ADIMMUNE CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

MARCH 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Adimmune Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Adimmune Corporation and subsidiaries (the "Group") as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these 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" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of our review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

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Hsu, Chien-Yeh	Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan
July 6, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

			March 31, 2023		December 31, 2022		March 31, 2022	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 2,570,814	28	$ 2,857,083	31	$ 2,518,638	31
1136	Financial assets at amortised cost - current	6(2) and 8	115,507	1	115,507	1	199,000	2
1150	Notes receivable, net	6(3)	8	-	620	-	-	-
1170	Accounts receivable, net	6(3)	538,186	6	534,349	6	44,991	1
130X	Inventories	6(4)	764,629	9	659,327	7	606,108	7
1410	Prepayments	6(5)	321,425	4	297,411	3	303,828	4
1470	Other current assets		33,455	-	27,038	1	57,402	1
11XX	**Current Assets**		4,344,024	48	4,491,335	49	3,729,967	46
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	108,923	1	100,251	1	105,340	1
1535	Financial assets at amortised cost - non-current	6(2) and 8	42,826	-	3,596	-	1,986	-
1560	Non-current contract assets	6(18)	326,656	4	326,656	4	137,373	2
1600	Property, plant and equipment	6(7) and 8	3,594,561	39	3,556,326	39	3,528,715	44
1755	Right-of-use assets		82,189	1	84,791	1	20,629	-
1760	Investment property, net		23,252	-	23,252	-	23,252	-
1780	Intangible assets	6(8)	88,253	1	93,293	1	111,044	2
1840	Deferred income tax assets		227,590	3	227,590	2	228,025	3
1900	Other non-current assets	6(9) and 8	278,838	3	241,441	3	143,279	2
15XX	**Non-current assets**		4,773,088	52	4,657,196	51	4,299,643	54
1XXX	**Total assets**		$ 9,117,112	100	$ 9,148,531	100	$ 8,029,610	100

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ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%	March 31, 2022 AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(10)	$ 270,000	3	$ 20,000	-	$ 200,000	2
2130	Current contract liabilities	6(18)	49,280	1	11,110	-	34,248	-
2150	Notes payable		945	-	30	-	1,511	-
2170	Accounts payable		108,360	1	48,813	1	77,413	1
2200	Other payables	6(11)	153,867	2	262,542	3	205,435	3
2280	Current lease liabilities		16,233	-	16,676	-	6,112	-
2320	Long-term liabilities, current portion	6(12)	125,011	1	125,006	1	41,095	1
2399	Other current liabilities, others		6,169	-	16,309	-	7,431	-
21XX	**Current Liabilities**		729,865	8	500,486	5	573,245	7
	Non-current liabilities							
2540	Long-term borrowings	6(12)	2,038,684	22	2,039,214	22	1,265,692	16
2580	Non-current lease liabilities		59,552	1	61,654	1	10,583	-
2600	Other non-current liabilities		2,258	-	2,351	-	4,868	-
25XX	**Non-current liabilities**		2,100,494	23	2,103,219	23	1,281,143	16
2XXX	**Total Liabilities**		2,830,359	31	2,603,705	28	1,854,388	23
	Share capital	6(15)						
3110	Share capital - common stock		4,295,078	47	4,295,078	47	4,295,078	54
	Capital surplus	6(16)						
3200	Capital surplus		850,491	9	849,049	9	858,689	11
	Retained earnings	6(17)						
3310	Legal reserve		116,539	1	116,539	1	112,287	1
3350	Unappropriated retained earnings		871,997	10	1,121,010	12	597,942	7
	Other equity interest							
3400	Other equity interest		41,512	1	34,623	1	39,790	1
3500	Treasury shares	6(15)	(292,538)	(3)	(292,538)	(3)	-	-
31XX	**Equity attributable to owners of the parent**		5,883,079	65	6,123,761	67	5,903,786	74
36XX	Non-controlling interest		403,674	4	421,065	5	271,436	3
3XXX	**Total equity**		6,286,753	69	6,544,826	72	6,175,222	77
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	**Total liabilities and equity**		$ 9,117,112	100	$ 9,148,531	100	$ 8,029,610	100

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except loss per share amount)
(Reviewed, not audited)

			Three-month periods ended March 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(18)	$ 169,710	100	$ 52,798	100
5000	Operating costs	6(4)(8)(22)	(229,615)	(135)	(167,261)	(317)
5900	Net operating margin		(59,905)	(35)	(114,463)	(217)
	Operating expenses	6(8)(22)				
6100	Selling expenses		(59,439)	(35)	(1,257)	(2)
6200	General and administrative expenses		(68,752)	(41)	(62,130)	(118)
6300	Research and development expenses		(71,492)	(42)	(75,942)	(144)
6000	Total operating expenses		(199,683)	(118)	(139,329)	(264)
6900	Operating loss		(259,588)	(153)	(253,792)	(481)
	Non-operating revenue and expenses					
7100	Interest income	6(19)	1,822	1	645	1
7010	Other income	6(20)	1,538	1	787	2
7020	Other gains and losses	6(21)	(7,363)	(4)	7,730	15
7050	Finance costs	6(23)	(5,701)	(4)	(2,461)	(5)
7000	Total non-operating revenue and expenses		(9,704)	(6)	6,701	13
7900	**Loss before income tax**		(269,292)	(159)	(247,091)	(468)
7950	Income tax expense	6(24)	-	-	-	-
8200	**Loss for the period**		($ 269,292)	(159)	($ 247,091)	(468)

