

**EXCELSIOR MEDICAL CO., LTD.**

**PARENT COMPANY ONLY FINANCIAL STATEMENTS**

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

**Address: 17F., No.880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235,  
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The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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## Independent Auditors' Report

To the Board of Directors of 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, 2022 and 2021, 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 of December 31, 2022 and 2021, 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 Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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\$948,523 thousand and NT\$138,000 thousand, constituting 10% and 2% of the total assets at December 31, 2022 and 2021, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$33,664 thousand and NT\$14,488 thousand, constituting 4% and 2% 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 this 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 Jun-Guang Chen.

KPMG

Taipei, Taiwan (Republic of China)  
March 16, 2023

#### **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, 2022 AND 2021

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS		December 31, 2022		December 31, 2021		LIABILITIES AND EQUITY		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Note 1(c))	\$ 503,318	5	507,977	6	2100	Short-term borrowings (Note (6)(k))	\$ 150,000	2	150,000	2
1151	Notes receivable (Note (6)(d))	81,338	1	68,492	1	2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	-	-	673	-
1170	Accounts receivable (Note (6)(d))	315,297	3	328,309	4	2150	Notes payable	398	-	398	-
1180	Accounts receivable due from related parties (Notes (6)(d) and (7))	813,294	9	762,298	8	2170	Accounts payable (Note (7))	803,892	8	734,993	8
1200	Other receivables (Notes (6)(d) and (7))	20,431	-	1,195	-	2200	Other payables (Note (7))	193,039	2	187,659	2
130X	Inventories (Note (6)(e))	751,106	8	612,900	7	2230	Current tax liabilities	52,271	1	45,041	1
1470	Other current assets, others	18,566	-	18,188	-	2280	Current lease liabilities (Note (6)(m))	3,009	-	2,571	-
		<u>2,503,350</u>	<u>26</u>	<u>2,299,359</u>	<u>26</u>	2399	Other current liabilities, others (Notes (6)(l) and (7))	26,418	-	27,196	-
								<u>1,229,027</u>	<u>13</u>	<u>1,148,531</u>	<u>13</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))	152,754	2	271,479	3	2570	Deferred tax liabilities (Note (6)(p))	216,957	2	175,674	2
1550	Investments accounted for using equity method, net (Note (6)(f))	6,679,403	69	6,167,751	68	2580	Non-current lease liabilities (Note (6)(m))	6,894	-	9,510	-
1600	Property, plant and equipment (Notes (6)(h) and (8))	188,257	2	183,703	2		Other non-current liabilities, others	166	-	166	-
1755	Right-of-use assets (Note (6)(i))	9,712	-	11,895	-			<u>224,017</u>	<u>2</u>	<u>185,350</u>	<u>2</u>
1780	Intangible assets (Note (6)(j))	2,434	-	3,755	-			<u>1,453,044</u>	<u>15</u>	<u>1,333,881</u>	<u>15</u>
1840	Deferred tax assets (Note (6)(p))	65,416	1	100,185	1	<b>Total liabilities</b>					
1975	Net defined benefit asset (Note (6)(o))	20,680	-	8,970	-	<b>Equity (Note (6)(q)):</b>					
1980	Other non-current financial assets	14,668	-	10,339	-	3100	Share capital	1,482,064	15	1,411,490	16
1990	Other non-current assets, others	16,802	-	14,834	-	3200	Capital surplus	3,276,440	34	3,276,107	36
		<u>7,150,126</u>	<u>74</u>	<u>6,772,911</u>	<u>74</u>	3300	Retained earnings	3,344,438	35	3,192,892	35
						3400	Other equity	97,490	1	(142,100)	(2)
								<u>8,200,432</u>	<u>85</u>	<u>7,738,389</u>	<u>85</u>
						<b>Total equity</b>					
<b>TOTAL ASSETS</b>		<u>\$ 9,653,476</u>	<u>100</u>	<u>9,072,270</u>	<u>100</u>	<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 9,653,476</u>	<u>100</u>	<u>9,072,270</u>	<u>100</u>

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

**EXCELSIOR MEDICAL CO., LTD.**

**STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)**

		For the Years Ended December 31,			
		2022		2021	
		Amount	%	Amount	%
4000	<b>Operating revenue (Notes (6)(s) and (7))</b>	\$ 4,654,419	100	4,373,194	100
5000	<b>Operating costs (Note (6)(e))</b>	3,867,546	83	3,652,377	84
	<b>Gross profit from operations</b>	786,873	17	720,817	16
5910	Less: Unrealized profit from sales	118,433	3	121,722	3
5920	Add: Realized profit from sales	117,508	3	120,315	3
		785,948	17	719,410	16
	<b>Operating expenses:</b>				
6100	Selling expenses	229,586	5	214,653	5
6200	Administrative expenses	176,195	4	163,148	3
6450	Expected credit loss (gain) (Note (6)(d))	3,000	-	(2,625)	-
		408,781	9	375,176	8
	<b>Net operating income</b>	377,167	8	344,234	8
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note (6)(u))	2,296	-	624	-
7010	Other income (Notes (6)(u) and (7))	4,760	-	4,082	-
7020	Other gains and losses (Notes (6)(u) and (7))	20,010	-	10,616	-
7050	Finance costs (Note (6)(u))	(1,392)	-	(572)	-
7060	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method (Note (6)(f))	383,942	8	357,085	8
		409,616	8	371,835	8
7900	<b>Profit before tax</b>	786,783	16	716,069	16
7950	<b>Less: Tax expense (Note (6)(p))</b>	119,330	2	108,920	2
	<b>Profit</b>	667,453	14	607,149	14
	<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	10,841	-	2,572	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6,716	-	25,284	1
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	121,169	3	5,695	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	5,826	-	972	-
	<b>Total items that will not be reclassified subsequently to profit and loss</b>	132,900	3	32,579	1
8360	<b>Items that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation	185,051	4	(73,200)	(2)
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	8,244	-	(2,513)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	37,010	(1)	(14,640)	-
	<b>Total items that will be reclassified subsequently to profit and loss</b>	156,285	3	(61,073)	(2)
	<b>Other comprehensive income, net</b>	289,185	6	(28,494)	(1)
8500	<b>Total comprehensive income for the year</b>	\$ 956,638	20	578,655	13
	<b>Earnings per share (Note (6)(r))</b>				
9750	<b>Basic earnings per share (NT dollars)</b>	\$ 4.50		4.10	
9850	<b>Diluted earnings per share (NT dollars)</b>	\$ 4.48		4.07	



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

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Share capital		Retained earnings			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, 2021</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
Profit for the year	-	-	-	-	667,453	-	-	667,453
Other comprehensive income (loss) for the year	-	-	-	-	12,989	156,285	119,911	289,185
Total comprehensive income (loss) for the year	-	-	-	-	680,442	156,285	119,911	956,638
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	66,953	-	(66,953)	-	-	-
Special reserve appropriated	-	-	-	28,020	(28,020)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(494,021)	-	-	(494,021)
Stock dividends of ordinary share	70,574	-	-	-	(70,574)	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	341	-	-	(1,228)	-	-	(887)
Changes in ownership interests in subsidiaries	-	(8)	-	-	321	-	-	313
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	36,606	-	(36,606)	-
<b>Balance as of December 31, 2022</b>	\$ <b>1,482,064</b>	<b>3,276,440</b>	<b>903,346</b>	<b>142,100</b>	<b>2,298,992</b>	<b>(104,157)</b>	<b>201,647</b>	<b>8,200,432</b>

