

**EXCELSIOR MEDICAL CO., LTD.**

**PARENT COMPANY ONLY FINANCIAL STATEMENTS**

**With Independent Auditors' Report  
For the Years Ended December 31, 2021 and 2020**

**Address: 17F., No.880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235,  
Taiwan, R.O.C.**

**Telephone: (02)22251888**

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1)Company History	8
(2)Financial Statements Authorization Date and Authorization Process	8
(3)New Standards, Amendments and Interpretations Adopted	8~9
(4)Summary of Significant Accounting Policies	9~23
(5)Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty	23
(6)Explanation of Significant Accounts	24~54
(7)Related Party Transactions	54~58
(8)Pledged Assets	59
(9)Significant Commitments and Contingencies	59
(10)Losses due to major disasters	59
(11)Subsequent events	59
(12)Other	60
(13)Other disclosures	
i) Information on significant transactions	61~63
ii) Information on investees	64~65
iii)Information on investment in mainland China	66~67
iv) Major shareholders	67
(14)Segment Information	67
10. List of major account titles	68~76



安侯建業聯合會計師事務所  
KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666  
傳真 Fax + 886 2 8101 6667  
網址 Web home.kpmg/tw

## Independent Auditors' Report

To the Board of Directors of Excelsior Medical Co., Ltd.:

### Opinion

We have audited the financial statements of Excelsior Medical Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matter that should be disclosed in this report is as follows:

#### 1. Impairment Assessment on Receivables

Please refer to Note (4)(f) for accounting policies of account receivable allowance provision.

Description of key audit matter:

The management of the Company performed its assessment based on the default risk of accounts receivable and the rate of expected loss. Because the assessment of impairment loss of receivables involves critical accounting estimates, which are subject to the judgment of the management, the assessment of the impairment loss of receivables is deemed to be a key audit matter.



How the matter was addressed in our audit:

Our main audit procedures in response to the assessment of the impairment of receivables were assessing the reasonableness of the methodology and assumptions used by the management for the impairment assessment of receivables and whether the methodology was adopted consistently, testing the reasonableness of the information used by the management for assessing the impairment of receivables, reviewing the accuracy of the calculation of the allowance for receivables, and evaluating the adequacy of the Company's disclosure for impairment of receivables.

### **Other Matter**

We did not audit the financial statements of certain subsidiaries, associates and joint ventures, which represented investment in other entities accounted for using the equity method of the Company. Those statements were audited by other auditors, whose reports has been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the report of other auditors. The investments in such entities accounted for using the equity method were NT\$138,000 thousand and NT\$146,436 thousand, constituting 2% and 2% of the total assets at December 31, 2021 and 2020, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$14,488 thousand and NT\$29,466 thousand, constituting 2% and 4% of total profit before tax for the years then ended, respectively.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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



As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Tsao-Jen Wu and Wan-Wan Lin.

KPMG

Taipei, Taiwan (Republic of China)  
March 11, 2022

#### **Notes to Readers**

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

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

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)  
EXCELSIOR MEDICAL CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS		December 31, 2021		December 31, 2020		LIABILITIES AND EQUITY		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Note (6)(a))	\$ 507,977	6	439,605	5	2100	Short-term borrowings (Note (6)(k))	\$ 150,000	2	-	-
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	-	-	166	-	2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	673	-	46	-
1151	Notes receivable (Notes (6)(d))	68,492	1	61,208	1	2150	Notes payable	398	-	396	-
1170	Accounts receivable (Notes (6)(d))	328,309	4	314,322	4	2170	Accounts payable (Note (7))	734,993	8	620,193	8
1180	Accounts receivable due from related parties (Notes (6)(d) and (7))	762,298	8	647,234	8	2200	Other payables (Notes (7))	187,659	2	162,233	2
1200	Other receivables (Notes (6)(d) and (7))	1,195	-	3,806	-	2230	Current tax liabilities	45,041	1	38,988	-
130X	Inventories (Note (6)(e))	612,900	7	580,389	6	2280	Current lease liabilities (Note (6)(m))	2,571	-	1,800	-
1470	Other current assets, others	18,188	-	11,055	-	2399	Other current liabilities, others (Notes (6)(l) and (7))	27,196	-	9,895	-
		<u>2,299,359</u>	<u>26</u>	<u>2,057,785</u>	<u>24</u>			<u>1,148,531</u>	<u>13</u>	<u>833,551</u>	<u>10</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	271,479	3	286,012	4	2570	Deferred tax liabilities (Note (6)(p))	175,674	2	141,842	2
1550	Investments accounted for using equity method (Note (6)(f))	6,167,751	68	5,936,662	69	2580	Non-current lease liabilities (Notes (6)(m))	9,510	-	2,957	-
1600	Property, plant and equipment (Notes (6)(h) and (8))	183,703	2	177,053	2	2670	Other non-current liabilities, others	166	-	166	-
1755	Right-of-use assets (Note (6)(i))	11,895	-	4,704	-			<u>185,350</u>	<u>2</u>	<u>144,965</u>	<u>2</u>
1780	Intangible assets (Note (6)(j))	3,755	-	1,203	-		<b>Total liabilities</b>	<u>1,333,881</u>	<u>15</u>	<u>978,516</u>	<u>12</u>
1840	Deferred tax assets (Note (6)(p))	100,185	1	83,678	1		<b>Equity (Note (6)(q)):</b>				
1975	Net defined benefit asset (Note (6)(o))	8,970	-	5,599	-		Share capital	1,411,490	16	1,411,490	16
1980	Other non-current financial assets	10,339	-	9,142	-	3100	Capital surplus	3,276,107	36	3,276,107	38
1990	Other non-current assets, others	14,834	-	7,575	-	3200	Retained earnings	3,192,892	35	3,017,380	35
		6,772,911	74	6,511,628	76	3300	Other equity	(142,100)	(2)	(114,080)	(1)
						3400					
							<b>Total equity</b>	<u>7,738,389</u>	<u>85</u>	<u>7,590,897</u>	<u>88</u>
<b>TOTAL ASSETS</b>		<u>\$ 9,072,270</u>	<u>100</u>	<u>8,569,413</u>	<u>100</u>	<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 9,072,270</u>	<u>100</u>	<u>8,569,413</u>	<u>100</u>

**EXCELSIOR MEDICAL CO., LTD.****STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020****(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)**

		For the Years Ended December 31,			
		2021		2020	
		Amount	%	Amount	%
4000	<b>Operating revenue (Notes (6)(s) and (7))</b>	\$ 4,373,194	100	4,199,740	100
5000	<b>Operating costs (Note (6)(e))</b>	<u>3,652,377</u>	<u>84</u>	<u>3,514,008</u>	<u>84</u>
	<b>Gross profit from operations</b>	720,817	16	685,732	16
5910	Less: Unrealized profit from sales	121,722	3	110,977	3
5920	Add: Realized profit from sales	<u>120,315</u>	<u>3</u>	<u>110,901</u>	<u>3</u>
		<u>719,410</u>	<u>16</u>	<u>685,656</u>	<u>16</u>
	<b>Operating expenses:</b>				
6100	Selling expenses	214,653	5	206,919	5
6200	Administrative expenses	163,148	3	158,015	3
6450	Expected credit loss (gain) (Note (6)(d))	<u>(2,625)</u>	<u>-</u>	<u>1,608</u>	<u>-</u>
		<u>375,176</u>	<u>8</u>	<u>366,542</u>	<u>8</u>
	<b>Net operating income</b>	<u>344,234</u>	<u>8</u>	<u>319,114</u>	<u>8</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note (6)(u))	624	-	1,246	-
7010	Other income (Notes (6)(u) and (7))	4,082	-	6,329	-
7020	Other gains and losses (Notes (6)(u) and (7))	10,616	-	8,456	-
7050	Finance costs (Note (6)(u))	(572)	-	(560)	-
7060	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method (Note (6)(f))	<u>357,085</u>	<u>8</u>	<u>338,424</u>	<u>8</u>
		<u>371,835</u>	<u>8</u>	<u>353,895</u>	<u>8</u>
7900	<b>Profit before tax</b>	716,069	16	673,009	16
7950	<b>Less: Tax expense (Note (6)(p))</b>	<u>108,920</u>	<u>2</u>	<u>101,339</u>	<u>2</u>
	<b>Profit</b>	<u>607,149</u>	<u>14</u>	<u>571,670</u>	<u>14</u>
	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that will not be reclassified subsequently to profit and loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	2,572	-	1,572	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	25,284	1	(18,238)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	5,695	-	50,905	1
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>972</u>	<u>-</u>	<u>1,147</u>	<u>-</u>
	<b>Total items that will not be reclassified subsequently to profit and loss</b>	<u>32,579</u>	<u>1</u>	<u>33,092</u>	<u>1</u>
8360	<b>Items that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation	(73,200)	(2)	(110,137)	(3)
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(2,513)	-	(3,356)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(14,640)</u>	<u>-</u>	<u>(22,027)</u>	<u>(1)</u>
	<b>Total items that will be reclassified subsequently to profit and loss</b>	<u>(61,073)</u>	<u>(2)</u>	<u>(91,466)</u>	<u>(2)</u>
	<b>Other comprehensive income, net</b>	<u>(28,494)</u>	<u>(1)</u>	<u>(58,374)</u>	<u>(1)</u>
8500	<b>Total comprehensive income for the year</b>	<u>\$ 578,655</u>	<u>13</u>	<u>513,296</u>	<u>13</u>
	<b>Earnings per share (Note (6)(r))</b>				
9750	<b>Basic earnings per share (NT dollars)</b>	<u>\$ 4.30</u>		<u>4.06</u>	
9850	<b>Diluted earnings per share (NT dollars)</b>	<u>\$ 4.28</u>		<u>4.04</u>	



(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)  
EXCELSIOR MEDICAL CO., LTD.

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Share capital		Retained earnings			Total other equity interest		Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
<b>Balance as of January 1, 2020</b>	\$ 1,281,490	2,816,807	727,039	26,629	2,150,725	(107,903)	51,554	6,946,341
Profit for the year	-	-	-	-	571,670	-	-	571,670
Other comprehensive income (loss) for the year	-	-	-	-	(944)	(91,466)	34,036	(58,374)
Total comprehensive income (loss) for the year	-	-	-	-	570,726	(91,466)	34,036	513,296
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	51,476	-	(51,476)	-	-	-
Special reserve reversed	-	-	-	29,720	(29,720)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(465,792)	-	-	(465,792)
Changes in equity of associates and joint ventures accounted for using equity method	-	333	-	-	7,490	-	-	7,823
Capital increased by cash	130,000	455,000	-	-	-	-	-	585,000
Changes in ownership interests in subsidiaries	-	3,967	-	-	262	-	-	4,229
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	301	-	(301)	-
<b>Balance as of December 31, 2020</b>	1,411,490	3,276,107	778,515	56,349	2,182,516	(199,369)	85,289	7,590,897
Profit for the year	-	-	-	-	607,149	-	-	607,149
Other comprehensive income (loss) for the year	-	-	-	-	3,617	(61,073)	28,962	(28,494)
Total comprehensive income (loss) for the year	-	-	-	-	610,766	(61,073)	28,962	578,655
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	57,878	-	(57,878)	-	-	-
Special reserve appropriated	-	-	-	57,731	(57,731)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(494,021)	-	-	(494,021)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	62,440	-	-	62,440
Changes in ownership interests in subsidiaries	-	-	-	-	418	-	-	418
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(4,091)	-	4,091	-
<b>Balance as of December 31, 2021</b>	\$ 1,411,490	3,276,107	836,393	114,080	2,242,419	(260,442)	118,342	7,738,389

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)  
EXCELSIOR MEDICAL CO., LTD.