(Continued)

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except loss per share amount)
(Reviewed, not audited)

			Three-month periods ended March 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealized loss on valuation of equity instruments at fair value through profit or loss	6(6)	$ 8,672	5	($ 13,997)	(27)
8310	Components of other comprehensive loss that will be reclassified to profit or loss		8,672	5	(13,997)	(27)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		(1,798)	(1)	-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(1,798)	(1)	-	-
8300	**Other comprehensive income(loss) for the period**		$ 6,874	4	($ 13,997)	(27)
8500	**Total comprehensive loss for the period**		($ 262,418)	(155)	($ 261,088)	(495)
	Loss, attributable to:					
8610	Owners of the parent		($ 249,013)	(147)	($ 234,608)	(444)
8620	Non-controlling interest		(20,279)	(12)	(12,483)	(24)
	Total		($ 269,292)	(159)	($ 247,091)	(468)
	Comprehensive loss attributable to:					
8710	Owners of the parent		($ 242,124)	(143)	($ 248,605)	(471)
8720	Non-controlling interest		(20,294)	(12)	(12,483)	(24)
	Total		($ 262,418)	(155)	($ 261,088)	(495)
	Basic loss per share	6(25)				
9750	Total basic loss per share		($ 0.59)		($ 0.55)	
	Diluted loss per share	6(25)				
9850	Diluted loss per share		($ 0.59)		($ 0.55)	

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

		Equity attributable to owners of the parent										
			Capital surplus		Retained earnings		Other equity interest					
	Notes	Share capital - common stock	Additional paid-in capital	Employee stock warrants	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity
2022												
Balance at January 1, 2022		$4,295,078	$ 817,861	$ 37,259	$ 112,287	$ 832,550	$ -	$ 53,787	$ -	$6,148,822	$ 283,720	$6,432,542
Net loss		-	-	-	-	(234,608)	-	-	-	(234,608)	(12,483)	(247,091)
Other comprehensive loss for the period	6(6)	-	-	-	-	-	-	(13,997)	-	(13,997)	-	(13,997)
Total comprehensive loss		-	-	-	-	(234,608)	-	(13,997)	-	(248,605)	(12,483)	(261,088)
Share-based payments	6(14)	-	-	3,569	-	-	-	-	-	3,569	199	3,768
Balance at March 31, 2022		$4,295,078	$ 817,861	$ 40,828	$ 112,287	$ 597,942	$ -	$ 39,790	$ -	$5,903,786	$ 271,436	$6,175,222
2023												
Balance at January 1, 2023		$4,295,078	$ 817,861	$ 31,188	$ 116,539	$1,121,010	($ 78)	$ 34,701	($ 292,538)	$6,123,761	$ 421,065	$6,544,826
Net loss		-	-	-	-	(249,013)	-	-	-	(249,013)	(20,279)	(269,292)
Other comprehensive income (loss) for the period	6(6)	-	-	-	-	-	(1,783)	8,672	-	6,889	(15)	6,874
Total comprehensive income(loss)		-	-	-	-	(249,013)	(1,783)	8,672	-	(242,124)	(20,294)	(262,418)
Share-based payments	6(14)	-	-	1,442	-	-	-	-	-	1,442	2,903	4,345
Balance at March 31, 2023		$4,295,078	$ 817,861	$ 32,630	$ 116,539	$ 871,997	($ 1,861)	$ 43,373	($ 292,538)	$5,883,079	$ 403,674	$6,286,753

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Three-month periods ended March 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 269,292)	($ 247,091)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including right-of-use assets)	6(22)	48,040	56,906
Amortisation	6(22)	6,172	6,274
Expected credit loss	12(2)	-	(67)
Gain from lease modification	6(21)	(263)	-
Interest expense	6(23)	5,701	2,461
Interest income	6(19)	(1,822)	(645)
Share-based payments	6(14)	4,345	3,768
Gain on disposal of property, plant and equipment	6(21)	-	(1)
Unrealised foreign exchange loss (gain)		3,124	(7,241)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		612	-
Accounts receivable, net		(3,837)	55,741
Inventories		(105,302)	(100,230)
Prepayments		(24,013)	(30,025)
Other current assets		(1,181)	(29,809)
Changes in operating liabilities			
Contract liabilities-current		38,170	10,803
Notes payable		915	1,511
Accounts payable, net		59,476	71,529
Other payables		(91,552)	8,940
Other current liabilities		(142)	(629)
Net defined benefit liabilities - non-current		(85)	(81)
Other non-current liabilities		(8)	-
Cash outflow generated from operations		(330,942)	(197,886)
Interest paid		(4,908)	(2,164)
Interest received		1,586	643
Income taxes paid		(10,000)	-
Net cash flows used in operating activities		(344,264)	(199,407)

