

Sofiva Genomics Co., Ltd.
Individual Financial Statements
for the Years Ended December 31, 2022 and 2021 and Independent
Auditors' Report
(Stock Code: 6615)

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Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

Sofiva Genomics Co., Ltd.

Individual Financial Report for the Years Ended December 31, 2022 and 2021 and

Independent Auditors' Report

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Independent Auditors' Report

(2023)Financial Review Report No.22004607

Sofiva Genomics Co., Ltd.:

Opinions

The Parent Company Only Balance Sheets of Sofiva Genomics Co., Ltd. as of December 31, 2022 and 2021, in addition to the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to the Parent Company Only Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2022 and 2020, have been audited by the CPAs.

In our opinion, the Parent Company Only Financial Statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and are considered to have reasonably expressed the parent company only financial conditions of Sofiva Genomics Co., Ltd. as of December 31, 2022 and 2021, as well as the parent company only financial performance and parent company only cash flows from January 1 to December 31, 2022 and 2021.

Basis for Opinions

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements of Sofiva Genomics Co., Ltd. for the year ended December 31, 2022. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Parent Company Only Financial Statements of Sofiva Genomics Co., Ltd. for the year ended December 31, 2022 are stated as follows:

Estimation of Loss of Allowance for Accounts Receivable

Description of Key Audit Matters

For accounting policies on accounts receivable, please refer to Note 4 (7) to the Company Only Financial Statements; for accounting estimates and uncertainties in assumptions regarding estimation of loss of allowance for accounts receivable, please refer to Note 5 (2) to the Company Only Financial Statements; for description of accounting subjects for accounts receivable, please refer to Note 6 (2) to the Company Only Financial Statements.

Sofiva Genomics Co., Ltd. manages the collection and collection of accounts from customers and assumes the associated credit risk. The management authority regularly evaluates the credit quality and collection status of customers, and adjusts the credit extension policy to customers in a timely manner. In addition, the assessment of impairment of accounts receivable is based on the relevant provisions of IFRS 9 Financial Instruments, adopting a simplified method for assessment. For expected credit losses, the management authority establishes the expected loss rate based on a number of factors that may affect the customer's ability to pay, such as the overdue period of the customer on the balance sheet date and historical past, the customer's financial condition and economic condition, and incorporates forward-looking information into the future.

Since the amount of accounts receivable of Sofiva Genomics Co., Ltd. is relatively large, and the estimation of loss of allowance for accounts receivable involves the judgment of the management; therefore, we list the estimation of allowance loss of accounts receivable as one of the most important matters for verification.

Corresponding audit procedures

We list the corresponding procedures for auditing the key matters as follows:

1. Understand Sofiva Genomics Co., Ltd.'s customer credit extension status, credit quality and the policy on accrual of allowance loss of accounts receivable.
2. Test the account receivable age, check the relevant supporting documents of the date of accounts receivable, and confirm the classification during the age period.
3. Obtain and inspect relevant information provided by the management, and evaluate the ratio of accrual of allowance loss with reference to historical loss incidence in previous years and considering future forward-looking information.
4. Recalculate the accrual of allowance loss in accordance with the expected ratio of accrual.

Estimation of Labor Revenue Completion Degree

Description of Key Audit Matters

For accounting policies on revenue recognition, please refer to Note 4 (24) to the Parent Company Only Financial Statements; for accounting estimates and uncertainties in assumptions regarding labor revenue recognition, please refer

to Note 5 (2) to the Parent Company Only Financial Statements; for description of accounting subjects for business revenue, please refer to Note 6 (14) to the Parent Company Only Financial Statements.

The main business items of Sofiva Genomics Co., Ltd. are pre-pregnancy, pre-natal and neonatal genetic testing and medical testing and other service income, which is recognized by the degree of completion. The income is recognized based on the ratio of the actual labor days performed to the estimated total labor days multiplied by the contract price. The estimated total number of labor days is determined based on past experience. When there are changes in the estimated total number of labor days due to changes in R&D technical capabilities or equipment upgrades, appropriate corrections will be made.

Since the estimation of the degree of completion will affect the revenue recognition and the amount is significant; therefore, we list the estimation of the degree of completion of labor revenue as one of the most important matters to audit.

Corresponding audit procedures

We list the corresponding procedures for auditing the key matters as follows:

1. Obtain the report on estimated total labor days provided by Sofiva Genomics Co., Ltd. for each testing item, and understand the formulation method of its estimated total labor days.
2. For the testing service items provided by Sofiva Genomics Co., Ltd., the actual labor days of the testing services in the current year are selected and compared with the estimated total labor days. If there are significant differences, we will trace the reasons for the differences to evaluate the formulation of estimated total labor days.
3. Obtain the list of testing services that have not been completed on the balance sheet date, calculate the degree of completion based on the estimated total labor days, and recalculate the labor revenue that should be recognized.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

To ensure that the Parent Company Only Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the Parent Company Only Financial Statements.

In preparing the Parent Company Only Financial Statements, the management is responsible for assessing Sofiva Genomics Co., Ltd.'s ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate Sofiva Genomics Co., Ltd. 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 Sofiva Genomics

Co., Ltd.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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 auditing standards of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Parent Company Only Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit 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 controls 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 internal controls of Sofiva Genomics Co., Ltd.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the 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 Sofiva Genomics Co., Ltd.'s ability to operate 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 Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Sofiva Genomics Co., Ltd. to cease to continue as a going concern.

5. Evaluate the overall expression, structure and contents of the Parent Company Only Financial Statements (including relevant Notes), and whether the Parent Company Only Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Sofiva Genomics Co., Ltd. to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Parent Company Only Financial Statements of Sofiva Genomics Co., Ltd.

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 the key audit matters of Sofiva Genomics Co., Ltd.'s Parent Company Only Financial Statements for the year ended December 31, 2022. 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.

PricewaterhouseCoopers Taiwan

Yu Chih-Fan

CPA

Huang Shih-Chun

Financial Supervisory Commission

Approval NO.: Jin-Guan-Jheng-Liou-Zih NO.1110349013

Jin-Guan-Jheng-Liou-Zih NO.1050029449

March 22, 2023

Notices to Readers

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

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

Sofiva Genomics Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2022 and 2021

Unit: NTD Thousand

Assets		Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current Assets						
1100	Cash and Cash Equivalents	6 (1)	\$ 70,768	9	\$ 160,622	20
1136	Financial Assets at Amortized Cost - Current	6 (1)	42,150	5	30,200	4
1140	Contract Assets - Current	6 (14) and 7 (2)	9,646	1	9,900	1
1150	Net Amount of Notes Receivable	6 (2)	8,348	1	6,780	1
1170	Net Amount of Accounts Receivable	6 (2)	53,465	7	53,744	6
1180	Accounts receivable - Related Party, Net Value	6 (2) and 7 (2)	2,899	-	4,262	-
1200	Other Receivables		464	-	22	-
1210	Other receivables - related parties	7 (2)	19,167	3	7,886	1
1220	Income Tax Assets in the Current Period	6 (21)	2,242	-	2,460	-
130X	Inventories	6 (3)	54,379	7	38,049	5
1410	Advance Payment		10,222	1	6,086	1
1470	Other Current Assets		1,758	-	1,214	-
11XX	Total Current Assets		275,508	34	321,225	39
Non-current Assets						
1550	Investment Accounted for Using Equity Method	6 (4)	390,873	49	353,510	43
1600	Property, Plant and Equipment	6 (5)	55,006	7	41,123	5
1755	Right-of-use Assets	6 (6)	68,564	8	81,080	10
1780	Intangible Assets		6,614	1	6,234	1
1840	Deferred income tax assets	6 (21)	1,859	-	3,987	1
1920	Refundable deposits	7 (2)	6,101	1	11,145	1
1990	Other Non-current Assets - Others		669	-	712	-
15XX	Total Non-current Assets		529,686	66	497,791	61
1XXX	Total assets		\$ 805,194	100	\$ 819,016	100

(Continued on next page)

Sofiva Genomics Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2022 and 2021

Unit: NTD Thousand

Liabilities and Equities		Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Liabilities						
Current Liabilities						
2130	Contract Liabilities - Current	6 (14)	\$ 2,025	-	\$ 2,605	-
2150	Notes Payable		-	-	1,618	-
2160	Notes Payable - Related Party	7 (2)	-	-	2,586	-
2170	Accounts Payable		43,687	6	48,700	6
2180	Accounts Payable - Related Party	7 (2)	17,712	2	14,387	2
2200	Other Payables	6 (7)	34,818	4	31,307	4
2220	Other payables - related parties	7 (2)	52	-	222	-
2230	Income Tax Liabilities for the Current Period	6 (21)	-	-	4,215	1
2250	Liability Reserve - Current	6 (8)	1,878	-	1,290	-
2280	Lease Liabilities - Current		12,022	2	11,554	2
2300	Other Current Liabilities		1,922	-	1,951	-
21XX	Total Current Liabilities		<u>114,116</u>	<u>14</u>	<u>120,435</u>	<u>15</u>
Non-current Liabilities						
2550	Liability Reserve - Non-current	6 (8)	2,940	-	2,896	-
2570	Deferred income tax liabilities	6 (21)	313	-	-	-
2580	Lease Liabilities - Non-current		59,432	8	71,454	9
2600	Other non-current liabilities	6 (4)	1,475	-	-	-
25XX	Total Non-current Liabilities		<u>64,160</u>	<u>8</u>	<u>74,350</u>	<u>9</u>
2XXX	Total Liabilities		<u>178,276</u>	<u>22</u>	<u>194,785</u>	<u>24</u>
Equity						
Share Capital						
3110	Capital Stock - Common Shares	6 (11)	213,624	27	213,624	26
Capital Surplus						
3200	Capital Surplus	6 (12)	330,987	41	328,309	40
Retained Earnings						
3310	Legal Reserve	6 (13)	30,207	4	24,509	3
3350	Undistributed Earnings		52,132	6	57,779	7
Other Equity						
3400	Other Equity		(32)	-	10	-
3XXX	Total equity		<u>626,918</u>	<u>78</u>	<u>624,231</u>	<u>76</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments		IX				
Significant Subsequent Events		XI				
3X2X	Total Liabilities and Equities		\$ 805,194	100	\$ 819,016	100

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yi-Ning Su

Manager: Chia-Cheng Hung

Accounting Supervisor: Fu-Chien Chang

Sofiva Genomics Co., Ltd.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NTD Thousand
(except earnings per share, which are listed in NTD)

	Item	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating Revenue	6 (14) and 7 (2)	\$ 492,691	100	\$ 507,276	100
5000	Operating costs	6 (3) (19) and 7 (2)	(352,880)	(72)	(336,872)	(67)
5900	Operating Gross profit		139,811	28	170,404	33
	Operating expenses	6 (19)				
6100	Sales Expenses		(52,240)	(10)	(51,274)	(10)
6200	Administrative Expenses		(78,067)	(16)	(74,909)	(15)
6300	Research and Development Expenses		(10,335)	(2)	(10,797)	(2)
6450	Expected Credit Impairment Loss (Gain)	12 (2)	486	-	138	-
6000	Total operating expenses		(140,156)	(28)	(136,842)	(27)
6900	Operating Profit (Loss)		(345)	-	33,562	6
	Non-operating income and expenses					
7100	Interest Income	6 (15) and 7(2)	713	-	388	-
7010	Other Incomes	6 (14) and 7 (2)	1,165	-	2,318	-
7020	Other Gains and Losses	6 (17)	1,362	1	(1,741)	-
7050	Financial Costs	6 (18)	(1,424)	-	(1,629)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	6 (4)	44,836	9	30,874	6
7000	Total Non-operating Income and Expenses		46,652	10	30,210	6
7900	Net Profit before Tax		46,307	10	63,772	12
7950	Income tax expenses	6 (21)	(3,531)	(1)	(6,796)	(1)
8200	Net Profit of Current Period		\$ 42,776	9	\$ 56,976	11
	Items that May Be Subsequently Reclassified to Profit or Loss					
8361	Exchange Differences in Conversion of the Financial Statements of Foreign Operations		(\$ 53)	-	(\$ 328)	-
8399	Income Tax Related to Items that May Be Subsequently Reclassified to Profit or Loss		11	-	(3)	-
8360	Total of Items that May Be Subsequently Reclassified to Profit or Loss		(42)	-	(331)	-
8300	Other Comprehensive Income (Net)		(\$ 42)	-	(\$ 331)	-
8500	Total Comprehensive Income of Current Period		\$ 42,734	9	\$ 56,645	11
	Basic Earnings per Share					
9750	Net Profit of Current Period	6 (22)	\$ 2.00		\$ 2.68	
	Diluted Earnings per Share					
9850	Net Profit of Current Period	6 (22)	\$ 2.00		\$ 2.68	

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yi-Ning Su

Manager: Chia-Cheng Hung

Accounting Supervisor: Fu-Chien Chang

Sofiva Genomics Co., Ltd.
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NTD Thousand

Notes	Capital Surplus					Retained Earnings		Other Equity	Total
	Capital Stock - Common Shares	Issue Premium	Changes in the Net Equity Value of Associated Enterprises Recognized by Equity Method	Employee Share Options	Others	Legal Reserve	Undistributed Earnings	Exchange Differences in Conversion of the Financial Statements of Foreign Operations	
<u>2021</u>									
Balance as at January 1, 2021	\$ 212,616	\$ 224,468	\$ 57,447	\$ 2,379	\$ 30	\$ 21,124	\$ 33,954	\$ 341	\$ 552,359
Net Profit of Current Period	-	-	-	-	-	-	56,976	-	56,976
Other Comprehensive Profit (Loss) for the Current Period	-	-	-	-	-	-	-	(331)	(331)
Total Comprehensive Profit (Loss) for the Current Period	-	-	-	-	-	-	56,976	(331)	56,645
Appropriation and distribution of earnings for 2020:	6 (13)								
Provision of Legal Reserve	-	-	-	-	-	3,385	(3,385)	-	-
Cash Dividend of Common Stock	-	-	-	-	-	-	(29,766)	-	(29,766)
Employee Share Option Compensation Cost	6 (10)	-	-	2,865	-	-	-	-	2,865
Exercise of employee stock options	1,008	705	-	(594)	-	-	-	-	1,119
Changes in Net Equity of Associated Enterprises Accounted for Using the Equity Method not recognized in Proportion to the Percentage of Shareholding	6 (4)	-	41,795	-	-	-	-	-	41,795
Changes in Net Equity of Associated Enterprises Accounted for Using the Equity Method recognised in Proportion to the Percentage of Shareholding	6 (4)	-	(786)	-	-	-	-	-	(786)
Balance as at December 31, 2021	\$ 213,624	\$ 225,173	\$ 98,456	\$ 4,650	\$ 30	\$ 24,509	\$ 57,779	\$ 10	\$ 624,231
<u>2022</u>									
Balance as at January 1, 2022	\$ 213,624	\$ 225,173	\$ 98,456	\$ 4,650	\$ 30	\$ 24,509	\$ 57,779	\$ 10	\$ 624,231
Net Profit of Current Period	-	-	-	-	-	-	42,776	-	42,776
Other Comprehensive Profit (Loss) for the Current Period	-	-	-	-	-	-	-	(42)	(42)
Total Comprehensive Profit (Loss) for the Current Period	-	-	-	-	-	-	42,776	(42)	42,734
Appropriation and distribution of earnings for 2021:	6 (13)								
Provision of Legal Reserve	-	-	-	-	-	5,698	(5,698)	-	-
Cash Dividend of Common Stock	-	-	-	-	-	-	(42,725)	-	(42,725)
Employee Share Option Compensation Cost	6 (10)	-	-	2,678	-	-	-	-	2,678
Balance as at December 31, 2022	\$ 213,624	\$ 225,173	\$ 98,456	\$ 7,328	\$ 30	\$ 30,207	\$ 52,132	(\$ 32)	\$ 626,918