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	For the Years Ended December 31,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 716,069	673,009
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	26,201	23,759
Amortization expense	2,268	2,270
Expected credit loss (gain)	(2,625)	1,608
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6,640	200
Interest expense	572	560
Interest income	(624)	(1,246)
Dividend income	(4,082)	(6,329)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(357,085)	(338,424)
Unrealized profit from sales	121,722	110,977
Realized profit from sales	(120,315)	(110,901)
Others	(171)	400
<b>Total adjustments to reconcile profit</b>	(327,499)	(317,126)
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Notes receivable	(7,284)	8,238
Accounts receivable	(11,362)	991
Accounts receivable due from related parties	(115,064)	(22,063)
Other receivables	2,611	971
Inventories	(57,644)	(60,184)
Net defined benefit asset	(799)	(843)
Other current assets	(7,133)	5,646
<b>Total changes in operating assets</b>	(196,675)	(67,244)
<b>Changes in operating liabilities:</b>		
Notes payable	2	(4,388)
Accounts payable	114,800	(94,137)
Other payables	25,398	4,050
Other current liabilities	17,301	1,864
Other operating liabilities	-	(28)
<b>Total changes in operating liabilities</b>	157,501	(92,639)
<b>Total changes in operating assets and liabilities</b>	(39,174)	(159,883)
<b>Total adjustments</b>	(366,673)	(477,009)
Cash inflow generated from operations	349,396	196,000
Interest received	624	1,961
Income taxes paid	(71,874)	(67,858)
<b>Net cash flows from operating activities</b>	278,146	130,103

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)  
EXCELSIOR MEDICAL CO., LTD.

**STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2021	2020
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	39,818	1,006
Acquisition of financial assets at fair value through profit or loss	(5,847)	(320)
Acquisition of investments accounted for using equity method	-	(183,252)
Acquisition of property, plant and equipment	(5,011)	(920)
Acquisition of intangible assets	(3,713)	(1,369)
(Increase) decrease in other financial assets	(1,197)	(384)
Increase in other non-current assets	(8,367)	(754)
Dividends received	121,510	81,808
<b>Net cash flows (used in) from investing activities</b>	137,193	(104,185)
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	150,000	-
Decrease in short-term borrowings	-	(450,000)
Cash dividends paid	(494,021)	(465,792)
Capital increased by cash	-	585,000
Interest paid	(543)	(924)
Payment of lease liabilities	(2,403)	(3,793)
<b>Net cash flows (used in) from financing activities</b>	(346,967)	(335,509)
<b>Net decrease in cash and cash equivalents</b>	68,372	(309,591)
<b>Cash and cash equivalents at beginning of period</b>	439,605	749,196
<b>Cash and cash equivalents at end of period</b>	\$ 507,977	439,605

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

**(1) Company History**

Excelsior Medical Co., Ltd. (the Company) was incorporated on March 15, 1988 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 17F., No.880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan, R.O.C.. The Company engaged primarily in the sale of medical supplies and equipment, medicines and home medical devices.

The Company's shares were traded on the Taipei Exchange (formerly the GreTai Securities Market) from June 8, 2001 to December 30, 2007 and have been traded on the Taiwan Stock Exchange since December 31, 2007.

**(2) Financial Statements Authorization Date and Authorization Process**

The financial statements were authorized for issue by the Board of Directors on March 11, 2022.

**(3) New Standards, Amendments and Interpretations Adopted:**

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

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

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

**(4) Summary of Significant Accounting Policies**

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations).

- (b) Basis of preparation

1. Basis of measurement

The financial statements have been prepared on historical cost basis except for the following material items in the balance sheet:

- 1) Financial assets at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (or assets) are measured at fair value of plan assets, net of aggregation of the present value of the defined benefit obligation, with a limit based on a defined benefit asset.

2. Functional and presentation currency

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

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

(c) Foreign Currencies

1. Foreign currency transactions

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

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

2. Foreign operations

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

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

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

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

(d) Classification of Current and Non-Current Assets and Liabilities

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

- 1.It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- 2.It is held primarily for the purpose of trading;
- 3.It is expected to be realized within twelve months after the reporting period; or
- 4.The asset is cash or a cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

- 1.It is expected to be settled in the normal operating cycle;
- 2.It is held primarily for the purpose of trading;
- 3.It is due to be settled within twelve months after the reporting period; or
- 4.The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and Cash Equivalents

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

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Financial instruments

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

1.Financial assets

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

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) - equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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



**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

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

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

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

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

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

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

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

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

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

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

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

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

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

5) Derecognition of financial assets

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

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

2. Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

3. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

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

(h) Investment in Associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiaries

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

The changes in the ownership of the subsidiaries are recognized as equity transaction.

(j) Property, Plant, and Equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowing cost) less accumulated depreciation and any accumulated impairment losses.

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

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

2. Subsequent expenditure

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

3. Depreciation

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

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	5 years~ 55 years
2) Medical equipment	2 years~ 8 years
3) Other equipment	3 years~ 8 years

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

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

(k) Leases

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

(i) As a lessee

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

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

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

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

- fixed payments, including in-substance fixed payments; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

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

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

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

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

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

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of storage room, and parking space that have a lease of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

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

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

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

(l) Intangible Assets

1. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

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

2. Subsequent expenditure

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

3. Amortization

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

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

- |                            |                  |
|----------------------------|------------------|
| 1) Computer software       | 3 years          |
| 2) Other intangible assets | 2 years~ 5 years |

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

(m) Impairment of Non-Financial Assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

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



**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(o) Revenue

1. Revenue from contracts with customers

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

1) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company's obligation for the sales of goods components under the standard warranty terms is recognized as a provision for warranty.

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

2) Services

The Company provides maintenance and warranty services. Revenue from providing services is recognized in the accounting period in which the services are rendered. Under the IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Company sells the services in separate transactions.

3) Financing components

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



**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

(p) Employee Benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

3. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

4. Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

5.Short-term employee benefits

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

(q) Income Taxes

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

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

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

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

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

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

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

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

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(r) Earnings per Share

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

(s) Operating Segments

Please refer to the consolidated financial report of Excelsior Medical Co., Ltd. for the years ended December 31, 2021 and 2020 for the operating segments information.

**(5) Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty**

In preparing these financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

Accounting policies which influence material judgment and has significant impact on prices recognized in parent-company-only financial statements is as follows:

To identify whether the Company has actual control to investee, please refer to the consolidated financial statements for the year ended December 31, 2021.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

The loss allowance of trade receivable

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

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

**(6) Explanation of Significant Accounts**

## (a) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand, demand deposits and checking accounts	\$ 507,977	439,096
Time deposits	-	509
Cash and cash equivalents in statement of cash flows	<u>\$ 507,977</u>	<u>439,605</u>

The Company interest risk and sensibility analysis of the financial assets and liabilities was disclosed in Note (6)(w).

## (b) Financial assets and liabilities at fair value through profit or loss

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward foreign exchange contracts	<u>\$ -</u>	<u>166</u>
Held-for-trading financial liabilities		
Derivative instruments not used for hedging		
Forward foreign exchange contracts	<u>\$ 673</u>	<u>46</u>

The Company uses derivative financial instruments to hedge the certain foreign exchange and interest risk the Company is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as held-for-trading financial instruments:

Forward foreign exchange contracts:

	<u>December 31, 2021</u>			
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity period</u>	
Forward foreign exchange contracts purchased	JPY 257,425	JPY to TWD	2022.1~2022.3	
Forward foreign exchange contracts purchased	USD 515	USD to TWD	2022.1	
	<u>December 31, 2020</u>			
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity period</u>	
Foreign exchange forward purchased	USD 107,538	JPY to TWD	2021.2~2021.3	
Foreign exchange forward purchased	USD 400	USD to TWD	2021.1	

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Equity investments at fair value through other comprehensive income		
Domestic listed shares	\$ 26,512	30,397
Foreign listed shares	98,319	128,802
Domestic unlisted shares	<u>146,648</u>	<u>126,813</u>
Total	<u>\$ 271,479</u>	<u>286,012</u>

1. Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long term for strategic purposes.

The Company has sold its common stocks designated at fair value through other comprehensive income because of operation strategies for the years ended December 31, 2021 and 2020. The shares sold had a fair value of \$40,172 thousand and \$1,009 thousand, respectively. The Company realized a gain of loss \$4,091 thousand and gain \$301 thousand, respectively, which is already included in other comprehensive income, and thereafter, was transferred to retained earnings from other equity.

2. For credit risk and market risk, please refer to Note (6)(w).

3. As of December 31, 2021 and 2020, the aforesaid financial assets were not pledged as collateral.

(d) Notes receivable, accounts receivable and other receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ 68,492	61,208
Accounts receivable	1,108,644	982,406
Other receivables	1,195	3,806
Less: Loss allowance	<u>(18,037)</u>	<u>(20,850)</u>
Net	<u>\$ 1,160,294</u>	<u>1,026,570</u>

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

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

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 1,174,053	1.59%	(13,774)
1 to 90 days past due	616	98.62%	(601)
91 to 180 days past due	24	100%	(24)
181 to 365 days past due	-	100%	-
More than 365 days past due	<u>3,638</u>	100%	<u>(3,638)</u>
	<u><b>\$ 1,178,331</b></u>		<u><b>(18,037)</b></u>
	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 1,043,167	1.59%	(16,604)
1 to 90 days past due	508	98.62%	(501)
91 to 180 days past due	29	100%	(29)
181 to 365 days past due	-	100%	-
More than 365 days past due	<u>3,716</u>	100%	<u>(3,716)</u>
	<u><b>\$ 1,047,420</b></u>		<u><b>(20,850)</b></u>

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

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Balance as of January 1	\$ 20,850	19,242
Impairment losses recognized	-	1,608
Impairment losses reversed	(2,625)	-
Amounts written off	<u>(188)</u>	<u>-</u>
Balance as of December 31	<u><b>\$ 18,037</b></u>	<u><b>20,850</b></u>

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(e) Inventories

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Merchandise	\$ 527,777	491,314
Inventory in-transit	85,123	89,075
Total	<b>\$ 612,900</b>	<b>580,389</b>

The details of cost of goods sold were as follows :

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Cost of goods sold	\$ 3,566,718	3,442,305
Losses (reversal) on inventory valuation and obsolescence	4,514	(14,610)
Repair and maintenance costs	77,961	83,159
Others operating costs	3,184	3,154
Total	<b>\$ 3,652,377</b>	<b>3,514,008</b>

The factor leading to the net realizable value of inventories is lower than the cost vanished, so that the reversal gain of inventories is recognized due to the increase in net realizable value for the year ended December 31, 2020.

(f) Investments accounted for using equity method

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Subsidiaries	\$ 5,366,123	5,256,868
Associates	801,628	679,794
	<b>\$ 6,167,751</b>	<b>5,936,662</b>

1.Subsidiary

Please refer to the consolidated financial statements for the year ended of December 31, 2021.

2.Associates

The Company's financial information for investments accounted for using equity method that are individually insignificant was as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Carrying amount of individually insignificant associates' equity	<b>\$ 801,628</b>	<b>679,794</b>

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Attributable to Company:		
Profit	\$ 95,714	104,828
Other comprehensive income	<u>23,333</u>	<u>29,521</u>
Total comprehensive income	<u>\$ 119,047</u>	<u>134,349</u>

## (g) Changes in ownership interests in subsidiaries

The Company subscribed the shares issued for cash by its subsidiary Arich Enterprise Co., Ltd. at a percentage different from its existing ownership percentage in April 2020, and a part of shares are available for subscription to employees of Arich Enterprise Co., Ltd.. The changes in ownership interests in subsidiaries were recognized as capital surplus amounting to \$3,967 thousand for the year ended December 31, 2020.