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ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Three-month periods ended March 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in financial assets at amortised cost-current		$ -	$ 40,000
Increase in financial assets at amortised cost- non-current		(39,230)	-
Acquisition of property, plant and equipment	6(27)	(99,198)	(168,342)
Proceeds from disposal of property, plant and equipment		-	1
Prepayments for equipment		(37,584)	(3,239)
Increase in refundable deposits		(5,039)	(1,949)
Decrease in refundable deposits		-	40
Acquisition of intangible assets	6(8)	(905)	-
Net cash flows used in investing activities		(181,956)	(133,489)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	6(28)	250,000	200,000
Repayment from long-term borrowings	6(28)	(525)	(520)
Repayment of principal portion of lease liabilities	6(28)	(4,697)	(6,180)
Net cash flows from financing activities		244,778	193,300
Effect of exchange rate changes on cash and cash equivalents		(4,827)	6,217
Net decrease in cash and cash equivalents		(286,269)	(133,379)
Cash and cash equivalents at beginning of period	6(1)	2,857,083	2,652,017
Cash and cash equivalents at end of period	6(1)	$ 2,570,814	$ 2,518,638

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Review, not audited)

1. HISTORY AND ORGANISATION

Adimmune Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on 1965. The Company and its subsidiary (collectively referred herein as the “Group”) are primarily engaged in the development, manufacture and distribution of vaccines and other biological products. The Company’s shares were approved to be traded in the Taiwan Stock Exchange starting from May 3, 2012.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on May 9, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through other comprehensive income.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2022.

B. Subsidiary included in the consolidated financial statements:

			Ownership (%)			
Name of investor	Name of subsidiary	Main business activities	March 31, 2023	December 31, 2022	March 31, 2022	Footnote
Adimmune Corporation	Enimmune Corporation	Biotechnology industry	51	51	51	
Adimmune Corporation	Global Commonwealth Life Science (Holdings) Limited	General investment	100	100	100	
Adimmune Corporation	ADIMMUNE B.V.	General investment	100	100	100	
Adimmune Corporation	Eggs Corporation	Animal husbandry	100	100	100	
Adimmune Corporation	Adimmune Co., Ltd. Nanjing, China	Trading	100	100	100	
Eggs Corporation	Animmune Corporation	Biotechnology industry	51.22	51.22	51.22	
Enimmune Corporation	ENIMMUNE-RMT BIOTECH PTE. LTD.	Biotechnology industry	55	55	-	Note

Note:

1. For the operational needs and future development, on November 5, 2021, the Board of Directors of the Company’s subsidiary, Enimmune Corporation (“Enimmune”), resolved to jointly establish a company, Enimmune Biotech Pte. Ltd. (referred to herein as the "EB" company), in Singapore with a Singapore company, Aios Biotech Pte. Ltd., the investment amounted to US$5,500 thousand and Enimmune acquired 55% of the outstanding shares of the company. The registration processes of Enimmune Biotech Pte. Ltd. in Singapore were completed in June 2022, and Enimmune completed capital injection on June 10, 2022.
2. On September 30, 2022, the Board of Directors of EB company resolved that Enimmune Corporation temporarily withdraw back 45% equity interests which were not paid by EB company, and transferred to Reliance Medical Technology (referred to herein as the “RMT”

company) to participate in the joint ventures. On October 28, 2022, USD 4.5 million for shares proceeds was received from RMT company for 45% equity interests in EB company. The second-tier subsidiary, Enimmune Biotech Pte. Ltd., was renamed as Enimmune-RMT Biotech Pte. Ltd., and this event had been registered by the Accounting and Corporate Regulatory Authority Singapore.

3. Enimmune and RMT company agreed to reduce capital and retire shares in the amount of US$4.5 million with a capital reduction ratio of 45%. EB company will hold a Board of Directors' meeting and a shareholders' meeting to resolve the capital reduction in the future. Enimmune held 100% of EB company's shares after the capital reduction. As of March 31, 2023, the two parties are still negotiating the details of the capital reduction.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The additional disclosures are set out below. For the rest of the information, please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

Reasons and effects of changes in accounting estimates

The estimated useful lives of property, plant and equipment are reviewed at each balance sheet date. In order to truly reflect the actual use of main assets and truly report the Company's financial condition, operating performance and changes in the Company's financial condition, the Group extended the useful lives of certain production equipment to manufacture influenza vaccines, which were changed from 5 to 20 years to 7 to 28 years starting from January 1, 2023. The change in accounting estimate is expected to affect depreciation expense for the year ended December 31, 2023 and for the future years as follows:

	2023	2024	2025	2026	The following years
Increase (decrease) in depreciation	($ 54,598)	($ 53,105)	($ 46,076)	($ 35,236)	$ 189,015

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and revolving funds	$ 1,229	$ 1,249	$ 1,242
Checking accounts and demand deposits	2,103,785	2,520,834	2,164,433
Time deposits	465,800	335,000	352,963
	$ 2,570,814	$ 2,857,083	$ 2,518,638

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, and therefore, it expects that the probability of counterparty default is remote.