The accompanying notes are an integral part of the parent company only financial statements.
Manager: Chia-Cheng Hung

Chairman: Yi-Ning Su

Accounting Supervisor: Fu-Chien Chang

Sofiva Genomics Co., Ltd.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NTD Thousand
2021

	Notes	2022		2021
<u>Cash flows from operating activities</u>				
Current Net Income before Tax		\$ 46,307	\$	63,772
Adjusted Items				
Adjustments:				
Depreciation Expense of Property, Plant and Equipment and Right-of-use Assets	6 (19)	33,292		34,027
Amortization of Intangible Assets	6 (19)	3,698		2,036
Expected Credit Impairment Loss (Gain)	12 (2)	(486)	(138)
Interest Expenses	6 (18)	1,424		1,629
Interest Income	6 (15)	(713)	(388)
Employee Share Option Compensation Cost	6 (10)	2,678		2,865
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	6 (4)	(44,836)	(30,874)
Changes in Assets/Liabilities Related to Operating Activities				
Net Change in Assets Related to Operating Activities				
Contract Assets - Current		254	(3,289)
Net Amount of Notes Receivable		(1,568)		800
Net Amount of Accounts Receivable		765	(10,640)
Accounts receivable - Related Party, Net Value		1,363		2,946
Other Receivables	(421)	(11)
Other receivables - related parties		254	(74)
Inventories	(16,330)		5,893
Advance Payment	(4,136)		1,474
Other Current Assets	(544)	(37)
Net Change in Liabilities Related to Operating Activities				
Contract Liabilities - Current	(580)	(557)
Notes Payable	(1,618)		209
Notes Payable - Related Party	(2,586)		74
Accounts Payable	(5,013)		7,904
Accounts Payable - Related Party		3,325		7,834
Other Payables		2,384	(6,519)
Other payables - related parties	(170)		222
Liability Reserve - Current		588	(96)
Other Current Liabilities	(29)		408
Cash Inflow from Operations		17,302		79,470
Interests Received		692		388
Interests Paid	(1,380)	(1,586)
Income Tax Paid	(7,536)	(3,033)
Collected Income Tax		2,460		-
Net cash flows generated from operating activities		11,538		75,239
<u>Cash flows from investing activities</u>				
Increase in Financial Assets Measured at Amortized Cost- Current	(11,950)		-
Other receivables - related parties	(11,535)	(7,512)
Acquisition of Property, Plant, and Equipment	6 (23)	(33,532)	(7,389)
Acquisition of Intangible Assets	(2,165)	(4,489)
Increase in Other Non-Current Assets	(1,870)	(712)
Increase in Refundable Deposits	(2,056)	(6,574)
Decrease in Refundable Deposits		7,100		183
Dividend Received	7 (2)	8,895		7,753
Net Cash Outflow from Investing Activities	(47,113)	(18,740)
<u>Cash flows from financing activities</u>				
Repayment of the Principal Portion of Lease Liabilities	6 (24)	(11,554)	(11,322)
Distributed Cash Dividend	6 (24)	(42,725)	(29,766)
Decrease in Deposits Received		-	(2)
Exercise of employee stock options		-		1,119
Net Cash Outflow from Financing Activities	(54,279)	(39,971)
Increase (Decrease) in Cash and Cash Equivalents in the Current Period	(89,854)		16,528
Cash and Cash Equivalents at Beginning of the Period		160,622		144,094
Cash and Cash Equivalents at End of the Period		\$ 70,768	\$	160,622

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yi-Ning Su

Manager: Chia-Cheng Hung

Sofiva Genomics Co., Ltd.
Notes to the Individual Financial Statements
For the Years Ended 2022 and 2021

Unit: Expressed in thousands of New Taiwan dollars
(Unless otherwise specified)

1. General Information

- (1) Sofiva Genomics Co., Ltd. (hereinafter referred to as the "Company") was established on June 15, 2012, in accordance with the Company Act of the Republic of China and began to operate. The main business items are pre-pregnancy, prenatal, and newborn genetic testing and medical testing services.
- (2) In January 2017, the Company applied for the registration of trading in the emerging stock market at Taipei Exchange (TPEX) of the Republic of China, an incorporated foundation. Since January 22, 2018, the Company has been trading at TPEX.

2. Approval of Financial Statements

The Individual Financial Statements have been approved and released by the Board of Directors on March 22, 2023.

3. Application of New, Amended and Revised Standards and Interpretations

(1) Impact of new and amended IFRS/IAS endorsed and released by the Financial Supervisory Commission (FSC)

The following table summarizes the standards and interpretations for the new issuance, amendment, and revision of the IFRS/IAS applicable as of the year of 2022, as endorsed and released by the FSC:

<u>New, Revised and Amended Standards or Interpretations</u>	<u>Effective Date Announced by IASB</u>
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Property, Plant and Equipment— Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Onerous Contracts - Cost of Fulfilling Contracts (Amendments to IAS 37)	January 1, 2022
Annual Improvements to 2018-2020 Cycle	January 1, 2022

The Company has assessed that the above criteria and interpretations have no material impact on its individual financial position and individual financial performance.

(2) Impact of new and amended IFRS/IAS endorsed by the FSC but not yet effective

The following table summarizes the standards and interpretations for the new issuance, amendment and revision of the IFRS/IAS applicable as of the year of 2023, as endorsed by the Financial Supervisory Commission:

<u>New, Revised and Amended Standards or Interpretations</u>	<u>Effective Date Announced by IASB</u>
Disclosure of Accounting Policies (Amendments to IAS 1)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023

Except for those below, the Group has assessed that the above criteria and interpretations have no material impact on its individual financial position and individual financial performance.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

This amendment requires enterprises to recognize deferred income tax assets and liabilities pertaining to specific transactions that generate the same amount of taxable and deductible temporary differences at the time of initial recognition.

With respect to all deductible and taxable temporary differences between decommissioning liabilities and the corresponding right-of-use assets recognized on January 1, 2022, the Company recognized deferred income tax assets and liabilities. Deferred tax assets of \$361 and \$306 and deferred tax liabilities of \$361 and \$306 might be adjusted on January 1 and December 31, 2022, respectively.

(3) Impact of IFRS/IAS issued by the IASB but not yet endorsed by the FSC

The following table summarizes the newly issued, amended, and revised standards and interpretations that have been issued by the IASB but have not yet been incorporated into the IFRS recognized by the FSC:

<u>New, Revised and Amended Standards or Interpretations</u>	<u>Effective Date Announced by IASB</u>
Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	To be decided by the IASB
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
Insurance Contracts (IFRS 17)	January 1, 2023
Insurance Contracts (Amendments to IFRS 17)	January 1, 2023
Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendments to IFRS 17)	January 1, 2023
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	January 1, 2024
Non-current Liabilities with Contractual Terms (Amendments to IAS 1)	January 1, 2024

The Company has assessed that the above criteria and interpretations have no material impact on its individual financial position and individual financial performance.

4. Summary of Significant Accounting Policies

The principal accounting policies used in the preparation of these individual financial statements are described below. Unless otherwise stated, these policies apply consistently throughout all reporting periods.

(1) Compliance Declaration

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

(2) Basis of preparation

- A. This individual financial report is prepared in accordance with the historical cost principle.
- B. The preparation of financial reports in compliance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC requires the use of some significant accounting estimates, and management also requires the use of its judgment in the process of applying the Company's accounting policies, items involving a high degree of judgment or complexity, or items involving significant assumptions and estimates in the individual financial report; please refer to Note 5 for details.

(3) Foreign Currency Conversion

The items included in the financial report of each entity within the Company are measured in the currency of the primary economic environment in which the entity operates (i.e., the functional

currency). The individual financial report is presented in New Taiwan dollar, the Company's functional currency.

A. Payments in foreign currencies and balances

- a. Foreign currency transactions are translated into the functional currency using the spot exchange rate on the transaction date or measurement date, and differences arising from the translation of these transactions are recognized in profit or loss for the current period.
- b. The balance of monetary assets and liabilities denominated in foreign currencies shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the translation difference arising from the adjustment shall be recognized as the current profit and loss.
- c. All exchange gains and losses are reported under "Other Gains and Losses" in the Individual Statements of Comprehensive Income.

B. Conversion of foreign operating institutions

The results of operations and the financial position of all group entities, associated enterprises and associated agreements whose functional currencies differ from the expressed currencies are translated into the expressed currencies in the following manner:

- a. The assets and liabilities expressed on each balance sheet are translated at the closing exchange rate on that balance sheet date;
- b. The gains and losses expressed in each consolidated statement of profit or loss are translated at the average exchange rate for the period; and
- c. All translation differences arising from translation are recognized in other comprehensive profit or loss.

(4) Classification Criteria for Distinguishing between Current and Non-current Assets and Liabilities

A. Assets that meet one of the following conditions are classified as current assets:

- a. Assets expected to be realized in the normal operating cycle, or intended to be sold or consumed.
- b. Those held primarily for trading purposes.
- c. Assets expected to be realized within 12 months after the balance sheet date.
- d. Cash or cash equivalents, unless exchanged at least 12 months after the balance sheet date or restricted from being used to settle liabilities.

The Company classifies all assets that do not meet the above criteria as non-current.

- B. Liabilities that meet one of the following conditions are classified as current liabilities:
- a. Those expected to be settled in the normal business cycle.
 - b. Those held primarily for trading purposes.
 - c. Those expected to be repaid within 12 months after the balance sheet date.
 - d. Those with repayment periods that cannot be unconditionally deferred to at least 12 months after the balance sheet date. The terms of liabilities may depend on the counterparty's choice, and the issue of equity instruments will result in repayment, which does not affect their classification.

The Company classifies all liabilities that do not meet the above criteria as non-current.

(5) Cash Equivalents

Cash equivalents are short-term, highly liquid investments that can be converted into fixed amounts of cash at any time with minimal risk of changes in value. When time deposits meet the above definition and are held for the purpose of meeting short-term operating cash commitments, they are classified as cash equivalents.

(6) Financial Assets Measured at Amortized Cost

- A. The term refers to assets which meet the following conditions simultaneously:
- a. The financial asset is held under an operating model whose purpose is to collect contractual cash flows.
 - b. The contractual terms of the financial asset generate cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.
- B. The Company uses trade date accounting for financial assets measured at amortized cost in accordance with trading conventions.
- C. The Company measures its fair value plus transaction costs at the time of initial recognition, and subsequently recognizes interest income and impairment losses during the circulation period using the effective interest method of amortization, and when delisting, the profit or loss is recognized.
- D. The Company holds time deposits that do not qualify as cash equivalents. Due to the short holding period, the impact of discounting is not significant and is measured by the investment amount.

(7) Accounts Receivable and Notes Receivable

- A. These terms refer to the accounts and notes that have the right to unconditionally receive the consideration amount in exchange for the transfer of goods or services according to the contract.
- B. For short-term accounts and notes receivable with unpaid interest, since the impact of discounting is not significant, the Company measures them by the original invoice amount.

(8) Impairment of Financial Assets

At each balance sheet date, the Company, after considering all reasonable and corroborative information (including forward-looking information) for financial assets measured at amortized cost, has no significant increase in credit risk since the original recognition. The allowance loss shall be measured by the amount of 12-month expected credit loss; for those whose credit risk has increased significantly since the original recognition, the allowance loss shall be measured by the amount of expected credit loss during the duration; for accounts receivable and contract assets which do not include significant financial components, allowance losses are measured at the lifetime expected credit loss amount.

(9) De-recognition of Financial Assets

Financial assets are de-recognized when the Company's contractual rights to receive cash flows from the financial assets lapse.

(10) Inventories

Inventories are measured at the lower of cost and net realizable value, with cost determined by the weighted average method. When the comparison of cost and net realizable value is low, the comparison is made on a case-by-case basis and the net realizable value is the estimated selling price in the ordinary course of business less the estimated cost to complete and the estimated cost to complete the sale.

(11) Investments/Subsidiaries and Associated Enterprises Accounted for Using Equity Method

- A. "Subsidiary" means an entity (including a structured entity) controlled by the Company which is controlled by the Company when it is exposed to or has a right to variable remuneration from its participation in such entity and has the ability to influence such remuneration through its power over the entity.
- B. Unrealized gains and losses arising from transactions between the Company and its subsidiaries have been eliminated. The accounting policies of subsidiaries have been adjusted as necessary to be consistent with the policies approved by the Company.