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

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 786,783	716,069
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	28,993	26,201
Amortization expense	2,379	2,268
Expected credit loss (gain)	3,000	(2,625)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,759	6,640
Interest expense	1,392	572
Interest income	(2,296)	(624)
Dividend income	(4,760)	(4,082)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(383,942)	(357,085)
Loss on disposal of investments accounted for using equity method	4	-
Impairment loss on property, plant and equipment	2,180	-
Unrealized profit from sales	118,433	121,722
Realized profit from sales	(117,508)	(120,315)
Others	(155)	(171)
<b>Total adjustments to reconcile profit</b>	<b>(350,521)</b>	<b>(327,499)</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Notes receivable	(12,846)	(7,284)
Accounts receivable	10,012	(11,362)
Accounts receivable due from related parties	(50,996)	(115,064)
Other receivables	1,190	2,611
Inventories	(168,608)	(57,644)
Net defined benefit asset	(869)	(799)
Other current assets	(378)	(7,133)
<b>Total changes in operating assets</b>	<b>(222,495)</b>	<b>(196,675)</b>
<b>Changes in operating liabilities:</b>		
Notes payable	-	2
Accounts payable	68,899	114,800
Other payables	5,198	25,398
Other current liabilities	(778)	17,301
<b>Total changes in operating liabilities</b>	<b>73,319</b>	<b>157,501</b>
<b>Total changes in operating assets and liabilities</b>	<b>(149,176)</b>	<b>(39,174)</b>
<b>Total adjustments</b>	<b>(499,697)</b>	<b>(366,673)</b>
Cash inflow generated from operations	287,086	349,396
Interest received	2,171	624
Income taxes paid	(85,156)	(71,874)
<b>Net cash flows from operating activities</b>	<b>204,101</b>	<b>278,146</b>

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

**STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2022	2021
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	130,914	39,818
Acquisition of financial assets at fair value through profit or loss	(2,432)	(5,847)
Acquisition of investments accounted for using equity method	(10,000)	-
Proceeds from disposal of investments accounted for using equity method	6,634	-
Acquisition of property, plant and equipment	(2,335)	(5,011)
Proceeds from disposal of property, plant and equipment	22	-
Increase in refundable deposits	(4,329)	-
Acquisition of intangible assets	-	(3,713)
Increase in other financial assets	-	(1,197)
Increase in other non-current assets	(3,026)	(8,367)
Dividends received	173,878	121,510
<b>Net cash flows from investing activities</b>	<u>289,326</u>	<u>137,193</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	-	150,000
Cash dividends paid	(494,021)	(494,021)
Interest paid	(1,210)	(543)
Payment of lease liabilities	(2,855)	(2,403)
<b>Net cash flows use in financing activities</b>	<u>(498,086)</u>	<u>(346,967)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(4,659)	68,372
<b>Cash and cash equivalents at beginning of period</b>	<u>507,977</u>	<u>439,605</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 503,318</u>	<u>507,977</u>

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

**(1) Company History**

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 16, 2023.

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

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

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

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

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

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

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

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- (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 “Non-current Liabilities with Covenants”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

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

The significant accounting policies presented in the financial statements are summarized below. 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.

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(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.

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(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.

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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).



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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.

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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.

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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.

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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~ 7 years

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

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(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

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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.

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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.

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(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.



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(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.

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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.

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(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, 2022 and 2021 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:

(a) To identify whether the Company has actual control to investee, please refer to the consolidated financial statements for the year ended December 31, 2022.

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).

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**(6) Explanation of Significant Accounts**

## (a) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand, demand deposits and checking accounts	\$ 503,318	507,977
Cash and cash equivalents in statement of cash flows	<u>\$ 503,318</u>	<u>507,977</u>

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Held-for-trading financial liabilities		
Derivative instruments not used for hedging		
Forward foreign exchange contracts	\$ -	<u>673</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>
Foreign exchange forward purchased	USD 257,425	JPY to TWD	2022.1~2022.3
Foreign exchange forward purchased	USD 515	USD to TWD	2022.1

## (c) Financial liabilities at fair value through other comprehensive income

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Equity investments at fair value through other comprehensive income		
Domestic listed shares	\$ 1,763	26,512
Foreign listed shares	19,570	98,319
Domestic unlisted shares	<u>131,421</u>	<u>146,648</u>
Total	<u>\$ 152,754</u>	<u>271,479</u>

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## 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, 2022 and 2021. The shares sold had a fair value of \$132,823 thousand and \$40,172 thousand, respectively. The Company realized a gain of gain \$36,606 thousand and loss \$4,091 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, 2022 and 2021, the aforesaid financial assets were not pledged as collateral.

## (d) Notes receivable, accounts receivable and other receivables

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Notes receivable	\$ 81,338	68,492
Accounts receivable	1,149,618	1,108,644
Other receivables	20,431	1,195
Less: Loss allowance	<u>(21,027)</u>	<u>(18,037)</u>
Net	<b><u>\$ 1,230,360</u></b>	<b><u>1,160,294</u></b>

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, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 1,242,996	1.02%	(12,692)
1 to 90 days past due	4,855	98.85%	(4,799)
91 to 180 days past due	19	100%	(19)
181 to 365 days past due	-	-	-
More than 365 days past due	<u>3,517</u>	100%	<u>(3,517)</u>
	<b><u>\$ 1,251,387</u></b>		<b><u>(21,027)</u></b>

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	<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	3,638	100%	(3,638)
	<b>\$ 1,178,331</b>		<b>(18,037)</b>

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

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Balance as of January 1	\$ 18,037	20,850
Impairment losses recognized	3,000	-
Impairment losses reversed	-	(2,625)
Amounts written off	(10)	(188)
Balance as of December 31	<b>\$ 21,027</b>	<b>18,037</b>

(e) Inventories

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Merchandise	\$ 712,072	527,777
Inventory in-transit	39,034	85,123
Total	<b>\$ 751,106</b>	<b>612,900</b>

The details of cost of goods sold were as follows :

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Cost of goods sold	\$ 3,783,753	3,566,718
(Reversal) losses on inventory valuation and obsolescence	(486)	4,514
Repair and maintenance costs	81,041	77,961
Others operating costs	3,238	3,184
Total	<b>\$ 3,867,546</b>	<b>3,652,377</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, 2022.

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(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, 2022</b>	<b>December 31, 2021</b>
Subsidiaries	\$ 5,804,749	5,366,123
Associates	874,654	801,628
	<b><u>\$ 6,679,403</u></b>	<b><u>6,167,751</u></b>

1.Subsidiary

Please refer to the consolidated financial statements for the year ended of December 31, 2022.

2.Associates

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Carrying amount of individually insignificant associates' equity	<b><u>\$ 874,654</u></b>	<b><u>801,628</u></b>

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Attributable to Company:		
Profit	\$ 109,154	95,714
Other comprehensive income	81,558	23,333
Total comprehensive income	<b><u>\$ 190,712</u></b>	<b><u>119,047</u></b>

(g) Changes in ownership interests in subsidiaries

The Company subscribed the shares issued for cash by its subsidiary Bestsmile Co., Ltd. at a percentage different from its existing ownership percentage in April 2022. The changes in ownership interests in subsidiaries were recognized as capital surplus amounting to decrease of \$8 thousand for the year ended December 31, 2022.

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(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, 2022 and 2021 were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Medical equipment</u>	<u>Leased Improvement</u>	<u>Miscellaneous equipment</u>	<u>Total</u>
Cost or deemed cost:						
Balance as of January 1, 2022	\$ 75,758	97,922	106,504	-	14,785	294,969
Additions	-	934	116	-	1,286	2,336
Disposal and obsolescence	-	-	(754)	-	(1,766)	(2,520)
Transfer from inventories	-	-	29,091	-	1,311	30,402
Transfer to inventories	-	-	(1,923)	-	-	(1,923)
Reclassification and others	-	(1,771)	-	1,771	-	-
Balance as of December 31, 2022	<u>\$ 75,758</u>	<u>97,085</u>	<u>133,034</u>	<u>1,771</u>	<u>15,616</u>	<u>323,264</u>
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>-</u>	<u>14,785</u>	<u>294,969</u>
Depreciation and impairment losses:						
Balance as of January 1, 2022	\$ 4,000	43,300	55,703	-	8,263	111,266
Depreciation for the period	-	1,948	21,207	247	2,580	25,982
Impairment loss recognized	-	-	-	-	2,180	2,180
Disposal and obsolescence	-	-	(754)	-	(1,744)	(2,498)
Transfer to inventories	-	-	(1,923)	-	-	(1,923)
Reclassification and others	-	(112)	-	112	-	-
Balance as of December 31, 2022	<u>\$ 4,000</u>	<u>45,136</u>	<u>74,233</u>	<u>359</u>	<u>11,279</u>	<u>135,007</u>
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>-</u>	<u>8,263</u>	<u>111,266</u>
Carrying amount:						
Balance as of December 31, 2022	<u>\$ 71,758</u>	<u>51,949</u>	<u>58,801</u>	<u>1,412</u>	<u>4,337</u>	<u>188,257</u>
Balance as of January 1, 2021	<u>\$ 71,758</u>	<u>55,725</u>	<u>44,329</u>	<u>-</u>	<u>5,241</u>	<u>177,053</u>
Balance as of December 31, 2021	<u>\$ 71,758</u>	<u>54,622</u>	<u>50,801</u>	<u>-</u>	<u>6,522</u>	<u>183,703</u>