B. The Group classified time deposits with original maturities of more than three months that do not meet the definition of cash equivalent as 'financial assets at amortised cost - current'. Please refer to Note 6(2) for details.

C. The Group classified the pledged time deposits as 'financial assets at amortised cost'. Please refer to Notes 6(2) and 8 for details.

(2) Financial assets at amortised cost

Items	March 31, 2023	December 31, 2022	March 31, 2022
Current items:			
Time deposits with maturities of more than three months and not satisfy short-term cash flows commitments	$ 100,500	$ 100,500	$ 199,000
Pledged time deposits	15,007	15,007	-
	$ 115,507	$ 115,507	$ 199,000
Non-current items:			
Reserve accounts for syndicated loans	$ 42,826	$ 3,596	$ 1,986

A. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	$ 8	$ 620	$ -
Less: Allowance for uncollectible accounts	-	-	-
	$ 8	$ 620	$ -
Accounts receivable	$ 538,186	$ 534,349	$ 44,991
Less: Allowance for uncollectible accounts	-	-	-
	$ 538,186	$ 534,349	$ 44,991

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	March 31, 2023		December 31, 2022		March 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 129,952	$ 8	$ 534,349	$ 620	$ 44,991	$ -
Up to 30 days	-	-	-	-	-	-
31 to 90 days	408,234	-	-	-	-	-
91 to 180 days	-	-	-	-	-	-
Over 181 days	-	-	-	-	-	-
	$ 538,186	$ 8	$ 534,349	$ 620	$ 44,991	$ -

The above ageing analysis is based on past due date.

B. As at March 31, 2023, December 31, 2022, March 31, 2022 and January 1, 2022, the balances of receivables from contracts with customers amounted to $538,194 thousand, $534,969 thousand, $44,991 thousand and $99,705 thousand, respectively.

C. The Group does not hold any collateral as security.

D. As at March 31, 2023, December 31, 2022 and March 31, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes receivable was $8 thousand, $620 thousand and $0 thousand, respectively；As at March 31, 2023, December 31, 2022 and March 31, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s accounts receivable was $538,186 thousand, $534,349 thousand and $44,991 thousand, respectively.

E. The Group had implemented appropriate collection and related asset preservation measures for accounts receivable that were past due on March 31, 2023 to secure the Group’s rights and interests.

F. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	March 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 221,688	($ 8,686)	$ 213,002
Work in process	651,232	(200,580)	450,652
Finished goods	147,810	(51,113)	96,697
Merchandise	5,784	(1,506)	4,278
	$ 1,026,514	($ 261,885)	$ 764,629

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 191,559	($ 10,349)	$ 181,210
Work in process	571,746	(204,323)	367,423
Finished goods	147,976	(49,378)	98,598
Merchandise	12,818	(722)	12,096
	$ 924,099	($ 264,772)	$ 659,327

	March 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 184,896	($ 7,736)	$ 177,160
Work in process	590,353	(196,754)	393,599
Finished goods	34,173	(12,012)	22,161
Merchandise	16,673	(3,485)	13,188
	$ 826,095	($ 219,987)	$ 606,108

The cost of inventories recognised as expense for the period:

	Three-month period ended March 31,	
	2023	2022
Costs of goods sold	$ 164,892	$ 65,528
(Gain on reversal of) loss on decline in market value	(2,613)	15,341
Revenue from sale of scraps	(2)	-
Unallocated overhead	67,338	86,392
	$ 229,615	$ 167,261

For the three-month period ended March 31, 2023, the Group gradually sold certain inventories which previously provisioned loss on decline in market value, resulting in the reversal of inventory valuation losses.

(5) Prepayments

	March 31, 2023		December 31, 2022		March 31, 2022	
Supplies inventory	$	164,046	$	156,615	$	123,209
Prepaid purchase		96,733		93,657		98,674
Residual tax credit		55,710		42,721		76,770
Others		4,963		4,418		5,175
	$	321,452	$	297,411	$	303,828

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

Items	March 31, 2023		December 31, 2022		March 31, 2022	
Non-current items:						
Listed stocks	$	61,129	$	61,129	$	61,129
Unlisted stocks		4,421		4,421		4,421
		65,550		65,550		65,550
Valuation adjustment		43,373		34,701		39,790
	$	108,923	$	100,251	$	105,340

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $108,923 thousand, $100,251 thousand and $105,340 thousand as at March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

B. The Group recognised gain of $8,672 thousand and loss of $13,997 thousand in other comprehensive income(loss) for fair value change for the three-month periods ended March 31, 2023 and 2022, respectively.