- C. The Company recognizes the share of profit or loss obtained by its subsidiaries as the current profit and loss, and recognizes the share of other comprehensive profit and loss after it is obtained as other comprehensive profit and loss. The Company will continue to recognize losses on a pro-rata basis if its share of losses recognized in a subsidiary equals or exceeds its interest in that subsidiary.
- D. Associated enterprises refers to all individuals over which the Company has significant influence but no control, generally directly or indirectly holding more than 20% of the voting shares. The Company's investments in associated enterprises are treated using the equity method and are recognized at cost when acquired.
- E. The Company recognizes the share of profit or loss obtained by the associated enterprise as the current profit and loss, and recognizes the share of other comprehensive profit and loss after it is obtained as other comprehensive profit and loss. If the Company's share of the loss to any associated enterprise equals or exceeds its interest in that enterprise (including any other unsecured receivables), the Company does not recognize further losses unless the Company incurs that associated enterprise statutory obligations, constructive obligations, or paid on its behalf.
- F. When non-profit or loss and other comprehensive profit and loss equity changes in associated enterprises do not affect the shareholding ratio of the said enterprises, the Company will recognize the changes in equity in said enterprises attributable to the Company as "capital reserve" according to the shareholding ratio.
- G. Unrealized gains and losses arising from transactions between the Company and its associated enterprises have been eliminated in proportion to its equity in the associated enterprises; unless evidence shows that the assets transferred by the transaction have been impaired, unrealized losses are also eliminated. The accounting policies of the associated enterprise have been adjusted as necessary to conform to the policies approved by the Company.
- H. When an associated enterprise issues new shares, if the Company does not subscribe or acquire them proportionally, resulting in a change in the investment ratio but still having a significant impact on it, the increase or decrease in the net change in equity is an adjustment to the "capital surplus" and "investments accounted for using equity method". In the event of a decrease in the proportion of investments, in addition to the adjustments mentioned above, gains or losses previously recognized in other comprehensive income or loss related to the decrease in such ownership interest that need to be reclassified to profit or loss at the time of disposal of the underlying asset or liability are reclassified to profit or loss in proportion to the decrease.
- I. When the Company disposes of an associated enterprise, if it loses significant influence on the associated enterprise, the accounting treatment for all amounts previously recognized in

other comprehensive profit and loss related to the associated enterprise is the same as if the Company directly disposes of the relevant assets or liabilities. That is, if the profit or loss previously recognized as other comprehensive profit or loss will be reclassified as profit or loss when the relevant assets or liabilities are disposed of, when the significant impact on the associated enterprise is lost, the profit or loss is reclassified from equity for profit and loss. If there is still significant influence on the associated enterprise, only the amount previously recognized in other comprehensive profit and loss shall be transferred out in the manner outlined above.

- J. Subject to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit and loss and other comprehensive profit and loss in the individual financial report shall be the same as the apportionment of current profit and loss and other comprehensive profit and loss attributable to the owner of the parent company in the financial report prepared on a consolidated basis. The owner's equity in the individual financial report shall be the same as that attributable to the owner of the parent company in the financial report prepared on a consolidated basis.

(12) Property, Plant, and Equipment

- A. Property, plant and equipment are recorded on the basis of acquisition cost, and the relevant interest during the period of acquisition and construction is capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the portion to be replaced shall be excluded. All other maintenance costs are recognized as profit or loss for the period when incurred.
- C. Subsequent measurement of property, plant and equipment adopts the cost model and is depreciated on a straight-line basis over its estimated useful lives. Each component of property, plant and equipment is depreciated separately if it is significant.
- D. The Company reviews the residual value, useful life and depreciation method of each asset at the end of each financial year. If the expected value of residual value and useful life is different from the previous estimate, or if there has been a significant change in the expected consumption pattern of the future economic benefits contained in the asset,, from the date of the change, it will be handled in accordance with the provisions on changes in accounting estimates in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The useful life of each asset is as follows:

Machinery and equipment	2 to 8 years
Transportation equipment	5 years
Office equipment	5 years
Leasehold improvements	3 to 10 years
Others	3 to 5 years

(13) Lease Transactions of Lessee - Right-of-use Assets/Lease Liabilities

A. Lease assets are recognized as right-of-use assets and lease liabilities when they become available for use by the Company. When the lease contract is for a short-term lease or a lease of a low-value underlying asset, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. The lease liability is recognized at the inception date of the lease at the present value of the outstanding lease payments discounted at the Company's incremental borrowing rate. The lease payments consist of fixed payments less any lease inducements that may be received.

Subsequent use of the interest method is measured by the amortized cost method, and the interest expense is provided during the lease period. When non-contractual amendments result in changes in the lease term or lease payments, the lease liability is revalued and the right-of-use asset is adjusted by re-measurement.

C. Right-of-use assets are recognized at cost on the commencement date of the lease, which includes:

- a. The original measurement of the lease liability;
- b. Any lease payments made on or before the commencement date;
- c. The estimated cost of dismantling, removing and restoring the targeted asset to its location, or restoring the targeted asset to the condition required by the terms and conditions of the lease.

The subsequent cost model is used for measurement, and the depreciation expense is charged when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When the lease liability is reassessed, the right-of-use asset will be adjusted for any remeasurement of the lease liability.

D. For lease modifications that reduce the scope of the lease, the lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and will recognize in profit or loss the difference between this and the remeasured amount of the lease liability.

(14) Intangible Assets

- A. Exclusively acquired patent rights are recognized at cost of acquisition. Patent rights are assets with finite useful lives and are amortized on a straight-line basis over an estimated useful life of 15 years.
- B. Intangible assets are mainly computer software and website costs, which are recognized at cost of acquisition and amortized on a straight-line basis over an estimated useful life of 1 to 5 years.

(15) Impairment of Non-financial Assets

On the balance sheet date, the Company estimates the recoverable amount of assets with signs of impairment and recognizes impairment losses when the recoverable amount is lower than the asset's book value. The recoverable amount is the fair value of an asset less the cost of disposal or its value in use, whichever is higher. When previously recognized impairment no longer exists or has been reduced, the impairment loss shall be reversed, but the increase in the carrying amount of the asset due to reversal of impairment loss shall not exceed the depreciation or amortization of the asset.

(16) Accounts Payable and Notes Payable

- A. These terms refer to debts arising from the purchase of raw materials, commodities, or services on credit, and the accounts and notes payable arising from business and non-business purposes.
- B. For short-term accounts and notes payable with unpaid interest, since the impact of discounting is not significant, the Company measures them by the original invoice amount.

(17) De-recognition of Financial Liabilities

The Company's financial liabilities are de-recognized when the obligations set out in the contract are terminated, are canceled, or expire.

(18) Liability Reserve

Provision for indemnity and decommissioning liabilities for the provision of inspection services are current statutory or constructive obligations arising from past events. It is probable that an outflow of economical resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably. Liability reserve is measured at the best estimated value of expenses required to meet the obligation at the balance sheet date.

(19) Employee Benefits

A. Short-term Employee Benefits

Short-term employee benefits are measured at the undiscounted amount expected to be paid and are recognized as an expense when the related services are rendered.

B. Pension - Determined Contribution Plan

For a defined provision plan, the amount to be allocated to the pension fund is recognized as the current pension cost on an accrual basis. Advance provisions are recognized as assets to the extent of refundable cash or reductions in future payments.

C. Employee Remuneration and Remuneration of Directors

Remunerations of employees, and directors are recognized as expenses and liabilities when there are legal or constructive obligations and the amount can be reasonably estimated. If there is a discrepancy between the actual amount distributed and the estimated amount in subsequent resolutions, it shall be treated as a change in accounting estimate. In addition, if employees are paid in shares, the basis for calculating the number of shares is the closing price on the day before the resolution of the Board of Directors.

(20) Employee Share-based Payment

The equity-delivered share-based payment agreement refers to the employee labor services obtained by measuring the fair value of the equity commodities given on the grant date, which are recognized as remuneration costs during the vested period, and the equity is adjusted relatively. The fair value of equity commodities should reflect the effect of the market-price vesting and non-vesting conditions. Recognized remuneration costs are adjusted according to the number of awards expected to meet the conditions of service and non-market price vesting conditions until the final recognition amount is recognized in the vested amount on the vesting date.

(21) Income Tax

- A. Income tax expenses include current and deferred income tax. Income tax is recognized in profit or loss, except for income tax relating to items included in other comprehensive profit or loss or directly included in equity.
- B. The current income tax is calculated based on the tax rates enacted or substantively enacted at the balance sheet date in the countries in which the Company operates and generates taxable income. Management regularly assesses the status of income tax returns with respect to applicable income tax-related regulations and, where applicable, assesses income tax liabilities based on expected tax payments to tax authorities. Undistributed earnings are subject to additional income tax in accordance with the Income Tax Act, and the undistributed earnings income tax expense shall be recognized only after the shareholders' meeting approves

the earnings distribution proposal in the year following the year in which the earnings are generated.

- C. Deferred income tax is recognized on the basis of temporary differences between the tax bases of assets and liabilities and their carrying amounts on the balance sheet using the balance sheet method. For temporary differences arising from investments in subsidiaries, the Company can control the timing of the reversal of the temporary differences, and these differences will not be recognized if it is probable that they will not reverse in the foreseeable future. Deferred income tax is determined using the tax rates (and tax laws) that are enacted or substantively enacted at the balance sheet date and that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred tax assets are recognized to the extent that it is probable that temporary differences will be available against which future taxable income can be utilized, and both unrecognized and recognized deferred tax assets are reassessed at each balance sheet date.
- E. When there is a statutory enforcement right to offset the recognized amount of current income tax assets and liabilities and it is intended to pay off the assets and liabilities on a net basis, the current income tax assets and current income tax liabilities shall only be offset; when there is a statutory enforcement right to offset current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same taxpayer subject to taxation by the same tax authority, or by different taxpayers but each subject intends to pay the net amount, deferred income tax assets and liabilities will only be offset upon the underlying settlement or the simultaneous realization of the asset and settlement of the liability.

(22) Share Capital

Common stock is classified as equity. Incremental costs directly attributable to the issue of new shares or stock options, net of income tax, are shown as a deduction in equity.

(23) Dividend Distribution

According to the Articles of Association of the Company, the cash dividends distributed to the shareholders of the company shall be recognized as liabilities in the financial report after the resolution of the board of directors of the company is approved; the distribution of stock dividends shall be recognized in the financial report after the resolution of the shareholders' meeting of the company is approved. Recognized as stock dividends to be distributed, and transferred to ordinary shares on the base date of issuance of new shares.

(24) Revenue Recognition

- A. Labor revenue is recognized as revenue during the financial reporting period when services are provided to clients. Revenue from fixed price contracts is recognized as revenue based on the degree of completion of transactions on the balance sheet date; the degree of completion is estimated as the proportion of the number of days of labor invested to the total number of days of labor estimated.
- B. The payment conditions of labor service income are usually 90 days from advance receipt to monthly settlement. Since the time interval between the transfer of the promised goods or services to the customer and the payment by the customer is less than one year, the Company has not adjusted the transaction price to reflect time value of money.
- C. The customer pays the contract price in accordance with the agreed payment schedule. When the service provided by the Company exceeds the customer's payment, it is recognized as a contract asset, and if the customer's payment exceeds the service provided by the Company, it is recognized as a contract liability.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

At the time of the Company's preparation of the individual financial report, management has used its judgment to determine the accounting policies to be approved and to make accounting estimates and assumptions based on the circumstances as at the balance sheet date and reasonable expectations of future events. Significant accounting estimates and assumptions may differ from the actual results, and historical experience and other factors will be taken into account for the ongoing evaluation and adjustment. These estimates and assumptions carry the risk that the carrying amount of the assets and liabilities will be adjusted in the next financial year. Please refer to the following description of uncertainty regarding significant accounting judgments, estimates, and assumptions:

(1) Significant Judgments on the Adoption of Accounting Policies

There is no significant uncertainty in the assessment of the significant judgments made in the accounting policies adopted by the Company.

(2) Significant Accounting Estimates and Assumptions

A. Estimation of Labor Revenue Completion Degree

The main business items of the Company are pre-pregnancy, pre-natal and neonatal genetic testing and medical testing and other service income, which is recognized by the degree of completion. The income is recognized based on the ratio of the actual labor days performed

to the estimated total labor days multiplied by the contract price. The estimated total number of labor days is determined based on past experience. When there are changes in the estimated total number of labor days due to changes in R&D technical capabilities or equipment upgrades, appropriate corrections will be made.

B. Estimation of Loss of Allowance for Accounts Receivable

The Company manages the collection and collection of accounts from customers and assumes the associated credit risk. The management authority regularly evaluates the credit quality and collection status of customers, and adjusts the credit extension policy to customers in a timely manner. In addition, the assessment of impairment of accounts receivable is based on the relevant provisions of IFRS 9 Financial Instruments, adopting a simplified method for assessment. For expected credit losses, the management authority establishes the expected loss rate based on a number of factors that may affect the customer's ability to pay, such as the overdue period of the customer on the balance sheet date and historical past, the customer's financial condition and economic condition, and incorporates forward-looking information into the future.

6. Important Accounting Items

(1) Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 340	\$ 169
Checks and demand deposits	34,028	124,053
Time deposits	36,400	36,400
	<u>\$ 70,768</u>	<u>\$ 160,622</u>

- A. The credit quality of the financial institutions with which the Company has contacts is good, and the Company has contacts with a number of financial institutions to diversify credit risks, so the probability of default is expected to be low.
- B. The Company has pledged neither cash nor cash equivalents as collateral.
- C. The Company has reclassified the time deposits of more than three months into financial assets measured by amortized cost - current, the amounts as of 2022 and December 31, 2021 were \$42,150 and \$30,200, respectively. With respect to the recognized interest income from time deposits of 2022 and 2021, please refer to Note 6 (15) for details. The Company has not pledged financial assets - liquidity measured at amortized cost as collateral.

(2) Notes and Accounts Receivable

	December 31, 2022	December 31, 2021
Notes Receivable	<u>\$ 8,348</u>	<u>\$ 6,780</u>
Accounts receivable	\$ 53,482	\$ 54,247
Accounts receivable - Related party	<u>2,899</u>	<u>4,262</u>
	56,381	58,509
Less: Allowance Loss	<u>(17)</u>	<u>(503)</u>
	<u>\$ 56,364</u>	<u>\$ 58,006</u>

- A. For the aging analysis of notes receivable and accounts (including related parties) and related credit risk information, please refer to Note 12 (2) for details.
- B. The balances of notes and accounts receivable on December 31, 2022, December 31, 2021, and January 1, 2021 were all generated by customer contracts. In addition, the balance of notes and accounts receivable of the customer contracts on January 1, 2021 is \$58,486.
- C. The Company does not hold any collateral for the above notes and accounts receivable.

(3) Inventories

	December 31, 2022		
	Cost	Allowance for depreciation losses	Book value
Raw material	<u>\$ 58,224</u>	<u>(\$ 3,845)</u>	<u>\$ 54,379</u>

	December 31, 2021		
	Cost	Allowance for depreciation losses	Book value
Raw material	<u>\$ 41,008</u>	<u>(\$ 2,959)</u>	<u>\$ 38,049</u>

- A. The inventories listed above are not provided as pledge guarantees.