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## (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, 2022	\$ 15,468	-	15,468
Additions	895	-	895
Write-off	(1,748)	-	(1,748)
Balance as of December 31, 2022	<u>\$ 14,615</u>	<u>-</u>	<u>14,615</u>
Balance as of January 1, 2021	\$ 11,682	1,440	13,122
Additions	10,174	-	10,174
Write-off	(6,388)	(1,440)	(7,828)
Balance as of December 31, 2021	<u>\$ 15,468</u>	<u>-</u>	<u>15,468</u>
Accumulated depreciation and impairment losses:			
Balance as of January 1, 2022	\$ 3,573	-	3,573
Additions	3,011	-	3,011
Write-off	(1,681)	-	(1,681)
Balance as of December 31, 2022	<u>\$ 4,903</u>	<u>-</u>	<u>4,903</u>
Balance as of January 1, 2021	\$ 6,978	1,440	8,418
Additions	2,707	-	2,707
Write-off	(6,112)	(1,440)	(7,552)
Balance as of December 31, 2021	<u>\$ 3,573</u>	<u>-</u>	<u>3,573</u>
Carrying amount:			
Balance as of December 31, 2022	<u>\$ 9,712</u>	<u>-</u>	<u>9,712</u>
Balance as of January 1, 2021	<u>\$ 4,704</u>	<u>-</u>	<u>4,704</u>
Balance as of December 31, 2021	<u>\$ 11,895</u>	<u>-</u>	<u>11,895</u>

The Company added and modified parts of the lease contract, resulting in a increase in right of use assets of \$828 thousand and an increase of \$9,868 thousand to be recognized for the years ended December 31, 2022 and 2021, respectively.

For the years ended December 31, 2022 and 2021, the Company leased storage room and parking space under operating lease, please refer to Note (6)(n).

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## (j) Intangible assets

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

	<u>Software</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2022	\$ 2,278	21,442	23,720
Balance as of December 31, 2022	<u>\$ 2,278</u>	<u>21,442</u>	<u>23,720</u>
Balance as of January 1, 2021	\$ 3,573	18,442	22,015
Acquisition	713	3,000	3,713
Disposal	(2,008)	-	(2,008)
Balance as of December 31, 2021	<u>\$ 2,278</u>	<u>21,442</u>	<u>23,720</u>
Amortization and impairment loss:			
Balance as of January 1, 2022	\$ 1,123	18,842	19,965
Amortization	721	600	1,321
Balance as of December 31, 2022	<u>\$ 1,844</u>	<u>19,442</u>	<u>21,286</u>
Balance as of January 1, 2021	\$ 2,370	18,442	20,812
Amortization	761	400	1,161
Disposal	(2,008)	-	(2,008)
Balance as of December 31, 2021	<u>\$ 1,123</u>	<u>18,842</u>	<u>19,965</u>
Carrying amount:			
Balance as of December 31, 2022	<u>\$ 434</u>	<u>2,000</u>	<u>2,434</u>
Balance as of January 1, 2021	<u>\$ 1,203</u>	<u>-</u>	<u>1,203</u>
Balance as of December 31, 2021	<u>\$ 1,155</u>	<u>2,600</u>	<u>3,755</u>

## 1. Amortization

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

	<u>For the Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Operating costs	\$ 600	400
Operating expenses	721	761
Total	<u>\$ 1,321</u>	<u>1,161</u>

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(k) Short-term borrowings

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Unsecured bank loans	<u>\$ 150,000</u>	<u>150,000</u>
Unused short term credit lines	<u>\$ 1,650,000</u>	<u>1,650,000</u>
Range of interest rates	<u>1.65%</u>	<u>0.7%</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, 2022</b>	<b>December 31, 2021</b>
Warranties	<u>\$ 2,462</u>	<u>2,456</u>
		<b>Warranties</b>
Balance as of January 1, 2022		\$ 2,456
Additions		3,132
Provisions reversed or used		<u>(3,126)</u>
Balance as of December 31, 2022		<u>\$ 2,462</u>
Balance as of January 1, 2021		\$ 4,221
Additions		2,184
Provisions reversed or used		<u>(3,949)</u>
Balance as of December 31, 2021		<u>\$ 2,456</u>

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.

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(m) Lease liabilities

The carrying amount of lease liabilities were as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Current	\$ <u>3,009</u>	<u>2,571</u>
Non-current	\$ <u>6,894</u>	<u>9,510</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 \$828 thousand and an decrease of \$9,868 thousand for the years ended December 31, 2022 and 2021, respectively.

The amounts recognized in profit or loss were as follows:

	<u>For the Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ <u>121</u>	<u>80</u>
Income from sub-leasing right-of-use assets	\$ <u>69</u>	<u>161</u>
Expenses relating to short-term leases	\$ <u>860</u>	<u>597</u>
COVID-19-related rent concessions	\$ <u>151</u>	<u>141</u>

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

	<u>For the Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	\$ <u>2,976</u>	<u>3,080</u>

1. Building leases

As of December 31, 2022, 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.

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.

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## (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, 2022</b>	<b>December 31, 2021</b>
Within 1 year	\$ 4,302	4,401
1 to 5 years	-	69
	<b><u>\$ 4,302</u></b>	<b><u>4,470</u></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, 2022</b>	<b>December 31, 2021</b>
Present value of defined benefit obligations	\$ 75,733	78,776
Fair value of plan assets	(96,413)	(87,746)
Net defined benefit (assets) liabilities	<b><u>\$ (20,680)</u></b>	<b><u>(8,970)</u></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 \$95,756 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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## 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>2022</b>	<b>2021</b>
Defined benefit obligation as of January 1	\$ 78,776	79,383
Current service costs and interest	1,076	758
Remeasurement on the net defined benefit obligation		
— Actuarial gains and losses arising from experience adjustments	(340)	(2,626)
— Actuarial gains and losses arising from changes in demographic assumptions	-	3,807
— Actuarial gains and losses arising from changes in financial assumptions	(3,779)	(2,546)
Defined benefit obligation as of December 31	<u>\$ 75,733</u>	<u>78,776</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>2022</b>	<b>2021</b>
Fair value of plan assets as of January 1	\$ 87,746	84,982
Interest income	663	300
Remeasurement on the net defined benefit obligation		
— Return on plan assets (excluding current interest)	6,722	1,207
Contribution paid by the employer	1,282	1,257
Fair value of plan assets as of December 31	<u>\$ 96,413</u>	<u>87,746</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>2022</b>	<b>2021</b>
Current service costs	\$ 485	480
Net interest of net liabilities for defined benefit obligations	(72)	(22)
	<u>\$ 413</u>	<u>458</u>

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	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Operating costs and expenses	<b>\$ 413</b>	<b>458</b>

5) Actuarial assumptions

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Discount rate	1.400%	0.750%
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 \$1,282 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:

	<b>Influences on defined benefit obligations</b>	
	<b>Increased 0.25%</b>	<b>Decreased 0.25%</b>
December 31, 2022		
Discount rate	\$ (1,484)	1,530
Future salary increasing rate	1,474	(1,438)
December 31, 2021		
Discount rate	\$ (1,622)	1,675
Future salary increasing rate	1,599	(1,557)

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 2022 and 2021.

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.

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The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$7,499 thousand and \$7,105 thousand for the years ended December 31, 2022 and 2021, respectively.