(7) Property, plant and equipment

	Three-month period ended March 31, 2023				
	Beginning balance	Additions	Disposals	Transfers	Ending balance
Cost					
Land	$ 14,357	$ -	$ -	$ -	$ 14,357
Buildings and structures	2,117,281	1,234	-	-	2,118,515
Machinery equipment	2,250,378	2,642	-	533	2,253,553
Transportation equipment	4,171	-	-	-	4,171
Other fixed assets	1,063,995	1,035	-	7	1,065,037
Construction in progress and equipment under acceptance	1,099,532	76,752	-	(540)	1,175,744
	6,549,714	$ 81,663	$ -	$ -	6,631,377
Accumulated depreciation					
Buildings and structures	(877,968)	($ 16,045)	$ -	$ -	(894,013)
Machinery equipment	(1,236,796)	(22,767)	-	-	(1,259,563)
Transportation equipment	(2,588)	(77)	-	-	(2,665)
Other fixed assets	(876,036)	(4,539)	-	-	(880,575)
	(2,993,388)	($ 43,428)	$ -	$ -	(3,036,816)
	$ 3,556,326				$ 3,594,561

	Three-month period ended March 31, 2022				
	Beginning balance	Additions	Disposals	Transfers	Ending balance
Cost					
Land	$ 14,357	$ -	$ -	$ -	$ 14,357
Buildings and structures	2,107,938	228	(175)	-	2,107,991
Machinery equipment	1,996,086	265	(293)	-	1,996,058
Transportation equipment	3,029	-	-	-	3,029
Other fixed assets	1,058,851	-	(132)	-	1,058,719
Construction in progress and equipment under acceptance	1,031,518	149,686	-	-	1,181,204
	6,211,779	$ 150,179	($ 600)	$ -	6,361,358
Accumulated depreciation					
Buildings and structures	(816,572)	($ 15,991)	$ 175	$ -	(832,388)
Machinery equipment	(1,114,829)	(30,039)	293	-	(1,144,575)
Transportation equipment	(2,371)	(41)	-	-	(2,412)
Other fixed assets	(845,063)	(8,337)	132	-	(853,268)
	(2,778,835)	($ 54,408)	$ 600	$ -	(2,832,643)
	$ 3,432,944				$ 3,528,715

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Three-month period ended March 31,	
	2023	2022
Amount capitalised	$ 7,147	$ 4,530
Range of the interest rate for capitalisation	1.96~2.09%	1.80%

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Intangible assets

	Three-month period ended March 31, 2023				
	Beginning balance	Additions	Disposals	Transfers	Ending balance
Cost					
Authorization techniques	$ 427,828	$ -	$ -	$ -	$ 427,828
Internal production cost	232,706	-	-	-	232,706
Computer software	45,080	905	-	-	45,985
	705,614	$ 905	$ -	$ -	706,519
Accumulated amortisation					
Authorization techniques	(245,063)	(3,229)	-	-	(248,292)
Internal production cost	(207,390)	(1,489)	-	-	(208,879)
Computer software	(31,994)	(1,227)	-	-	(33,221)
	(484,447)	($ 5,945)	$ -	$ -	(490,392)
Accumulated impairment					
Authorization techniques	(127,874)	$ -	$ -	$ -	(127,874)
	$ 93,293				$ 88,253

	Three-month period ended March 31, 2022				
	Beginning balance	Additions	Disposals	Transfers	Ending balance
Cost					
Authorization techniques	$ 427,828	$ -	$ -	$ -	$ 427,828
Internal production cost	232,706	-	-	-	232,706
Computer software	44,706	-	-	-	44,706
	705,240	$ -	$ -	$ -	705,240
Accumulated amortisation					
Authorization techniques	(232,148)	(3,229)	-	-	(235,377)
Internal production cost	(201,433)	(1,489)	-	-	(202,922)
Computer software	(26,694)	(1,329)	-	-	(28,023)
	(460,275)	($ 6,047)	$ -	$ -	(466,322)
Accumulated impairment					
Authorization techniques	(127,874)	$ -	$ -	$ -	(127,874)
	$ 117,091				$ 111,044

Details of amortisation on intangible assets are as follows:

	Three-month period ended March 31,	
	2023	2022
Operating costs	$ 4,718	$ 4,753
General and administrative expenses	1,227	1,294
	$ 5,945	$ 6,047

A. In March 2007, the Company entered into a technique transfer agreement with Crucell Switzerland AG (formerly Berna Biotech AG) in relation to flu vaccines and products. In accordance with the agreement, Crucell Switzerland AG transfers the manufacturing technique of flu vaccines to the Company and charges royalties. In addition, the Company commits to exclusively provide products manufactured with the transferred technique to Crucell Switzerland AG. After the technique is transferred, the royalty charge is capitalised and is amortised over the estimated economic life using the straight-line method. The significant terms and conditions under the agreement are set forth below:

(a) The Company manufactures the antigens needed for flu vaccine “Inflexal V” with the transferred technique which was acquired from Crucell Switzerland AG.

(b) The Company should build a plant which has sufficient capacity and complies with the European standards, such as GMP or Europe Pharmacopoeia, and acquire qualifications issued by domestic and foreign competent authorities to produce.

B. Intangible assets generated internally within the Company including all development, production and building up assets so that the intangible assets will be available for use, such as labour costs and materials costs, are amortised on a straight-line basis over the estimated economic life after mass production.

C. The future economic benefits of technique transferred from Crucell Switzerland AG has decreased under the Group's assessment, which resulted in the impairment loss of the intangible assets. The Group has adjusted the carrying amount based on the recoverable amount, and recognised impairment loss. The accumulated impairment loss of abovementioned technique is recognised in the amount of $127,874 thousand as at March 31, 2023.

