

**SCI PHARMTECH, INC. AND SUBSIDIARIES****Consolidated Financial Statements****With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2022 and 2021**

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

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## Independent Auditors' Review Report

To the Board of Directors of SCI Pharmtech, Inc.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of SCI Pharmtech, Inc. and its subsidiaries as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph for the three months ended March 31, 2022, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion for the three months ended March 31, 2022

As stated in note 6(g), the other equity accounted investments of SCI Pharmtech, Inc. and its subsidiaries in its investee companies of \$50,278 thousand as of March 31, 2022, and its equity in net earnings (losses) on these investee companies of \$(2,169) thousand for the three months ended March 31, 2022, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.



### **Qualified Conclusion and Conclusion**

For the three months ended March 31, 2022, except for the adjustments, if any, as might have been determined to be necessary had the consolidated financial statements of certain equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements for the three months ended March 31, 2022, do not present fairly, in all material respects, the consolidated financial position of SCI Pharmtech, Inc. and its subsidiaries as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors’ report are Kuan-Ying Kuo and Shu-Min Hsu.

KPMG

Taipei, Taiwan (Republic of China)

May 6, 2022

### **Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2022 and 2021**

**SCI PHARMTECH, INC. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2022, December 31, 2021, and March 31, 2021**

(expressed in thousands of New Taiwan dollars)

Assets		March 31, 2022		December 31, 2021		March 31, 2021		Liabilities and Equity		March 31, 2022		December 31, 2021		March 31, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 173,454	4	332,231	8	811,372	18	2100	Total short-term borrowings (note 6(j))	\$ 243,000	6	-	-	-	-
1110	Current financial assets at fair value through profit or loss (note 6(b))	233,453	5	360,401	9	-	-	2170	Notes and accounts payable	45,095	1	33,779	1	20,132	1
1170	Notes and accounts receivable, net (notes 6(d) and 6(s))	174,451	4	82,976	2	154,843	3	2130	Current contract liabilities (note 6(s))	35,739	1	41,764	1	62,291	1
1206	Other receivables (notes 6(f) and 10)	265,581	6	265,586	6	519,057	12	2200	Other payables (note 6(l))	100,994	2	128,748	3	142,881	3
1310	Inventories, net (note 6(e))	348,130	8	294,182	7	247,549	6	2213	Payables on contractors and equipment	67,758	2	118,194	3	32,131	1
1470	Other current assets	75,299	2	61,934	1	48,314	1	2230	Current tax liabilities	10,833	-	-	-	137,681	3
		<u>1,270,368</u>	<u>29</u>	<u>1,397,310</u>	<u>33</u>	<u>1,781,135</u>	<u>40</u>	2250	Current provisions (notes 6(n) and 10)	279,666	6	418,840	10	585,483	13
								2280	Current lease liabilities (note 6(m))	1,516	-	1,584	-	1,043	-
								2300	Other current liabilities	4,887	-	5,028	-	5,467	-
										<u>789,488</u>	<u>18</u>	<u>747,937</u>	<u>18</u>	<u>987,109</u>	<u>22</u>
<b>Non-current assets:</b>								<b>Non-Current liabilities:</b>							
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	-	-	-	-	668,809	15	2541	Long-term borrowings (note 6(k))	108,417	3	-	-	-	-
1518	Non-current financial assets at fair value through other comprehensive income (note 6(c))	90,370	2	72,521	2	68,211	1	2580	Non-current lease liabilities (note 6(m))	227	-	571	-	988	-
1550	Investments accounted for using equity method (note 6(g))	50,278	1	52,447	1	-	-	2570	Deferred tax liabilities	103,811	2	103,811	3	103,811	2
1600	Property, plant and equipment (notes 6(h) and 8)	2,361,140	54	2,097,997	50	1,515,046	34	2630	Deferred income (note 6(k))	1,599	-	-	-	-	-
1755	Right-of-use assets (note 6(i))	1,723	-	2,134	-	2,014	-	2640	Provisions for employee benefits, non-current	16,638	-	16,945	-	20,174	1
1780	Intangible assets	58,461	1	60,290	2	39,888	1			<u>230,692</u>	<u>5</u>	<u>121,327</u>	<u>3</u>	<u>124,973</u>	<u>3</u>
1840	Deferred tax assets	241,552	6	241,552	6	263,546	6		<b>Total liabilities</b>	<u>1,020,180</u>	<u>23</u>	<u>869,264</u>	<u>21</u>	<u>1,112,082</u>	<u>25</u>
1900	Other non-current assets (notes 6(h) and 6(v))	325,941	7	265,644	6	119,842	3		<b>Equity attributable to owners of parent (note 6(q)):</b>						
		3,129,465	71	2,792,585	67	2,677,356	60	3100	Ordinary Share	953,824	22	953,824	23	794,853	18
								3200	Capital surplus	1,348,339	31	1,348,339	32	1,348,339	30
								3310	Legal reserve	426,103	9	426,103	10	390,081	9
								3320	Special reserve	29,378	1	29,378	1	-	-
								3350	Unappropriated retained earnings	653,089	15	611,916	14	860,000	19
								3400	Other components of equity	(31,080)	(1)	(48,929)	(1)	(46,864)	(1)
									<b>Total equity</b>	<u>3,379,653</u>	<u>77</u>	<u>3,320,631</u>	<u>79</u>	<u>3,346,409</u>	<u>75</u>
<b>Total assets</b>		<u>\$ 4,399,833</u>	<u>100</u>	<u>4,189,895</u>	<u>100</u>	<u>4,458,491</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 4,399,833</u>	<u>100</u>	<u>4,189,895</u>	<u>100</u>	<u>4,458,491</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