## (p) Income taxes

## 1. Income tax expense

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

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Current tax expense		
Current period	\$ 91,828	78,182
Adjustment for prior periods	<u>558</u>	<u>(255)</u>
	<u>92,386</u>	<u>77,927</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>26,944</u>	<u>30,993</u>
Income tax expense from continuing operations	<b><u>\$ 119,330</u></b>	<b><u>108,920</u></b>

The amount of income tax recognized directly in equity for 2022 was as follows; and no income tax was recognized directly in equity for 2021.

	<b>For the Years Ended December 31, 2022</b>
Gain on disposal of foreign listed shares	<b><u>\$ 6,272</u></b>

The amount of income tax recognized in other comprehensive income for 2022 and 2021 were as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ (2,168)	(514)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	(3,117)	(578)
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	<u>(541)</u>	<u>120</u>
	<b><u>\$ (5,826)</u></b>	<b><u>(972)</u></b>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<b><u>\$ (37,010)</u></b>	<b><u>14,640</u></b>



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Reconciliation of income tax and profit before tax for 2022 and 2021 was as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Profit before income tax	\$ 786,783	716,069
Income tax using the Company's statutory tax rate	\$ 157,356	143,214
Permanent differences	(38,415)	(33,761)
Tax-exempt income	(667)	(278)
Undistributed earnings additional tax	498	-
Adjustments for prior periods	558	(255)
Income tax expense	<u>\$ 119,330</u>	<u>108,920</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, 2022 and 2021 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, 2022	\$ 5,449	6,974	-	87,762	100,185
Recognized in profit or loss	1,496	(97)	-	1,806	3,205
Recognized in other comprehensive income	-	-	-	(37,974)	(37,974)
Balance as of December 31, 2022	<u>\$ 6,945</u>	<u>6,877</u>	<u>-</u>	<u>51,594</u>	<u>65,416</u>
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>
<b>Deferred tax liabilities:</b>					
Balance as of January 1, 2022	\$ -	-	172,417	3,257	175,674
Recognized in profit and loss	-	-	36,113	(5,964)	30,149
Recognized in equity	-	-	-	6,272	6,272
Recognized in other comprehensive income	-	-	-	4,862	4,862
Balance as of December 31, 2022	<u>\$ -</u>	<u>-</u>	<u>208,530</u>	<u>8,427</u>	<u>216,957</u>
Balance as of January 1, 2021	\$ -	-	139,085	2,757	141,842
Recognized in profit or 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>

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## 3. Assessment of tax

The Company's income tax returns for the year through 2020 were assessed by the Tax Administration.

## (q) Capital and other equity

The Company issued 7,057 thousand common shares amounting to \$70,574 thousand, with the date of capital increase set on September 5, 2022, based on the resolution decided during the shareholder's meeting held on June 21, 2022, and the approval of the Financial Supervisory Commission, R.O.C. on August 4, 2022. All relevant statutory registration procedures had been completed as of the reporting date.

## 1. Share capital

	<b>December 31, 2022</b>	<b>December 31, 2021</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>148,206</u>	<u>141,149</u>
Shares issued	<u>\$ 1,482,064</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, 2022</b>	<b>December 31, 2021</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	238,938	238,946
Changes in equity of associates accounted for using equity method	798	457
Others	<u>43,860</u>	<u>43,860</u>
	<u>\$ 3,276,440</u>	<u>3,276,107</u>

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## 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 distribution of the 2021 and 2020 earnings had been approved during the meetings of the shareholders and the board held on June 21, 2022 and March 12, 2021, respectively, as follows:

	<b>For the Years Ended December 31,</b>			
	<b>2021</b>		<b>2020</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	494,021	3.50	494,021
Stock	0.50	<u>70,574</u>	-	<u>-</u>
Total		<b><u>\$ 564,595</u></b>		<b><u>494,021</u></b>

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The amount of cash dividends on the appropriations of earnings for 2022, and the amount of shares dividends of appropriation of earnings for 2022, had been approved and proposed, respectively during the Board meeting on March 16, 2023, as follows:

	<b>2022</b>	
	<b>Dividend per share (\$)</b>	<b>Amount</b>
Dividends distributed to common shareholders		
Cash	\$ 3.65	540,953
Stock	0.50	<u>74,103</u>
Total		<u>\$ <b>615,056</b></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, 2022	\$ (260,442)	118,342	(142,100)
Exchange differences on translation of foreign financial statement	148,041	-	148,041
Exchange differences on subsidiaries accounted for using equity method	8,244	-	8,244
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	119,911	119,911
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(36,606)	(36,606)
Balance as of December 31, 2022	<u>\$ (104,157)</u>	<u>201,647</u>	<u>97,490</u>
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>

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## (r) Earnings per share

For the years ended December 31, 2022 and 2021, 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>2022</b>	<b>2021</b>
Profit attributable to ordinary shareholders of the Company	\$ <u>667,453</u>	<u>607,149</u>
Weighted average number of ordinary shares (basic) (retroactive adjustments)	<u>148,206</u>	<u>148,206</u>

## 2. Diluted earnings per share

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Profit attributable to ordinary shareholders of the Company	\$ <u>667,453</u>	<u>607,149</u>
Weighted average number of ordinary shares (basic) (retroactive adjustments)	148,206	148,206
Effect of employee stock compensation	<u>752</u>	<u>796</u>
Weighted average number of ordinary shares (diluted) (retroactive adjustments)	<u>148,958</u>	<u>149,002</u>

## (s) Revenue from contracts with customers

## 1. Disaggregation of revenue

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Primary geographical markets		
Taiwan	\$ <u>4,654,419</u>	<u>4,373,194</u>
Major products:		
Product revenue		
Medical equipment and Supplies	\$ 4,077,894	3,844,441
Medicines	90,523	88,079
Household appliances	202,742	160,457
Other	69,724	74,440
Repair and maintenance revenue	180,197	176,173
Other operating revenue	<u>33,339</u>	<u>29,604</u>
	\$ <u>4,654,419</u>	<u>4,373,194</u>

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## (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, 2022 and 2021, the Company estimated its employee compensation amounting to \$42,529 thousand and \$38,706 thousand, and directors' remuneration amounting to \$21,264 thousand and \$19,353 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 2022 and 2021. 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:

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Interest income from bank deposits	\$ 1,541	130
Other interest income	755	494
Total	<u>\$ 2,296</u>	<u>624</u>

## 2. Other income

The details of other income were as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Dividend income	\$ 4,760	4,082

## 3. Financial costs

The details of financial costs were as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Interest expenses		
Bank borrowings	\$ 1,271	492
Others	121	80
	<u>\$ 1,392</u>	<u>572</u>

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## 4. Other gains and losses

The details of other gains and losses were as follows:

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains (losses)	\$ 3,939	1,116
Net gains or losses on financial assets (liabilities) measured at fair value through profit or loss	(1,759)	(6,640)
Revenue from customs duty refunds	13,777	11,609
Impairment loss on property, plant and equipment	(2,180)	-
Others	<u>6,233</u>	<u>4,531</u>
Total	<u>\$ 20,010</u>	<u>10,616</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>2022</b>	<b>2021</b>
Equity instruments at fair value through other comprehensive income		
Net changes in fair value	\$ 43,322	29,375
Net changes of fair value reclassified to retained earnings	<u>(36,606)</u>	<u>(4,091)</u>
Net gains or losses recognized in other comprehensive income	<u>\$ 6,716</u>	<u>25,284</u>

## (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, 2022 and 2021, 65.36% and 64.86%, respectively, of notes receivable and accounts receivable were three major customers. Thus, credit risk is significantly centralized.