B. Inventory-related expenses and losses recognized in the current period:

	2022	2021
Raw material consumption	\$ 153,778	\$ 146,607
Raw material transfer cost	9,148	9,180
Loss on inventory shortage	886	160
	<u>\$ 163,812</u>	<u>\$ 155,947</u>

(4) Investments Accounted for Using the Equity Method/Other Non-current Liabilities

Investee	December 31, 2022			
	Carrying amount	Shareholding ratio	Carrying amount	Shareholding ratio
(1) Itemized Assets - Investments Accounted for Using the Equity Method				
Subsidiary - Phoebus Genetics Co., Ltd.	\$ 57,557	100%	\$ 55,880	100%
Subsidiary - Sofiva Genomics Bangkok Co., Ltd	-	-	284	90%
Associated Enterprise - Dianthus Co., Ltd. (Note)	<u>333,316</u>	16.56%	<u>297,346</u>	16.56%
	<u>\$ 390,873</u>		<u>\$ 353,510</u>	
(2) Itemized Liabilities - Other Non-current Liabilities				
Subsidiary - Sofiva Genomics Bangkok Co., Ltd	<u>(\$ 1,475)</u>	90%	<u>\$ -</u>	-

Note: The Company did not subscribe for the capital increase of associated enterprises as per the shareholding ratio in 2021, which caused the shareholding ratio to drop to 16.56%. Accordingly, the change in net equity value of the capital increase that was not so subscribed for was increased to "Capital Reserve" and "Investments Accounted for Using the Equity Method", amounting to \$41,795.

Share of profit or loss of subsidiaries and associated enterprises accounted for using the equity method by the Company

	2022	2021
Subsidiary:		
Phoebus Genetics Co.,Ltd	\$ 4,640	\$ 3,291
Sofiva Genomics Bangkok Co., Ltd	(1,706)	(3,464)
Associated Enterprises:		
Dianthus Co., Ltd.	41,902	31,047
	<u>\$ 44,836</u>	<u>\$ 30,874</u>

A. Subsidiary

With respect to the information on subsidiaries of the Company, please refer to Note 4 (3) of the Notes to 2022 Consolidated Financial Statements of the Company.

B. Associated enterprises

- a. The basic information of the significant associated enterprises of the Company is as follows:

Name of Company	Main place of business	Shareholding ratio		Nature of the relationship	Measurement method
		December 31, 2022	December 31, 2021		
Dianthus Co., Ltd.	Taiwan	16.56%	16.56%	Associated enterprises	Equity method

- b. The summary financial information of the significant associated enterprises of the Company is as follows:

i. Balance Sheet

	Dianthus Co., Ltd.	
	December 31, 2022	December 31, 2021
Current Assets	\$ 327,385	\$ 1,063,200
Non-current Assets	3,170,576	1,639,181
Current Liabilities	(162,131)	(193,516)
Non-current Liabilities	(1,323,052)	(713,309)
Total Net Assets	<u>\$ 2,012,778</u>	<u>\$ 1,795,556</u>
Share in the Net Assets of Associated Enterprises	<u>\$ 333,316</u>	<u>\$ 297,346</u>
Book Value of Associated Enterprise	<u>\$ 333,316</u>	<u>\$ 297,346</u>

ii. Statements of Comprehensive Income

	Dianthus Co., Ltd.	
	2022	2021
Revenue	\$ 630,428	\$ 599,944
Net Profit (Loss) of Continuing Business	\$ 253,022	\$ 171,767
Units for the Current Period		
Total Comprehensive Profit (Loss) for the	\$ 253,022	\$ 171,767
Current Period		
Dividends Distributed from Associated Enterprises	\$ 5,932	\$ 4,448

- c. The Company's associated enterprises have no open market quotations and therefore have no fair value information.

(5) Property, Plant, and Equipment

	2022					Total
	Machinery and equipment for own use	Transportation equipment for own use	Office equipment for own use	Leasehold improvements for own use	Others for own use	
January 1						
Cost	\$ 68,616	\$ 8,508	\$ 18,315	\$ 27,862	\$ 21,253	\$ 144,554
Accumulated Depreciation	(62,811)	(5,164)	(9,925)	(9,973)	(15,558)	(103,431)
	<u>\$ 5,805</u>	<u>\$ 3,344</u>	<u>\$ 8,390</u>	<u>\$ 17,889</u>	<u>\$ 5,695</u>	<u>\$ 41,123</u>
January 1	\$ 5,805	\$ 3,344	\$ 8,390	\$ 17,889	\$ 5,695	\$ 41,123
Additions	27,626	-	5,916	471	646	34,659
Depreciation Expenses	(6,267)	(1,702)	(5,120)	(2,998)	(4,689)	(20,776)
December 31	<u>\$ 27,164</u>	<u>\$ 1,642</u>	<u>\$ 9,186</u>	<u>\$ 15,362</u>	<u>\$ 1,652</u>	<u>\$ 55,006</u>
December 31						
Cost	\$ 90,708	\$ 8,508	\$ 24,231	\$ 28,333	\$ 21,785	\$ 173,565
Accumulated Depreciation	(63,544)	(6,866)	(15,045)	(12,971)	(20,133)	(118,559)
	<u>\$ 27,164</u>	<u>\$ 1,642</u>	<u>\$ 9,186</u>	<u>\$ 15,362</u>	<u>\$ 1,652</u>	<u>\$ 55,006</u>

	2021					
	Machinery and equipment for own use	Transportation equipment for own use	Office equipment for own use	Leasehold improvements for own use	Others for own use	Total
January 1						
Cost	\$ 68,616	\$ 8,508	\$ 10,726	\$ 27,862	\$ 21,139	\$ 136,851
Accumulated Depreciation	(55,653)	(3,462)	(5,989)	(7,014)	(9,802)	(81,920)
	<u>\$ 12,963</u>	<u>\$ 5,046</u>	<u>\$ 4,737</u>	<u>\$ 20,848</u>	<u>\$ 11,337</u>	<u>\$ 54,931</u>
January 1	\$ 12,963	\$ 5,046	\$ 4,737	\$ 20,848	\$ 11,337	\$ 54,931
Additions	-	-	7,589	-	114	7,703
Depreciation Expenses	(7,158)	(1,702)	(3,936)	(2,959)	(5,756)	(21,511)
December 31	<u>\$ 5,805</u>	<u>\$ 3,344</u>	<u>\$ 8,390</u>	<u>\$ 17,889</u>	<u>\$ 5,695</u>	<u>\$ 41,123</u>
December 31						
Cost	\$ 68,616	\$ 8,508	\$ 18,315	\$ 27,862	\$ 21,253	\$ 144,554
Accumulated Depreciation	(62,811)	(5,164)	(9,925)	(9,973)	(15,558)	(103,431)
	<u>\$ 5,805</u>	<u>\$ 3,344</u>	<u>\$ 8,390</u>	<u>\$ 17,889</u>	<u>\$ 5,695</u>	<u>\$ 41,123</u>

The Company has not provided any real property, plant and equipment as a pledge and capitalized interest.

(6) Lease Transaction - Lessee

- A. The subject asset leased by the Company is an office, and the lease contract period ranges from 1 to 10 years. Lease contracts are negotiated individually and contain various terms and conditions without any other restrictions.
- B. Book value of the right-of-use assets and the depreciated expense information recognized

	2022	2021
	Office	Office
January 1	\$ 81,080	\$ 92,779
Additions in the Current Period	-	817
Depreciation Expenses	(12,516)	(12,516)
December 31	<u>\$ 68,564</u>	<u>\$ 81,080</u>

- C. Information on the items of profit or loss related to the lease contract

Items affecting current profit or loss	2022	2021
Interest Expense on Lease Liability	\$ 1,380	\$ 1,585
Expenses under Short-term Lease Contracts	451	410
	<u>\$ 1,831</u>	<u>\$ 1,995</u>

D. In addition to the cash outflow of expenses as described in Note 6 (6) 3. above, the Company's cash outflow arising from the principal repayments of lease liabilities for 2022 and 2021 are described in Note 6 (24).

E. Option to extend lease and option to terminate lease

- a. The lease subject of the Company's lease contract, which is categorized as an office lease, includes an extension option that the Company can exercise. The signing of this clause in the lease contract is to improve the management of the Company's operational flexibility.
- b. When determining the lease term, the Company takes into account all facts and circumstances that would give rise to economic incentives to exercise the option to extend or not to exercise the option to terminate. The term of the lease will be revalued when a significant event occurs in the assessment of the exercise of the extended option or the non-exercise of the termination option.

(7) Other Payables

	December 31, 2022	December 31, 2021
Personnel Expenses Payable	\$ 18,837	\$ 16,856
Business taxes payable	1,111	1,787
Royalties Payable	2,962	3,060
Service Payable	3,820	1,928
Equipment Payable	1,441	314
Others	6,647	7,362
	<u>\$ 34,818</u>	<u>\$ 31,307</u>

(8) Liability Reserve

	2022		
	Decommissioning Liabilities	Compensation Provision	Total
January 1	\$ 2,896	\$ 1,290	\$ 4,186
Liability reserve set aside in the current period	-	588	588
Interest Amortization	44	-	44
December 31	<u>\$ 2,940</u>	<u>\$ 1,878</u>	<u>\$ 4,818</u>

	2021		
	Decommissioning Liabilities	Compensation Provision	Total
January 1	\$ 2,852	\$ 1,386	\$ 4,238
Liability Reserve for Reversal in the Current Period	-	(96)	(96)
Interest Amortization	44	-	44
December 31	<u>\$ 2,896</u>	<u>\$ 1,290</u>	<u>\$ 4,186</u>

Liability Reserve is analyzed as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current	\$ 1,878	\$ 1,290
Non-current	<u>2,940</u>	<u>2,896</u>
	<u>\$ 4,818</u>	<u>\$ 4,186</u>

A. Compensation Provision

The Company's compensation reserve related to the provision of testing services is estimated with reference to the historical experience and relevant statistical information of the testing services.

B. Decommissioning Liabilities

In accordance with the applicable contractual requirements, the Company has an obligation to dismantle, remove or restore the location of the leased office buildings. Therefore, a provision for the liability is recognized based on the current value of the costs expected to be incurred in dismantling, removing, or restoring the location, which the Company expects to incur at the end of the lease term.

(9) Pension

In accordance with the Labor Pension Act, the Company has established a retirement method with certain contributions, which is applicable to employees with Taiwanese citizenship. The Company shall choose the part of the labor pension system stipulated in the Labor Pension Act that is applicable to the employee and pay into the labor pension at 6% of salary to the employee's personal account with the Bureau of Labor Insurance each month. The payment of the employee pension is based on the amount of the employee's personal pension account and their accumulated income. Pensions can be granted as monthly stipends or in one-off payments. During the period of 2022 and 2021, the Company recognized the pension cost of \$2,675 and \$3,403 under the above pension method.

(10) Share-based Payments

A. The Company's share-based payment agreement is as follows:

Type of agreement	Grant date	Grant quantity (shares)	Contract period	Vesting conditions	Delivery method
1st Employee Share Option Plan	2015.09.30	500,000	6.08 years	20% may be exercised after two years; 40% may be exercised after three years; 60% may be exercised after four years; 80% may be exercised after five years; and 100% may be exercised after six years.	Delivery of Equity
2nd Employee Share Option Plan	2020.05.13	770,000	5 years	20% may be exercised after two years; 50% may be exercised after three years; and 100% may be exercised after four years.	Delivery of Equity
2nd Employee Share Option Plan	2021.03.24	230,000	5 years	20% may be exercised after two years; 50% may be exercised after three years; and 100% may be exercised after four years.	Delivery of Equity

B. The details of the above share-based payment agreement are as follows:

a. 1st Employee Share Option Plan

	2022		2021	
	Number of stock options (shares)	Weighted average strike price (NTD) (Note)	Number of stock options (shares)	Weighted average strike price (NTD)
Outright options outstanding at the beginning of January 1	-	-	106,400	11.7
Granted stock options in the current period	-	-	-	-
Waived stock options in the current period	-	-	(5,600)	11.7
Execution of stock options in the current period	-	-	(100,800)	11.1
Outstanding options at the end of December 31	-	-	-	-
Executable options at the end of December 31	-	-	-	-

Note: The Company adjusted the strike price of the employee share option in accordance with the provisions of the employee share option method.

b. 2nd Employee Share Option plan (Delivery Date: May 13, 2020)

	2022		2021	
	Number of stock options (shares)	Weighted average strike price (NTD) (Note)	Number of stock options (shares)	Weighted average strike price (NTD)
Outright options outstanding at the beginning of January 1	675,000	56.6	735,000	58.2
Granted stock options in the current period	-	-	-	-
Waived stock options in the current period	(40,000)	56.6	(60,000)	58.2
Execution of stock options in the current period	-	-	-	-
Outstanding options at the end of December 31	635,000	54.1	675,000	56.6
Executable options at the end of December 31	127,000	-	-	-

Note: The Company adjusted the strike price of the employee share option in accordance with the provisions of the employee share option method.

c. 2nd Employee Share Option plan (Delivery Date: March 24, 2021)

	2022		2021	
	Number of stock options (shares)	Weighted average strike price (NTD) (Note)	Number of stock options (shares)	Weighted average strike price (NTD)
Outright options outstanding at the beginning of January 1	230,000	48.4	-	-
Granted stock options in the current period	-	-	230,000	49.8
Waived stock options in the current period	(25,000)	48.4	-	-
Execution of stock options in the current period	-	-	-	-
Outstanding options at the end of December 31	<u>205,000</u>	46.3	<u>230,000</u>	48.4
Executable options at the end of December 31	<u>-</u>	-	<u>-</u>	-

Note: The Company adjusted the strike price of the employee share option in accordance with the provisions of the employee share option method.

C. Maturity date and strike price of the outstanding options on the balance sheet date

Type of agreement	Grant date	Expiration date	December 31, 2022		December 31, 2021	
			Shares (thousands)	Strike price (NTD)	Shares (thousands)	Strike price (NTD)
1st Employee Share Option Plan	September 30, 2015	October 31, 2021	-	-	-	-
2nd Employee Share Option Plan	May 13, 2020	May 12, 2025	635.0	54.1	675.0	56.6
2nd Employee Share Option Plan	March 24, 2021	March 23, 2026	205.0	46.3	230.0	48.4

- D. The fair value of the stock option is estimated using the Black-Scholes Model for the share-based payment transactions given by the Company, as follows:

Type of agreement	Grant date	Share price (NTD)	Strike price (NTD)	Expected volatility (Note)	Expected duration	Expected dividends	Risk-free interest rate	Fair value per unit (NTD)
1st Employee Share Option Plan	2015.09.30	15.09	20.00	49.76%	5.04 years	-	0.93%	5.38
2nd Employee Share Option Plan	2020.05.13	60.50	60.50	30.51%	3.5 – 4.5 years	2.71%	0.35%~0.36%	10.66 after two years 11.14 after three years 11.56 after four years
2nd Employee Share Option Plan	2021.03.24	49.80	49.80	33.64%	3.5 – 4.5 years	2.68%	0.25%~0.28%	9.7 after two years 10.2 after three years 10.6 after four years

Note: The expected volatility is estimated by using the most recent period that is equivalent to the expected duration of the stock option as the stock price in the sample range, and estimated by the standard deviation of the stock return rate during this period.