SCI PHARMTECH, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2022 and 2021

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

		For the three months ended March 31,			
		2022		2021	
		Amount	%	Amount	%
4110	Sales revenue (note 6(s))	\$ 188,023	100	323,626	100
5110	Cost of sales (notes 6(e), 6(o) and 12)	132,861	71	227,784	70
5900	<b>Gross profit</b>	<u>55,162</u>	<u>29</u>	<u>95,842</u>	<u>30</u>
<b>Operating expenses (notes 6(o) and 12):</b>					
6100	Selling expenses	11,672	6	14,234	5
6200	Administrative expenses	16,818	9	17,225	5
6300	Research and development expenses	<u>8,446</u>	<u>4</u>	<u>7,029</u>	<u>2</u>
6900	<b>Net operating income</b>	<u>36,936</u>	<u>19</u>	<u>38,488</u>	<u>12</u>
		<u>18,226</u>	<u>10</u>	<u>57,354</u>	<u>18</u>
<b>Non-operating income and expenses:</b>					
7190	Other income (notes 6(u) and 10)	31,956	17	2,869	1
7101	Interest income	25	-	227	-
7130	Dividend income	462	-	483	-
7235	Gains (losses) on financial assets at fair value through profit or loss	(2,161)	(1)	854	-
7510	Interest expense (note 6(m))	(69)	-	(9)	-
7590	Miscellaneous disbursements	(742)	-	(4,332)	(1)
7610	Gains (losses) on disposals of property, plant and equipment	(344)	-	-	-
7630	Foreign exchange gains (losses)	6,822	3	(5,568)	(2)
7770	Share of gain (loss) of associates and joint ventures accounted for using equity method, net (note 6(g))	<u>(2,169)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
		<u>33,780</u>	<u>18</u>	<u>(5,476)</u>	<u>(2)</u>
7900	<b>Profit before tax</b>	52,006	28	51,878	16
7950	Less: Income tax expenses (note 6(p))	<u>10,833</u>	<u>6</u>	<u>10,205</u>	<u>3</u>
8200	<b>Profit</b>	<u>41,173</u>	<u>22</u>	<u>41,673</u>	<u>13</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss:</b>				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	17,849	9	(17,486)	(6)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(p))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	<b>Other comprehensive income, net</b>	<u>17,849</u>	<u>9</u>	<u>(17,486)</u>	<u>(6)</u>
8500	<b>Total comprehensive income</b>	<u>\$ 59,022</u>	<u>31</u>	<u>24,187</u>	<u>7</u>
<b>Earnings per share (note 6(r)):</b>					
9750	<b>Basic earnings per share</b>	<u>\$ 0.43</u>		<u>0.43</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 0.43</u>		<u>0.43</u>	

See accompanying notes to consolidated financial statements.

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**SCI PHARMTECH, INC. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the three months ended March 31, 2022 and 2021**

(expressed in Thousands of New Taiwan Dollars)

	<u>Equity attributable to owners of parent</u>					<u>Other equity interest</u>	<u>Total equity</u>
	<u>Ordinary shares</u>	<u>Capital surplus</u>	<u>Retained earnings</u>			<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>	
			<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated retained earnings</u>		
<b>Balance at January 1, 2021</b>	\$ 794,853	1,348,339	390,081	-	818,327	(29,378)	3,322,222
Profit for the three months ended March 31, 2021	-	-	-	-	41,673	-	41,673
Other comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	(17,486)	(17,486)
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	41,673	(17,486)	24,187
<b>Balance at March 31, 2021</b>	<u>\$ 794,853</u>	<u>1,348,339</u>	<u>390,081</u>	<u>-</u>	<u>860,000</u>	<u>(46,864)</u>	<u>3,346,409</u>
<b>Balance at January 1, 2022</b>	\$ 953,824	1,348,339	426,103	29,378	611,916	(48,929)	3,320,631
Profit for the three months ended March 31, 2022	-	-	-	-	41,173	-	41,173
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	17,849	17,849
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	41,173	17,849	59,022
<b>Balance at March 31, 2022</b>	<u>\$ 953,824</u>	<u>1,348,339</u>	<u>426,103</u>	<u>29,378</u>	<u>653,089</u>	<u>(31,080)</u>	<u>3,379,653</u>

See accompanying notes to consolidated financial statements.

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**SCI PHARMTECH, INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2022 and 2021**

(expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 52,006	51,878
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation expense	15,112	13,079
Amortization expense	2,040	1,437
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	2,161	(854)
Interest expense	69	9
Interest income	(25)	(227)
Dividend income	(462)	(483)
Share of loss (profit) of associates and joint ventures accounted for using equity method	2,169	-
Losses due to (reversal of) major disasters	(29,803)	-
Others	344	(1)
<b>Total adjustments to reconcile profit</b>	<b>(8,395)</b>	<b>12,960</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in notes and accounts receivable	(91,475)	182,906
Decrease (increase) in inventories	(53,948)	133,330
Decrease (increase) in other receivables and other current assets	(13,360)	(217)
Increase (decrease) in contract liabilities	(6,025)	(35,004)
Increase (decrease) in notes and accounts payable	11,316	(60,746)
Increase (decrease) in other payable	(27,754)	(46,057)
Increase (decrease) in provisions	(109,371)	(9,749)
Increase (decrease) in other current liabilities	(141)	(4,510)
Increase (decrease) in provision for employee benefits, non-current	(307)	(269)
<b>Total changes in operating assets and liabilities</b>	<b>(291,065)</b>	<b>159,684</b>
<b>Total adjustments</b>	<b>(299,460)</b>	<b>172,644</b>
Cash flow from (used in) operations	(247,454)	224,522
Dividends received	462	483
Interest received	25	227
Interest paid	(69)	(9)
Income taxes paid	-	(14)
<b>Net cash flows from (used in) operating activities</b>	<b>(247,036)</b>	<b>225,209</b>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from disposal of financial assets at fair value through profit or loss	124,787	-
Acquisition of property, plant and equipment	(301,422)	(14,043)
Proceeds from disposal of property, plant and equipment	65	-
Decrease (increase) in refundable deposits	400	(2,000)
Increase in prepayments of property, plant and equipment	(88,175)	(30,310)
<b>Net cash flows from (used in) investing activities</b>	<b>(264,345)</b>	<b>(46,353)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	243,000	-
Proceeds from long-term borrowings	110,016	-
Payment of lease liabilities	(412)	(513)
<b>Net cash flows from (used in) financing activities</b>	<b>352,604</b>	<b>(513)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(158,777)</b>	<b>178,343</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>332,231</b>	<b>633,029</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 173,454</b>	<b>811,372</b>

See accompanying notes to consolidated financial statements.



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**SCI PHARMTECH, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**March 31, 2022 and 2021**

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

**(1) Company history**

SCI Pharmtech, Inc. (the “Company”) was incorporated in September 18, 1987 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The major business activities of the Company are the research and development, manufacture and sale of Active Pharmaceutical Ingredients (“API”), Intermediates, specialty chemicals. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the “Group” and individually as the “Group entities”). Please refer to note 4(b) for related information of the Group primarily business activities. Mercuries & Associates, Holding Ltd. is the parent company of the Company.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on May 6, 2022.