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## 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, 2022</b>								
Non-derivative financial liabilities								
Short-term borrowings	\$ 150,000	150,000	-	150,000	-	-	-	-
Payables	997,329	997,329	686,512	251,901	36,389	22,527	-	-
Lease liabilities	9,903	9,903	366	383	751	1,509	1,484	5,410
	<u>\$ 1,157,232</u>	<u>1,157,232</u>	<u>686,878</u>	<u>402,284</u>	<u>37,140</u>	<u>24,036</u>	<u>1,484</u>	<u>5,410</u>
<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 contract								
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>

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

## 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, 2022	
			Foreign currency (in thousands)	Carrying amount (TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	30.710	USD	\$ 2,970	91,206
TWD	0.232	JPY	217,995	50,662
TWD	32.720	EUR	375	12,280
<u>Non-Monetary items</u>				
TWD	0.232	JPY	84,207	19,570
TWD	30.710	USD	121,166	3,721,010



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<u>Functional currency</u>	<u>Exchange rate</u>	<u>Currency</u>	<u>December 31, 2022</u>	
			<u>Foreign currency (in thousands)</u>	<u>Carrying amount (TWD)</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	32.720	EUR	1,894	61,969
TWD	0.232	JPY	386,569	89,839
TWD	30.710	USD	993	30,485
			<u>December 31, 2021</u>	
<u>Functional currency</u>	<u>Exchange rate</u>	<u>Currency</u>	<u>Foreign currency (in thousands)</u>	<u>Carrying amount (TWD)</u>
<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>				
TWD	31.320	EUR	295	9,225
TWD	0.241	JPY	285,780	68,730
TWD	27.680	USD	916	25,354

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, 2022 and 2021, foreign exchange gains or losses amounted to gains of \$3,939 thousand and gains of \$1,116 thousand, respectively.

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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, 2022 and 2021 would have increased or decreased the net profit after tax by \$225 thousand and \$310 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 2022 and 2021 would have increased/decreased by \$4,025 thousand and \$4,062 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, 2022 and 2021 would have increased/decreased by \$1,528 thousand and \$2,715 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.

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:

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	<b>December 31, 2022</b>				
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets at fair value through other comprehensive income</b>					
Domestic listed shares	\$ 1,763	1,763	-	-	1,763
Foreign listed shares	19,570	19,570	-	-	19,570
Domestic unlisted shares	<u>131,421</u>	-	-	<u>131,421</u>	<u>131,421</u>
Sub-total	<u>152,754</u>	<u>21,333</u>	-	<u>131,421</u>	<u>152,754</u>
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	503,318	-	-	-	-
Receivables	1,230,360	-	-	-	-
Other financial assets	<u>14,668</u>	-	-	-	-
Sub-total	<u>1,748,346</u>	-	-	-	-
Total	<u>\$ 1,901,100</u>	<u>21,333</u>	-	<u>131,421</u>	<u>152,754</u>
<b>Financial liabilities at amortized cost</b>					
Payables	\$ 997,329	-	-	-	-
Lease liabilities	<u>9,903</u>	-	-	-	-
Total	<u>\$ 1,007,232</u>	-	-	-	-
<b>December 31, 2021</b>					
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<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	<u>146,648</u>	-	-	<u>146,648</u>	<u>146,648</u>
Sub-total	<u>271,479</u>	<u>124,831</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	<u>10,339</u>	-	-	-	-
Sub-total	<u>1,678,610</u>	-	-	-	-
Total	<u>\$ 1,950,089</u>	<u>124,831</u>	-	<u>146,648</u>	<u>271,479</u>

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	December 31, 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	\$ 673	-	673	-	673
<b>Financial liabilities at amortized cost</b>					
Payables	923,050	-	-	-	-
Lease liabilities	12,081	-	-	-	-
Sub-total	935,131	-	-	-	-
Total	<u>\$ 935,804</u>	<u>-</u>	<u>673</u>	<u>-</u>	<u>673</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.

## 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:

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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, 2022	\$ 146,648
Total gains and losses recognized	
In other comprehensive income	(1,542)
Disposal	<u>(13,685)</u>
Balance as of December 31, 2022	<u>\$ 131,421</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>

For the years ended December 31, 2022 and 2021, 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>2022</u>	<u>2021</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”	5,842	38,615

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## 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>· P/B Value Multiple (0.98~2.11 and 1.14~2.19 on December 31, 2022 and 2021)</li> <li>· Discount due to Lack of Market liquidity (16.40%~22.14% and 15.36%~30.00% on December 31, 2022 and 2021)</li> </ul>	· The estimated fair value would increase (decrease) if the value multiple is higher (lower) and the marketability discount is lower (higher)

## 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:

	<u>Input</u>	<u>Variation</u>	<u>Impact on Fair Value Change on Other Comprehensive income or loss</u>	
			<u>Favorable Change</u>	<u>Unfavorable Change</u>
<b>December 31, 2022</b>				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	Value Multiple	5%	\$ 6,073	(6,073)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	7,451	(7,451)
			<u>\$ 13,524</u>	<u>(13,524)</u>

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	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>

## (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.

## 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.

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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, 2022.

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.

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.



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## 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.

## (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, 2022 and 2021, 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, 2022	Cash flows	Non-cash changes		December 31, 2022
			Acquisition	Others	
Short-term borrowings	\$ 150,000	-	-	-	150,000
Lease liabilities	12,081	(2,855)	828	(151)	9,903
Total liabilities from financing activities	<u>\$ 162,081</u>	<u>(2,855)</u>	<u>828</u>	<u>(151)</u>	<u>159,903</u>

  

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2022
			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>

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**(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.	Associate(Subsidiary before July 20, 2022)
Excelsior Healthcare Co., Ltd.	Subsidiary
Excelsior Investment (Malaysia) Co., Ltd.	"
Renal Laboratories Sdn. Bhd.	"
Medi-Chem Systems Sdn.Bhd	"
Renal Management Sdn. Bhd.	"
Excelsior Medical (HK) Co., Limited	"
SinoExcelsior Investment Inc.	"
EG Healthcare Inc.	"
Excelsior Asset Management Co., Ltd. (Excelsior Asset)	"
CYJ International Taiwan Inc.	"
Jiate Excesior Co., Ltd. (Jiate)	Associate before October 24, 2022(Note)
Bestchain Healthtaiwan Co., Ltd. (Bestchain)	Associate
Visionfront Corporation	"
Excelsior Renal Service Co., Limited (ERS)	"
Asia Best Healthcare Co., Limited (ABH)	"
Medifly Co., Ltd.	"
Asia Best Life Care Co., Ltd. (Former name: Asia Best Life Care Technology Co., Ltd.)	"
Arich Best Chain Co., Ltd.	"

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<u>Name of related party</u>	<u>Relationship with the Company</u>
Exceed Healthcare Co., Ltd.	Associate
Excelsior Long Term Care Corporation Entity	"
Anxin Nice Care Co., Ltd.	"
NephroCare Limited	Associate after April 29, 2022
Cardinal Medical Services Ltd.	"
Hung Shun Chen Investment Co., Ltd.	Other related parties before May 31, 2021
SciVision Biotech Inc.	Other related parties
Excelsior Health Foundation	"

Note: The dissolution of Jiata Excelsior Co., Ltd. had been approved during the shareholders' meeting held on October 24, 2022.

## (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>2022</b>	<b>2021</b>
Subsidiaries	\$ 39,764	63,023
Associates— Bestchain	2,061,533	1,946,276
Associates— ERS	765,409	776,954
Associates— Others	104,036	24,132
Other related parties	8	-
	<b>\$ 2,970,750</b>	<b>2,810,385</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.