## (h) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020 were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Medical equipment</u>	<u>Miscellaneous equipment</u>	<u>Total</u>
Cost or deemed cost:					
Balance as of January 1, 2021	\$ 75,758	99,094	84,872	12,921	272,645
Additions	-	993	2,358	1,660	5,011
Disposal and obsolescence	-	(2,165)	(912)	(1,442)	(4,519)
Transfer from inventories	-	-	23,487	1,646	25,133
Transfer to inventories	-	-	(3,301)	-	(3,301)
Balance as of December 31, 2021	<u>\$ 75,758</u>	<u>97,922</u>	<u>106,504</u>	<u>14,785</u>	<u>294,969</u>
Balance as of January 1, 2020	\$ 75,758	98,943	71,463	23,068	269,232
Additions	-	543	-	377	920
Disposal and obsolescence	-	(392)	(1,664)	(10,850)	(12,906)
Transfer from inventories	-	-	15,817	726	16,543
Transfer to inventories	-	-	(744)	-	(744)
Transfer to expense	-	-	-	(400)	(400)
Balance as of December 31, 2020	<u>\$ 75,758</u>	<u>99,094</u>	<u>84,872</u>	<u>12,921</u>	<u>272,645</u>
Depreciation and impairment losses:					
Balance as of January 1, 2021	\$ 4,000	43,369	40,543	7,680	95,592
Depreciation for the period	-	2,096	19,373	2,025	23,494
Disposal and obsolescence	-	(2,165)	(912)	(1,442)	(4,519)
Transfer to inventories	-	-	(3,301)	-	(3,301)
Balance as of December 31, 2021	<u>\$ 4,000</u>	<u>43,300</u>	<u>55,703</u>	<u>8,263</u>	<u>111,266</u>
Balance as of January 1, 2020	\$ 4,000	41,652	26,854	16,676	89,182
Depreciation for the period	-	2,109	16,025	1,854	19,988
Disposal and obsolescence	-	(392)	(1,664)	(10,850)	(12,906)
Transfer to inventories	-	-	(672)	-	(672)
Balance as of December 31, 2020	<u>\$ 4,000</u>	<u>43,369</u>	<u>40,543</u>	<u>7,680</u>	<u>95,592</u>



(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)  
**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

	<u>Land</u>	<u>Buildings</u>	<u>Medical equipment</u>	<u>Miscellaneous equipment</u>	<u>Total</u>
Carrying amount:					
Balance as of December 31, 2021	\$ <u>71,758</u>	<u>54,622</u>	<u>50,801</u>	<u>6,522</u>	<u>183,703</u>
Balance as of January 1, 2020	\$ <u>71,758</u>	<u>57,291</u>	<u>44,609</u>	<u>6,392</u>	<u>180,050</u>
Balance as of December 31, 2020	\$ <u>71,758</u>	<u>55,725</u>	<u>44,329</u>	<u>5,241</u>	<u>177,053</u>

(i) Right-of-use assets

The Company leases many assets including buildings and other equipment. Information about leases for which the Company as a lessee is presented below:

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2021	\$ 11,682	1,440	13,122
Additions	10,174	-	10,174
Write-off	<u>(6,388)</u>	<u>(1,440)</u>	<u>(7,828)</u>
Balance as of December 31, 2021	<u>\$ 15,468</u>	<u>-</u>	<u>15,468</u>
Balance as of January 1, 2020	\$ 16,093	1,440	17,533
Additions	3,612	-	3,612
Write-off	<u>(8,023)</u>	<u>-</u>	<u>(8,023)</u>
Balance as of December 31, 2020	<u>\$ 11,682</u>	<u>1,440</u>	<u>13,122</u>
Accumulated depreciation and impairment losses:			
Balance as of January 1, 2021	\$ 6,978	1,440	8,418
Additions	2,707	-	2,707
Write-off	<u>(6,112)</u>	<u>(1,440)</u>	<u>(7,552)</u>
Balance as of December 31, 2021	<u>\$ 3,573</u>	<u>-</u>	<u>3,573</u>
Balance as of January 1, 2020	\$ 3,495	1,152	4,647
Depreciation for the year	<u>3,483</u>	<u>288</u>	<u>3,771</u>
Balance as of December 31, 2020	<u>\$ 6,978</u>	<u>1,440</u>	<u>8,418</u>
Carrying amount:			
Balance as of December 31, 2021	<u>\$ 11,895</u>	<u>-</u>	<u>11,895</u>
Balance as of January 1, 2020	<u>\$ 12,598</u>	<u>288</u>	<u>12,886</u>
Balance as of December 31, 2020	<u>\$ 4,704</u>	<u>-</u>	<u>4,704</u>

The Company added and modified parts of the lease contract, resulting in a increase in right of use assets of \$9,868 thousand and an increase of \$4,411 thousand to be recognized for the years ended December 31, 2021 and 2020, respectively.

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020****(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

For the years ended December 31, 2021 and 2020, the Company leased storage room and parking space under operating lease, please refer to Note (6)(n).

## (j) Intangible assets

The costs, amortization, and impairment of the Company for the years ended December 31, 2021 and 2020, were as follows:

	<u>Software</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2021	\$ 3,573	18,442	22,015
Acquisition	713	3,000	3,713
Disposal	<u>(2,008)</u>	<u>-</u>	<u>(2,008)</u>
Balance as of December 31, 2021	<u>\$ 2,278</u>	<u>21,442</u>	<u>23,720</u>
Balance as of January 1, 2020	\$ 2,204	19,442	21,646
Acquisition	1,369	-	1,369
Disposal	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>
Balance as of December 31, 2020	<u>\$ 3,573</u>	<u>18,442</u>	<u>22,015</u>
Amortization and impairment loss:			
Balance as of January 1, 2021	\$ 2,370	18,442	20,812
Amortization	761	400	1,161
Disposal	<u>(2,008)</u>	<u>-</u>	<u>(2,008)</u>
Balance as of December 31, 2021	<u>\$ 1,123</u>	<u>18,842</u>	<u>19,965</u>
Balance as of January 1, 2020	\$ 1,537	19,412	20,949
Amortization	833	30	863
Disposal	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>
Balance as of December 31, 2020	<u>\$ 2,370</u>	<u>18,442</u>	<u>20,812</u>
Carrying amount:			
Balance as of December 31, 2021	<u>\$ 1,155</u>	<u>2,600</u>	<u>3,755</u>
Balance as of January 1, 2020	<u>\$ 667</u>	<u>30</u>	<u>697</u>
Balance as of December 31, 2020	<u>\$ 1,203</u>	<u>-</u>	<u>1,203</u>

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

## 1. Amortization

The amortization of intangible assets is included in the following statement of comprehensive income items:

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Operating costs	\$ 400	30
Operating expenses	761	833
Total	<u>\$ 1,161</u>	<u>863</u>

## (k) Short-term borrowings

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Unsecured bank loans	<u>\$ 150,000</u>	<u>-</u>
Unused short term credit lines	<u>\$ 1,650,000</u>	<u>2,400,000</u>
Range of interest rates	<u>0.7%</u>	<u>-</u>

Please refer to Note (8) for details of the Company's assets pledged as collateral for bank borrowings.

The Company's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(w).

## (l) Provisions

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Warranties	<u>\$ 2,456</u>	<u>4,221</u>
		<b>Warranties</b>
Balance as of January 1, 2021		\$ 4,221
Additions		2,184
Provisions reversed or used		(3,949)
Balance as of December 31, 2021		<u>\$ 2,456</u>
Balance as of January 1, 2020		\$ 3,348
Additions		4,644
Provisions reversed or used		(3,771)
Balance as of December 31, 2020		<u>\$ 4,221</u>

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of other events affecting product quality.

(m) Lease liabilities

The carrying amount of lease liabilities were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current	<u>\$ 2,571</u>	<u>1,800</u>
Non-current	<u>\$ 9,510</u>	<u>2,957</u>

For the maturities analysis, please refer to Note (6)(w).

The Company added and modified parts of the contract, resulting in a increase in lease liabilities of \$9,868 thousand and an decrease of \$4,411 thousand for the years ended December 31, 2021 and 2020, respectively.

The amounts recognized in profit or loss were as follows:

	<b>For the Years Ended December 31, 2021</b>	<b>2020</b>
Interest on lease liabilities	<u>\$ 80</u>	<u>107</u>
Income from sub-leasing right-of-use assets	<u>\$ 161</u>	<u>1,173</u>
Expenses relating to short-term leases	<u>\$ 597</u>	<u>905</u>
COVID-19-related rent concessions	<u>\$ 141</u>	<u>-</u>

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

	<b>For the Years Ended December 31, 2021</b>	<b>2020</b>
Total cash outflow for leases	<u>\$ 3,080</u>	<u>4,805</u>

1. Building leases

As of December 31, 2021, the Company leases buildings for its office space. The leases of office space typically run for a period of 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Company sub-leases some of its right-of-use assets under operating leases; please refer to Note (6)(n).

2. Other leases

The Company leases machinery and other equipment, with lease terms of 3 years. In some cases, the Company has options to extend the lease at the end of the contract term.

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020****(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

The Company also leases storage room and parking space with contract terms of 1 to 3 years. These leases are short-term leases. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

## (n) Operating leases

Operating leases relate to leasing and subleasing of real estate and leasing of equipment with lease terms between 1 to 5 years. The leasees do not have bargain purchase options to acquire the real estate and equipment at the expiration of the lease periods.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Within 1 year	\$ 4,401	5,069
1 to 5 years	69	-
	<b>\$ 4,470</b>	<b>5,069</b>

## (o) Employee benefits

## 1. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Present value of defined benefit obligations	\$ 78,776	79,383
Fair value of plan assets	(87,746)	(84,982)
Net defined benefit (assets) liabilities	<b>\$ (8,970)</b>	<b>(5,599)</b>

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

## 1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$87,331 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)  
**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2) Movements in present value of the defined benefit obligations

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

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Defined benefit obligation as of January 1	\$ 79,383	77,275
Current service costs and interest	758	1,090
Remeasurement on the net defined benefit obligation		
– Actuarial gains and losses arising from experience adjustments	(2,626)	(2,752)
– Actuarial gains and losses arising from changes in demographic assumptions	3,807	629
– Actuarial gains and losses arising from changes in financial assumptions	(2,546)	3,141
Defined benefit obligation as of December 31	<u>\$ 78,776</u>	<u>79,383</u>

3) Movements of defined benefit plan assets

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

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Fair value of plan assets as of January 1	\$ 84,982	80,459
Interest income	300	649
Remeasurement on the net defined benefit obligation		
– Return on plan assets (excluding current interest)	1,207	2,590
Contribution paid by the employer	1,257	1,284
Fair value of plan assets as of December 31	<u>\$ 87,746</u>	<u>84,982</u>

4) Expenses recognized in profit or loss

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

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Current service costs	\$ 480	471
Net interest of net liabilities for defined benefit obligations	(22)	(30)
	<u>\$ 458</u>	<u>441</u>

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

	<u>For the Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Operating costs and expenses	<u>\$ 458</u>	<u>441</u>

5) Actuarial assumptions

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

	<u>December 31,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
Discount rate	0.750%	0.350%
Future salary increasing rate	3.000%	3.000%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$1,256 thousand.

The weighted average lifetime of the defined benefits plans is 11 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>Influences on defined benefit obligations</u>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2021		
Discount rate	\$ (1,622)	1,675
Future salary increasing rate	1,599	(1,557)
December 31, 2020		
Discount rate	\$ (1,775)	1,837
Future salary increasing rate	1,748	(1,699)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

2. Defined contribution plans

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

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$7,105 thousand and \$7,096 thousand for the years ended December 31, 2021 and 2020, respectively.