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

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

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

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

(Continued)

**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

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

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

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

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

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

(Continued)

**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of Consolidation

List of subsidiaries in the consolidated financial statements.

Name of investor	Name of subsidiary	Principal activity	Shareholding		
			March 31, 2022	December 31, 2021	March 31, 2021
The Company	Yushan Pharmaceuticals Inc. (Yushan)	The research and development, manufacture and sale of API	100.00 %	100.00 %	100.00 %

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(e) Government grants and government assistance

The Group recognizes an unconditional government grant related to profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(Continued)

**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

**(6) Explanation of significant accounts:**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2021. Please refer to note 6 of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Cash on hand	\$ 570	542	502
Checking accounts and demand deposits	144,884	303,689	446,479
Time deposits	28,000	28,000	127,698
Bills sold under repurchase agreements	-	-	236,693
	<u>\$ 173,454</u>	<u>332,231</u>	<u>811,372</u>

- (i) The Group did not provide cash and cash equivalents as collateral for its loans.
- (ii) Please refer to note 6(v) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Beneficiary certificate	\$ 36,486	144,252	457,535
Stocks listed on domestic markets	196,967	216,149	211,274
Total	<u>\$ 233,453</u>	<u>360,401</u>	<u>668,809</u>
Current	<u>\$ 233,453</u>	<u>360,401</u>	<u>-</u>
Non-current	<u>\$ -</u>	<u>-</u>	<u>668,809</u>

After the fire incident, the Group's capital requirement increased. The Group reassessed the purpose of holding the aforementioned financial assets again and reclassified them under current assets in June 30, 2021.

The Group did not provide any aforementioned financial assets as collateral for its loans as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

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- (c) Financial asset at fair value through other comprehensive income, non-current:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Financial assets at fair value through other comprehensive income:			
Emerging stocks and unlisted stocks in domestic markets	\$ <u>90,370</u>	<u>72,521</u>	<u>68,211</u>

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

In December 2021, the Group participated in the capital increase by cash of Energenesis Biomedical Co., Ltd. (Energenesis) with the amount of \$6,375. As of March 31, 2022, the Energenesis' ownership held by the Group was 2.42%.

No strategic investments were disposed for the three months ended March 31, 2022 and 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Please refer to note 6(v) for market risk of the Group.

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group did not provide any aforementioned financial assets as collateral for its loans.

- (d) Notes and accounts receivable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Notes receivable	\$ 60	-	702
Accounts receivable	174,391	82,976	154,141
Less: Loss allowance	-	-	-
	<u>\$ 174,451</u>	<u>82,976</u>	<u>154,843</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables, as well as incorporated forward looking information, including the reasonable prediction of historical credit loss experience and future economic situation (macroeconomic and relevant industry information). The loss allowance provision was determined as follows:

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	<b>March 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Rate of loss allowance provision</b>	<b>Loss allowance provision</b>
Current	\$ 110,471	-	-
1 to 30 days past due	21,250	-	-
31 to 60 days past due	38,069	-	-
61 to 90 days past due	60	-	-
91 to 180 days past due	-	-	-
181 to 270 days past due	-	-	-
271 to 360 days past due	-	-	-
More than 360 days past due	<u>4,601 (note)</u>	-	-
	<u><b>\$ 174,451</b></u>		<u>-</u>
	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Rate of loss allowance provision</b>	<b>Loss allowance provision</b>
Current	\$ 77,998	-	-
1 to 30 days past due	349	-	-
31 to 60 days past due	107	-	-
61 to 90 days past due	-	-	-
91 to 180 days past due	8	-	-
181 to 270 days past due	-	-	-
271 to 360 days past due	<u>4,514 (note)</u>	-	-
	<u><b>\$ 82,976</b></u>		<u>-</u>
	<b>March 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Rate of loss allowance provision</b>	<b>Loss allowance provision</b>
Current	\$ 107,748	-	-
1 to 30 days past due	38,332	-	-
31 to 60 days past due	1,947	-	-
61 to 90 days past due	6,816	-	-
91 to 180 days past due	-	-	-
181 to 270 days past due	-	-	-
271 to 360 days past due	-	-	-
	<u><b>\$ 154,843</b></u>		<u>-</u>

Note: The account receivable has already estimated as provision for short-term sales discounts and allowances. (recorded as other current liabilities)

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

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1 (Balance at March 31)	\$ -	-

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group did not provide any aforementioned notes and accounts receivable as collaterals for its loans.

(e) Inventories

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Raw materials	\$ 122,245	142,304	139,777
Work in progress	52,358	22,244	17,431
Finished goods	173,527	129,634	90,341
	<b>\$ 348,130</b>	<b>294,182</b>	<b>247,549</b>

For the three months ended March 31, 2022 and 2021, inventory cost recognized as cost of sales amounting to \$121,491 and \$161,166, respectively, and unallocated production overheads amounting to \$10,544 and \$64,999, respectively.

The write-down of inventories to net realizable value were recorded as cost of sales. The details are as following:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
The write-downs	\$ 826	1,619

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group did not provide any inventories as collaterals for its loans.

(f) Other receivables

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Insurance claim receivable	\$ 265,539	265,539	519,057
Others	42	47	-
	<b>\$ 265,581</b>	<b>265,586</b>	<b>519,057</b>

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(g) Investments accounted for using equity method

The components of investments accounted for using equity method at the reporting date were as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Associates	\$ <u>50,278</u>	<u>52,447</u>	<u>-</u>

- (i) In April 2021, the Group acquired 40% shares of Framosa Co., Ltd., for \$66,000 in cash, resulting in the Group to have significant influence over Framosa Co., Ltd.
- (ii) The Group's financial information on investments accounted for using equity method that are individually insignificant was as follows:

	<u>For the three months ended March 31, 2022</u>
Attributable to the Group:	
Profit (loss)	\$ (2,169)
Other comprehensive income (loss)	<u>-</u>
Total comprehensive income (loss)	<u>\$ (2,169)</u>

(iii) Pledge to secure

The Group did not provide any investment accounted for using equity method as collaterals for its loans.