- E. During the period of 2022 and 2021, the expenses incurred due to the aforementioned share-based payment transactions were \$2,678 and \$2,865, respectively.

(11) Share Capital

- A. As of December 31, 2022, the Company had a nominal capital of \$300,000, divided into 30,000 thousand shares (including 2,000 thousand shares subscribed for by Employee Share Option certificates), with paid-up capital of \$213,624 and a nominal value of NT\$10 per share. All fees for issued shares have been received. Besides, the adjustment results of outstanding shares at the beginning and end of the period are as follows:

	2022	2021
January 1	21,362,400	21,261,600
Exercise of employee stock options	-	100,800
December 31	21,362,400	21,362,400

- B. In 2022 and 2021, the number of ordinary shares issued by the Company due to the exercise of stock options by employees was 0 and 100,800 shares, respectively. The ordinary shares issued by the aforementioned employees exercising stock options have been registered for share capital change.

(12) Capital Surplus

- A. According to the provisions of the Company Act, the surplus from the issuance of shares in excess of the par value and the capital reserve from the receipt of gifts can be used to make up for losses. When the company has no accumulated losses, new shares or cash will be issued in proportion to the shareholders' existing shares. In addition, in accordance with the relevant regulations of the Securities and Exchange Act, when the above-mentioned capital reserve is allocated to capital, the total amount shall not exceed 10% of the paid-in capital each year. The Company may not use the capital reserve to replenish the capital loss not covered by the surplus reserve if it is still insufficient.
- B. For the changes in the capital reserve of the Company, please refer to the explanation of the individual statement of changes in equity.

(13) Retained earnings/post-period events

- A. According to the provisions of the Company's Articles of Association, dividends and bonuses may not be distributed when there is no surplus in the annual accounts of the Company. If there is a surplus, tax shall be paid first, then after accumulated losses are made up, a further 10% shall be allocated as the statutory surplus reserve. However, the statutory surplus reserve shall not be limited to the total capital of the Company; after reaching this, in accordance to legislation and the competent authority, a special surplus reserve shall be set aside or reversed as an annual distributable surplus. The annual distributable surplus and accumulated undistributed surplus of the previous year shall be formulated by the Board of Directors and submitted to the Shareholders' Meeting for a resolution regarding distribution. However, the annual shareholder dividend distribution shall not be less than 30% of the annual distributable surplus, and when the surplus is less than 1% of the paid-in share capital, it may not be distributed. The distribution of earnings may be made in the form of cash dividends or stock dividends. As the Company currently operates in a stable manner, the distribution of earnings may be made in the form of cash dividends and stock dividends, provided that the proportion of cash dividends distributed is not less than 30% of the total amount of dividends. In accordance with the provisions of Paragraph 5, Article 240 of the Company Act, the Company authorizes the Board of Directors to distribute dividends and bonuses, or all or part of the statutory surplus reserve and capital reserve prescribed in Paragraph 1, Article 241 of the Company Act, by the presence of more than two-thirds of the directors and by a resolution of the majority of the directors, in cash and to report to the Shareholders' Meeting.
- B. The statutory surplus reserve shall not be used except to make up for the Company's losses and to issue new shares or cash in proportion to the shareholders' existing shares. The portion of the reserve exceeding 25% of the paid-in capital shall be the limit for the issuance of new

shares or cash.

- C. When the Company distributes earnings, it is required by law to allocate the special earnings reserve to the debit balance of other equity items on the balance sheet date of the current year. When the debit balance of other equity items is subsequently reversed, the reversed amount may be included in the distributable earnings.

D. Distribution of Earnings of the Company

- a. On June 15, 2022 and August 18, 2021, the Company approved the resolutions on the distribution of earnings at the respective Shareholders' Meetings. The distribution of earnings for the years of 2021 and 2020 are as follows:

	2021		2020	
	Amount	Dividends per share (NTD)	Amount	Dividends per share (NTD)
Provision of Legal Reserve	\$ 5,698		\$ 3,385	
Cash Dividend	<u>42,725</u>	2.0	<u>29,766</u>	1.4
	<u>\$ 48,423</u>		<u>\$ 33,151</u>	

- b. On March 22, 2023, the Company approved distribution of earnings for year 2022 through the resolution of the Board of Directors, as follows:

	2022	
	Amount	Dividends per share (NTD)
Provision of Legal Reserve	\$ 4,278	
Provision for Special Reserve	32	
Cash Dividend	<u>21,362</u>	1.0
	<u>\$ 25,672</u>	

(14) Operating Revenue

A. Breakdown of Revenue from Contracts with Customers

The income of the Company is derived from the provision of services that are gradually transferred over time and can be broken down into the following main product lines and geographical areas:

	<u>Testing Services</u>		<u>Other Services</u>	
<u>2022</u>	<u>Taiwan</u>	<u>Others</u>	<u>Others</u>	<u>Total</u>
Income from Contracts with Customers	<u>\$ 482,465</u>	<u>\$ 9,707</u>	<u>\$ 519</u>	<u>\$ 492,691</u>

	<u>Testing Services</u>		<u>Other Services</u>	
<u>2021</u>	<u>Taiwan</u>	<u>Others</u>	<u>Others</u>	<u>Total</u>
Income from Contracts with Customers	<u>\$ 496,511</u>	<u>\$ 10,765</u>	<u>\$ -</u>	<u>\$ 507,276</u>

B. Contract Assets and Contract Liabilities

- a. The Company recognizes the contractual assets and contractual liabilities related to the contractual income of customers as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract Assets - Current:			
Contract Assets - Testing- related Services	<u>\$ 9,646</u>	<u>\$ 9,900</u>	<u>\$ 6,611</u>
Contract Liabilities - Current:			
Contract Liabilities - Testing-related Services	<u>\$ 2,025</u>	<u>\$ 2,605</u>	<u>\$ 3,162</u>

- b. Contract liabilities at the beginning of the period recognized as revenue in the current period

	<u>2022</u>	<u>2021</u>
Testing-related Services	<u>\$ 2,427</u>	<u>\$ 2,569</u>

(15) Interest Income

	2022	2021
Interest on Bank Deposits	\$ 544	\$ 298
Interest on Loaned Funds	138	59
Others	31	31
	<u>\$ 713</u>	<u>\$ 388</u>

(16) Other Income

	2022	2021
Labor Service Revenue	\$ 84	\$ 1,779
Others	1,081	539
	<u>\$ 1,165</u>	<u>\$ 2,318</u>

(17) Other Gains and Losses

	2022	2021
Net Foreign Exchange Gains (Losses)	<u>\$ 1,362</u>	<u>(\$ 1,741)</u>

(18) Finance Costs

	2022	2021
Lease Liability Interest Expense	\$ 1,380	\$ 1,585
Interest Expense on Decommissioning Liabilities	44	44
	<u>\$ 1,424</u>	<u>\$ 1,629</u>

(19) Additional Information on the Nature of the Expense

	2022	2021
Employee Benefits	<u>\$ 82,881</u>	<u>\$ 97,312</u>
Depreciation Expense of Property, Plant and Equipment and Right-of-use Assets	<u>\$ 33,292</u>	<u>\$ 34,027</u>
Amortization of Intangible Assets	<u>\$ 3,698</u>	<u>\$ 2,036</u>

(20) Employee Benefits

	2022	2021
Salary Expenses	\$ 68,311	\$ 77,213
Share-based Payments	2,678	2,865
Labor and Health Insurance Costs	5,616	7,415
Pension	2,675	3,403
Board directors remuneration	587	2,348
Others	3,014	4,068
	<u>\$ 82,881</u>	<u>\$ 97,312</u>

- A. In accordance with the Company's Articles of Incorporation, should the Company run a profit for the year, it shall allocate from 1% to 10% of that profit to employee remuneration and not more than 2% of it to director remuneration. However, in case of accumulated losses, the Company shall reserve the profit to offset said losses.

When employee remuneration is distributed in the form of shares or cash, it shall be implemented by the Board of Directors with the presence of more than 2/3 of the directors and a resolution approved by more than half of the directors present, and reported to the Shareholders' Meeting. The recipients of employee compensation in stock or cash may include subordinate employees who meet certain conditions.

All matters related to the issuance of employee remuneration and directors' remuneration shall be handled in accordance with the relevant laws and regulations, and shall be decided by the Board of Directors and reported to the Shareholders' Meeting.

- B. The estimated amount of employee remuneration of the Company in 2022 and 2021 is \$480 and \$647, respectively; the estimated amount of directors' remuneration is \$465 and 336, respectively, and the aforementioned amounts are recorded in the salary expense account. The remuneration of employees and directors of 2022 shall be estimated at 1.02% and 0.98%,

respectively based on the profit situation of the year.

The Company's annual employee remuneration and directors' remuneration for 2021 were \$647 and \$336, respectively, approved by the Board of Directors' resolution, are consistent with the amounts recognized in the Financial Statements of the Company for 2021. As of December 31, 2022, all remuneration of employees and directors for 2021 have been distributed.

- C. Information on the remuneration of employees and directors approved by the Board of Directors of the Company may be queried on the Market Observation Post System (MOPS) website.

(21) Income Tax

A. Income Tax Expenses

a. Income Tax Expense Component

	2022	2021
Current Income Tax:		
Income Tax Liabilities for the Current Period	\$ -	\$ 4,215
Income Tax Assets in the Current Period (2,242)	(2,460)
Income Tax Payable in the Previous Year	-	2,460
Temporary Payment and Withholding Tax	3,193	2,198
Surtax on Unappropriated Earnings (428)	(40)
Foreign Income Tax Expenses	-	376
Income Tax (Overestimation)		
Underestimation in the Previous Year	128	810
Total Income Tax in the Current Period	<u>651</u>	<u>7,559</u>
Deferred Income Tax:		
Original Generation and Reversal of Temporary Differences	<u>2,452</u>	(<u>803</u>)
Others:		
Surtax on Unappropriated Earnings	428	40
Income Tax Expenses	<u>\$ 3,531</u>	<u>\$ 6,796</u>

b. Amount of the Income Tax Expense (Profit) Related to Other Comprehensive Loss (Profit)

	2022	2021
Exchange differences on cumulative translation of foreign operations	(\$ 11)	\$ 3

c. For 2022 and 2021, the Company did not have any income tax related to direct debit or credit equity.

B. Relationship between income tax expenses and accounting profit

	2022	2021
Income tax calculated at the statutory rate	\$ 9,261	\$ 12,754
Unrealized Domestic Investment Profits Accounted for Using the Equity Method	(9,308)	(6,867)
Foreign Income Tax Expenses	-	376
Income Tax (Overestimation) Underestimation in the Previous Year	128	810
Surtax on Unappropriated Earnings	428	40
Others	3,022	(317)
Income Tax Expenses	\$ 3,531	\$ 6,796

C. Amount of deferred income tax assets or liabilities as a result of temporary differences

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets:				
Temporary differences				
Loss on inventory shortage	\$ 592	\$ 177	\$ -	\$ 769
Unused holiday benefits payable	561	104	-	665
Liability Reserve	288	126	-	414
Unrealized exchange loss	68	(68)	-	-
Recognized Foreign Investments Accounted for Using the Equity Method	2,478	(2,478)	11	11
Total	3,987	(2,139)	11	1,859
Deferred income tax liabilities:				
Temporary differences				
Unrealized exchange gains	-	(313)	-	(313)
Subtotal	-	(313)	-	(313)
Total	\$ 3,987	(\$ 2,452)	\$ 11	\$ 1,546

2021				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets:				
Temporary differences				
Allowance for doubtful accounts	\$ 29	(\$ 29)	\$ -	\$ -
Loss on inventory shortage	560	32	-	592
Unused holiday benefits payable	520	41	-	561
Liability Reserve	298	(10)	-	288
Employee benefits & welfare	12	(12)	-	-
Unrealized exchange loss	-	68	-	68
Recognized Foreign Investments Accounted for Using the Equity Method	1,788	693	(3)	2,478
Subtotal	3,207	783	(3)	3,987
Deferred income tax liabilities:				
Temporary differences				
Unrealized exchange gains	(20)	20	-	-
Subtotal	(20)	20	-	-
Total	\$ 3,187	\$ 803	(\$ 3)	\$ 3,987

D. The Company's profit-seeking business income tax was approved by the tax collection authority to 2020.

(22) Earnings per Share

2022			
	After-tax amount	Weighted average number of outstanding shares (thousands)	Earning per Share (NTD)
<u>Basic Earnings per Share</u>			
Net Profit for the Current Period			
Attributable to Common Shareholders	\$ 42,776	21,362	2.00
<u>Diluted Earnings per Share</u>			
Net Profit for the Current Period			
Attributable to Common Shareholders	\$ 42,776	21,362	
Impact of Potential Common Stock with Diluting Effect - Employee Compensation	-	16	
Impact of Net Profit for the Current Period Attributable to Common Shareholders Plus Potential Common Stock	\$ 42,776	21,378	2.00

	2021		
		Weighted average number of outstanding shares (thousands)	Earning per Share (NTD)
<u>Basic Earnings per Share</u>	<u>After-tax amount</u>		
Net Profit for the Current Period Attributable to Common Shareholders	<u>\$ 56,976</u>	<u>21,282</u>	<u>2.68</u>
<u>Diluted Earnings per Share</u>			
Net Profit for the Current Period Attributable to Common Shareholders	\$ 56,976	21,282	
Impact of Potential Common Stock with Diluting Effect - Employee Share Options	-	1	
- Employee Compensation	-	9	
Impact of Net Profit for the Current Period Attributable to Common Shareholders Plus Potential Common Stock	<u>\$ 56,976</u>	<u>21,292</u>	<u>2.68</u>

(23) Cash Flow Supplementary Information

Investment Activities with only Partial Cash Payment:

	2022	2021
Acquisition of Right-of-use Assets	\$ -	\$ 817
Less: Lease Liabilities Added in the Current Period	-	(817)
Cash Paid in the Current Period	<u>\$ -</u>	<u>\$ -</u>

	2022	2021
Acquisition of Property, Plant, and Equipment	\$ 34,659	\$ 7,703
Add: Equipment Payable at the Beginning of the Period	314	-
Less: Equipment Payable at the End of the Period	(1,441)	(314)
Cash Paid in the Current Period	<u>\$ 33,532</u>	<u>\$ 7,389</u>

(24) Changes in Liabilities from Financing Activities

	2022	
	Dividends Payable	Lease Liabilities (Current/Non-current)
January 1	\$ -	\$ 83,008
Announcement of Dividend Distribution	42,725	-
Distributed Cash Dividend	(42,725)	-
Repayment of the Principal Portion of Lease Liabilities	-	(11,554)
December 31	<u>\$ -</u>	<u>\$ 71,454</u>

	2021	
	Dividends Payable	Lease Liabilities (Current/Non-current)
January 1	\$ -	\$ 93,513
Announcement of Dividend Distribution	29,766	-
Distributed Cash Dividend	(29,766)	-
Lease Liabilities Added in the Current Period	-	817
Repayment of the Principal Portion of Lease Liabilities	-	(11,322)
December 31	<u>\$ -</u>	<u>\$ 83,008</u>

7. Related-Party Transactions

(1) Names and Relationships of the Related Parties

Name of the Related Party	Relationship with the Company
Phoebus Genetics Co.,Ltd (Phoebus Genetics)	Subsidiary
SOFIVA GENOMICS BANGKOK CO., LTD. (SOFIVA BKK)	Subsidiary
Sofiva Genomics Medical Laboratory (Sofiva Genomics Laboratory)	Subsidiary
Sofiva Genomics Clinician's Laboratory (Sofiva Clinician's Laboratory)	Subsidiary
Dianthus Co., Ltd. (Dianthus)	Associated enterprises
Dianthus MFM Clinic (Dianthus Huaining)	The Chairman of the Company is the person in charge of the clinic

<u>Name of the Related Party</u>	<u>Relationship with the Company</u>
Sofiva Medical Laboratory (Sofiva Laboratory)	Substantive related party
Dianthus Clinical Laboratory (Dianthus Laboratory)	Substantive related party
All directors, general manager and key management, etc.	Major management and governance units of the Company

(2) Major Transactions with Related Parties

A. Provision of Testing Service Transactions

a. Service revenue

The details of labor income generated by the Company's provision of related party testing services are as follows:

	<u>2022</u>	<u>2021</u>
Subsidiary	\$ 3,282	\$ 5,751
Other Related Parties	<u>21,152</u>	<u>26,348</u>
	<u>\$ 24,434</u>	<u>\$ 32,099</u>

The testing services provided by the Company to related parties and general customers are identical. Whilst the transaction price is based on agreements reached by both parties, no major difference in payment terms has been revealed between related parties and non-related parties. Payment terms ranging from prepayments and OA 90 days are offered to general customers, whereas above mentioned related parties are offered with OA 60 days.

b. Accounts receivable

The balance of accounts receivable arising from the related party transactions is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary-SOFIVA BKK	\$ 230	\$ 929
Other Related Parties - Dianthus Huaining Co., Ltd.	<u>2,669</u>	<u>3,333</u>
	<u>\$ 2,899</u>	<u>\$ 4,262</u>

c. Contract Assets

The balance of contract assets arising from the related party transactions are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary	\$ 44	\$ 82
Other Related Parties	<u>520</u>	<u>583</u>
	<u>\$ 564</u>	<u>\$ 665</u>

B. Outsourced Testing Transactions

a. Labor Costs

The details of labor costs incurred by the related parties in providing testing services to the Company are as follows:

	<u>2022</u>	<u>2021</u>
Subsidiary - Phoebus Genetics	\$ 21,271	\$ 21,823
Subsidiary - Sofiva Clinician's Laboratory	1,104	-
Subsidiary - Sofiva Genomics Laboratory	44,398	26,329
Other Related Parties - Sofiva Laboratory	32,787	35,488
Other Related Parties - Others	<u>3,106</u>	<u>2,000</u>
	<u>\$ 102,666</u>	<u>\$ 85,640</u>

The transaction prices of the related parties for providing the Company's testing services are handled in accordance with the agreements between the parties. There is no material difference between the terms of payment from those of non-related parties. The payment period for the general supplier is 60 days from the end of the month, and the payment period for the above-mentioned related parties is 60 days from the end of the month.

b. Notes Payable/Accounts Payable

The balances of notes payable and accounts payable arising from the above-mentioned related party transactions are as follows:

i. Notes Payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other Related Parties - Sofiva Laboratory	\$ -	\$ 2,420
Other Related Parties - Others	-	166
	<u>\$ -</u>	<u>\$ 2,586</u>

ii. Accounts Payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary - Phoebus Genetics	\$ 2,869	\$ 3,227
Subsidiary - Sofiva Genomics Laboratory	9,397	8,165
Subsidiary - Sofiva Clinician's Laboratory	286	-
Other Related Parties - Sofiva Laboratory	4,552	2,856
Other Related Parties - Others	608	139
	<u>\$ 17,712</u>	<u>\$ 14,387</u>

c. Refundable Deposits

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary - Sofiva Genomics Laboratory	\$ -	\$ 6,000

C. Dividend Income

Distributed dividend income from the Company's investment in subsidiaries and associated enterprises (listed as a deduction from investments accounted for using the equity method).

	<u>2022</u>	<u>2021</u>
Subsidiary - Phoebus Genetics	\$ 2,963	\$ 3,307
Associated Enterprises - Dianthus Co., Ltd.	5,932	4,446
	<u>\$ 8,895</u>	<u>\$ 7,753</u>

D. Capital Lending Transaction

The Company's other receivables and related interest income arising from capital loan transactions are detailed as follows:

	2022			
	Balance at end of period	Interest rate	Interest receivable	Interest Income
Subsidiary-SOFIVA BKK	\$ 8,047	1.93%	\$ 22	\$ 129
Subsidiary - Sofiva Genomics Laboratory	1,000	1.93%	8	8
Subsidiary - Sofiva Clinician's Laboratory	10,000	1.93%	1	1
	<u>\$ 19,047</u>		<u>\$ 31</u>	<u>\$ 138</u>

	2021			
	Balance at end of period	Interest rate	Interest receivable	Interest Income
Subsidiary-SOFIVA BKK	<u>\$ 7,512</u>	1.55%	<u>\$ 10</u>	<u>\$ 59</u>

E. Labor and Human Resource Dispatch Transactions

a. Other Income

The Company's other income generated from providing labor services and human resource dispatch to its subsidiaries for 2022 and 2021 were \$84 and \$1,429, respectively.

b. Other Receivables

During the period of 2022 and December 31, 2021, other receivables incurred due to the transactions above were \$84 and \$350, respectively.

F. Other Transactions - Other Receivables/Other Payables

- a. During the period of 2022 and December 31, 2021, other receivables incurred by the subsidiaries' for the collection and payment transactions on behalf of the Company were \$5 and \$14, and other payables were \$0 and \$222, respectively.
- b. During the period of 2022 and 2021, the expenses incurred by associated enterprises for providing planning consulting services to customers were \$650 and \$0, and other payables for 2022 and December 31 2021 were \$52 and \$0, respectively.

(3) Key Management Compensation Information

	2022	2021
Short-term Employee Benefits	\$ 15,696	\$ 16,580
Post-employment Benefits	187	172
Share-based Payments	1,295	1,187
	<u>\$ 17,178</u>	<u>\$ 17,939</u>

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Significant Contingent Liabilities

On April 28, 2018, the plaintiff went for a prenatal examination to a clinic with which the Company had a testing service partnership. The clinic issued a test report stating that no abnormalities relating to Williams syndrome were detected, but on February 18, 2019, the plaintiff's son was diagnosed with the disorder. The plaintiff, having deemed the Company to be a party to the contract and having had defective testing services provided by the Company, sued the Company for damages of \$5,640 and statutory deferred interest.

The trial of second instance of the case was decided by the Taiwan Taipei District Court on October 11, 2022, with the result being favorable to the Company. The plaintiff then appealed to the Supreme Judicial Court (SJC). As of March 22, 2023, the case was subject to the adjudication or ruling of the SJC. In the opinion of the Company, the maximum loss that the Company may suffer in this action shall be the amount together with statutory delay interest claimed by the plaintiff.

(2) Significant Unrecognized Contractual Commitments

The Company is authorised to use detection technology and pays royalties on a quarterly basis based on the number of test reports.

10. Significant Disaster Loss

None.

11. Significant Events After Reporting Period

On March 22, 2023, the Company approved distribution of earnings for year 2022 through the resolution of the Board of Directors, as described in Note 6 (13) hereof.

12. Others

(1) Capital Management

The Company's capital management objective is to ensure that the Company can continue to operate, maintain an optimal capital structure to reduce capital costs and provide compensation to shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Company uses the debt/asset ratio, which is found by dividing the Company's total liabilities by its total assets, to monitor its capital.

The strategies adopted by the Company in 2022 were the same as those implemented in 2021. The debt ratio of the Company for the period ended December 31, 2022 and 2021 was described in the Individual Balance Sheets.

(2) Financial Instruments

A. Types of Financial Instruments

Information on the Company's financial assets (including cash and cash equivalents), financial assets measured at amortised cost - current, contractual assets - current, notes receivable, net accounts receivable (including related parties), other receivables (including related parties), deposits, and financial liabilities (including notes payable (including related parties), accounts payable (including related parties), and other payables (including related parties), and lease liabilities (current/non-current) is detailed in the Individual Balance Sheets and Note 6.

B. Financial Risk Management Policy

The day-to-day operations of the Company are affected by a number of financial risks, including market risk (including exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk. The work of managing these risks is carried out by the Company's Finance Department in accordance with policies approved by management and which are mainly responsible for identifying, assessing, and avoiding financial risks.

C. Nature and Extent of Significant Financial Risks

a. Market Risk

i. Exchange Rate Risk

The Company engages in business involving a number of non-functional currencies (the functional currency of the Company is the New Taiwan Dollar). Therefore, the Group is affected by exchange rate fluctuations, and the foreign currency assets and liabilities that are affected by significant exchange rate fluctuations are as follows:

December 31, 2022			
	Foreign Currency (in Thousands)	Currency Exchange Rate	Book Value (NTD)
(Foreign Currency: Functional Currency)			
<u>Financial Assets</u>			
<u>Monetary Items</u>			
HKD: NTD	323	3.938	\$ 1,272
RMB: NTD	245	4.324	1,059
THB: NTD	27,694	0.894	24,758
USD: NTD	159	30.710	4,883
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
USD: NTD	96	30.710	2,948
<u>Investment Creditor Accounted for Using the Equity Method</u>			
THB: NTD	1,651	0.894	1,476

December 31, 2021			
	Foreign Currency (in Thousands)	Currency Exchange Rate	Book Value (NTD)
(Foreign Currency: Functional Currency)			
<u>Financial Assets</u>			
<u>Monetary Items</u>			
HKD: NTD	323	3.549	\$ 1,146
RMB: NTD	244	4.344	1,060
THB: NTD	24,345	0.835	20,328
USD: NTD	111	27.680	3,072
<u>Investments Accounted for Using the Equity Method</u>			
THB: NTD	344	0.835	284
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
USD: NTD	111	27.680	3,072

The Company's monetary items due to exchange rate fluctuations materially affected the totally recognized exchange gains (losses) of 2022 and 2021 (both realized and unrealized), as described in Note 6 (17).

The Company's analysis of foreign currency market risk due to significant exchange rate fluctuations is as follows:

		2022		
		Sensitivity Analysis		
		Range of Change	Impact (Loss) Gain	Effect on Other Comprehensive (Loss) Gain
(Foreign Currency: Functional Currency)				
<u>Financial Assets</u>				
<u>Monetary Items</u>				
HKD: NTD	1%	\$	13	\$ -
RMB: NTD	1%		11	-
THB: NTD	1%		248	-
USD: NTD	1%		49	-
<u>Financial Liabilities</u>				
<u>Monetary Items</u>				
USD: NTD	1%	(29)	-
		2021		
		Sensitivity Analysis		
		Range of Change	Impact (Loss) Gain	Effect on Other Comprehensive (Loss) Gain
(Foreign Currency: Functional Currency)				
<u>Financial Assets</u>				
<u>Monetary Items</u>				
HKD: NTD	1%	\$	11	\$ -
RMB: NTD	1%		11	-
THB: NTD	1%		203	-
USD: NTD	1%		31	-
<u>Financial Liabilities</u>				
<u>Monetary Items</u>				
USD: NTD	1%	(31)	-

ii. Price Risk

There are no significant price risks associated with the Company's transactions.

iii. Cash Flow and Fair Value Interest Rate Risk

There are no significant interest rate risks associated with the Company's transactions.

b. Credit Risk

- i. Credit risk is the risk that the Company will incur financial losses due to the customer's inability to perform its contractual obligations. The Company's internal credit policy requires management and credit risk analysis of each of its new customers before conditions for service provision can be determined. Internal risk control is the assessment of customers' credit quality by taking into account their financial status, past experience, and other factors. Individual risk limits are established by the Finance Department based on internal or external ratings and the use of credit lines is regularly monitored. The primary sources of credit risk are deposits with banks/financial institutions and uncollected contract assets, notes receivable, and accounts receivable from customers.
- ii. The Company manages the establishment of credit risk from the Company perspective. In accordance with the internally defined credit policy, each operating entity of the Company and each new customer is subject to management and credit risk analysis before agreeing on the terms and conditions of payment and delivery. Internal risk control is the assessment of customers' credit quality by taking into account their financial status, past experience, and other factors. Individual risk limits are established by management based on internal or external ratings and the use of credit lines is regularly monitored.
- iii. After considering past historical experience, the Company adopts as the basis for considering the credit risk of a financial asset to have increased significantly since its original recognition contract payment being overdue for more than 30 days according to the agreed payment terms. A breach of contract is deemed to have occurred when contractually agreed upon payment is overdue for more than 360 days.
- iv. The Company employs a simplified approach using a provision matrix to estimate expected credit losses for accounts receivable and contract assets of customers.
- v. The Company exercises its right to preserve its claims by pursuing ongoing legal proceedings against financial assets that have been defaulted on. Amounts of financial assets that cannot reasonably be expected to be recovered are written off following recourse procedures.