(9) Other non-current assets

	March 31, 2023	December 31, 2022	March 31, 2022
Prepaid equipment	$ 244,001	$ 206,417	$ 131,276
Refundable deposits	28,263	28,203	4,522
Others	6,574	6,821	7,481
	$ 278,838	$ 241,441	$ 143,279

(10) Short-term borrowings

Type of Borrowings	March 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 270,000	2.23%～2.45%	None

Type of Borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 20,000	2.08%～2.33%	None

Type of Borrowings	March 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 200,000	1.60%	None

Interest expense recognised in profit or loss amounted to $793 thousand and $736 thousand for the three-month periods ended March 31, 2023 and 2022, respectively.

(11) Other payables

	March 31, 2023	December 31, 2022	March 31, 2022
Salaries payable	$ 40,972	$ 95,485	$ 62,676
Royalty payables	6,786	28,088	3,802
Payables on equipment	52,175	69,710	50,511
Others	53,934	69,259	88,446
	$ 153,867	$ 262,542	$ 205,435

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Collateral	March 31, 2023
Secured borrowings			
Land Bank of Taiwan (lead and management bank)	From October 8, 2020 to October 7, 2030; Term loan A is to be repaid with installments starting from October 2022; Term loan B is to be repaid with installments starting from October 2023.	Land, buildings and machinery equipment	$ 2,159,000
Unsecured borrowings			
Chang Hwa Bank	From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020.	Note	2,383
Taichung Commercial Bank	From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020	Note	2,312
			2,163,695
Less: Long-term liabilities due with one year			(125,011)
			$ 2,038,684
Interest rate range			2.02%~2.56%

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2022
Secured borrowings			
Land Bank of Taiwan (lead and management bank)	From October 8, 2020 to October 7, 2030; Term loan A is to be repaid with installments starting from October 2022; Term loan B is to be repaid with installments starting from October 2023.	Land, buildings and machinery equipment	$ 2,159,000
Unsecured borrowings			
Chang Hwa Bank	From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020.	Note	2,659
Taichung Commercial Bank	From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020	Note	2,561
			2,164,220
Less: Long-term liabilities due with one year			(125,006)
			$ 2,039,214
Interest rate range			1.75%~2.43%

Type of borrowings	Borrowing period and repayment term	Collateral	March 31, 2022
Secured borrowings			
Land Bank of Taiwan (lead and management bank)	From October 8, 2020 to October 7, 2030; Term loan A is to be repaid with installments starting from October 2022; Term loan B is to be repaid with installments starting from October 2023.	Land, buildings and machinery equipment	$ 1,300,000
Unsecured borrowings			
Chang Hwa Bank	From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020.	Note	3,484
Taichung Commercial Bank	From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020	Note	3,303
			1,306,787
Less: Long-term liabilities due with one year			(41,095)
			$ 1,265,692
Interest rate range			1.75%~1.88%

Note: The guarantor is Small and Medium Enterprise Credit Guarantee Fund of Taiwan. Therefore, no collateral was pledged.

A. On July 14, 2020, the Company entered into a syndicated facility agreement with Land Bank of Taiwan as Management Bank and other banks, including First Commercial Bank, Mega International Commercial Bank, Taiwan Business Bank, Agribank, Bank of Panhsin, Taichung Commercial Bank and Chang Hwa Bank and Taiwan Cooperative Bank and obtained a credit line in the amount of $4,200,000 thousand, consisting of Tranche A: non-revolving long-term credit line of $1,300,000 thousand and Tranche B: non-revolving medium-term credit line of $1,400,000 thousand and Tranche C: revolving medium-term credit line of $1,500,000 thousand.

B. Under the syndicated secured facility agreement as stated above:

(a) The Company shall obtain, maintain, update or comply with any grant, approval and certification required by the competent authorities.

(b) The Company's net tangible assets shall not be less than $370,000 thousand before the loan is settled.

(c) The Company has responsibility of notifying Management Bank via confirmation letters if any significant investment equivalent to or over $100,000 thousand is resolved by the Board of Directors.

(d) The fund obtained in this agreement shall not be illegally diverted to and used in Mainland China.

(e) Before the syndicated facility agreement has made payment, the Company may not do the following without written approval by all banks:

i. The Company is not allowed to merge with other companies or split up.

ii. The Company is not allowed to change the main operating businesses.

iii. The Company is not allowed to sell, lease, transfer, lend, pledge or dispose of whole or main parts of its business assets.

iv. Unless allowed under the Operational Procedures for Lending of Company Funds and the Operational Procedures for Endorsements and Guarantees, the Company should not provide loans or endorsements and guarantees to others.

v. The Company is not allowed to distribute any cash dividends upon occurrence or expected occurrence of default on the contract.

(f) If the borrower fails to comply with any one of the above, the Company shall immediately repay interests and all outstanding balances of the loan. The Company did not violate above restrictions.