- (iv) The investments were accounted for using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(h) Property, plant and equipment

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others equipment</u>	<u>Prepayment for equipment and construction in progress</u>	<u>Total</u>
<b>Cost:</b>							
Balance on January 1, 2022	\$ 825,680	684,472	543,143	33,939	12,968	633,296	2,733,498
Additions	-	-	1,973	90	-	248,923	250,986
Transferred (out) in	90,215	1,181	10,275	412	-	(74,816)	27,267
Disposal and derecognitions	<u>-</u>	<u>-</u>	<u>(3,854)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,854)</u>
Balance on March 31, 2022	<u>\$ 915,895</u>	<u>685,653</u>	<u>551,537</u>	<u>34,441</u>	<u>12,968</u>	<u>807,403</u>	<u>3,007,897</u>

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	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others equipment</u>	<u>Prepayment for equipment and construction in progress</u>	<u>Total</u>
Balance on January 1, 2021	\$ 825,680	553,521	543,884	32,917	12,968	222,713	2,191,683
Additions	-	-	3,163	-	-	21,947	25,110
Transferred (out) in	-	-	2,109	243	-	-	2,352
Disposal and derecognitions	-	-	(3,005)	(645)	-	-	(3,650)
Balance on March 31, 2021	<u>\$ 825,680</u>	<u>553,521</u>	<u>546,151</u>	<u>32,515</u>	<u>12,968</u>	<u>244,660</u>	<u>2,215,495</u>
<b>Depreciation and impairments loss:</b>							
Balance on January 1, 2022	\$ -	264,840	345,081	19,688	5,892	-	635,501
Depreciation	-	5,849	7,720	872	260	-	14,701
Transferred (out) in	-	-	-	-	-	-	-
Disposals and derecognitions	-	-	(3,445)	-	-	-	(3,445)
Balance on March 31, 2022	<u>\$ -</u>	<u>270,689</u>	<u>349,356</u>	<u>20,560</u>	<u>6,152</u>	<u>-</u>	<u>646,757</u>
Balance on January 1, 2021	\$ -	248,002	420,724	17,963	4,842	-	691,531
Depreciation	-	4,941	6,536	823	268	-	12,568
Disposals and derecognitions	-	-	(3,005)	(645)	-	-	(3,650)
Balance on March 31, 2021	<u>\$ -</u>	<u>252,943</u>	<u>424,255</u>	<u>18,141</u>	<u>5,110</u>	<u>-</u>	<u>700,449</u>
<b>Carrying amounts:</b>							
Balance on January 1, 2022	<u>\$ 825,680</u>	<u>419,632</u>	<u>198,062</u>	<u>14,251</u>	<u>7,076</u>	<u>633,296</u>	<u>2,097,997</u>
Balance on March 31, 2022	<u>\$ 915,895</u>	<u>414,964</u>	<u>202,181</u>	<u>13,881</u>	<u>6,816</u>	<u>807,403</u>	<u>2,361,140</u>
Balance on January 1, 2021	<u>\$ 825,680</u>	<u>305,519</u>	<u>123,160</u>	<u>14,954</u>	<u>8,126</u>	<u>222,713</u>	<u>1,500,152</u>
Balance on March 31, 2021	<u>\$ 825,680</u>	<u>300,578</u>	<u>121,896</u>	<u>14,374</u>	<u>7,858</u>	<u>244,660</u>	<u>1,515,046</u>

Except for the following, the information on significant transactions of the Group's property, plant and equipment, please refer to note 6(h) to the consolidated financial statements for the year ended December 31, 2021.

- (i) In May 2013, the Group purchased a piece of land for the construction of its plant in Taoyuan Luzhu that was auctioned by the court at a price of \$211,184. The amount had been paid in full, and the transfer procedures have been completed. The title deed of a certain portion of the land, measuring 2,259 square meters, was registered in the name of Mr. Weichyun Wong due to certain legal requirements. However, both parties agreed that the Group is the actual owner of the land.
- (ii) As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group's prepayments for equipment purchases amounted to \$323,131, \$262,434 and \$116,632, respectively, which were recorded as other non-current assets.

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(iii) As of March 31, 2022, December 31, 2021 and March 31, 2021, part of the property, plant and equipment of the Group had been pledged as collateral. Please refer to note 8 for the details.

(i) Right-of-use assets

The Group leases many assets including company cars and copy machines. Information about leases for which the Group as a lessee is presented below:

	<b>Amount</b>
<b>Cost:</b>	
Balance on January 1, 2022 (Same as balance on March 31, 2022)	\$ <u>4,406</u>
Balance on January 1, 2021	\$ 5,657
Reductions due to lease modification	<u>(90)</u>
Balance on March 31, 2021	\$ <u>5,567</u>
<b>Accumulated depreciation:</b>	
Balance on January 1, 2022	\$ 2,272
Depreciation for the period	<u>411</u>
Balance on March 31, 2022	\$ <u>2,683</u>
Balance on January 1, 2021	\$ 3,089
Depreciation for the period	511
Reductions due to lease modification	<u>(47)</u>
Balance on March 31, 2021	\$ <u>3,553</u>
<b>Carrying amount:</b>	
Balance on January 1, 2022	\$ <u>2,134</u>
Balance on March 31, 2022	\$ <u>1,723</u>
Balance on January 1, 2021	\$ <u>2,568</u>
Balance on March 31, 2021	\$ <u>2,014</u>

(j) Short-term borrowings

The details of short-term borrowings were as following:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Unsecured bank loans	\$ 177,000	-	-
Secured bank loans	<u>66,000</u>	-	-
Total	\$ <u>243,000</u>	<u>-</u>	<u>-</u>
Unused short-term credit lines	\$ <u>177,000</u>	<u>420,000</u>	<u>350,000</u>
Range of interest rates	<u>1.00%~1.26%</u>	<u>-</u>	<u>-</u>

(i) For the three months ended March 31, 2022 and 2021, the Group had the additional short-term borrowings amounting to \$296,000 and \$0, respectively, and the repayment each amounted to \$53,000 and \$0, respectively.

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- (ii) For the collateral of the Group's assets for short-term borrowings, please refer to note 8.
- (iii) For the information on the Group's exposure to the interest rate risk and liquidity risk, please refer to note 6(v).

(k) Long-term borrowings

	<u>March 31,</u> <u>2022</u>
Secured bank loans—Maturity year 114.3~116.2	\$ 110,016
Less: current portion	-
Less: Deferred income	<u>(1,599)</u>
	<u>\$ 108,417</u>
Unused credit lines	<u>\$ 889,984</u>
Range of interest rates	<u>0.80%</u>

- (i) For the three months ended March 31, 2022, the Group had the additional long-term borrowings amounting to \$110,016 and the repayment amounted to \$0.
- (ii) The Group applied for a low-interest loan from the National Development Fund, Executive Yuan in 2022 for the construction of plants, equipment and working capital, and obtained a loan of \$1,000,000 from Mega International Commercial Bank (non-revolving). As of March 31, 2022, the Group had used the credit amount of \$110,016. The loan was recognized by market rates, and the margin interests calculated by the rates between the actual rates and market rates were recognized as deferred income, based on the Government grants.