## (p) Income taxes

## 1. Income tax expense

The components of income tax in the years 2021 and 2020 were as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Current tax expense		
Current period	\$ 78,182	66,640
Adjustment for prior periods	(255)	(1,795)
	<u>77,927</u>	<u>64,845</u>
Deferred tax expense		
Origination and reversal of temporary differences	30,993	36,494
Income tax expense from continuing operations	<u>\$ 108,920</u>	<u>101,339</u>

The amount of income tax recognized in other comprehensive income for 2021 and 2020 were as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ (514)	(315)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	(578)	(1,363)
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	120	531
	<u>\$ (972)</u>	<u>(1,147)</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<u>\$ 14,640</u>	<u>22,027</u>



**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Reconciliation of income tax and profit before tax for 2021 and 2020 was as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Profit before income tax	\$ 716,069	673,009
Income tax using the Company's statutory tax rate	\$ 143,214	134,602
Permanent differences	(33,761)	(31,379)
Tax-exempt income	(278)	(297)
Undistributed earnings additional tax	-	208
Adjustments for prior periods	(255)	(1,795)
Income tax expense	<u>\$ 108,920</u>	<u>101,339</u>

## 2. Deferred tax assets and liabilities

## 1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

	<b>Deferred sales returns and allowance</b>	<b>Unrealized losses on inventories</b>	<b>Unrealized gains on investment</b>	<b>Others</b>	<b>Total</b>
<b>Deferred tax assets:</b>					
Balance as of January 1, 2021	\$ 4,022	6,761	-	72,895	83,678
Recognized in profit or loss	1,427	213	-	621	2,261
Recognized in other comprehensive income	-	-	-	14,246	14,246
Balance as of December 31, 2021	<u>\$ 5,449</u>	<u>6,974</u>	<u>-</u>	<u>87,762</u>	<u>100,185</u>
Balance as of January 1, 2020	\$ 1,350	9,683	-	53,829	64,862
Recognized in profit or loss	2,672	(2,922)	-	(3,177)	(3,427)
Recognized in other comprehensive income	-	-	-	22,243	22,243
Balance as of December 31, 2020	<u>\$ 4,022</u>	<u>6,761</u>	<u>-</u>	<u>72,895</u>	<u>83,678</u>
<b>Deferred tax liabilities:</b>					
Balance as of January 1, 2021	\$ -	-	139,085	2,757	141,842
Recognized in profit and loss	-	-	33,332	(78)	33,254
Recognized in other comprehensive income	-	-	-	578	578
Balance as of December 31, 2021	<u>\$ -</u>	<u>-</u>	<u>172,417</u>	<u>3,257</u>	<u>175,674</u>
Balance as of January 1, 2020	\$ -	-	106,425	987	107,412
Recognized in profit or loss	-	-	32,660	407	33,067
Recognized in other comprehensive income	-	-	-	1,363	1,363
Balance as of December 31, 2020	<u>\$ -</u>	<u>-</u>	<u>139,085</u>	<u>2,757</u>	<u>141,842</u>

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

## 3. Assessment of tax

The Company's income tax returns for the year through 2019 were assessed by the Tax Administration.

## (q) Capital and other equity

A resolution was passed by the Board of the Company on November 7, 2019, for issuance of 130,000 thousand shares, with a par value of \$10 per share. The issuance price is \$45. A part of shares are reserved for employees. For relative information, please refer to Note (6)(r). The issuance has been approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C., with January 15, 2020, as the date of capital increase. The related registration procedures were completed, and all issued shares were paid up upon issuance.

## 1. Share capital

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>141,149</u>	<u>141,149</u>
Shares issued	<u>\$ 1,411,490</u>	<u>1,411,490</u>

A total of 10,000 thousand shares of the Company's authorized shares are reserved for the issuance of employee share options, convertible bonds with warrants and preferred shares with warrants.

## 2. Capital surplus

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Additional paid-in capital arising from ordinary share	\$ 1,822,584	1,822,584
Additional paid-in capital arising from bond conversion	1,072,079	1,072,079
Difference between consideration and carrying amount of subsidiaries acquired or disposed	98,181	98,181
Changes in ownership interest in subsidiaries	238,946	238,946
Changes in equity of associates accounted for using equity method	457	457
Others	<u>43,860</u>	<u>43,860</u>
	<u>\$ 3,276,107</u>	<u>3,276,107</u>

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

3. Retained earnings

The Company's article of incorporation stipulates that Company's profit after tax should first be used to offset the prior years' deficits, including unappropriated retained earnings. Of the remaining balance, 10% is to be appropriated as legal reserve, then the special surplus reserve shall be distributed or reversed according to the Laws acts and regulations approved by the Competent authority. The remainder, together with any undistributed retained earnings, including amount of adjusted retained earnings, shall be distributed by the Board of Directors and submitted to the stockholders' meeting for approval. The distribution of dividends, bonus, legal reserve and capital surplus, distributed by way of cash, shall be decided during the Board meeting, approved by more than half of the directors, with two thirds of directors in attendance; thereafter, to be submitted in the shareholders' meeting of the Company.

The Company's Articles also stipulate a dividend policy which is as follows: According to the present and future development plans, the investment environment, capital requirements, domestic and overseas competition, and the benefit of shareholders, the Company should distribute dividends and bonuses to shareholders at no less than 20% of the remaining profit (which is the current net profit less losses of previous years, less the adjustment to retained earnings, and less the appropriation of earnings to the legal reserve). Dividends could be distributed in cash or shares, where cash dividends should not be less than 20% of the total dividends distributed.

According to the amendment of the R.O.C. Company Act in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

The Company recognize and reverse special reserve according to the regulation of Financial Supervisory Commission.

During the Board meeting on March 12, 2021, and the Board meeting on March 20, 2020, the Board approved to distribute the 2020 and 2019 earnings, respectively, as follows:

	<b>For the Years Ended December 31,</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Dividend per share (\$)</b>	<b>Amount</b>	<b>Dividend per share (\$)</b>	<b>Amount</b>
Dividends distributed to common shareholders				
Cash	\$ 3.50	<u>494,021</u>	3.30	<u>465,792</u>

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

The amount of cash dividends on the appropriations of earnings for 2021, and the amount of shares dividends of appropriation of earnings for 2021, had been approved and proposed, respectively during the Board meeting on March 11, 2022, as follows:

	<b>2021</b>	
	<b>Dividend per share (\$)</b>	<b>Amount</b>
Dividends distributed to common shareholders		
Cash	\$ 3.50	494,021
Stock	0.50	<u>70,575</u>
Total		<u>\$ <u><u>564,596</u></u></u>

## 4. Other equity interest after tax

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance as of January 1, 2021	\$ (199,369)	85,289	(114,080)
Exchange differences on translation of foreign financial statement	(58,560)	-	(58,560)
Exchange differences on subsidiaries accounted for using equity method	(2,513)	-	(2,513)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	24,706	24,706
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	4,256	4,256
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	4,091	4,091
Balance as of December 31, 2021	<u>\$ (260,442)</u>	<u>118,342</u>	<u>(142,100)</u>
Balance as of January 1, 2020	\$ (107,903)	51,554	(56,349)
Exchange differences on translation of foreign financial statement	(88,110)	-	(88,110)
Exchange differences on subsidiaries accounted for using equity method	(3,356)	-	(3,356)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(19,601)	(19,601)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	53,637	53,637
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(301)	(301)
Balance as of December 31, 2020	<u>\$ (199,369)</u>	<u>85,289</u>	<u>(114,080)</u>

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

## (r) Earnings per share

For the years ended December 31, 2021 and 2020, the basic and diluted earnings per share were calculated as follows:

## 1. Basic earnings per share

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Profit attributable to ordinary shareholders of the Company	\$ <u>607,149</u>	<u>571,670</u>
Weighted average number of ordinary shares (basic)	<u>141,149</u>	<u>140,652</u>

## 2. Diluted earnings per share

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Profit attributable to ordinary shareholders of the Company	\$ <u>607,149</u>	<u>571,670</u>
Weighted average number of ordinary shares (basic)	141,149	140,652
Effect of employee stock compensation	<u>796</u>	<u>767</u>
Weighted average number of ordinary shares (diluted)	<u>141,945</u>	<u>141,419</u>

## (s) Revenue from contracts with customers

## 1. Disaggregation of revenue

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Primary geographical markets		
Taiwan	\$ <u>4,373,194</u>	<u>4,199,740</u>
Major products:		
Product revenue		
Medical equipment and Supplies	\$ 3,844,441	3,704,153
Medicines	88,079	92,137
Household appliances	160,457	119,381
Other	74,440	78,279
Repair and maintenance revenue	176,173	174,018
Other operating revenue	<u>29,604</u>	<u>31,772</u>
	<u>\$ 4,373,194</u>	<u>4,199,740</u>

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

(t) Employee compensation and directors' remuneration

In accordance with the Articles of Incorporation, the Company should contribute no less than 1% of the profit as employee compensation and no higher than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficits. The amount of compensation for employees may be paid by shares or cash, and the recipients may include the employees of the Company's affiliated companies. The amount of remuneration to directors may only be paid in cash. Both the employee compensation and directors' remuneration should be approved by the Board of Directors and reported during the shareholders' meeting.

For the years ended December 31, 2021 and 2020, the Company estimated its employee compensation amounting to \$38,706 thousand and \$36,379 thousand, and directors' remuneration amounting to \$19,353 thousand and \$18,189 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the compensation to employees and remuneration to directors of each period, multiplied by the percentage specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. Related information would be available at the Market Observation Post System website. The aforesaid amounts are identical to those stated in parent-company-only financial statements.

(u) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	<u>For the Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 130	1,201
Other interest income	494	45
Total	<u>\$ 624</u>	<u>1,246</u>

2. Other income

The details of other income were as follows:

	<u>For the Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Dividend income	<u>\$ 4,082</u>	<u>6,329</u>

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

3. Financial costs

The details of financial costs were as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Interest expenses		
Bank borrowings	\$ 492	453
Others	80	107
	<u>\$ 572</u>	<u>560</u>

4. Other gains and losses

The details of other gains and losses were as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Foreign exchange gains (losses)	\$ 1,116	941
Net gains or losses on financial assets (liabilities) measured at fair value through profit or loss	(6,640)	(200)
Revenue from customs duty refunds	11,609	-
Others	4,531	7,715
Total	<u>\$ 10,616</u>	<u>8,456</u>

(v) Reclassification adjustments of components of other comprehensive income

The details of reclassification of other comprehensive income were as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Equity instruments at fair value through other comprehensive income		
Net changes in fair value	\$ 29,375	(18,539)
Net changes of fair value reclassified to retained earnings	(4,091)	301
Net gains or losses recognized in other comprehensive income	<u>\$ 25,284</u>	<u>(18,238)</u>

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020****(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

## (w) Financial instruments

## 1. Credit risks

## 1) Credit risk exposure

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

## 2) Concentration of credit risk

To minimize credit risks of receivables, the Company periodically evaluates the customers' financial positions and the possibility of collecting trade receivables. And, the impairment losses are always within the management's expectation. As of December 31, 2021 and 2020, 64.86% and 62.30%, respectively, of notes receivable and accounts receivable were three major customers. Thus, credit risk is significantly centralized.

## 2. Liquidity risks

The following are the contractual maturities of financial liabilities of the Company, excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flow	On Demand or Less than 1 month	1-3 months	3-6 months	6-12 months	1-2 years	More than 2 years
<b>December 31, 2021</b>								
Non-derivative financial liabilities								
Short-term borrowings	\$ 150,000	150,000	-	150,000	-	-	-	-
Payables	923,050	923,050	729,201	163,487	9,778	20,584	-	-
Lease liabilities	12,081	12,081	338	317	637	1,279	2,578	6,932
Derivative financial liabilities								
Foreign exchange forward contracts:								
Outflows	76,813	76,813	45,716	31,097	-	-	-	-
Inflows	(76,140)	(76,140)	(45,187)	(30,953)	-	-	-	-
	<u>\$ 1,085,804</u>	<u>1,085,804</u>	<u>730,068</u>	<u>313,948</u>	<u>10,415</u>	<u>21,863</u>	<u>2,578</u>	<u>6,932</u>
<b>December 31, 2020</b>								
Non-derivative financial liabilities								
Payables	\$ 782,822	782,822	423,554	329,225	29,845	198	-	-
Lease liabilities	4,757	4,757	303	522	324	651	760	2,197
Derivative financial liabilities								
Foreign exchange forward contract								
Outflows	11,404	11,404	11,404	-	-	-	-	-
Inflows	(11,358)	(11,358)	(11,358)	-	-	-	-	-
	<u>\$ 787,625</u>	<u>787,625</u>	<u>423,903</u>	<u>329,747</u>	<u>30,169</u>	<u>849</u>	<u>760</u>	<u>2,197</u>

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.



