625 (USD:NTD) | \$ 2,908 |
| EUR | 14 | 31.92 (EUR:NTD) | 452 |
| RMB | 590 | 4.49 (RMB:NTD) | 2,649 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| EUR | 413 | 31.92 (EUR:NTD) | 13,175 |

Please refer to Note 24 (g) for the foreign currency exchange gains and losses (realized and unrealized) of the Group for the three months ended March 31, 2023 and 2022. Due to the wide variety of foreign currency transactions, it is impractical to disclose the exchange gains and losses by each foreign currency.

35. ADDITIONAL DISCLOSURES

a. Information on significant transactions:

- 1) Financing provided to others: None;
- 2) Endorsements/guarantees provided: None;
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): (Table 1);
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;

- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
 - 9) Trading in derivative instruments: None;
 - 10) Intercompany relationships and significant intercompany transactions: (Table 4)
- b. Information on investees (Table 2)
 - c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 3)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None;
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (Table 3)
 - c) The amount of property transactions and the amount of the resultant gains or losses: None;
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None;
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None;
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None;
 - d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 5)

36. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided. The reporting departments of the Group are as follows: Management Department, MeiWuHair department, and Medical drugs department.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

| | Segment Income | | Segment Gain/Loss | |
|---|-----------------------------------|-------------------|-----------------------------------|------------------|
| | For the Three Months Ended | | For the Three Months Ended | |
| | March 31 | | March 31 | |
| | 2023 | 2022 | 2023 | 2022 |
| Consumer Business Unit | \$ 244,750 | \$ 253,455 | \$ 61,065 | \$ 64,020 |
| Pharmaceutical Business Unit | <u>100,224</u> | <u>84,939</u> | <u>25,889</u> | <u>21,655</u> |
| | <u>\$ 344,974</u> | <u>\$ 338,394</u> | 86,954 | 85,675 |
| Inseparable management expense | | | (21,894) | (21,510) |
| Interest income | | | 1,683 | 1,301 |
| Rental income | | | 2,714 | 2,749 |
| Other income | | | 308 | 1,668 |
| Foreign exchange gains, net | | | 264 | 1,115 |
| Gain on financial assets at fair value through profit or loss | | | 73 | 31 |
| Interest expenses | | | (31) | (1,370) |
| Share of loss of associates | | | <u>(2,865)</u> | <u>(5,681)</u> |
| Profit before taxes | | | <u>\$ 67,206</u> | <u>\$ 63,978</u> |

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales for the three months ended March 31, 2023 and 2022.

Segment profit represented the profit before tax earned by each segment without interest income, rental income, other income, foreign currency exchange benefits, gain of financial assets at fair value through profit or loss, interest expense and share of profit or loss of associates accounted for using the equity method. This measured amount was reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets

The Group had not reported segment assets and liabilities information to the chief operating decision maker. Thus, no disclosure is made.

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

| Holding Company Name | Marketable Securities Type and Name | Relationship with the Company | Financial Statement Account | March 31, 2023 | | | | Note |
|----------------------|--|---|---|--------------------------------|--------------------|--------------------------------|------------------------|---------------|
| | | | | Shares/Units (In Thousands) | Carrying Amount | Percentage of Ownership (%) | Fair Value (Note 1) | |
| Maywufa Company Ltd. | <u>Share</u> | | | | | | | |
| | Cathay Financial Holdings Co., Ltd. | - | Financial assets at fair value through other comprehensive income | 503 | \$ 21,023 | - | \$ 21,023 | Listed shares |
| | Fubon Financial Holding Co., Ltd. | - | Financial assets at fair value through other comprehensive income | 287 | 16,205 | - | 16,205 | Listed shares |
| | Taiwan Incubator SME Development Corp. | Same chairman of the board of directors | Financial assets at fair value through other comprehensive income | 8,526 | 67,769 | 12.08 | 67,769 | |
| | Miho International Cosmetic Co., Ltd. | - | Financial assets at fair value through other comprehensive income | 359 | 4,455 | 0.39 | 4,455 | |
| | Career Consulting Co., Ltd. | - | Financial assets at fair value through other comprehensive income | 505 | 7,048 | 3.23 | 7,048 | |
| | Amersen Bioscience International, Inc. | - | Financial assets at fair value through other comprehensive income | 568 | - | 8.43 | - | |
| | Biowell Technology, Inc. | - | Financial assets at fair value through other comprehensive income | 3,272 | - | 7.56 | - | |
| | Amkey Biotechnology Venture Capital Inc. | - | Financial assets at fair value through other comprehensive income | 147 | <u>6,599</u> | 6.66 | 6,599 | |
| | | | | | | | <u>\$ 123,099</u> | |
| | <u>Fund</u> | | | | | | | |
| | Capital Money Market Fund | - | Financial assets at fair value through profit or loss | 610 | \$ 10,027 | - | 10,027 | |
| | KGI Victory Money Market Fund | - | Financial assets at fair value through profit or loss | 1,697 | <u>20,006</u> | - | 20,006 | |
| | | | | | | <u>\$ 30,033</u> | | |