## 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>2022</b>	<b>2021</b>
Subsidiaries	\$ 269	-
Associates— ERS	93,880	89,352
Associates— Bestchain	1,146	1,539
	<b>\$ 95,295</b>	<b>90,891</b>

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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>2022</b>	<b>2021</b>
Entities with significant influence over the Company	\$ 72	72
Subsidiaries	348	421
Associates—ERS	1,918	2,483
Associates—Others	1,903	1,987
Other related parties	16	40
	<u>\$ 4,257</u>	<u>5,003</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>2022</b>	<b>2021</b>
Subsidiaries—Dynamic Medical Technologies Inc.	\$ 2,491	2,516
Subsidiaries—Others	1,344	1,181
Associates—ERS	7,692	7,470
Associates—ABH	834	1,086
Associates—Bestchain	1,105	2,135
Associates—Others	2,002	1,829
Other related parties	287	132
	<u>\$ 15,755</u>	<u>16,349</u>

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>2022</b>	<b>2021</b>
Associates	\$ 6,581	17,179

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

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## 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, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	Subsidiaries	\$ 23,701	29,469
Accounts receivable	Associates – Bestchain	592,714	562,276
Accounts receivable	Associates – ERS	156,865	161,552
Accounts receivable	Associates – Others	40,012	9,001
Accounts receivable	Other related parties	2	-
Other receivables	Subsidiaries	-	64
Other receivables	Associates	-	327
Other receivables	Other related parties	-	2
		<u>\$ 813,294</u>	<u>762,691</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, 2022</u>	<u>December 31, 2021</u>
Accounts payable	Associates	\$ 1,928	6,319
Accounts payable	Subsidiaries	210	97
Other payables	Associates	8,929	8,365
Other payables	Subsidiaries	31	15
		<u>\$ 11,098</u>	<u>14,796</u>

## 5.Property transactions

## 1) Disposals of financial assets

The disposals of financial assets to related parties were summarized as follows:

		For the Years Ended December 31,							
		2022				2021			
<u>Relationship</u>	<u>Account</u>	<u>Number of shares</u>	<u>Purpose</u>	<u>Disposal price</u>	<u>Gain (loss) on disposal</u>	<u>Number of shares</u>	<u>Purpose</u>	<u>Disposal price</u>	<u>Gain (loss) on disposal</u>
Associates – Bestchain	Investments accounted for using equity method	1,194,526	Ordinary shares of Bestsmile	\$ 6,634	(43)	-		-	-

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6. Guarantee

As of December 31, 2022 and 2021, the Company provided its subsidiaries guarantees for loans, with the credit limits of \$1,140,055 thousand and \$1,119,805 thousand, wherein the amounts utilized were \$85,147 thousand and \$94,985 thousand, respectively.

As of December 31, 2022 and 2021, the Company also provided its associates guarantees for loans, with the credit limits of \$600,000 thousand and \$800,000 thousand, wherein the amounts utilized were both \$0 thousand.

As of December 31, 2022 and 2021, the Company provided its subsidiaries guarantees for investment project, with the credit limits of \$9,848 thousand and \$801,420 thousand, respectively, which were not yet utilized.

7. 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, 2022 and 2021, the Company recognized the amount of \$0 thousand and \$1 thousand as interest expense. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to \$0 thousand and \$20 thousand, respectively.

8. Others

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<u>Associates and Other related parties</u>		
Fright and warehousing expenses	\$ <u>(41,797)</u>	<u>(49,182)</u>

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

As of December 31, 2022 and 2021, the Company had received collections in advance from associates for \$165 thousand and \$220 thousand as of 2022, respectively.

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for receivables from related parties.

The outstanding payables to related parties are unsecured.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 41,656	42,980
Post-employment benefit	324	369
	\$ <u>41,980</u>	<u>43,349</u>

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(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, 2022 and 2021, the unused letters of credit were \$53,860 thousand and \$53,228 thousand, respectively. The guarantee letters issued by banks for sales contract guarantee were all \$0 thousands and \$36,000 thousands.
2. In April 2022, the Company entered into a supply agreement with the Hong Kong-based company. Pursuant to the agreement, the Company shall purchase certain products from the Hong Kong-based company in agreed quantities at agreed prices annually.

**(10) Losses due to major disasters : None.****(11) Subsequent events : None.****(12) Other**

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

By item	By function	For the Years Ended December 31, 2022			For the Years Ended December 31, 2021		
		Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits							
Salary		38,984	171,665	210,649	37,791	159,975	197,766
Labor and health insurance		3,892	12,467	16,359	3,791	11,779	15,570
Pension		2,139	5,773	7,912	2,078	5,485	7,563
Remuneration of directors		-	25,401	25,401	-	24,752	24,752
Others		1,565	7,433	8,998	1,527	7,028	8,555
Depreciation		3,343	25,650	28,993	3,201	23,000	26,201
Amortization		675	1,704	2,379	500	1,768	2,268

For the years ended December 31, 2022 and 2021, the numbers of employees and their benefit expenses were as follows:

Numbers of employees	<u>2022</u> <u>209</u>	<u>2021</u> <u>206</u>
Numbers of directors who were non-employees	<u>8</u>	<u>8</u>
The average employee benefits	<u>\$ 1,214</u>	<u>1,159</u>
The average salaries and wages	<u>\$ 1,048</u>	<u>999</u>
Average adjustment rate of employee salaries	<u>4.90 %</u>	<u>1.83 %</u>
Remuneration received by supervisors	<u>\$ -</u>	<u>-</u>

**EXCELSIOR MEDICAL CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

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.

**(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, 2022:

## 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	2,163	2,116	-	1.00%	2	-	Operating Capital	-	None	-	54,878	54,878

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.



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**EXCELSIOR MEDICAL CO., LTD.**

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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 7)	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	1,640,086	770,280	-	-	-	- %	8,200,432	Y	N	N
0	"	Excelsior Investment (Malaysia) Co., Ltd. (Note 4)	2	1,640,086	32,026	9,848	-	-	0.12 %	8,200,432	Y	N	N
0	"	Excelsior Asset Management CO., Ltd. (Note 4)	2	1,640,086	990,000	990,000	75,350	-	12.07 %	8,200,432	Y	N	N
0	"	EG Healthcare, Inc. (Note 4)	2	1,640,086	59,600	57,925	9,797	-	0.71 %	8,200,432	Y	N	N
0	"	Medi-Chem System Sdn. Bhd. (Note 4)	2	1,640,086	16,108	15,355	-	-	0.19 %	8,200,432	Y	N	N
0	"	Renal Laboratories Sdn. Bhd. (Note 4)	2	1,640,086	80,537	76,775	-	-	0.94 %	8,200,432	Y	N	N
0	"	Excelsior Renal Service Co., Limited (Note 3)	1	765,409	-	-	-	-	- %	8,200,432	N	N	N
0	"	Bestchain Healthtaiwan Co., Ltd. (Note 3)	1	2,061,533	800,000	600,000	-	-	7.32 %	8,200,432	N	N	N
1	Excelsior Beauty Co., Ltd.	Dynamic Medical Technologies Inc. (Note 6)	3	67,469	100	100	-	-	0.03 %	168,673	N	Y	N
2	Arich Enterprise Co., Ltd.	Taiwan Shionogi Inc. (Note 5)	1	155,126	-	-	-	-	- %	940,922	N	N	N

Note 1: the description of number column:

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

Note 2: Relationship with the Company

- The companies with which it has business relations.
- Subsidiaries in which the Company directly or indirectly holds more than 50% of its total outstanding common shares.
- The parent company which directly or indirectly holds more than 50% of its voting rights.
- Subsidiaries in which the Company directly or indirectly holds more than 90% of its voting rights.
- 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.
- Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
- 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 Excelsior Beauty Co., Ltd.'s net asset value from the most recent audited or reviewed report.

Note 7: 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.

## EXCELSIOR MEDICAL CO., LTD.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

## 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	32,525	1,763	0.05 %	1,763	
	" 3-D Matrix, Ltd.	-	"	273,400	19,570	0.46 %	19,570	
	" Gie Cheng Co., Ltd.	-	"	3,795,000	35,635	17.25 %	35,635	
	" Rui Guang Healthcare Co., Ltd.	-	"	2,423,951	31,802	7.15 %	31,802	
	" Sunder Biomedical Tech. Co., Ltd.	-	"	2,279,578	53,684	3.80 %	53,684	
	" Linkon International Golf & Country Club	-	"	1	10,300	0.10 %	10,300	
Excelsior Healthcare Co.Limited	Chai Tai Bo Ai Investment Limited	-	"	10,000	8,536	8.00 %	8,536	
EG Healthcare, Inc.	The Orchard Golf & Country Club	-	"	1	760	- %	760	
Dynamic Medical Technologies Inc.	SciVision Biotech Inc.	Other related parties	"	1,290,649	69,953	1.95 %	69,953	
	Caregen Co., Ltd.	"	"	34,500	116,215	0.32 %	116,215	
Dynamic Medical Technologies (Hong Kong) Ltd.	<u>Stock Warrant</u> Viveve Medical Inc.	-	Financial assets at fair value through profit or loss	250	-	- %	-	
Excelsior Beauty Co., Ltd.	<u>Stock</u> Join Fun Co., Ltd.	-	Fair value through other comprehensive income	263,340	2,623	19.00 %	2,623	
Arich Enterprise Co., Ltd.	<u>Stock</u> National Pharmaceutical Logistics Corp., Ltd.	Board director of investee	"	-	335,597	17.65 %	335,597	Note

Note : Act as limited company, no outstanding share.