## EXCELSIOR MEDICAL CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

## 3. Market risks

## 1) Currency risks

The Company's significant exposure to foreign currency risk of financial assets and liabilities were as follows:

Functional currency	Exchange rate	Currency	December 31, 2021	
			Foreign currency (in thousands)	Carrying amount (TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	27.680	USD	\$ 2,785	77,089
TWD	0.241	JPY	144,757	34,814
TWD	31.320	EUR	962	30,142
<u>Non-Monetary items</u>				
TWD	0.241	JPY	151,122	36,345
TWD	0.024	KRW	2,637,191	61,974
TWD	27.680	USD	122,292	3,385,047
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	31.320	EUR	295	9,225
TWD	0.241	JPY	285,780	68,730
TWD	27.680	USD	916	25,354
			December 31, 2020	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount (TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	28.480	USD	\$ 1,207	34,374
TWD	0.276	JPY	372,050	102,797
TWD	35.020	EUR	990	34,681
<u>Non-Monetary items</u>				
TWD	0.276	JPY	85,949	23,748
TWD	0.026	KRW	3,979,350	105,055
TWD	28.480	USD	116,262	3,311,147

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

<u>Functional currency</u>	<u>Exchange rate</u>	<u>Currency</u>	<u>December 31, 2020</u>	
			<u>Foreign currency (in thousands)</u>	<u>Carrying amount (TWD)</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	0.276	JPY	494,625	136,665
TWD	28.480	USD	1,274	36,290

Since the Company has many kinds of currency, the information on foreign exchange gains or losses on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange gains or losses amounted to losses of \$4,731 thousand and gains of \$941 thousand, respectively.

## 2) Sensitivity analysis

The Company's foreign exchange exposure to foreign currency risk arises from foreign currency exchange fluctuations on cash and cash equivalents, accounts receivables and accounts payables.

Assuming other variables remain the same, a 1% depreciation or appreciation of the TWD against foreign currency for the years ended December 31, 2021 and 2020 would have increased or decreased the net profit after tax by \$310 thousand and \$9 thousand, respectively. The analysis is performed on the same basis for both periods.

## 3) Interest rate risk

The Company's financial assets and financial liabilities with interest rate exposure risk were noted in the liquidity risk section.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If interest had been 1% higher/lower, other variable remain the same, profit after tax in 2021 and 2020 would have increased/decreased by \$4,062 thousand and \$3,511 thousand, respectively, and it's mainly because of variable interest rate deposit of the company.

## 4) Other price risks

Assuming that the analysis is performed on the same basis for both periods, if equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$2,715 thousand and \$2,860 thousand, respectively, as a result of the changes in fair values of financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income.

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

## 4. Fair value information

## 1) The categories and fair values of financial instruments

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

	<u>Book value</u>	<u>December 31, 2021</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<b>Financial assets at fair value through other comprehensive income</b>					
Domestic listed shares	\$ 26,512	26,512	-	-	26,512
Foreign listed shares	98,319	98,319	-	-	98,319
Domestic unlisted shares	146,648	-	-	146,648	146,648
Sub-total	<u>271,479</u>	<u>124,831</u>	<u>-</u>	<u>146,648</u>	<u>271,479</u>
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	507,977	-	-	-	-
Receivables	1,160,294	-	-	-	-
Other financial assets	10,339	-	-	-	-
Sub-total	<u>1,678,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,950,089</u>	<u>124,831</u>	<u>-</u>	<u>146,648</u>	<u>271,479</u>
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	\$ <u>673</u>	<u>-</u>	<u>673</u>	<u>-</u>	<u>673</u>
<b>Financial liabilities at amortized cost</b>					
Payables	923,050	-	-	-	-
Lease liabilities	12,081	-	-	-	-
Sub-total	<u>935,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 935,804</u>	<u>-</u>	<u>673</u>	<u>-</u>	<u>673</u>

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

	December 31, 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Derivative financial assets	\$ 166	-	166	-	166
<b>Financial assets at fair value through other comprehensive income</b>					
Domestic listed shares	30,397	30,397	-	-	30,397
Foreign listed shares	128,802	128,802	-	-	128,802
Domestic unlisted shares	126,813	-	-	126,813	126,813
Sub-total	<u>286,012</u>	<u>159,199</u>	<u>-</u>	<u>126,813</u>	<u>286,012</u>
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	439,605	-	-	-	-
Receivables	1,026,570	-	-	-	-
Other financial assets	9,142	-	-	-	-
Sub-total	<u>1,475,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,761,495</u>	<u>159,199</u>	<u>166</u>	<u>126,813</u>	<u>286,178</u>
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	\$ 46	-	46	-	46
<b>Financial liabilities at amortized cost</b>					
Payables	782,822	-	-	-	-
Lease liabilities	4,757	-	-	-	-
Sub-total	<u>787,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 787,625</u>	<u>-</u>	<u>46</u>	<u>-</u>	<u>46</u>

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

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

## A. Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

## B. Financial assets and financial liabilities measured at amortized cost

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

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

3) Valuation techniques for financial instruments measured at fair value

The Company considers the financial status, operating analysis, most recent transaction price, non-active market quoted price of related equity instrument, and active-market quoted price of similar instrument, and other information, in determining the input value of its investee companies. Periodically updates of information and input value for the valuation model and any necessary adjustments of fair value are required to ensure that the results of estimation are reasonable.

A. Non-derivative financial instruments

If quoted prices in active markets are available, the prices are established as fair values, such as public quoted company stock.

For the Company's financial instruments that have no active markets, the measurement of fair values is listed as follows:

Equity instrument that has no quoted price: The method of comparable Listed Company approach is used to estimate the fair value. The main assumption for the method is to determine the fair value by using the transaction price paid for an identical or a similar instrument of an investee.

B. Derivative financial instruments

Derivative financial instruments are measured by using the common valuation models such as discounted cash flow model and Black-Scholes model.

4) Changes in Level 3 fair values

	<u>Fair value through other comprehensive income</u>
	<u>unquoted equity instruments</u>
Balance as of January 1, 2021	\$ 126,813
Total gains and losses recognized	
In other comprehensive income	38,615
Disposal	<u>(18,780)</u>
Balance as of December 31, 2021	<u>\$ 146,648</u>
Balance as of January 1, 2020	\$ 231,400
Total gains and losses recognized	
In other comprehensive income	(33,735)
Reclassification	<u>(70,852)</u>
Balance as of December 31, 2020	<u>\$ 126,813</u>

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

For the years ended December 31, 2021 and 2020, total gains and losses included in “other gains and losses”, and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	<u>For the Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Total gains and losses recognized		
In other comprehensive income, and presented in “unrealized\$ gains and losses from financial assets at fair value through other comprehensive income”	38,615	(33,735)

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

The Company’s financial instruments that use Level 3 inputs to measure “fair value through other comprehensive income – equity investments without active market”.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation techniques</u>	<u>Significant non-observable inputs</u>	<u>The relationship between significant Non-observable inputs and fair value</u>
Financial assets at fair value through other comprehensive income – equity instruments investments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> <li>· EV/EBITDA Value Multiple (8 on December 31, 2021)</li> <li>· EV/Revenue Value Multiple (2.22 and 2.26 on December 31, 2020)</li> <li>· P/B Value Multiple (1.14~2.19 and 1.13~2.27 on December 31, 2021 and 2020)</li> <li>· Discount due to Lack of Market liquidity (15.36%~30.00% and 26.13%~30.00% on December 31, 2021 and 2020)</li> </ul>	· The estimated fair value would increase (decrease) if the value multiple is higher (lower) and the marketability discount is lower (higher)

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

## 6) Sensitivity analysis for fair values of financial instruments using Level 3 Inputs

The Company's fair value measurement on financial instruments is reasonable. However, the measurement would differ if different valuation models or valuation parameters are used. For financial instruments using Level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

	Input	Variation	Impact on Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change
<b>December 31, 2021</b>				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	Value Multiple	5%	\$ 8,201	(8,201)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	10,136	(10,136)
			<u>\$ 18,337</u>	<u>(18,337)</u>
<b>December 31, 2020</b>				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	Value Multiple	5%	\$ 8,126	(8,126)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	11,293	(11,293)
			<u>\$ 19,419</u>	<u>(19,419)</u>

## (x) Financial risk management

## 1. Overview

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

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

2. Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The general manager, which reports to the Board of Directors, is responsible for the development of the Company-wide risk management policy and related systems and reports regularly to the Board of Directors.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and changes in operation of the Company. The Company, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Board of Directors is assisted in its oversight role by internal audit. The internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

3. Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from:

- 1) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- 2) The amount of contingent liabilities in relation to financial guarantee issued by the Company.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Please refer to Note (13)(a) for the information of guarantees and endorsements as of December 31, 2021.

4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.



**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

5. Market risk

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

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors and shareholder's meeting with the supervision of the internal audit department. Information concerning all market risks of the Company was as follows:

1) Currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

2) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company borrowed funds at both fixed and floating interest rates. The Company pays attention to changes in market interest rates in order to make plans to manage interest rate risk.

3) Other price risk

The Company was exposed to price risk through its investments in listed securities. The Company has appointed a special team to monitor and evaluate the price risk.

(y) Capital Management

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

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

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

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)  
**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

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

The Company's investing and financing activities which did not affect the current cash flow in the year ended December 31, 2021 and 2020, were as follows:

For acquisitions of right-of-use assets by leasing, please refer to note 6(i).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			Acquisition	Others	
Short-term borrowings	\$ -	150,000	-	-	150,000
Lease liabilities	4,757	(2,403)	10,174	(447)	12,081
Total liabilities from financing activities	<u>\$ 4,757</u>	<u>147,597</u>	<u>10,174</u>	<u>(447)</u>	<u>162,081</u>

  

	January 1, 2020	Cash flows	Non-cash changes		December 31, 2021
			Acquisition	Others	
Short-term borrowings	\$ 450,000	(450,000)	-	-	-
Lease liabilities	12,961	(3,793)	3,612	(8,023)	4,757
Total liabilities from financing activities	<u>\$ 462,961</u>	<u>(453,793)</u>	<u>3,612</u>	<u>(8,023)</u>	<u>4,757</u>

**(7) Related Party Transactions**

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
Excelsior Investment Co., Ltd.	Entities with significant influence over the Company
Excelsior Group Holdings Co., Ltd.	"
Dynamic Medical Technologies Inc.	Subsidiary
Dynamic Medical Technologies (Hong Kong) Ltd.	"
Guangzhou Dynamic Inc.	"
Excelsior Beauty Co., Ltd.	"
Arich Enterprise Co., Ltd.	"
Bestsmile Co., Ltd.	"
Excelsior Healthcare Co., Ltd.	"
Excelsior Investment (Malaysia) Co., Ltd.	"
RENAL LABORATORIES SDN. BHD.	"
MEDI-CHEM SYSTEMS SDN. BHD.	"
RENAL MANAGEMENT SDN. BHD.	"
Excelsior Medical (HK) Co., Limited	"

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

<u>Name of related party</u>	<u>Relationship with the Company</u>
SinoExcelsior Investment Inc.	Subsidiary
EG Healthcare Inc.	"
Excelsior Asset Management Co., Ltd. (Excelsior Asset)	"
CYJ International Taiwan Inc.	"
Jiate Excelsior Co., Ltd. (Jiate)	Associate
Bestchain Healthtaiwan Co., Ltd. (Bestchain)	"
Visionfront Corporation	"
Excelsior Renal Service Co., Limited (ERS)	"
Asia Best Healthcare Co., Limited (ABH)	"
Medifly Co., Ltd.	"
Asia Best Life Care Technology Co., Ltd.	"
Arich Best Chain Co., Ltd.	"
Exceed Healthcare Co., Ltd.	"
Excelsior Long Term Care Corporation Entity	"
Hung Shun Chen Investment Co., Ltd.	Other related parties before May 31, 2021
SciVision Biotech Inc.	Other related parties
Excelsior Health Foundation	"
Triple AI Technology Co., Ltd.	Other related parties before October 19, 2020

## (b) Significant transactions with related parties

## 1. Operating revenue

## 1) Sales revenue

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

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Subsidiaries	\$ 63,023	52,450
Associates – Bestchain	1,946,276	1,788,061
Associates – ERS	776,954	762,596
Associates – Others	24,132	22,636
Other related parties	-	373
	<b>\$ 2,810,385</b>	<b>2,626,116</b>

The aforementioned transactions, except the sales to Bestchain and ERS that were priced on a cost-plus basis, were conducted on normal commercial terms.