(l) Other payables

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Salaries payable	\$ 55,048	77,512	84,386
Others	<u>45,946</u>	<u>51,236</u>	<u>58,495</u>
	<u>\$ 100,994</u>	<u>128,748</u>	<u>142,881</u>

(m) Lease liabilities

The carrying amount of lease liabilities was as follows:

	<u>March 31,</u> <u>2022</u>	<u>December</u> <u>31, 2021</u>	<u>March 31,</u> <u>2021</u>
Current	\$ <u>1,516</u>	<u>1,584</u>	<u>1,043</u>
Non-current	<u>\$ 227</u>	<u>571</u>	<u>988</u>

Please refer to note 6(v) for maturity analysis.

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	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
The amounts recognized in profit or loss were as follows:		
Interest on lease liabilities	\$ <u>8</u>	<u>9</u>
Expenses relating to short-term leases	\$ <u>8,195</u>	<u>2,033</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>9</u>	<u>65</u>
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>145</u>	<u>244</u>
Lease modification gains (recorded as other income)	\$ <u>-</u>	<u>(1)</u>

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
The amounts recognized in the statement of cash flows for the Group were as follows:		
Total cash outflow for leases	\$ <u>8,769</u>	<u>2,864</u>

The Group leases company cars and copy machines: The leases typically run for a period of three to six years.

The Group also leases production lines, vehicles and office equipment with contract terms of less than one year. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(n) Provisions

Except for the following disclosure, there was no significant change for provisions for the three months ended March 31, 2022 and 2021. For the related information, please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2021.

	<b>Environmental protection costs</b>	<b>Fire disaster indemnity</b>	<b>Total</b>
Balance on January 1, 2022	\$ 43,946	374,894	418,840
Provisions made (reversed) during the year	-	(29,803)	(29,803)
Provisions used during the year	<u>(6,710)</u>	<u>(102,661)</u>	<u>(109,371)</u>
Balance on March 31, 2022	<u>\$ 37,236</u>	<u>242,430</u>	<u>279,666</u>
Balance on January 1, 2021	\$ 86,156	509,076	595,232
Provisions used during the year	<u>(3,284)</u>	<u>(6,465)</u>	<u>(9,749)</u>
Balance on March 31, 2021	<u>\$ 82,872</u>	<u>502,611</u>	<u>585,483</u>

The compensation paid by the Group for the fire and its liability provision (reversal), please refer to note 10 for the details.

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(o) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

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

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Operating cost	\$ 133	172
Operating expenses	48	64
Total	<u><u>\$ 181</u></u>	<u><u>236</u></u>

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Operating cost	\$ 1,198	1,360
Selling expenses	57	66
Administration expenses	168	170
Research expenses	215	223
Total	<u><u>\$ 1,638</u></u>	<u><u>1,819</u></u>

(p) Income taxes

(i) The Group's income tax expense in the interim financial statements is measured and disclosed accordance to paragraph B12 of IAS 34 "Interim Financial Reporting".

(ii) The Group's income tax expenses for the three months ended March 31, 2022 and 2021 were calculated as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Current income tax expense	<u><u>10,833</u></u>	<u><u>10,205</u></u>

(iii) For the three months ended March 31, 2022 and 2021, the Group did not recognize income tax expense in equity and other comprehensive income.

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(iv) Examination and approval

The ROC tax authorities have examined the Company's and Yushan's income tax returns through 2020.

(q) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to March 31, 2022 and 2021. For the related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2021.

(i) Retained Earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, after paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and special reserves are supposed to set aside in accordance with the relevant regulations or as required by the government. And then any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

According to the Company's dividend policy, the type of dividends should be determined after considering the Company's capital and financial structure, operating conditions, operating surplus, industrial characteristics and cycle. The distribution of net earnings should not be lower than 50% of the current profit before tax. Cash dividends to stockholders should not be lower than 10% of the total dividends.

1) Earnings distribution

Based on the resolutions of Board of Directors on March 18, 2022 and annual stockholders' meetings held on July 15, 2021, there were no dividends appropriated on 2021 and the appropriations of dividends from the distributable retained earnings of 2020 were as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Amount per share (dollars)</u>	<u>Total amount</u>	<u>Amount per share (dollars)</u>	<u>Total amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ -	-	0.50	39,743
Stock	-	-	2.00	158,971
Total		<u>\$ -</u>		<u>198,714</u>

(iv) Other equity (net of tax)

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	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>
Balance at January 1, 2022	\$ (48,929)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	<u>17,849</u>
Balance at March 31, 2022	<u><u>\$ (31,080)</u></u>
Balance at January 1, 2021	\$ (29,378)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	<u>(17,486)</u>
Balance at March 31, 2021	<u><u>\$ (46,864)</u></u>

(r) Earnings per share

The Company's earnings per share was calculated as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Basic earnings per share</b>		
Profit attributable to ordinary shareholders of the Company	\$ <u>41,173</u>	<u>41,673</u>
Weighted-average number of ordinary shares (thousand shares)	<u>95,382</u>	<u>95,382</u>
	<u>\$ 0.43</u>	<u>0.43</u>
<b>Diluted earnings per share</b>		
Profit attributable to ordinary shareholders of the Company	\$ <u>41,173</u>	<u>41,673</u>
Weighted-average number of ordinary shares (thousand shares)	95,382	95,382
Effect of potentially dilutive ordinary shares:		
Effect of employee compensation	<u>125</u>	<u>487</u>
Weighted-average number of ordinary shares (thousand shares) (diluted)	<u>95,507</u>	<u>95,869</u>
	<u>\$ 0.43</u>	<u>0.43</u>

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## (s) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Primary geographical markets:		
Italy	\$ 70,872	74,816
Germany	49,748	17,236
Taiwan	18,349	39,597
Japan	14,067	12,182
China	9,084	53,600
United States	-	26,227
Spain	-	25,407
Turkey	-	25,285
Others	25,903	49,276
	<b>\$ 188,023</b>	<b>323,626</b>
Major products:		
Active Pharmaceutical Ingredients	\$ 52,814	204,570
Intermediates	128,688	110,320
Specialty Chemical	6,521	8,736
	<b>\$ 188,023</b>	<b>323,626</b>

## (ii) Contract balances

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Notes and accounts receivable	\$ 174,451	82,976	154,843
Less: Loss allowance	-	-	-
Total	<b>\$ 174,451</b>	<b>82,976</b>	<b>154,843</b>
Contract liabilities (sales received in advance)	<b>\$ 35,739</b>	<b>41,764</b>	<b>62,291</b>

Please refer to note 6(d) for the information of accounts receivable and the impairment.