## 4. Accumulated buying/selling of the same marketable securities for which the amount reaches \$300 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance		
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Price	Cost	Disposal gain (loss)	Shares/Units	Amount	
Excelsior Medical (HK) Co., Limited	Nephrocare Limited	Investments accounted for using equity method	-	-	-	-	151,801,588	688,755	-	-	-	-	-	151,801,588	688,755

5. Acquisition of real estate for which the amount reaches \$300 million or 20% or more of paid-in capital : None.
6. Disposition of real estate for which the amount reaches \$300 million or 20% or more of paid-in capital: None.

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7. 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	(765,409)	(16.44)%	Net 30-60 days	-	-	156,865	12.51 %	Note 1
"	Bestchain Healthtaiwan Co., Ltd.	"	"	(2,061,533)	(44.29)%	Net 30-90 days	-	-	592,714	47.36 %	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.

8. 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	156,865	4.81	-	-	157,194	-
"	Bestchain Healthtaiwan Co., Ltd.	"	592,714	3.83	-	-	395,106	-

9. Derivative transactions:

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

(b) Information on investees:

For the year ended December 31, 2022, 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	-	- %	-	(799)	(392)	Associate (Note 4)
"	Bestchain Healthtaiwan Co., Ltd.	New Taipei City	Sale of medical equipment and medicines, interagation of warehousing and information	277,647	277,647	49,162,513	44.68 %	732,468	221,827	99,034	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 %	750,666	62,617	25,011	Subsidiary (Notes 2)

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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	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 %	547,074	137,111	52,626	Subsidiary
"	Excelsior Healthcare Co., Limited	British Virgin Islands	Investment business	1,244,687	1,244,687	39,411,623	100.00 %	1,944,685	101,978	101,978	Subsidiary
"	Bestsmile Co., Ltd.	New Taipei City	Sale of medical equipment, and medical management consultancy service	-	32,093	-	- %	-	(5,311)	(5,285)	Associate (Note 5)
"	Visionfront Corporation	New Taipei City	Sale of medical equipment, and medical management consultancy service	44,069	44,069	2,434,870	44.47 %	21,440	(3,216)	(1,430)	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 %	28,672	1,489	357	Associate
"	Excelsior Medical (HK) Co., Limited	Hong Kong	Investment business	1,588,746	1,588,746	53,154,741	64.36 %	1,782,684	122,105	78,587	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 %	138,729	9,140	3,826	Sub-subsubsidiary
"	Excelsior Asset Management Co., Ltd.	New Taipei City	Sales of medical equipment, precision instrument and real estate	780,525	780,525	82,292,300	100.00 %	640,911	18,045	18,045	Subsidiary
"	Medify Co., Ltd.	Taichung	Sale of medical equipment and medicines	31,899	31,899	3,615,976	28.66 %	92,075	40,423	11,585	Associate
Excelsior Healthcare Co., Limited	EG Healthcare, Inc.	Philippines	Sale and lease of medical equipment, and medical management consultancy service	19,256	19,256	9,427,489	99.99 %	75,500	(2,995)	-	Sub-subsubsidiary
"	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 %	392,204	137,441	-	Associate
"	Excelsior Medical (HK) Co., Limited	Hong Kong	Investment business	862,529	862,529	29,439,829	35.64 %	987,179	122,105	-	Subsidiary
"	Excelsior Investment (Malaysia) Co., Ltd	British Virgin Islands	Investment business	222,547	192,814	7,341,416	100.00 %	194,195	(7,291)	-	Sub-subsubsidiary
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 %	295,790	6,913	-	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 %	166,428	9,140	-	Subsidiary (Note 1)
"	Medytox Taiwan Inc.	New Taipei City	Sale of cosmetic health-care products	18,000	18,000	1,800,000	40.00 %	(526)	880	-	Associate
"	Touce Biotech Co., Ltd.	New Taipei City	Sale of cosmetic health-care products	45,000	-	420,000	35.00 %	43,739	3,964	-	Associate (Note 6)
"	CYJ International Taiwan Inc.	New Taipei City	Sale and treatment of hair protecting and conditioning	11,073	-	1,224,020	10.00 %	10,950	(9,073)	-	Sub-subsubsidiary (Note 7)

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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			
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 %	10,778	(2,504)	-	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 %	90,356	(9,073)	-	Sub-subsiidiary
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 %	1,522,853	191,612	-	Associate
"	Cardinal Medical Services Ltd.	British Virgin Islands	Sale of medical equipment, and medical management consultancy service	106,121	-	9,800	49.00 %	112,176	13,371	-	Associate
"	NephroCare Limited	Hong Kong	Sale of medical equipment, and medical management consultancy service	688,755	-	151,801,188	49.00 %	715,600	30,961	-	Associate
Excelsior Investment (Malaysia) Co., Ltd	Renal Laboratories Sdn. Bhd.	Malaysia	Manufacture of medical equipment	169,502	145,264	16,773,586	70.00 %	160,937	(9,547)	-	Sub-subsiidiary
"	Medi-Chem Systems Sdn.Bhd	Malaysia	Sale of medical equipment	44,052	44,052	350,000	70.00 %	37,346	247	-	Sub-subsiidiary
Medi-Chem Systems Sdn.Bhd	Renal Management Sdn. Bhd.	Malaysia	Lease business	1,315	1,315	200,000	100.00 %	8,273	149	-	Sub-subsiidiary

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: The dissolution of Jiatae Excelsior Co., Ltd. had been approved during the shareholders' meeting held on October 24, 2022.

Note 5: Bestsmile Co., Ltd. was no longer a subsidiary beginning on July 20, 2022.

Note 6: The Group acquired 35% equity of Touce Biotech Co., Ltd on October 2022.

Note 7: Dynamic Medical Technologies Inc. acquired 10% equity of CYJ International Taiwan Inc. from CYJ INTERNATIONAL COMPANY LIMITED, the associate, in November 2022.

(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 pain-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	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	(18,001)	7.80 %	-	8,536	-

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Name of the investee	Main Businesses and products	Total amount of pain-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	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						
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	2,126	100.00 %	2,126	137,195	-
Guangzhou Dynamic Inc.	Sale and maintenance of medical equipment	44,346	(2)	119,574	-	-	119,574	(1,040)	100.00 %	(1,040)	10,181	-
Beijing Dynamic Inc. (Note 6)	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	109,291	17.65 %	-	335,597	74,715

**2. Limitation on investment in Mainland China:**

Company	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment(Note 7)
The Company	1,087,625	1,289,640	4,920,259
Dynamic Medical Technologies Inc.	153,998	153,998	832,635
Arich Enterprise Co., Ltd.	66,603	66,603	1,129,107

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, 2022, 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: 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, 2022, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 7: (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 8: 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".

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

**EXCELSIOR MEDICAL CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

(d) Major shareholders:

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
Excelsior Investment Co., Ltd.		16,562,126	11.17 %
Excelsior Group Holdings Co., Ltd.		15,664,676	10.56 %
Bestchain Healthtaiwan Co., Ltd. (Bestchain)		14,558,507	9.82 %

**(14) Segment Information**

Please refer the consolidated financial statements for the year ended December 31, 2022.