Note 1: Reference of fair value: listed (over the counter) stocks of financial assets measured by fair value through other comprehensive income are the closing prices at the end of March 2023, and unlisted (over the counter) stocks are estimated market prices based on the fair value evaluation method; Financial assets measured at fair value through profit or loss are the net asset value at the end of March 2023.

Note 2: For information of subsidiaries, refer to Tables 3 and 4.

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Balance as of March 31, 2023 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) (Note 1) | Note |
|--------------------------------------|---|--|--|----------------------------|-------------------|------------------------------|--------|-----------------|-----------------------------------|---------------------------------|----------|
| | | | | March 31, 2023 | December 31, 2022 | Shares (In Thousands) | % | Carrying Amount | | | |
| Maywufa Company Ltd. | <u>Related company</u> PhytoHealth Corporation | Fuxing N. Rd., Taipei City, Taiwan (R.O.C.) | Pharmaceutical research and development, production, manufacturing and sales | \$ 1,016,963 | \$ 1,016,963 | 35,131 | 17.69 | \$ 454,039 | \$ (7,429) | \$ (1,876) | |
| | AmCad BioMed Corporation | Fuxing N. Rd., Taipei City, Taiwan (R.O.C.) | Medical Materials and Equipment Manufacturing | 65,749 | 65,749 | 3,474 | 6.53 | 27,148 | (10,588) | (691) | |
| | Broadsound Corporation | Xintai Rd., Zhubei City, Taiwan (R.O.C.) | Medical Materials and Equipment Manufacturing | 26,360 | 26,360 | 2,019 | 10.00 | 22,788 | (2,140) | (309) | |
| | Lu Te Na Company Limited | Fuxing N. Rd., Taipei City, Taiwan (R.O.C.) | Cosmetics Sales | 7,000 | 7,000 | 700 | 35.00 | 2,388 | 31 | 11 | |
| | <u>Subsidiaries</u> Maywufa Corporation | Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa | Investment | US\$ 8,500 | US\$ 8,500 | 8,500 | 100.00 | 142,775 | (1,128) | (1,128) | (Note 2) |
| Maywufa Corporation | Maywufa Hongkong Corporation Limited | Room 06, G/F, 535 Canton Road, Kowloon, Hong Kong | Investment | US\$ 8,500 | US\$ 8,500 | 8,500 | 100.00 | 144,920 | (1,128) | (1,128) | (Note 2) |
| Maywufa Hongkong Corporation Limited | Maywufa cosmetics (Shanghai) Co., Ltd. | Room 902, No. 777, Hongqiao Road, Xuhui District, Shanghai | Cosmetics and household goods wholesale | US\$ 7,500 | US\$ 7,500 | - | 100.00 | 144,917 | (1,128) | (1,128) | (Note 2) |

Note 1: Recognition of investment gains (losses) was based on the investee's reviewed financial statements.

Note 2: The amounts have been eliminated from the consolidated financial statements.

Note 3: For the investment limits in mainland China, refer to Table 3.