The amount of revenue recognized for the three months ended March 31, 2022 and 2021, that was included in the contract liability balance at the beginning of the period was \$7,541 and \$36,421, respectively.

The changes of contract liabilities are arising from the difference of time point, which the Group transfers the ownership of goods and which customers do the payment.

(Continued)



**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(t) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute no less than 3% of the profit as employee remuneration and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The aforementioned employees' compensation will be distributed in shares or cash. The recipients may include the employees of the subordinate of the Company who meet certain specific requirements.

For the three months ended March 31, 2022 and 2021, the remunerations to employees amounted to \$5,111 and \$5,016, respectively, and the remunerations to directors amounted to \$720 and \$684, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the years ended December 31, 2021 and 2020, the remunerations to employees amounted to \$6,424 and \$44,000, respectively, and the remunerations to directors amounted to \$876 and \$1,000, respectively. The remunerations above are identical to those of the actual distributions. The information is available on the Market Observation Post System website.

(u) Other Income

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Provisions reversal of fire indemnity	\$ 29,803	-
Others	2,153	2,869
	<b>\$ 31,956</b>	<b>2,869</b>

(v) Financial Instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2021.

(i) Credit risk

1) Credit risk exposure

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

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**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
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2) Concentration of credit risk

As of March 31, 2022, December 31, 2021 and March 31, 2021, there were five, five and six major customers, respectively, that accounted for 75.10%, 84.15% and 55.55%, respectively, of notes and accounts receivable. Thus, credit risk is significantly centralized. In order to minimize credit risk, the Group periodically evaluates the major clients' financial positions and the possibility of collecting notes and accounts receivables to ensure the uncollectible amount is recognized appropriately as loss allowance.

3) Receivables and debt securities

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

b) Other financial assets at amortized cost include other receivables and time deposits. The counterparties of the time deposits held by the Group are the financial institutions with investment grade credit ratings. Therefore, the credit risk is considered to be low.

(ii) Liquidity Risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>March 31, 2022</b>					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 243,000	(243,417)	(243,417)	-	-
Notes and accounts payable	45,095	(45,095)	(45,095)	-	-
Lease liabilities (including current and non-current)	1,743	(1,758)	(1,531)	(227)	-
Other payables	100,994	(100,994)	(100,994)	-	-
Payables on contractors and equipment	67,758	(67,758)	(67,758)	-	-
Long-term borrowings	<u>108,417</u>	<u>(114,017)</u>	<u>(890)</u>	<u>(892)</u>	<u>(112,235)</u>
	<u>\$ 567,007</u>	<u>(573,039)</u>	<u>(459,685)</u>	<u>(1,119)</u>	<u>(112,235)</u>

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**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
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	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>December 31, 2021</b>					
Non-derivative financial liabilities:					
Notes and accounts payable	\$ 33,779	(33,779)	(33,779)	-	-
Lease liabilities (including current and non-current)	2,155	(2,178)	(1,605)	(573)	-
Other payables	128,748	(128,748)	(128,748)	-	-
Payables on contractors and equipment	<u>118,194</u>	<u>(118,194)</u>	<u>(118,194)</u>	<u>-</u>	<u>-</u>
	<u>\$ 282,876</u>	<u>(282,899)</u>	<u>(282,326)</u>	<u>(573)</u>	<u>-</u>
<b>March 31, 2021</b>					
Non-derivative financial liabilities:					
Notes and accounts payable	\$ 20,132	(20,132)	(20,132)	-	-
Lease liabilities (including current and non-current)	2,031	(2,063)	(1,066)	(828)	(169)
Other payables	142,881	(142,881)	(142,881)	-	-
Payables on contractors and equipment	<u>32,131</u>	<u>(32,131)</u>	<u>(32,131)</u>	<u>-</u>	<u>-</u>
	<u>\$ 197,175</u>	<u>(197,207)</u>	<u>(196,210)</u>	<u>(828)</u>	<u>(169)</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follow:

Foreign currency: in thousands of dollars

	<u>March 31, 2022</u>			<u>December 31, 2021</u>			<u>March 31, 2021</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
Monetary items									
USD to TWD	\$ 7,894	28.575	225,571	11,980	27.63	331,007	14,258	28.485	406,139
EUR to TWD	782	31.72	24,805	859	31.12	26,732	3,307	33.28	110,057
Financial liabilities									
Monetary items									
USD to TWD	1,161	28.575	33,176	1,098	27.63	30,338	288	28.485	8,204

(Continued)

**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
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2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans and borrowings, accounts payable, accrued expenses and other payables that are denominated in foreign currency.

The analysis assumes that all other variables remain constant. A strengthening (weakening) 1% of the functional currency against each foreign currency for the three months ended March 31, 2022 and 2021, would have affected the net profit before tax increased or decreased \$2,172 and \$5,080, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

The exchange gains and losses of monetary items, including realized and unrealized, are changed into functional currency, which is the Group's presentation currency. For the three months ended March 31, 2022 and 2021, the exchange gains (losses), including realized and unrealized, are \$6,822 and \$(5,568), respectively.

(iv) Interest rate analysis

For the details of financial assets and liabilities exposed to interest rate risk, please refer to financial risk management.

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	<b>Carrying amount</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Variable rate instruments:		
Financial assets	\$ 144,281	445,962
Financial liabilities	353,016	-

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the Group's net profit before tax would have increased or decreased by \$(130) and \$279, respectively, for the three months ended March 31, 2022 and 2021, with all other variable factors remaining constant. This is mainly due to the Group's bank savings and borrowings with variable interest rates.