- vi. The Company incorporates forward-looking consideration into the future and adjusts the loss rate established based on historical and current information for a specific period to estimate the allowance losses for bills and accounts receivable (including related parties) and contract assets. The provision matrix is as follows:

	Not overdue	Overdue for 1-30 days	Overdue for 31-90 days	Overdue for 91-180 days	Overdue for 181-360 days	Overdue for more than 361 days	Total
<u>December 31, 2022</u>							
Expected Loss Rate	0.03%	0.04%	0.04% ~0.05%	0.06% ~0.09%	0.11% ~0.27%	100.00%	
Contract Assets - Current	\$ 9,646	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,646
Notes Receivable	8,348	-	-	-	-	-	8,348
Accounts receivable	<u>52,072</u>	<u>3,898</u>	<u>399</u>	<u>6</u>	<u>6</u>	<u>-</u>	<u>56,381</u>
Total book value	<u>\$ 70,066</u>	<u>\$ 3,898</u>	<u>\$ 399</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 74,375</u>
Allowance Loss	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>

	Not overdue	Overdue for 1-30 days	Overdue for 31-90 days	Overdue for 91-180 days	Overdue for 181-360 days	Overdue for more than 361 days	Total
<u>December 31, 2021</u>							
Expected Loss Rate	0.03%	8.32%	13.06%~13.41 %	28.74%~84.09 %	97.61%~100.0 0%	100.00%	
Contract Assets - Current	\$ 9,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,900
Notes Receivable	6,780	-	-	-	-	-	6,780
Accounts receivable	<u>54,618</u>	<u>209</u>	<u>2,953</u>	<u>729</u>	<u>-</u>	<u>-</u>	<u>58,509</u>
Total book value	<u>\$ 71,298</u>	<u>\$ 209</u>	<u>\$ 2,953</u>	<u>\$ 729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,189</u>
Allowance Loss	<u>\$ 11</u>	<u>\$ 17</u>	<u>\$ 316</u>	<u>\$ 159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 503</u>

The above is an aging analysis based on days overdue.

- vii. The simplified table of changes in accounts receivable and notes (including related party) and allowance for loss of contract assets approved by the Company is as follows:

	2022			
	Contract Assets	Notes Receivable	Accounts receivable	Total
January 1	\$ -	\$ -	\$ 503	\$ 503
Expected Credit Impairment Loss (Gain)	-	-	(486)	(486)
Write-off of Unrecoverable Accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 17</u>

	2021			
	Contract Assets	Notes Receivable	Accounts receivable	Total
January 1	\$ -	\$ -	\$ 732	\$ 732
Expected Credit Impairment Loss (Gain)	-	-	(138)	(138)
Write-off of Unrecoverable Accounts	-	-	(91)	(91)
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 503</u>	<u>\$ 503</u>

c. Liquidity Risk

- i. Cash flow forecasting is carried out by the Company's Finance Department, which is responsible for monitoring the demand for working capital, ensuring that there are sufficient funds to meet the operational needs, and maintaining sufficient unspent borrowing commitments at any time, so that the Company will not violate the relevant borrowing limits or terms. These projections take into account the Company's debt financing plans, compliance with debt terms, and compliance with internal balance sheet financial ratio targets.
- ii. When the remaining cash held exceeds the management requirements of working capital, the Finance Department will invest the remaining funds in interest-bearing demand deposits, and the selected instruments have sufficient liquidity to meet the above forecast and provide a sufficiently adjustable level.
- iii. Details of unused loan limit of the Company for 2022 and 2021: None.
- iv. The Company has no derivative financial liabilities; the non-derivative amounts of liabilities are grouped according to the relevant maturity dates and are analyzed according to the remaining period from the balance sheet date to the contract maturity date. Except for those listed in the following table, they are all due within one year. The undiscounted contractual cash flow amount is equivalent to the amount listed in the individual balance sheets. The undiscounted contractual cash flow of the remaining non-derivative financial liabilities is as follows:

<u>December 31, 2022</u>	<u>Within one year</u>	<u>Within 1-2 years</u>	<u>More than 2 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities:</u>				
Lease liabilities (current and non-current)	\$ 13,191	\$ 13,244	\$ 48,678	\$ 75,113
<u>December 31, 2021</u>	<u>Within one year</u>	<u>Within 1-2 years</u>	<u>More than 2 years</u>	<u>Total</u>
<u>Non-derivative financial liabilities:</u>				
Lease liabilities (current and non-current)	\$ 12,934	\$ 13,190	\$ 61,923	\$ 88,047

(3) Fair Value Information

The Company does not have significant financial instruments measured at fair value, and the techniques of fair value estimation have no significant impact on the Company. In addition, the carrying amount of financial instruments not measured at fair value [including cash and cash equivalents, financial assets-current measured by amortized cost, contract assets-current, net notes receivable, net accounts receivable (including relationship persons), other receivables (including related party), deposits deposited, bills payable (including related party), accounts payable (including related party), other payables (including related party) and lease liabilities (including current/non-current)] is a reasonable approximation of fair value.

(4) Other Matters

Due to the COVID-19 pandemic and the government's promotion of a number of epidemic prevention measures, the Company approved personnel rotation to work in the office, working from home and the use of digital tools in line with the various policies of the government. As of December 31, 2022, the individual financial situation and individual financial performance of the Company were not significantly affected by the pandemic.

13. Additional Disclosures

(1) Information on Significant Transactions

- A. Fund loaned to others: Please refer to Table 1 for details.
- B. Endorsement guarantee for others: None.
- C. Status of marketable securities held at the end of the period (excluding investment subsidiaries, associated enterprise and joint venture control): None.
- D. Cumulative purchase or sale of the same marketable securities amounting to NT\$300 million or more than 20% of paid-up capital: None.
- E. Acquisition of real estate amounted to NT\$300 million or more than 20% of paid-in capital: None.
- F. Disposal of real estate amounted to NT\$300 million or more than 20% of paid-in capital: None.
- G. Amount of goods purchased and sold with related parties amounting to NT\$100 million or more than 20% of the paid-in capital: Please refer to Table 2 for details.
- H. Receivables from related parties amounted to NT\$100 million or more than 20% of paid-in capital: None.
- I. Derivatives transactions engaged in: None.

J. Business relationships and significant transactions between parent company and subsidiaries and between subsidiaries, as well as their amounts: Please refer to Table 3 for details.

(2) Information on Investees

Relevant information, such as the name and location of the invested company (excluding invested companies in mainland China): Please refer to Table 4 for details.

(3) Information on Investments in Mainland China

None.

(4) Information on Major Shareholders

Information on major shareholders: Please refer to Table 5 for details.

14. Operating Segments

N/A.

Sofiva Genomics Co., Ltd. And Its Subsidiaries

Funds Loaned to Others

From January 1 to December 31, 2022

Table 1

Unit: Expressed in thousands of New Taiwan dollars
(Unless otherwise specified)

No. (Note 1)	Company lending funds	Borrower	Item	Related to the party?	Maximum amount in the current period	Balance at end of period	Actual moving cost	Interest rate range	Funds loaned and the nature of the loan	Amount of business transactions	Reason for necessity of short- term financing	Amount of provision for losses	Collaterals		Capital lending limit to individual counterparties (Note 2)	Total capital loans (Note 2)	Remark
													Name	Value			
0	Sofiva Genomics Co., Ltd.	SOFIVA GENOMICS BANGKOK CO.,LTD.	Receivables from related parties	Yes	\$ 18,776	\$ 8,047	\$ 8,047	1.925%	Short-term financing	\$ -	Loan repayment and business turnover	\$ -	\$ -	\$ -	\$ 250,767	\$ 250,767	Note 3 & 4
0	Sofiva Genomics Co., Ltd.	Sofiva Genomics Clinician's Laboratory	Receivables from related parties	Yes	2,000	2,000	1,000	1.925%	Short-term financing	-	Amount of business turnover	-	-	-	250,767	250,767	Note 5
0	Sofiva Genomics Co., Ltd.	Sofiva Genomics Medical Laboratory	Receivables from related parties	Yes	12,000	12,000	10,000	1.925%	Short-term financing	-	Amount of business turnover	-	-	-	250,767	250,767	Note 6

Notes 1: The description of the column number is as follows:

(1) For the parent company, fill in 0.

(2) Subsidiaries are numbered sequentially starting from 1 according to the company.

Notes 2: If the Company is required to lend funds to other companies or institutions are established to conform with laws and regulations with substantial control over it due to its operational needs, the total amount of the loan and the loan limit to a single counterparty shall not exceed 40% of the net value of the Company.

Notes 3: On November 10, 2021, the Board of Directors approved a capital loan with Sofiva Genomics Bangkok Co., Ltd. of THB12 million. The duration is one year from the actual active loan period, presented in THB: NTD = 1: 0.8941.

Notes 4: On November 2, 2022, the Board of Directors approved a capital loan with Sofiva Genomics Bangkok Co., Ltd. of THB9 million. The duration is one year from the actual active loan period, presented in THB: NTD = 1: 0.8941.

Notes 5: On November 2, 2022, the Board of Directors approved a capital loan with Sofiva Genomics Clinician's Laboratory of NT\$ 2 million. The duration is one year from the actual active loan period.

Notes 6: On November 2, 2022, the Board of Directors approved a capital loan with Sofiva Genomics Medical Laboratory of NT\$ 12 million. The duration is one year from the actual active loan period.

Sofiva Genomics Co., Ltd. And Its Subsidiaries

Amount of goods purchased and sold with related parties amounting to NT\$100 million or more than 20% of the paid-in capital

From January 1 to December 31, 2022

Table 2

Unit: Expressed in thousands of New Taiwan dollars (Unless otherwise specified)											
Purchasing (Selling) Company	Name of Counterparty	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales)	Credit Period	Unit price	Credit Period	Balance	Percentage of Notes and Accounts Receivable (Payable)	Remark
Sofiva Genomics Co., Ltd.	Sofiva Genomics Medical Laboratory	The parent company to subsidiaries	Labor Costs	\$ 44,398	0.15	30 days	No material difference with general transactions	No material difference with general transactions	(\$ 9,397)	0.15	

Sofiva Genomics Co., Ltd. And Its Subsidiaries

Business Relationships and Significant Transactions between Parent Company and Subsidiaries and between Subsidiaries and Their Amounts

From January 1 to December 31, 2022

Table 3

Unit: Expressed in thousands of New Taiwan dollars
(Unless otherwise specified)

No. (Note 1)	Name of transacting party	Transacting counterparty	Relationship with counterparty (Note 2)	Transaction Status		Percentage of total consolidated operating income or total assets (Note 2)
				Accounts	Amount	
0	Sofiva Genomics Co., Ltd.	SOFIVA GENOMIC BANGKOK CO.,LTD.	Subsidiary	Funds loaned - Other receivables	\$ 8,047	Note 3 1.00%
0	Sofiva Genomics Co., Ltd.	Sofiva Genomics Medical Laboratory	Subsidiary	Funds loaned - Other receivables	10,000	Note 3 1.24%
1	Phoebus Genetics Co.,Ltd	Sofiva Genomics Co., Ltd.	Parent company	Testing service revenue	21,271	Note 4 4.29%
1	Phoebus Genetics Co.,Ltd	Sofiva Genomics Co., Ltd.	Parent company	Accounts receivable	2,869	Settlement 60 days after end of month 0.36%
2	Sofiva Genomics Medical Laboratory	Sofiva Genomics Co., Ltd.	Parent company	Service revenue	44,398	Note 4 8.96%
2	Sofiva Genomics Medical Laboratory	Sofiva Genomics Co., Ltd.	Parent company	Accounts receivable	9,397	Settlement 60 days after end of month 1.16%

Notes 1: Information on business operations between parent company and subsidiary shall be indicated in column number and filled in as follows:

(1) For the parent company, fill in 0.

(2) Subsidiaries are numbered sequentially starting from 1 according to the company.

Notes 2: Transaction amounts account for the total combined revenue the equity to total assets ratio, in the case of the balance sheet account, so as to account for the final balance by way of total combined assets and, in the case of the profit and loss account, the cumulative amount by way of total combined revenue.

Individual transactions do not reach 1% of the consolidated total operating revenue or total assets; therefore, they are not disclosed. In addition, while the assets of each company is disclosed, their relative transactions are no longer disclosed.

Notes 3: The fund loaned is subject to the regulations of each company's operating procedures for funds loaned to others. The transaction amount is the funds loan and the actual expenditure amount.

Notes 4: The prices offered to related parties for the provision of testing services have no significant abnormalities with the general customer.

Sofiva Genomics Co., Ltd. And Its Subsidiaries

Invested Company Name, Location, and Other Related Information (Excluding Invested Companies in Mainland China)

From January 1 to December 31, 2022

Table 4

Unit: Expressed in thousands of New Taiwan dollars
(Unless otherwise specified)

Name of investing company	Name of investee	Location	Main business activities	Original Investment Amount (Note)		Holdings at the End of Period			Profit (loss) of investee company in the current period	Recognized profit (loss) on investment in the current period	Remark
				End of current period	End of previous year	Number of shares	Ratio	Carrying amount			
The Company	Phoebus Genetics Co.,Ltd	Taiwan	Pre-pregnancy and prenatal medical testing services	\$ 52,000	\$ 52,000	5,200,000	100.00	\$ 57,557	\$ 4,640	\$ 4,640	
The Company	Sofiva Genomics Bangkok Co.,Ltd.	Thailand	Pre-pregnancy and prenatal medical testing services	12,677	12,677	13,500	90.00	(1,475)(1,895) (1,706)	
The Company	Dianthus Co., Ltd.	Taiwan	Medical services management	148,250	148,250	14,825,000	16.56	333,316	253,022	41,902	

Note: Disclosed at historical exchange rate.

Sofiva Genomics Co., Ltd.
Information on Major Shareholders
December 31, 2022

Table 5

Name of major shareholders	Shares			Remark
	Number of shares held (common shares)	Number of shares held (preferred shares)	Shareholding ratio	
Phoebus Genetech Co., Ltd.	2,428,500	-	11.36%	
Yala investment Co., Ltd.	1,598,000	-	7.48%	
Shiwei Investment Co., Ltd.	1,348,200	-	6.31%	
Huarui investment Co., Ltd.	1,312,000	-	6.14%	

Notes 1: The information on major shareholders in this table is calculated by TDCC (Taiwan Depository & Clearing Corporation) on the last business day at the end of each quarter, and the shareholders hold more than 5% of the common shares and preferred shares that have been delivered (including treasury shares) without physical registration.