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(Amounts in Thousands of New Taiwan Dollars and US Dollars)

1. Name of the investee company in mainland China, main businesses, paid-in capital, investment method, capital remittance, shareholding ratio, investment profit and loss, book value of investment at the end of the period, and repatriated investment profit and loss were as follow:

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Accumulated Repatriation of Investment Income as of March 31, 2023 | Carrying Amount as of March 31, 2023 | Accumulated Inward Remittance for Investment from Taiwan as of March 31, 2023 |
|--|---|-------------------------|--|---|---------------------|--------|--|-----------------------------------|--|--|--------------------------------------|---|
| | | | | | Outward | Inward | | | | | | |
| Maywufa cosmetics (Shanghai) Co., Ltd. | Cosmetics and household goods wholesale | \$ 226,459 (US\$ 7,500) | Reinvesting in mainland China through companies located in a third region (Note 1) | \$ 226,459 (US\$ 7,500) | \$ - | \$ - | \$ 226,459 (US\$ 7,500) | \$ (1,128) | 100 | \$ (1,128) (Note 2) | \$ 144,917 | \$ - |

Note 1: The Company located in a third region is Maywufa Hongkong Corporation Limited.

Note 2: Investment gains and losses are recognized according to the financial statements reviewed by the accountant.

2. Investment limit in mainland China

(Amounts in Thousands of New Taiwan Dollars and US Dollars)

| Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2022 | Investment Amount Authorized by the Investment Commission, MOEA | Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA |
|---|---|--|
| \$226,459 (US\$7,500) | \$334,950 (US\$11,000) | \$1,233,310 |

Note: Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA = \$2,055,517 × 60% = \$1,233,310.

3. The significant transactions with investee companies in mainland China either directly or indirectly through a third party.

| Investee Company | Relationship with the Company | Transaction Type | Price | Transaction Details | | | Notes/Accounts Receivable (Payable) | | Unrealized Gain (Loss) |
|---------------------------------------|-------------------------------|------------------|----------|---------------------------------------|---|-------------------------------------|-------------------------------------|---|------------------------|
| | | | | Price | Payment Terms | Comparison with Normal Transactions | Ending Balance | % | |
| Maywufa cosmetics (Shanghai) Co., Ltd | Subsidiary | Sales revenue | \$ 9,227 | Determined by contract or negotiation | The credit period for hairdressing products is 3 months | Similar to general transaction | \$ 9,227 | 3 | \$ 1,735 |

4. Endorsements, guarantees or collateral provided to mainland investment companies directly or indirectly through companies in a third region: None.
5. Direct and indirect financing with mainland investment companies via third regions: None.
6. Other transactions that have a significant impact on the current profit or loss or financial position: None.
7. When preparing the consolidated financial statements, the above transactions have been eliminated.

MAYWUFA COMPANY LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THREE MONTHS ENDED MARCH 31, 2023
(Amounts in Thousands of New Taiwan Dollars)**

| No. | Investee Company | Counterparty | Relationship | Transactions Details | | | |
|-----|----------------------|---------------------------------------|------------------------------|--|-----------------|---|-------------------------------------|
| | | | | Financial Statement Account | Amount (Note 1) | Payment Terms | % of Total Sales or Assets (Note 2) |
| 0 | Maywufa Company Ltd. | Maywufa cosmetics (Shanghai) Co., Ltd | Parent company to subsidiary | Accounts receivable from related parties | \$ 9,227 | The credit period for hairdressing products is 3 months | - |
| | | | | Operating income | 9,227 | Similar to general transaction | 3 |

Note 1: The table only shows one-way transactions, and the transactions have been eliminated.

Note 2: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, if it is an asset-liability account, it is calculated as the ending balance of the consolidated total assets; if it is a profit and loss account, it is calculated as the cumulative amount to the consolidated total revenue.

TABLE 5**MAYWUFA COMPANY LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2023****(Amounts in Thousands of New Taiwan Dollars)**

| Major Shareholder Name | Shares | |
|----------------------------------|------------------------------|------------------------------------|
| | Number of Shares Held | Shareholding Percentage (%) |
| Cheng Yi Investment Company Ltd. | 23,594,819 | 17.75 |
| PhytoHealth Corporation | 16,737,700 | 12.59 |
| Li Ling Investment Co., Ltd. | 14,946,556 | 11.24 |

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System.