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2) Repair and maintenance revenue

The amounts of significant repair and maintenance revenue by the Company to related parties were as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Subsidiaries	\$ -	422
Associates – ERS	89,352	85,521
Associates – Bestchain	1,539	2,589
	<u>\$ 90,891</u>	<u>88,532</u>

3) Other operating revenue-rental revenue

The amounts of significant other operating revenue-rental revenue by the Company to related parties were as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Entities with significant influence over the Company	\$ 72	72
Subsidiaries	421	1,331
Associates – ERS	2,483	2,661
Associates – Others	1,987	1,903
Other related parties	40	96
	<u>\$ 5,003</u>	<u>6,063</u>

4) Other operating revenue-service revenue

The amounts of significant other operating revenue-service revenue by the Company to related parties were as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Subsidiaries – Dynamic Medical Technologies Inc.	\$ 2,516	2,516
Subsidiaries – Others	1,181	1,278
Associates – ERS	7,470	7,424
Associates – ABH	1,086	2,296
Associates – Bestchain	2,135	2,135
Associates – Others	1,829	360
Other related parties	132	166
	<u>\$ 16,349</u>	<u>16,175</u>

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

## 2. Purchases from related parties

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

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Associates	<u>\$ 17,179</u>	<u>9,014</u>

There is no significant difference in terms and conditions of the purchases from associates between those provided to the third parties.

## 3. Receivables from related parties

Receivables from related parties were as follows:

<u>Accounted for as</u>	<u>Category of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	Subsidiaries	\$ 29,469	24,721
Accounts receivable	Associates – Bestchain	562,276	455,219
Accounts receivable	Associates – ERS	161,552	159,022
Accounts receivable	Associates – Others	9,001	8,272
Other receivables	Subsidiaries	64	56
Other receivables	Associates	327	420
Other receivables	Other related parties	<u>2</u>	<u>8</u>
		<u>\$ 762,691</u>	<u>647,718</u>

## 4. Payables to related parties

Payables to related parties were as follows:

<u>Accounted for as</u>	<u>Category of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable	Associates	\$ 6,319	4,666
Accounts payable	Subsidiaries	97	-
Other payables	Associates	8,365	5,187
Other payables	Subsidiaries	<u>15</u>	<u>16</u>
		<u>\$ 14,796</u>	<u>9,869</u>

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

5. Guarantee

As of December 31, 2021 and 2020, the Company provided its subsidiaries guarantees for loans, with the credit limits of \$1,119,805 thousand and \$224,745 thousand, wherein the amounts utilized were \$94,985 thousand and \$112,564 thousand, respectively.

As of December 31, 2021 and 2020, the Company also provided its associates guarantees for loans, with the credit limits of \$800,000 thousand and \$661,200 thousand, wherein the amounts utilized were \$0 thousand and \$76,000 thousand, respectively.

As of December 31, 2021 and 2020, the Company provided its subsidiaries guarantees for investment project, with the credit limits of \$801,420 thousand and \$58,831 thousand, respectively, which were not yet utilized.

6. Lease

- 1) In 2018, the Company rent the office with Excelsior Renal Service Co., Limited. A four-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was \$480 thousand. For the years ended December 31, 2021 and 2020, the Company recognized the amount of \$1 thousand and \$2 thousand as interest expense. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to \$20 thousand and \$139 thousand, respectively.

7. Others

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<u>Associates and Other related parties</u>		
Fright and warehousing expenses	\$ <u>(49,182)</u>	<u>(48,318)</u>

The aforementioned rentals collected or paid quarterly or monthly were based on prevailing market rates.

As of December 31, 2021 and 2020, the Company had received collections in advance from associates for \$220 thousand and \$1,000 thousand as of 2021, respectively.

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized for receivables from related parties.

The outstanding payables to related parties are unsecured.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 42,980	44,339
Post-employment benefit	369	432
	\$ <u>43,349</u>	<u>44,771</u>

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

**(8) Pledged Assets : None.**

**(9) Significant Commitments and Contingencies**

(a) Unrecognized contractual commitments

1. As of December 31, 2021 and 2020, the unused letters of credit were \$53,228 thousand and \$33,390 thousand, respectively. The guarantee letters issued by banks for sales contract guarantee were all \$36,000 thousands.
2. In January 2007, the Company sold 51% equity interest in Jiate Excelsior to a Hong Kong-based company and entered into a joint venture agreement with the Hong Kong-based company. Pursuant to the agreement, the parties had established a joint venture, Excelsior Renal Service, in Hong Kong, of which 49% is held by Excelsior Healthcare, a subsidiary of the Company, and 51% by the Hong Kong-based company. Excelsior Renal Service had established a branch in Taiwan to engage in the sale and lease of medical supplies and equipment. Pursuant to the agreement, the Hong Kong-based company shall also have a right to purchase all of the Company's equity interest in Jiate Excelsior and all of Excelsior Healthcare's equity interest in Excelsior Renal Service from the fifth anniversary of the date of the agreement at a price to be negotiated by the parties.
3. In January 2007, the Company entered into a supply agreement with the Hong Kong-based company mentioned in 2. above. Pursuant to the agreement, the Company shall purchase certain products from the Hong Kong-based company in agreed quantities at agreed prices annually. If the Company fails to purchase the agreed quantities in a year, the Company shall make an additional payment at specified percentages of the values of the under-purchased products.
4. In September 2010, the Company entered into a license agreement with 3-D Matrix, Ltd. ("3DM") for ten years. The agreement may be automatically extended for two years unless otherwise notified by either party at least six months prior to the expiration date of the agreement and may be extended in the same manner thereafter. Pursuant to the agreement, 3DM shall grant the Company an exclusive right to develop, sell and manufacture the products mentioned in the agreement in Taiwan, and the Company shall pay a royalty at an agreed amount and shall pay agreed amounts for purchases of inventories within agreed periods after the approvals relating to the products are obtained from the health authorities.

**(10) Losses due to major disasters : None.**

**(11) Subsequent events : None.**

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

**(12) Other**

- (a) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By item	For the Years Ended December 31, 2021			For the Years Ended December 31, 2020		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	37,791	159,975	197,766	38,695	155,577	194,272
Labor and health insurance	3,791	11,779	15,570	3,534	11,092	14,626
Pension	2,078	5,485	7,563	2,072	5,465	7,537
Remuneration of directors	-	24,752	24,752	-	26,664	26,664
Others	1,527	7,028	8,555	1,527	5,877	7,404
Depreciation	3,201	23,000	26,201	3,223	20,536	23,759
Amortization	500	1,768	2,268	130	2,140	2,270

For the years ended December 31, 2021 and 2020, the numbers of employees and their benefit expenses were as follows:

	<b>2021</b>	<b>2020</b>
Numbers of employees	<u><u>206</u></u>	<u><u>206</u></u>
Numbers of directors who were non-employees	<u><u>8</u></u>	<u><u>8</u></u>
The average employee benefits	<u><u>\$ 1,159</u></u>	<u><u>1,131</u></u>
The average salaries and wages	<u><u>\$ 999</u></u>	<u><u>981</u></u>
Average adjustment rate of employee salaries	<u><u>1.83 %</u></u>	<u><u>(7.45)%</u></u>
Remuneration received by supervisors	<u><u>\$ -</u></u>	<u><u>-</u></u>

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

The salary and remuneration of employee was agreed upon by labor and management, was adjusted in accordance with employee's operating status, price level, contributions, abilities, and performance appraisal. The aforesaid salary and compensation shall not lower than the minimum wage approved by central competent authorities.

Wage means the remuneration which a worker receives for his/her services rendered, including wages, salaries and bonuses, allowances and any other regular payments regardless of the name which may be computed on an hourly, daily, monthly and piecework basis, whether payable in cash or in kind. Non-salary are non-regular payments in Article 10 of Enforcement Rules of the Labor Standards Act.

The salary and remuneration which the Company paid to directors and managers shall refer to their participation and contribution to the Company. The aforesaid salary and remuneration includes fixed salary, professional practice fee, pension, remuneration, and any bonus.



(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)  
**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

**(13) Other disclosures**

**(a) Information on significant transactions**

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2021:

**1. Fund financing to other parties:**

(Expressed in thousands of New Taiwan dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
1	SinoExcelsior Investment Inc.	Excelsior Healthcare Co., Limited	Other receivables-Related parties	Yes	2,085	2,085	-	1.00%	2	-	Operating Capital	-	None	-	53,246	53,246

Note 1: The numbers denote the following:

1. 0 is issuer.

2. Investees are listed by names and numbered starting with 1.

Note 2: Purpose of fund financing for the borrower:

1. For those companies with business contact, please fill in 1.

2. For those companies with short-term financing needs, please fill in 2.

Note 3: Maximum limitation on fund financing:

1. The lender's each and total fund financial amount cannot exceed 40% of its net asset value that from the most recent reviewed report.

**2. Guarantees and endorsements for other parties:**

(Expressed in thousands of New Taiwan dollars)

No.	Endorsement/guarantee provider	Counter-party		Limitation on endorsement/guarantee amount provided to each guaranteed party	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement/guarantee amount allowance (Note 9)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note 2)										
0	The Company	Excelsior Medical (HK) Co., Limited (Note 4)	2	1,547,678	770,280	770,280	-	-	9.95 %	7,738,389	Y	N	N
0	"	Excelsior Investment (Malaysia) Co., Ltd. (Note 4)	2	1,547,678	58,831	31,140	-	-	0.40 %	7,738,389	Y	N	N
0	"	Excelsior Asset Management CO., Ltd. (Note 4)	2	1,547,678	990,000	990,000	75,350	-	12.79 %	7,738,389	Y	N	N
0	"	EG Healthcare, Inc. (Note 4)	2	1,547,678	29,305	26,765	9,635	-	0.35 %	7,738,389	Y	N	N
0	"	Bestsmile Co., Ltd. (Note 4)	2	1,547,678	20,000	20,000	10,000	-	0.26 %	7,738,389	Y	N	N
0	"	Medi-Chem System Sdn. Bhd. (Note 4)	2	1,547,678	14,268	13,840	-	-	0.18 %	7,738,389	Y	N	N
0	"	Renal Laboratories Sdn. Bhd. (Note 4)	2	1,547,678	71,338	69,200	-	-	0.89 %	7,738,389	Y	N	N
0	"	Excelsior Renal Service Co., Limited (Note 3)	1	762,596	-	-	-	-	%	7,738,389	N	N	N
0	"	Bestchain Healthtaiwan Co., Ltd. (Note 3)	1	1,788,061	800,000	800,000	-	-	10.34 %	7,738,389	N	N	N
1	Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd. (Note 6)	2	256,808	54,682	-	-	-	%	642,021	Y	N	N
2	Excelsior Beauty Co., Ltd.	Dynamic Medical Technologies Inc. (Note 7)	3	71,307	500	100	-	-	0.03 %	178,268	N	Y	N
3	Arich Enterprise Co., Ltd.	Taiwan Shionogi Inc. (Note 5)	1	169,779	-	-	-	-	%	908,994	N	N	N

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)  
**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

Note 1: the description of number column:

1. 0 is issuer.
2. Investees are listed by name and numbered starting with 1.