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**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
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## (v) Fair value

## 1) Fair value hierarchy

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

	March 31, 2022				
	Book value	Fair Value			Total
Level 1		Level 2	Level 3		
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 233,453	233,453	-	-	233,453
<b>Financial assets at fair value through other comprehensive income</b>					
Emerging stocks	90,370	-	-	90,370	90,370
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	173,454	-	-	-	-
Notes and accounts receivable	174,451	-	-	-	-
Other receivables	265,581	-	-	-	-
Refunded deposits (recognized as other non-current assets)	2,810	-	-	-	-
Subtotal	616,296				
Total	<u>\$ 940,119</u>				
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 243,000	-	-	-	-
Notes and accounts payable	45,095	-	-	-	-
Lease liabilities (including current and non-current)	1,743	-	-	-	-
Other payables	100,994	-	-	-	-
Payables on contractors and equipment	67,758	-	-	-	-
Long-term borrowings	108,417	-	-	-	-
Total	<u>\$ 567,007</u>				

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**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
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		December 31, 2021			
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 360,401	360,401	-	-	360,401
<b>Financial assets at fair value through other comprehensive income</b>					
Emerging stocks and unlisted stocks on domestic market	<u>72,521</u>	-	-	72,521	72,521
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	332,231	-	-	-	-
Notes and accounts receivable	82,976	-	-	-	-
Other receivables	265,586	-	-	-	-
Refunded deposits (recognized as other non-current assets)	<u>3,210</u>	-	-	-	-
Subtotal	<u>684,003</u>				
Total	<u>\$ 1,116,925</u>				
<b>Financial liabilities measured at amortized cost</b>					
Notes and accounts payable	\$ 33,779	-	-	-	-
Lease liabilities (including current and non-current)	2,155	-	-	-	-
Other payables	128,748	-	-	-	-
Payables on contractors and equipment	<u>118,194</u>	-	-	-	-
Total	<u>\$ 282,876</u>				
		March 31, 2021			
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 668,809	668,809	-	-	668,809
<b>Financial assets at fair value through other comprehensive income</b>					
Emerging stocks and unlisted stocks on domestic market	<u>68,211</u>	-	-	68,211	68,211
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	811,372	-	-	-	-
Notes and accounts receivable	154,843	-	-	-	-
Other receivables	519,057	-	-	-	-
Refunded deposits (recognized as other non-current assets)	<u>3,210</u>	-	-	-	-
Subtotal	<u>1,488,482</u>				
Total	<u>\$ 2,225,502</u>				

(Continued)

**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
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	March 31, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities measured at amortized cost</b>					
Notes and accounts payable	\$ 20,132	-	-	-	-
Lease liabilities (including current and non-current)	2,031	-	-	-	-
Other payables	142,881	-	-	-	-
Payables on contractors and equipment	<u>32,131</u>	-	-	-	-
Total	<u>\$ 197,175</u>				

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

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

a) Financial assets and liabilities measured at amortized cost

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

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

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**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
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The measurement of fair value of a non-active market financial instruments held by the Group which do not have quoted market prices are based on the comparable market approach, with the use of key assumptions of price-book ratio multiple or earnings multiple of comparable listed companies as its basic measurement. These assumptions have been adjusted for the effect of discount without the marketability of the equity securities.

4) Transfers between Levels

For the three months ended March 31, 2022 and 2021, there were no transfers from one level to another.

5) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
January 1, 2022	\$ 72,521
Total gains and losses recognized:	
In profit or loss	-
In other comprehensive income	17,849
March 31, 2022	<b>\$ 90,370</b>
January 1, 2021	\$ 85,697
Total gains and losses recognized:	
In profit or loss	-
In other comprehensive income	(17,486)
March 31, 2021	<b>\$ 68,211</b>

For the three months ended March 31, 2022 and 2021, total gains and losses that were included in unrealized gains and losses from financial assets at fair value through other comprehensive income were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Total gains and losses recognized:		
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ 17,849	(17,486)

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**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
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- 6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through other comprehensive income – equity investments". Financial assets at fair value through other comprehensive income – equity investments without an active market have more than one significant unobservable inputs. The significant unobservable inputs of financial assets at fair value through other comprehensive income – equity investments without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Fair value through other comprehensive income – equity investments without an active market	Price-Book ratio method	· The multiplier of Price-Book Ratio (As of March 31, 2022, December 31, 2021 and March 31, 2021 were 1.61~3.08, 1.70~2.72 and 1.73~3.38, respectively)	The higher the fair value is, the higher the fair value will be.
//	//	· Lack-of-Marketability discount rate (As of March 31, 2022, December 31, 2021 and March 31, 2021 were 23%~25%, 23%~50% and 23%~50%, respectively)	The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.

- 7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions that may lead to various results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

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	Inputs	Move up or downs	Other comprehensive income	
			Favorable	Unfavorable
<b>March 31, 2022</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>4,433</u>	<u>4,583</u>
Financial assets at fair value through other comprehensive income	Lack-of Marketability discount rate	5%	\$ <u>1,323</u>	<u>1,422</u>
<b>December 31, 2021</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>3,698</u>	<u>3,600</u>
Financial assets at fair value through other comprehensive income	Lack-of Marketability discount rate	5%	\$ <u>2,345</u>	<u>2,247</u>
<b>March 31, 2021</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>2,910</u>	<u>2,993</u>
Financial assets at fair value through other comprehensive income	Lack-of Marketability discount rate	5%	\$ <u>2,067</u>	<u>2,145</u>

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(v) of the consolidated financial statements for the year ended December 31, 2021.

(x) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2021.

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

The Group's investing and financing activities which did not affect the current cash flow for the three months ended March 31, 2022 and 2021, were as follows:

- (i) For the acquisition of right-of-use assets by lease for the three months ended March 31, 2022 and 2021, please refer to note 6(i).
- (ii) Reconciliation of liabilities arising from financing activities for the three months ended March 31, 2022 and 2021, were as follows:

	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>March 31, 2022</u>
			<u>Changes in lease payments</u>	<u>Foreign exchange movement</u>	
Short-term borrowings	\$ -	243,000	-	-	243,000
Long-term borrowings	-	110,016	-	(1,599)	108,417
Lease liabilities	\$ 2,155	(412)	-	-	1,743
	<u>\$ 2,155</u>	<u>352,604</u>	<u>-</u>	<u>(1,599)</u>	<u>353,160</u>

  

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>March 31, 2021</u>
			<u>Changes in lease payments</u>	<u>Foreign exchange movement</u>	
Lease liabilities	\$ 2,588	(513)	(44)	-	2,031

**(7) Related-party transactions:**

- (a) Names and relationship with related parties:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Weichyun Wong	The chairman of the Company

- (b) Significant transaction with related parties:

- (i) Others

The title deed of a certain portion of the land was registered in the name of Mr. Weichyun Wong due to certain legal requirements for the three months ended March 31, 2022 and 2021. Please refer to note 6(h).