(13) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(b) The pension costs under defined contribution pension plans of the Company for the three-month periods ended March 31, 2023 and 2022 were $5 thousand and $7 thousand, respectively.

(c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to $344 thousand.

B. (a) Effective July 1, 2005, the Company and its subsidiary established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Group for the three-month periods ended March 31, 2023 and 2022 were $4,865 thousand and $4,463 thousand, respectively.

(14) Share-based payment

A. For the three-month periods ended March 31, 2023 and 2022, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Vested period	Vesting conditions
2020~2023 years issuance of employees bonus shares	2020.12.18	920 units	3 years	Service vested
Enimmune Corporation's cash capital increase reserved for employee preemption	2022.02.24	240 units	-	Vested
Enimmune Corporation's 2022~2032 years issuance of the employee stock options certificates	2022.08.17	2,400 units	10 years	Service vested

B. For the years 2020~2023 issuance of employees bonus shares, the fair value of stock price of the Company was $56.60 (in dollars), and expected option life was not specified. For the year ended December 31, 2022, the Company granted 305 units. As of March 31, 2023, the Company has ungranted 615 units.

C. On December 14, 2021, the Board of Directors of the Company's subsidiary, Enimmune Corporation, resolved to increase its capital by issuing common shares of 5,800 thousand shares and reserved 10% of new shares issued in the total amount of 580 thousand shares for employee preemption in accordance with Article 267 of the Company Act. The grant date for the cash capital reserved for employee preemption was set on February 24, 2022, and no restrictions were placed on the voting right and dividend right of the transferred shares. The inputs determined by the Black-Scholes option-pricing model were expected price volatility of 47.39%, expected option life of 0.14-year, risk-free interest rate of 0.40%, fair value per unit of $0.8278 and the employee exercise price of $38 (in dollars).

D. On March 23, 2021, the Board of Directors of the Company's subsidiary, Enimmune Corporation, resolved to issue employee stock options at a price lower than the market price. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers"

Article 56, the issuance date of employee stock options was set on August 17, 2022, and no restrictions were placed on the voting right and dividend right of the transferred shares. The inputs are measured using the Black-Scholes option-pricing model, for the end of two years, the expected price volatility is 48.85%, expected option life is 6 years, risk-free interest rate is 1.1264%, and the employee exercise price is $25 (in dollars); for the end of three years, the expected price volatility is 48.87%, expected option life is 6.5 years, risk-free interest rate is 1.1357%, and the employee exercise price is $25 (in dollars); for the end of four years, the expected price volatility is 49.81%, expected option life is 7 years, risk-free interest rate is 1.14150%, and the employee exercise price is $25 (in dollars).

E. Expenses incurred on share-based payment transactions are shown below:

	Three-month period ended March 31,	
	2023	2022
Equity-settled	$ 4,345	$ 3,768

(15) Share capital

A. As of March 31, 2023, the Company's authorised capital was $7,000,000 thousand, consisting of 700,000 thousand shares of ordinary stock (including 15,000 thousand shares reserved for employee stock options), and the paid-in capital was $4,295,078 thousand with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023 (thousand shares)	2022 (thousand shares)
At January 1 (March 31)	421,508	429,508

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		At March 31, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
Adimmune Corporation	To be reissued to employees	8,000	$ 292,538

		At December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
Adimmune Corporation	To be reissued to employees	8,000	$292,538

At March 31, 2022: None.

(b) To motivate employees and enhance their team cohesiveness, on June 9, 2022 and November 11, 2022, the Board of Directors resolved repurchasing of treasury shares in the expected amount of 8,000 thousand shares in order to transfer them to employees. As of March 31, 2023, the balance of the treasury shares repurchased was $292,538 thousand.

(c) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(e) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of per value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and recover prior year's losses and then 10% of the remaining amount shall be appropriate as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. The Company operates in the biotechnology industry, which has the industry life cycle. Dividends shall be allocated after taking into consideration several factors including current and future investment environment, capital requirements, domestic and foreign competition, capital budget, shareholders' interests, balanced dividends, and the Company's long-term financial plan. Dividend distribution plans are to be proposed by the Board of Directors and presented for a final resolution in the shareholders' meeting on a yearly basis.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. On March 14, 2023, the Board of Directors of the Company proposed not to distribute dividends after taking into account the distributable profit for the year ended December 31, 2022. The aforementioned proposal of 2022 earnings distribution is pending receipt of approval from the shareholders' meeting.

E. On March 29, 2022, the Board of Directors of the Company proposed not to distribute dividends. The aforementioned proposal of 2021 earnings distribution has been approved at the shareholders' meeting on June 29, 2022.