As for the share capital recorded in the Company's financial report and the actual number of shares delivered by the Company, there may be differences due to different calculation bases.

Notes 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. With respect to the shareholders' declaration of insider rights in excess of 10% of the shares held in accordance with the Securities and Exchange Act and relevant regulations, its shareholding includes the shares held by oneself plus the shares that are delivered to the trust and have the right to exercise decision-making power over the trust property, etc. Please refer to the Market Observation Post System (MOPS) website for insider equity declaration.

Sofiva Genomics Co., Ltd.
Statements of Cash and Cash Equivalents
December 31, 2022

Statement 1

Unit: Expressed in thousands of New Taiwan dollars

Item	Summary	Amount
Cash on hand		\$ 340
Check deposit in Taiwan dollar		1,468
Current deposit in Taiwan dollar		9,371
Current deposit in foreign currencies	THB18,354,000, at an exchange rate of 0.894	16,408
	US\$ 140,000, at an exchange rate of 30.710	4,304
	HK\$ 323,000, at an exchange rate of 3.938	1,273
	RMB 245,000, at an exchange rate of 4.324	1,059
	AUD 7,000, at an exchange rate of 20.830	145
Time deposits in Taiwan dollar		36,400
		<u>\$ 70,768</u>

Sofiva Genomics Co., Ltd.
Financial Assets Statement Measured at Amortized Cost
December 31, 2022

Statement 2

Unit: Expressed in thousands of New Taiwan dollars

Name	Summary	Pcs.	Quota	Total	Interest rate	Carrying amount	Accumulated impairment	Remark
Time deposits	Minsheng Branch of Taiwan Cooperative Bank	N/A	N/A	\$ 30,200	0.84%	\$ 30,200	\$ -	
Time deposits	Cathay United Bank, Taipei	N/A	N/A	11,950	1.44%	11,950	-	
				<u>\$ 42,150</u>		<u>\$ 42,150</u>	<u>\$ -</u>	

Sofiva Genomics Co., Ltd.
Statement of Accounts Receivable
December 31, 2022

Statement 3

Unit: Expressed in thousands of New Taiwan dollars

<u>Customer Name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
General Customer:			
- Company A		\$ 3,008	
- Company B		4,462	
- Company C		5,494	
- Company H		4,831	
- Company I		7,067	
- Others		28,620	The balance of each sporadic customer does not exceed 5% of the balance of this account.
		<u>53,482</u>	
Less: Allowance Loss		(17)	
		<u>53,465</u>	
Related party:			
- Subsidiary-SOFIVA BKK		230	
- Other Related Parties - Dianthus Huaining Co., Ltd.		<u>2,669</u>	
		2,899	
Less: Allowance Loss		-	
		<u>2,899</u>	
Total		<u>\$ 56,364</u>	

Sofiva Genomics Co., Ltd.
Statement of Inventories
December 31, 2022

Statement 4

Unit: Expressed in thousands of New Taiwan dollars

Item	Summary	Amount		Remark
		Cost	Net realizable value	
Raw material		\$ 58,224	\$ 64,859	Net realizable value is best estimated at replacement cost
Less: Allowance for depreciation losses		(3,845)		
		<u>\$ 54,379</u>		

Sofiva Genomics Co., Ltd.
Statement of Changes in Investments Accounted for Using the Equity Method
From January 1, 2022 to December 31, 2022

Statement 5

Unit: Expressed in thousands of New Taiwan dollars

Name	Balance at beginning of period		Increase in the current period		Amount of investment income (loss)	Amount of other adjustments	Decrease in the current period		Balance at end of period			Net Equity Value		Guarantee or Pledge	Remark
	Number of shares	Amount	Number of shares	Amount			Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Unit Price (NTD)	Total		
Phoebus Genetics Co., Ltd.	5,200,000	\$ 59,187	-	\$ -	\$ 4,640	\$ -	-	\$ -	5,200,000	100%	\$ 63,827	11.07	\$ 57,557	None	
Add (Less):															
Distributed Cash Dividend		(3,307)		-	-	(2,963)		-			(6,270)				
		<u>55,880</u>		-	<u>4,640</u>	<u>(2,963)</u>		-			<u>57,557</u>				
Sofiva Genomics Bangkok Co., Ltd.	13,500	274	-	-	(1,706)	-	-	-	13,500	90%	(1,432)	(109.26)	(\$ 1,475)	None	
Add (Less):															
Cumulative Translation Adjustment		<u>10</u>		-	-	(53)	-	-			(43)				
		<u>284</u>		-	<u>(1,706)</u>	<u>(53)</u>		-			<u>(1,475)</u>				
Dianthus Co., Ltd.	14,825,000	205,716	-	-	41,902	-	-	-		16.56%	247,618	22.48	\$ 333,316	None	
									14,825,000						
Add (Less):															
Distributed Cash Dividend		(4,446)		-	-	(5,932)		-			(10,378)				
Changes in Net Equity of Associated Enterprises															
Accounted for Using the Equity Method not recognized in Proportion to the Percentage of Shareholding		97,345		-	-	-		-			97,345				
Changes in Net Equity of Associated Enterprises															
Accounted for Using the Equity Method recognized in Proportion to the Percentage of Shareholding		(1,269)		-	-	-		-			(1,269)				
		<u>297,346</u>		-	<u>41,902</u>	<u>(5,932)</u>		-			<u>333,316</u>				
		<u>\$ 353,510</u>		<u>\$ -</u>	<u>\$ 44,836</u>	<u>(\$ 8,948)</u>		<u>\$ -</u>			<u>\$ 389,398</u>				

Sofiva Genomics Co., Ltd.

Statement of Changes in Accumulated Depreciation of Property, Plant, and Equipment Cost

From January 1, 2022 to December 31, 2022

Statement 6

Unit: Expressed in thousands of New Taiwan dollars						
Item	Balance at beginning of period	Increased Amount in the Current Period	Decrease Amount in the Current Period	Transferred Amount in the Current Period	Balance at end of period	Guarantee or Pledge
Cost						
Machinery and equipment	\$ 68,616	\$ 27,626	(\$ 5,534)	\$ -	\$ 90,708	None
Transportation equipment	8,508	-	-	-	8,508	None
Office equipment	18,315	5,916	-	-	24,231	None
Leasehold improvements	27,862	471	-	-	28,333	None
Others	21,253	646	(114)	-	21,785	None
	144,554	34,659	(5,648)	-	173,565	
Accumulated Depreciation						
Machinery and equipment	(\$ 62,811)	(\$ 6,267)	\$ 5,534	\$ -	(\$ 63,544)	
Transportation equipment	(5,164)	(1,702)	-	-	(6,866)	
Office equipment	(9,925)	(5,120)	-	-	(15,045)	
Leasehold improvements	(9,973)	(2,998)	-	-	(12,971)	
Others	(15,558)	(4,689)	114	-	(20,133)	
	(103,431)	(\$ 20,776)	\$ 5,648	\$ -	(118,559)	
Total	<u>\$ 41,123</u>				<u>\$ 55,006</u>	

Note: Please refer to Note 4 (12) for details of depreciation and useful life.

Sofiva Genomics Co., Ltd.
Statement of Changes in Right-of-use Assets
From January 1, 2022 to December 31, 2022

Statement 7

Unit: Expressed in thousands of New Taiwan dollars

Item	Balance at beginning of period	Increased Amount in the Current Period	Decrease Amount in the Current Period	Transferred Amount in the Current Period	Balance at end of period	Remark
Cost						
Office	\$ 118,155	\$ -	\$ -	\$ -	\$ 118,155	
Accumulated Depreciation						
Office	(37,075)	(12,516)	-	-	(49,591)	
	<u>\$ 81,080</u>	<u>(\$ 12,516)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,564</u>	

Sofiva Genomics Co., Ltd.
Statement of Accounts Payable
December 31, 2022

Statement 8

Unit: Expressed in thousands of
New Taiwan dollars

Name	Summary	Amount	Remark
General Supplier:			
- Company A		\$ 5,516	
- Company B		4,497	
- Company D		2,646	
- Company E		17,059	
- Company F		6,615	
- Company G		2,650	
			The balance of each
			sporadic supplier does not
			exceed 5% of the balance of
- Others		4,704	this account.
		43,687	
Related party:			
- Subsidiary - Phoebus Genetics Co., Ltd.		\$ 2,869	
- Subsidiary - Sofiva Genomics Medical Laboratory		9,397	
- Other Related Parties - Sofiva Medical Laboratory		4,552	
- Others		894	The balance of each
			sporadic supplier does not
			exceed 5% of the balance of
			this account.
		17,712	
Total		<u>\$ 61,399</u>	

Sofiva Genomics Co., Ltd.
Statement of Lease Liabilities
From January 1, 2022 to December 31, 2022

Statement 9

Unit: Expressed in thousands of New Taiwan dollars

Item	Lease term	Discount rate (%)	Balance
Baoqing Building Office	10 years	1.8%	\$ 63,461
Taichung Office	3 years	1.8%	277
Chongqing Tower Office	10 years	1.8%	7,716
			71,454
Less: Itemized lease liabilities - current			(12,022)
Lease Liabilities - Non-current			<u>\$ 59,432</u>

Sofiva Genomics Co., Ltd.
Statement of Operating Revenue
From January 1, 2022 to December 31, 2022

Statement 10

Unit: Expressed in thousands of New Taiwan dollars

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Remark</u>
Testing service revenue	85,320 cases	<u>\$ 492,691</u>	

Sofiva Genomics Co., Ltd.
Statement of Operating Costs
From January 1, 2022 to December 31, 2022

Statement 11

Unit: Expressed in thousands of New Taiwan dollars

Item	Amount	Remark
Raw material		
Add: Raw materials at the beginning of period	\$ 41,008	
Purchase	180,142	
Less: Raw materials at the end of period	(58,224)	
Number of transferred expenses claimed by department	(9,148)	
Direct raw material consumption	153,778	
Director labor	450	
Other Operating Costs	197,766	
Loss on inventory shortage	886	
Operating Costs	<u>\$ 352,880</u>	

Sofiva Genomics Co., Ltd.
Statement of Other Operating Costs
From January 1, 2022 to December 31, 2022

Statement 12

Unit: Expressed in thousands of New Taiwan dollars

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Cost of consumables		\$ 11,815	
Testing expenses		116,123	
Service expenses		22,270	
Depreciation expenses		13,649	
Royalties		10,274	
Others		23,635	The balance of each sporadic item does not exceed 5% of the balance of this account.
		<u>\$ 197,766</u>	

Sofiva Genomics Co., Ltd.
Statement of Operating Expenses
From January 1, 2022 to December 31, 2022

Statement 13

Unit: Expressed in thousands of New Taiwan dollars

Item	Sales Expenses	Administrative expenses	Research and development expenses	Expected credit impairment loss (Gain)	Total
Employee Benefits	\$ 37,694	\$ 42,721	\$ 1,976	\$ -	\$ 82,391
Depreciation Expenses	2,242	15,868	1,533	-	19,643
Amortization expenses	-	2,525	137	-	2,662
Expected Credit Impairment Loss	-	-	-	(486)	(486)
Others (Note)	12,304	16,953	6,689	-	35,946
	<u>\$ 52,240</u>	<u>\$ 78,067</u>	<u>\$ 10,335</u>	<u>(\$ 486)</u>	<u>\$ 140,156</u>

Note: Each sporadic balance does not exceed 5% of the balance of this account.

Sofiva Genomics Co., Ltd.

Summary of Employee Benefits, Depreciation, Impairment and Amortization Expenses incurred in the Current Period

From 2022 and January 1, 2021 to December 31, 2022

Statement 14

Unit: Expressed in thousands of New Taiwan dollars

By function	2022			2021		
By nature	Operation costs	Operation expenses	Total	Operation costs	Operation expenses	Total
Employee benefits						
Salaries	\$ 450	\$ 70,539	\$ 70,989	\$ 11,568	\$ 68,510	\$ 80,078
Labor and health insurance costs	-	5,616	5,616	1,676	5,739	7,415
Pension	-	2,675	2,675	783	2,620	3,403
Board directors' remuneration	-	587	587	-	2,348	2,348
Other employee benefits	40	2,974	3,014	991	3,077	4,068
Depreciation expenses	13,649	19,643	33,292	14,674	19,353	34,027
Amortization expenses	1,036	2,662	3,698	1,073	963	2,036

1. The number of employees for the year and previous year was 90 and 119 people, respectively. Among them, the number of non-employee board members was 6 people for both years.
2. Listed or OTC companies shall disclose the following information:
 - (1) The average employee benefits expense of the year is \$980 thousand ("Employee benefits expense of the year - Board directors' remuneration" / "Number of employees of the year - Non-employee board members")
The average of employee benefits expense of the previous year was \$840 ("Employee benefits expense of the previous year - Board directors' remuneration" / "Number of employees of the previous year - Non-employee board members").
 - (2) The average of employee salary of the year is \$845 (Employee salary of the year / "Number of employees of the year - Non-employee board members").
The average of employee salary of the previous year was \$709 (Employee salary of the previous year / "Number of employees of previous year - Non-employee board members").
 - (3) Adjustment to the average of employee salary is 19.18% ("Average of employee salary of the year - The average of employee salary of the previous year" / "Average of employee salary of the previous year").
 - (4) No remuneration for supervisor as the Company has an audit committee.
 - (5) The Company's compensation and remuneration policy (including directors, managers and employees) is as follows:
 - A. Directors and independent directors
 - (a) Compensation: The Board of Directors is authorized to determine directors' compensation based on directors' participation in and contribution to the Company's operations and on industry's standards. Independent directors' compensation is, on the other hand, suggested by the Company's Compensation Committee and then submitted to the Board of Directors for approval. Independent directors' compensation may be different from that of the directors based on grounds.
 - (b) Remuneration: According to the Company's Articles of Incorporation, the Company may distribute remuneration to directors in case of having any profit in the year; and the amount thereof shall not exceed 2% of distributable profit.
 - (c) Allowance for professional practice: The attendance fee of the directors and independent directors shall be determined by the board of directors.
 - B. Managers and employees
 - (a) Salary: The salary shall be determined based on the industry's standards; and on the level agreed by both the Company and employee at the time of employment.
 - (b) Bonus: Including year-end bonus and performance bonus. The bonus shall be distributed according to the Company's operating performance and employees' individual performance.
 - (c) Employees' compensation: According to the Company's Articles of Incorporation, the Company may distribute compensation to employees in case of having any profit in the year; and the amount thereof shall be 1% to 10% of distributable profit.