- (c) Key management personnel compensation

	<u>For the three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Salary and short-term employee benefits	<u>\$ 4,416</u>	<u>5,068</u>

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**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Subject</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Land	Pledged as collaterals	\$ 42,736	42,736	42,736
Building	"	3,363	3,523	4,008
		<u>\$ 46,099</u>	<u>46,259</u>	<u>46,744</u>

**(9) Commitments and contingencies:**

- (a) As of March 31, 2022, December 31, 2021 and March 31, 2021, the unused balance of the Group's outstanding standby letters of credit amounted to \$12,953, \$39,826 and \$17,245, respectively.
- (b) The significant outstanding purchase commitments for property, plant and equipment were as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Acquisitions of property, plant and equipment	<u>\$ 732,936</u>	<u>887,002</u>	<u>98,534</u>

**(10) Losses Due to Major Disasters:**

A major fire accident occurred on December 20, 2020, and caused damage to some buildings, equipment, construction in progress, and inventories, and spread to several nearby plants, of which property was impaired and business operation was interrupted. In 2020, the Company derecognized damaged buildings, equipment and construction in progress of \$401,187, and the inventories of \$175,565, and accrued for the damage loss for nearby damaged companies of \$509,076. The total disaster loss is \$1,085,828.

The Company rechecked the condition of various properties and equipment in 2021, and derecognized some properties and equipment, amounting to \$19,545, which were damaged in the fire and could not be repaired. Furthermore, the negotiation of the disaster indemnity is still in progress. The Company recognized the related provisions, according to the amounts which were claimed initially by the damaged companies. For the year ended December 31, 2021, the reversal of the provision was \$25,000.

From January 1, 2022 to March 31, 2022, the Company and part of plants have reached a settlement, and reversed \$29,803 of the fire compensation losses, which were overestimated and recorded under other income.

The above damage losses are based on the best estimate from the available evidence as of the reporting date. However, the actual loss of the claim is still subject to future negotiation, and there are contingent liabilities that cannot be estimated or recorded. As of March 31, 2022, December 31, 2021 and March 31, 2021, the above compensation losses amounting to \$266,646, \$134,182 and \$6,465 had been paid, the fire indemnity was \$242,430, \$374,894 and \$502,611, respectively, which was recorded under provisions. Please refer to note 6(n) for the details.

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**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
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The Company has already entered into related property insurance contracts and is currently in the process of negotiation with the insurance company to handle claims. The Company has confirmed with the insurance company and its notary to recognize the virtually certain amount of compensation that can be received from the insurance company as claim receivables, but shall not exceed the disaster loss of each asset. For the year ended December 31, 2021, the Company had already received the compensation amounting to \$253,518 from the insurance company. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Company recognized the claim receivables for \$265,539, \$265,539 and \$519,057, respectively, which were recorded under other receivables. However, the insurance claims involve disaster identification, the Company has not been able to confirm the total amount of insurance claims, and will recognize it when the Company can almost be certain that it can receive the subsequent increase in insurance claims income.

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

**(12) Other:**

- (a) The followings are the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By function By item	For the three months ended March 31, 2022			For the three months ended March 31, 2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	29,380	16,670	46,050	27,696	16,797	44,493
Labor and health insurance	3,188	1,229	4,417	3,736	1,295	5,031
Pension	1,331	488	1,819	1,532	523	2,055
Remuneration of directors	-	720	720	-	684	684
Others	830	1,199	2,029	783	1,427	2,210
Depreciation	9,300	5,812	15,112	9,106	3,973	13,079
Amortization	1,035	1,005	2,040	431	1,006	1,437

- (b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

**(13) Other disclosures:**

- (a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2022:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.

(Continued)

**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iii) Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Fair value	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)		
The Company	Beneficiary Certificate (UPAMC James Bond Money Market Fund)	-	Current Financial asset at fair value through profit or loss	61	1,035	-	1,035	-
"	Beneficiary Certificate (Fubon China Policy Bank Bond ETF)	-	"	350	7,161	-	7,161	-
"	Beneficiary Certificate (Fubon S&P US Preferred Stock ETF)	-	"	1,810	28,290	-	28,290	-
"	Stock (Fubon S&P Preferred Shares A)	-	"	793	50,118	-	50,118	-
"	Stock (Fubon S&P Preferred Shares B)	-	"	36	2,261	-	2,261	-
"	Stock (TAISHIN FINANCIAL HOLDING CO., LTD. Preferred Stock E)	-	"	210	11,235	-	11,235	-
"	Stock (Cathay Financial Holding Co., Ltd. Preferred Stock A)	-	"	790	49,612	-	49,612	-
"	Stock (Cathay Financial Holding Co., Ltd. Preferred Stock B)	-	"	33	2,074	-	2,074	-
"	Stock (CTBC Financial Holding Co., Ltd. Preferred Shares B)	-	"	675	42,997	-	42,997	-
"	Stock (Shin Kong Financial Holding Co., Ltd. Preferred Shares A)	-	"	637	27,200	-	27,200	-
"	Stock (Chailease Holding Co., Ltd. Preferred Share A)	-	"	113	11,470	-	11,470	-
"	Stock (Energenisis Biomedical Co., Ltd.)	-	Financial assets at fair value through other comprehensive income	1,603	47,060	2.42	47,060	-
"	Stock (Sunny Pharmtech Inc.)	-	"	4,497	43,310	3.25	43,310	-

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock:

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Buildings	2021.10.19	\$ 630,000	\$ 189,000	ECO Technical Services Co., Ltd.	None	Not applicable	Not applicable	Not applicable	-	Price negotiation	to expand production	

- (vi) Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock: None.
- (viii) Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock: None.

(Continued)

**SCI PHARMTECH, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions: None.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):

Unit: thousand dollars/ thousand shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Yushan Pharmaceuticals Inc.	R.O.C.	The research and development, manufacture and sale of API	351,761	351,761	35,190	100 %	348,488	(111)	(111)	Note 1
The Company	Framosa Co., Ltd.	R.O.C.	Circular economy by purifying and utilizing used solvents	66,000	66,000	6,600	40 %	50,278	(5,423)	(2,169)	

Note 1 : The transactions had been eliminated in the consolidated financial statements.

(c) Information on investment in mainland China: None.

(d) Major shareholders:

Unit: shares

Shareholders' Name	Shareholding	Shares	Percentage
Mercuries & Associates Holding Ltd.		30,283,358	31.74 %
Zhan Liwei		6,060,000	6.35 %

**(14) Segment information:**

The Group only uses one segment to assess its performance and allocate resources. Hence, there is no need to disclose the information.