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

**DECEMBER 31, 2022**

(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash	Petty cash	\$ <u>83</u>
Cash in bank	Checking accounts	<u>204</u>
	Demand deposits	<u>369,397</u>
	Foreign deposits	
	USD      2,302 thousand	70,688
	JPY      217,995 thousand	50,662
	EUR      375 thousand	12,280
	CNY      1 thousand	<u>4</u>
		<u>133,634</u>
Total		<u>\$ <u>503,318</u></u>

**STATEMENT OF NOTES RECEIVABLE**

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Grant River Co., Ltd.		\$ 6,944	
Youlin Industrial Ltd.		8,602	
Jianlin Internal Medicine Clinic		5,425	
Other		<u>60,367</u>	The year-end balance of each client does not exceed 5% of the account balance.
Total		<u>\$ <u>81,338</u></u>	



**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF ACCOUNTS RECEIVABLE**  
**DECEMBER 31, 2022**

(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	\$ 592,714	
Excelsior Renal Service Co., Limited	"	156,865	
Other	"	<u>63,715</u>	The year-end balance of each client does not exceed 5% of the account balance.
Subtotal		<u>813,294</u>	
Non-related Parties:			
Ikko Corporation	"	17,935	
Hi-Clearance Inc.	"	16,114	
Other	"	<u>302,275</u>	The year-end balance of each client does not exceed 5% of the account balance.
Subtotal		<u>336,324</u>	
Total		1,149,618	
Less: Allowance for Impairment		<u>(21,027)</u>	
Net Amount		<u>\$ 1,128,591</u>	

**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF OTHER RECEIVABLES**  
**DECEMBER 31, 2022**

(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related Parties:			
	Interest receivable	\$ 130	
	Other	<u>20,301</u>	
	Subtotal	<u>20,431</u>	
Total		<u><u>\$ 20,431</u></u>	

**STATEMENT OF INVENTORIES**

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net realized value</u>	
Merchandise	\$ 712,073	746,277	
Inventory in-transit	<u>39,033</u>	<u>46,572</u>	
Total	<u><u>\$ 751,106</u></u>	<u><u>792,849</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, 2022**

(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.	534,525	\$ 26,512	-	-	502,000	24,749	32,525	1,763	None	
3-D Matrix, Ltd.	288,400	36,345	-	-	15,000	16,775	273,400	19,570	"	
Caregen Co., Ltd.	39,657	61,974	-	-	39,657	61,974	-	-	"	
Subtotal		124,831		-		103,498		21,333		
<u>Unlisted Stock</u>										
Gie Cheng Co., Ltd.	3,795,000	34,497	-	1,138	-	-	3,795,000	35,635	"	
Missioncare Co., Ltd.	1,580,526	21,068	-	-	1,580,526	21,068	-	-	"	
Rui Guang Healthcare Co., Ltd.	2,423,951	27,027	-	4,775	-	-	2,423,951	31,802	"	
Sunder Biomedical Tech. Co., Ltd.	2,279,578	54,756	-	-	-	1,072	2,279,578	53,684	"	
Linkon International Golf & Country Club	1	9,300	-	1,000	-	-	1	10,300	"	
Subtotal		146,648		6,913		22,140		131,421		
Total		\$ 271,479		6,913		125,638		152,754		

**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF CHANGES INVESTMENTS ACCOUNTED FOR USING**  
**EQUITY METHOD**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(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	\$ 507,317	-	82,520	-	42,763	11,550,425	38.50 %	547,074	63.80	736,917		None
Arich Enterprise Co., Ltd.	29,829,742	725,159	-	40,422	-	14,915	29,829,742	40.00 %	750,666	19.35	577,206		"
<u>Unlisted companies</u>													
Jiate Excesior Co., Ltd.	1,607,200	19,853	-	-	1,607,200	19,853	-	- %	-	-	-		"
Bestchain Healthtaiwan Co., Ltd.	45,265,215	640,758	3,897,298	183,092	-	91,382	49,162,513	44.68 %	732,468	-	-		"
Excelsior Healthcare Co., Limited	39,411,623	1,753,523	-	192,331	-	1,169	39,411,623	100.00 %	1,944,685	-	-		"
Bestsmile Co., Ltd.	1,150,874	1,971	1,000,000	10,000	2,150,874	11,971	-	- %	-	-	-		"
Visionfront Corporation	2,434,870	22,870	-	-	-	1,430	2,434,870	44.47 %	21,440	-	-		"
Sunrise Health Care Company	2,085,547	28,300	-	373	-	2	2,085,547	23.97 %	28,671	-	-		"
Excelsior Medical (HK) Co., Limited	53,154,741	1,608,764	-	177,012	-	3,092	53,154,741	64.36 %	1,782,684	-	-		"
Excelsior Beauty Co., Ltd.	11,534,804	146,523	-	3,826	-	11,620	11,534,804	41.02 %	138,729	-	-		"
Excelsior Asset Management Co., Ltd.	80,825,500	622,866	-	18,045	-	-	80,825,500	100.00 %	640,911	-	-		"
Medifly Co., Ltd.	3,615,976	89,847	-	11,630	-	9,402	3,615,976	28.66 %	92,075	-	-		"
Total		<u>\$ 6,167,751</u>		<u>719,251</u>		<u>207,599</u>			<u>6,679,403</u>		<u>1,314,123</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, 2022**

(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.		\$ 889	
Bestchain Healthtaiwan Co., Ltd.		1,039	
Arich Investment Co., Ltd.		<u>210</u>	
Subtotal		<u>2,138</u>	
Non-related Parties:			
Medtronic (Taiwan) Ltd.		230,011	
Asahi Kasei Kuraray Medical Co., Ltd.		68,772	
Chi Sheng Pharma & Biotech Co., Ltd.		64,654	
Sunder Biomedical Tech. Co., Ltd.		71,686	
Fresenius Medical Care Taiwan Co., Ltd.		51,317	
Fresenius Medical Care Hongkong Co., Ltd.		60,990	
Other		<u>254,324</u>	The year-end balance of each client does not exceed 5% of the account balance.
Subtotal		<u>801,754</u>	
Total		<u>\$ <u>803,892</u></u>	

**STATEMENT OF OTHER PAYABLES**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other payables	Employee wages and bonuses payable	\$ 81,235
	Salaries and bonuses payable	31,067
	Remuneration payable of directors	21,264
	Compensated absence payable	8,959
	Insurance payable	3,721
	Professional fees payable	5,758
	Other	<u>41,035</u>
Total		<u>\$ <u>193,039</u></u>

**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF OPERATING REVENUE**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
Sales revenue			
Surgical supplies	2,273,633 pieces	\$ 1,711,717	
Artificial kidneys, blood tubing sets, lumbar puncture needles	11,877,856 pieces /pairs	1,175,397	
Erythropoietin, liquid medicines, powder medicines	3,850,072 doses/buckets/ packs	741,360	
Blood bags	653,038 bags	234,458	
Medical supplies	3,665,661 packs/pieces	153,333	
Medical equipment	278 sets	61,629	
Medicines	2,114,463 pills	90,523	
Household appliances	41,747 sets	202,742	
Other		<u>69,724</u>	
Subtotal		4,440,883	
Repair and maintenance revenue		180,197	
Other operating revenue		<u>33,339</u>	
Net		<u><u>\$ 4,654,419</u></u>	

**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF OPERATING COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Cost of Goods Sold	
Inventory, January 1	\$ 647,918
Add: Purchase	3,956,595
Less: transfer to property, plant and equipment	(30,402)
Inventory, December 31	(785,638)
Other	(4,720)
Cost of Goods Sold	3,783,753
Repair and maintenance costs	81,041
Other operating costs	3,238
Reversal on inventory valuation and obsolescence	(486)
Operating costs	\$ 3,867,546

**EXCELSIOR MEDICAL CO., LTD.**  
**STATEMENT OF SELLING EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salary and wages expense		\$ 67,464	
Freight expense		42,644	
Depreciation expense		19,155	
Entertainment expense		12,293	
Other		<u>88,030</u>	The year-end balance of each account does not exceed 5% of the account balance.
		<u><u>\$ 229,586</u></u>	

**STATEMENT OF ADMINISTRATIVE EXPENSES**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salary and wages expense		\$ 129,722	
Other		<u>46,474</u>	The year-end balance of each account does not exceed 5% of the account balance.
		<u><u>\$ 176,196</u></u>	