Note 2: Relationship with the Company

1. The companies with which it has business relations.
2. Subsidiaries in which the Company directly or indirectly holds more than 50% of its total outstanding common shares.
3. The parent company which directly or indirectly holds more than 50% of its voting rights.
4. Subsidiaries in which the Company directly or indirectly holds more than 90% of its voting rights.
5. Companies in the same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
7. Companies in the same type of business providing guarantees of pre-sale contracts according to the regulation.

Note 3: For guarantee and endorsement to those companies with business contact, the maximum amount cannot exceed the trading amount between two parties for the current year.

Note 4: The total amount of guarantee and endorsement cannot exceed 20% of the Company's net asset value from the most recent audited or reviewed report.

Note 5: For guarantee and endorsement from Arich to the Company with business contact, the maximum amount cannot exceed the trading amount between two parties for the most recent 24 months.

Note 6: The total amount of guarantee and endorsement cannot exceed 20% of Dynamic's net asset value from the most recent audited or reviewed report.

Note 7: The total amount of guarantee and endorsement cannot exceed 20% of Excelsior Beauty Co., Ltd.'s net asset value from the most recent audited or reviewed report.

Note 8: The total amount of guarantee and endorsement cannot exceed the Company's net asset value from the most recent audited or reviewed report, Dynamic, Excelsior Beauty and Arich cannot exceed 50% of their net asset value from the most recent audited or reviewed report.

**3. Information regarding securities held at balance sheet date (excluding investment in subsidiaries, associates and joint ventures):**

(Expressed in thousands of New Taiwan dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Notes
				Number of shares	Book value	Percentage of shares	Market value	
The Company	<u>Stock</u>							
	SciVision Biotech Inc.	-	Fair value through other comprehensive income	534,525	26,512	0.81 %	26,512	
	3-D Matrix, Ltd.	-	"	288,400	36,345	0.53 %	36,345	
	Caregen Co., Ltd	-	"	39,657	61,974	0.37 %	61,974	
	Gie Cheng Co., Ltd.	-	"	3,795,000	34,497	17.25 %	34,497	
	Missioncare Co., Ltd.	-	"	1,580,526	21,068	1.09 %	21,068	
	Rui Guang Healthcare Co., Ltd.	-	"	2,423,951	27,027	7.15 %	27,027	
	Sunder Biomedical Tech. Co., Ltd.	-	"	2,279,578	54,756	3.80 %	54,756	
Excelsior Healthcare Co. Limited	Linkon International Golf & Country Club	-	"	1	9,300	0.10 %	9,300	
	Chai Tai Bo Ai Investment Limited	-	"	10,000	8,086	8.00 %	8,086	
EG Healthcare, Inc.	The Orchard Golf & Country Club	-	"	1	368		368	
Dynamic Medical Technologies Inc.	SciVision Biotech Inc.	Other related parties	"	1,290,649	64,016	1.95 %	64,016	
	Caregen Co., Ltd.	"	"	34,500	53,915	0.32 %	53,915	
Dynamic Medical Technologies (Hong Kong) Ltd.	<u>Stock Warrant</u>							
	Viveve Medical Inc.	-	Financial assets at fair value through profit or loss	250	-	- %	-	

## EXCELSIOR MEDICAL CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Notes
				Number of shares	Book value	Percentage of shares	Market value	
Excelsior Beauty Co., Ltd.	Stock Join Fun Co., Ltd.	-	Fair value through other comprehensive income	263,340	2,830	19.00 %	2,830	
Arich Enterprise Co., Ltd.	Stock National Pharmaceutical Logistics Corp., Ltd.	Board director of investee	"	-	300,847	17.65 %	300,847	Note

Note : Act as limited company, no outstanding share.

- Accumulated buying/selling of the same marketable securities for which the amount reaches \$300 million or 20% or more of paid-in capital: None.
- Acquisition of real estate for which the amount reaches \$300 million or 20% or more of paid-in capital : None.
- Disposition of real estate for which the amount reaches \$300 million or 20% or more of paid-in capital: None.
- Buying/selling products with the amount reaches \$100 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

Name of company	Name of Counter-party	Relationship	Transaction details				Transactions with terms different from others		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)	
The Company	Excelsior Renal Service Co., Limited	Associates	Sales	(776,954)	(17.77)%	Net 30-60 days	-		161,552	13.72 %	Note 1
"	Bestchain Healthtaiwan Co., Ltd.	"	"	(1,946,276)	(44.50)%	Net 30-90 days	-		562,276	47.77 %	Note 1

Note 1: The unit price of cost of goods sold for the Company is based on cost-plus pricing approach by product that is lower than average; because, the expense of goods sold for related parties is lower than average price as well.

- Accounts receivable from related parties for which the amount reaches \$100 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company	Excelsior Renal Service Co., Limited	Associates	161,552	4.85	-	-	151,090	-
"	Bestchain Healthtaiwan Co., Ltd.	"	562,276	3.83	-	-	181,917	-

- Derivative transactions:

Please refer to Note (6)(b) and (6)(x) for related information.

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)  
**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(b) Information on investees:

For the year ended December 31, 2021, the following is the information of investees (excluding investees in Mainland china):

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	Jiate Excesior Co., Ltd.	New Taipei City	Sale, maintenance and lease of medical equipment, and medical management consultancy service	5,279	5,279	1,607,200	49.00 %	19,853	(402)	(197)	Associate
"	Bestchain Healthtaiwan Co., Ltd.	New Taipei City	Sale of medical equipment and medicines, interagation of warehousing and information	277,647	277,647	45,265,215	44.68 %	640,758	182,840	81,616	Associate (Note 1)
"	Arich Enterprise Co., Ltd.	New Taipei City	Sale of medicines, and logistics service	380,856	380,856	29,829,742	40.00 %	725,159	55,305	22,043	Subsidiary (Notes 2)
"	Dynamic Medical Technologies Inc.	New Taipei City	Sale, maintenance and lease of laser medical equipment for beauty treatment, and sale of consumables of beauty treatment and cosmetic products	180,300	180,300	11,550,425	38.50 %	507,317	123,206	47,224	Subsidiary
"	Excelsior Healthcare Co., Limited	British Virgin Islands	Investment business	1,244,687	1,244,687	39,411,623	100.00 %	1,753,523	130,678	130,678	Subsidiary
"	Bestsmile Co., Ltd.	New Taipei City	Sale of medical equipment, and medical management consultancy service	32,093	32,093	1,150,874	98.02 %	1,971	(3,688)	(3,614)	Subsidiary
"	Visionfront Corporation	New Taipei City	Sale of medical equipment, and medical management consultancy service	44,069	44,069	2,434,870	44.47 %	22,870	(875)	(389)	Associate
"	Sunrise Health Care Company	New Taipei City	Sale of medical equipment, and medical management consultancy service	18,806	18,806	2,085,547	23.97 %	28,300	988	237	Associate
"	Excelsior Medical (HK) Co., Limited	Hong Kong	Investment business	1,588,746	1,588,746	53,154,741	64.36 %	1,608,764	55,904	35,980	Subsidiary
"	Excelsior Beauty Co., Ltd.	New Taipei City	Sale of aesthetic medical and cosmetic health-care products	91,984	91,984	11,534,804	41.02 %	146,523	30,874	12,762	Sub-subsiidiary
"	Excelsior Asset Management Co., Ltd.	New Taipei City	Sales of medical equipment, precision instrument and real estate	780,525	780,525	80,825,500	100.00 %	622,866	16,297	16,297	Subsidiary
"	Medifly Co., Ltd.	Taichung	Sale of medical equipment and medicines	31,899	31,899	3,615,976	28.66 %	89,847	50,414	14,448	Associate

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)  
**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
Excelsior Healthcare Co., Limited	EG Healthcare, Inc.	Philippines	Sale and lease of medical equipment, and medical management consultancy service	19,256	19,256	5,293,453	99.99 %	76,000	11,958	-	Sub-subsiary
"	Excelsior Renal Service Co., Limited	Hong Kong	Sale, maintenance and lease of medical equipment, and medical management consultancy service	312,505	312,505	73,375,728	49.00 %	412,602	175,336	-	Associate
"	Excelsior Medical (HK) Co., Limited	Hong Kong	Investment business	862,529	862,529	29,439,829	35.64 %	890,869	55,904	-	Subsidiary
"	Excelsior Investment (Malaysia) Co., Ltd	British Virgin Islands	Investment business	192,814	166,346	6,341,416	100.00 %	164,614	391	-	Sub-subsiary
Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd.	Hong Kong	Sale and maintenance of medical equipment	382,278	382,278	79,021,783	100.00 %	262,171	12,416	-	Subsidiary
"	Excelsior Beauty Co., Ltd.	New Taipei City	Sale of aesthetic medical and cosmetic health-care products	138,745	138,745	15,154,496	53.89 %	186,103	30,874	-	Subsidiary (Note 1)
"	Medytox Taiwan Inc.	New Taipei City	Sale of cosmetic health-care products	18,000	18,000	1,800,000	40.00 %	12	4,546	-	Associate
Dynamic Medical Technologies (Hong Kong) Ltd.	CYJ INTERNATIONAL COMPANY LIMITED	Hong Kong	Sale and treatment of hair regrowth and conditioning	66,547	66,547	2,150,000	50.00 %	11,882	4,072	-	Associate
Excelsior Beauty Co., Ltd.	CYJ International Taiwan Inc.	New Taipei City	Sale and treatment of hair protecting and conditioning	97,920	97,920	9,792,000	80.00 %	97,679	21,254	-	Sub-subsiary
Excelsior Medical (HK) Co., Limited	Asia Best Healthcare Co., Ltd.	Cayman Islands	Long-term care business	1,395,079	1,395,079	338,800	49.38 %	1,405,198	103,173	-	Associate
Excelsior Investment (Malaysia) Co., Ltd	RENAL LABORATORIES SDN. BHD.	Malaysia	Manufacture of medical equipment	145,264	136,982	16,773,586	70.00 %	159,207	2,672	-	Sub-subsiary
"	MEDI-CHEM SYSTEMS SDN. BHD.	Malaysia	Sale of medical equipment	44,052	25,865	350,000	70.00 %	35,771	(391)	-	Sub-subsiary
MEDI-CHEM SYSTEMS SDN. BHD.	RENAL MANAGEMENT SDN. BHD.	Malaysia	Lease business	1,315	1,315	200,000	100.00 %	8,656	90	-	Sub-subsiary

Note 1: Including the adjustment made from the unrealized gain/loss with subsidiaries and associates.

Note 2: Including the amortization listed by the book value of net identified assets.

Note 3: According to the regulations, the Company are required to disclose the share of income/loss of investees.

Note 4: Dynamic Medical Technologies (Hong Kong) Ltd. has capital reduction by cash to offset company losses of \$76,445 thousands and cancelled 19,755,455 shares of common stock in February 2021.

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)  
**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investee	Main Businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses	Carrying Amount	Accumulated Inward Remittance of Earnings
					Out-flow	Inflow						
Excelsior Healthcare (Shanghai) Corporation (Note 3)	Sale and lease of medical equipment, and medical management consultancy service	-	(2)	30,240	-	-	30,240	-	- %	-	-	-
Shanghai Lintech Medicare Co. (Note 4)	Sale and maintenance of medical equipment	-	(2)	29,213	-	-	29,213	-	- %	-	-	-
Pacific Beijing Bo-Ai Medical Management Consulting Co., Ltd.	Investment business and medical management consultancy service	84,187	(2)	80,327	-	-	80,327	(19,281)	7.80 %	-	8,086	-
SinoExcelsior Investment Inc. (Note 5)	Investment business, sale and lease of medical equipment, and medical management consultancy service	291,579	(2)	947,845	-	-	947,845	3,228	100.00 %	3,228	133,115	-
Guangzhou Dynamic Inc. (Note 6)	Sale and maintenance of medical equipment	44,346	(2)	119,574	-	-	119,574	(1,015)	100.00 %	(1,015)	11,053	-
Beijing Dynamic Inc. (Note 7)	Sale and maintenance of medical equipment	-	(2)	34,424	-	-	34,424	-	- %	-	-	-
National Pharmaceutical Logistics Corp., Ltd.	Medical logistics	370,493	(3)	66,603	-	-	66,603	156,671	17.65 %	-	300,847	49,732

2. Limitation on investment in Mainland China:

Company	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 8)
The Company	1,087,625	1,289,640	4,643,033
Dynamic Medical Technologies Inc.	153,998	153,998	770,425
Arich Enterprise Co., Ltd.	66,603	66,603	1,090,792

Note 1: Investments in Mainland China are differentiated by the following four methods:

- (1) Direct investment in Mainland China with remittance through a third region.
- (2) Indirect investment in Mainland China through an existing investee company in a third region.
- (3) Other methods (i.e. entrusted Investment)

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:

- (1) If the corporation is in the set-up phase, notes are required.
- (2) Recognition basis of investment gains or losses is determined by the following three types, and related notes are required.
  - 1) Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
  - 2) Financial statements of the investee company were audited and certified by the external accountant of the parent company.
  - 3) Others

Note 3: The liquidation procedure of Excelsior Healthcare (Shanghai) Corporation was completed in March 2016, and the investment had remitted to Excelsior Healthcare Co., Limited in the third place. As of December 31, 2021, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 4: The disposal of Shanghai Lintech Medicare Co. was completed in December 2015. As of December 31, 2020, the original investment amount of \$29,213 thousand from Taiwan has not been repatriated yet.

Note 5: The current investment outflow is not included the direct investment amount of \$207,380 thousand through the third region.

Note 6: Guangzhou Dynamic Inc. reduced capital to cover losses amounting to \$75,252 thousand in April 2020.

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)**

Note 7: The liquidation procedure of Beijing Dynamic Inc. was completed in November 2018, and the investment had remitted to Dynamic Medical Technologies (Hong Kong) Ltd. in the third place. As of December 31, 2021, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 8: (1)The upper limit on investment of the Company and Dynamic Medical Technologies Inc. is the 60% of net value.

(2)The upper limit on investment of Arich Enterprise Co., Ltd. is the higher of \$80,000 thousand or 60% of net value.

Note 9: All amounts listed are disclosed in NTD.

**3. Significant transactions:**

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information of significant transactions”.

**(d) Major shareholders:**

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
Excelsior Investment Co., Ltd.		15,773,454	11.17 %
Excelsior Group Holdings Co., Ltd.		14,914,833	10.56 %
Bestchain Healthtaiwan Co., Ltd. (Bestchain)		13,865,245	9.82 %

**(14) Segment Information**

Please refer the consolidated financial statements for the year ended December 31, 2021.

**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF CASH AND CASH**  
**EQUIVALENTS**

**DECEMBER 31, 2021**

(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash	Petty cash	\$ <u>112</u>
Cash in bank	Checking accounts	<u>171</u>
	Demand deposits	<u>393,501</u>
	Foreign deposits	
	USD      1,779 thousand	49,233
	JPY      144,757 thousand	34,814
	EUR      962 thousand	30,142
	CNY            1 thousand	<u>4</u>
		<u>114,193</u>
Total		<u>\$ <u>507,977</u></u>

**STATEMENT OF NOTES RECEIVABLE**

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Grant River Co., Ltd.		\$ 6,862	
Youlin Industrial Ltd.		6,025	
Other		<u>55,605</u>	The year-end balance of each client does not exceed 5% of the account balance.
Total		<u>\$ <u>68,492</u></u>	



**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF ACCOUNTS RECEIVABLE**  
**DECEMBER 31, 2021**

(Expressed in Thousands of New Taiwan Dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related Parties:			
Bestchain Healthtaiwan Co., Ltd.	Payment for goods	\$ 562,276	
Excelsior Renal Service Co., Limited	"	161,552	
Other	"	<u>38,470</u>	The year-end balance of each client does not exceed 5% of the account balance.
Subtotal		<u>762,298</u>	
Non-related Parties:			
Hi-Clearance Inc.	"	20,221	
Other	"	<u>326,125</u>	The year-end balance of each client does not exceed 5% of the account balance.
Subtotal		<u>346,346</u>	
Total		1,108,644	
Less: Allowance for Impairment		<u>(18,037)</u>	
Net Amount		<u><u>\$ 1,090,607</u></u>	

**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF OTHER RECEIVABLES**  
**DECEMBER 31, 2021**

(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related Parties:			
Excelsior Renal Service Co., Limited	Advances paid for related parties	\$ 196	
Asia Best Healthcare Co., Limited	"	101	
Other		<u>96</u>	
	Subtotal	<u>393</u>	
Non-related Parties:			
	Interest receivable	5	
	Other	<u>797</u>	
	Subtotal	<u>802</u>	
Total		<u><u>\$ 1,195</u></u>	

**STATEMENT OF INVENTORIES**

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net realized value</u>	
Merchandise	\$ 527,777	833,954	
Inventory in-transit	<u>85,123</u>	<u>113,018</u>	
Total	<u><u>\$ 612,900</u></u>	<u><u>946,972</u></u>	

**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR**  
**VALUE THROUGH OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Beginning balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value		
SciVision Biotech Inc.	492,650	\$ 30,397	41,875	-	-	3,885	534,525	26,512	None	
3-D Matrix, Ltd.	297,400	23,747	-	13,819	9,000	1,221	288,400	36,345	"	
Caregen Co., Ltd.	55,500	105,055	-	-	15,843	43,081	39,657	61,974	"	
Subtotal		159,199		13,819		48,187		124,831		
<u>Unlisted Stock</u>										
Gie Cheng Co., Ltd.	3,795,000	21,138	-	13,359	-	-	3,795,000	34,497	"	
Missioncare Co., Ltd.	1,580,526	21,827	-	-	-	759	1,580,526	21,068	"	
Missioncare Asset Management Co., Ltd.	669,473	6,936	-	-	669,473	6,936	-	-	"	
Rui Guang Healthcare Co., Ltd.	2,423,951	24,021	-	3,006	-	-	2,423,951	27,027	"	
Arcos Bio Tech Corporation	51,014	294	-	-	51,014	294	-	-	"	
Sunder Biomedical Tech. Co., Ltd.	2,279,578	44,247	-	10,509	-	-	2,279,578	54,756	"	
Linkon International Golf & Country Club	1	8,350	-	950	-	-	1	9,300	"	
Subtotal		126,813		27,824		7,989		146,648		
Total		\$ <u>286,012</u>		<u>41,643</u>		<u>56,176</u>		<u>271,479</u>		

**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF CHANGES INVESTMENTS ACCOUNTED FOR USING**  
**EQUITY METHOD**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(Expressed in Thousands of New Taiwan Dollars)

Name of investee	Beginning balance		Addition		Decrease		Ending balance			Market value or net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership	Amount	Unit price	Total amount		
<u>Listed companies</u>													
Dynamic Medical Technologies Inc.	11,550,425	\$ 510,182	-	47,232	-	50,097	11,550,425	38.50 %	507,317	53.30	615,638	None	
Arich Enterprise Co., Ltd.	29,829,742	710,324	-	31,547	-	16,712	29,829,742	40.00 %	725,159	18.00	536,935	"	
<u>Unlisted companies</u>													
Jiate Excesior Co., Ltd.	1,607,200	34,939	-	-	-	15,086	1,607,200	49.00 %	19,853	-	-	"	
Bestchain Healthtaiwan Co., Ltd.	41,150,196	510,099	4,115,019	164,120	-	33,461	45,265,215	44.68 %	640,758	-	-	"	
Excelsior Healthcare Co., Limited	39,411,623	1,683,345	-	131,097	-	60,919	39,411,623	100.00 %	1,753,523	-	-	"	
Bestsmile Co., Ltd.	1,150,874	5,585	-	-	-	3,614	1,150,874	98.02 %	1,971	-	-	"	
Visionfront Corporation	2,434,870	23,259	-	-	-	389	2,434,870	44.47 %	22,870	-	-	"	
Sunrise Health Care Company	2,085,547	28,064	-	236	-	-	2,085,547	23.97 %	28,300	-	-	"	
Excelsior Medical (HK) Co., Limited	53,154,741	1,604,550	-	35,981	-	31,767	53,154,741	64.36 %	1,608,764	-	-	"	
Excelsior Beauty Co., Ltd.	11,534,804	136,313	-	12,762	-	2,552	11,534,804	41.02 %	146,523	-	-	"	
Excelsior Asset Management Co., Ltd.	80,398,900	606,569	426,600	16,297	-	-	80,825,500	100.00 %	622,866	-	-	"	
Medifly Co., Ltd.	3,615,976	83,433	-	15,816	-	9,402	3,615,976	28.66 %	89,847	-	-	"	
Total		<u>\$ 5,936,662</u>		<u>455,088</u>		<u>223,999</u>			<u>6,167,751</u>		<u>1,152,573</u>		

Note: Net assets value of unlisted companies was according to the report issued by the investee or the audit report of the investee.

**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF ACCOUNTS PAYABLE**

**December 31, 2021**

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

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related Parties:			
Medifly Co., Ltd.		\$ 5,470	
Bestchain Healthtaiwan Co., Ltd.		849	
Arich Investment Co., Ltd.		<u>97</u>	
Subtotal		<u>6,416</u>	
Non-related Parties:			
Medtronic (Taiwan) Ltd.		232,932	
Asahi Kasei Kuraray Medical Co., Ltd.		62,800	
Chi Sheng Pharma & Biotech Co., Ltd.		70,605	
Sunder Biomedical Tech. Co., Ltd.		61,308	
Kyowa Kirin Taiwan Co., Ltd.		46,516	
Other		<u>254,416</u>	The year-end balance of each client does not exceed 5% of the account balance.
Subtotal		<u>728,577</u>	
Total		<u>\$ 734,993</u>	

**STATEMENT OF OTHER PAYABLES**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other payables	Employee wages and bonuses payable	\$ 75,085
	Salaries and bonuses payable	30,398
	Remuneration payable of directors	19,353
	Compensated absence payable	8,985
	Insurance payable	3,459
	Professional fees payable	3,654
	Other	<u>46,725</u>
Total		<u>\$ 187,659</u>

**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF OPERATING REVENUE**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
Sales revenue			
Surgical supplies	2,337,274 pieces	\$ 1,612,322	
Artificial kidneys, blood tubing sets, lumbar puncture needles	11,135,391 pieces /pairs	1,075,394	
Erythropoietin, liquid medicines, powder medicines	3,972,094 doses/buckets/ packs	737,849	
Blood bags	598,562 bags	206,373	
Medical supplies	3,643,185 packs/pieces	133,800	
Medical equipment	845 sets	78,703	
Medicines	1,739,328 pills	88,079	
Household appliances	41,962 sets	160,457	
Other		<u>74,440</u>	
Subtotal		4,167,417	
Repair and maintenance revenue		176,173	
Other operating revenue		<u>29,604</u>	
Net		<u><u>\$ 4,373,194</u></u>	

**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF OPERATING COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Cost of Goods Sold	
Inventory, January 1	\$ 614,344
Add: Purchase	3,638,473
Less: transfer to property, plant and equipment	(25,133)
Inventory scrapping	(3,450)
Inventory, December 31	(647,918)
Other	(9,598)
Cost of Goods Sold	3,566,718
Repair and maintenance costs	77,961
Other operating costs	3,184
Reversal on inventory valuation and obsolescence	4,514
Operating costs	<b>\$ 3,652,377</b>

**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF SELLING EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salary and wages expense		\$ 62,796	
Freight expense		50,068	
Depreciation expense		17,240	
Other		<u>84,549</u>	The year-end balance of each account does not exceed 5% of the account balance.
		<u>\$ 214,653</u>	

**STATEMENT OF ADMINISTRATIVE  
EXPENSES**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salary and wages expense		\$ 122,051	
Other		<u>41,097</u>	The year-end balance of each account does not exceed 5% of the account balance.
		<u>\$ 163,148</u>	