F. Information relating to employees' compensation and directors' remuneration is provided in Note 6(22).

(18) Operating revenue

Information on products and services

A. The Group engages in the manufacture and trade of vaccines, modern medicine products and testing reagents. Details of revenue are as follows:

	Three-month period ended March 31, 2023		
	Adimmune Corporation	Enimmune Corporation	Total
Revenue from professional packing service	$ 142,160	$ -	$ 142,160
Sales revenue	13,704	7,408	21,112
Other revenue	6,438	-	6,438
	$ 162,302	$ 7,408	$ 169,710

	Three-month period ended March 31, 2022		
	Adimmune Corporation	Enimmune Corporation	Total
Revenue from professional packing service	$ 38,734	$ -	$ 38,734
Sales revenue	713	12,508	13,221
Other revenue	843	-	843
	$ 40,290	$ 12,508	$ 52,798

	Three-month period ended March 31, 2023		
	Adimmune Corporation	Enimmune Corporation	Total
Timing of revenue recognition			
Over time	$ 142,160	$ -	$ 142,160
At a point in time	20,142	7,408	27,550
	$ 162,302	$ 7,408	$ 169,710

	Three-month period ended March 31, 2022		
	Adimmune Corporation	Enimmune Corporation	Total
Timing of revenue recognition			
Over time	$ 38,734	$ -	$ 38,734
At a point in time	1,556	12,508	14,064
	$ 40,290	$ 12,508	$ 52,798

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Contract assets:				
Service	$ 326,656	$ 326,656	$ 137,373	$ 137,373
Contract liabilities:				
Advance sales receipts	$ 49,280	$ 11,110	$ 34,248	$ 23,444

(b) Revenue recognised that was included in the contract liability balance at the beginning of the three-month periods ended March 31, 2023 and 2022 was $7 thousand and $0 thousand, respectively.

(c) Long-term contracts that are fully unsatisfied

Aggregate amount of the transaction price and each milestone payment allocated to long-term contract development and manufacturing services agreements that are fully unsatisfied as at March 31, 2023 amounted to $1,647,090 thousand, and the management expects to recognise those amounts in the future years. The services revenue recognised according to the completion of contract both amounted to $0 thousand for the three-month periods ended March 31, 2023 and 2022.

(19) Interest income

	Three-month period ended March 31,	
	2023	2022
Interest income from bank deposits	$ 1,816	$ 638
Other interest income	6	7
	$ 1,822	$ 645

(20) Other income

	Three-month period ended March 31,	
	2023	2022
Grant revenue	$ 917	$ 47
Other non-operating income	621	740
	$ 1,538	$ 787

For the three-month periods ended March 31, 2023 and 2022, the grant revenue are all government grant revenue.

(21) Other gains and losses

	Three-month period ended March 31,	
	2023	2022
Gains arising from lease modifications	$ 263	$ -
Gains on disposal of property, plant and equipment	-	1
Net currency exchange (losses) gains	(7,334)	7,825
Other gains and losses	(292)	(96)
	($ 7,363)	$ 7,730

(22) Employee benefit expense, depreciation and amortisation

	Three-month period ended March 31, 2023		
Nature	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	$ 66,866	$ 41,252	$ 108,118
Employee stock options	578	3,767	4,345
Labor and health insurance fees	6,798	3,601	10,399
Pension costs	3,009	1,861	4,870
Directors' remuneration	-	1,590	1,590
Other personnel expenses	1,606	2,563	4,169
	$ 78,857	$ 54,634	$ 133,491
Depreciation	$ 39,699	$ 8,341	$ 48,040
Amortisation	$ 4,718	$ 1,454	$ 6,172

Nature	Three-month period ended March 31, 2022 Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	$ 61,383	$ 38,241	$ 99,624
Employee stock options	25	3,743	3,768
Labor and health insurance fees	6,141	3,154	9,295
Pension costs	2,779	1,691	4,470
Directors' remuneration	-	1,335	1,335
Other personnel expenses	1,279	1,885	3,164
	$ 71,607	$ 50,049	$ 121,656
Depreciation	$ 50,004	$ 6,902	$ 56,906
Amortisation	$ 4,753	$ 1,521	$ 6,274

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 1%~10% for employees' compensation and shall not be higher than 5% for directors' remuneration.

B. For the three-month periods ended March 31, 2023 and 2022, the Company generated net operating loss and thus did not accrue employees' compensation and directors' remuneration. Employees' compensation of 2022 as resolved by the Board of Directors amounting to $15,940 thousand were in agreement with those amounts recognised in the 2022 financial statements. Information regarding employees' compensation and directors' remuneration as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Finance costs

	Three-month period ended March 31, 2023	2022
Interest expense:		
Bank borrowings	$ 12,441	$ 6,913
Interest expense on lease liabilities	407	78
Less: Capitalisation of qualifying assets	(7,147)	(4,530)
	$ 5,701	$ 2,461

(24) Income tax

A. Reconciliation between income tax expense and accounting profit

	Three-month period ended March 31,	
	2023	2022
Tax calculated based on loss before tax and statutory tax rate	($ 57,530)	($ 52,759)
Expenses disallowed by tax regulation	3,523	3,027
Temporary difference not recognised as deferred tax assets	809	1,925
Loss carryforward not recognised as deferred tax assets	53,198	47,807
Income tax expense	$ -	$ -

B. The income tax returns of the Company through 2021 have been assessed and approved by the Tax Authority.

C. The income tax returns of the Company's subsidiary, Enimmune Corporation, through 2020 have been assessed and approved by the Tax Authority.

D. The income tax returns of the Company's subsidiary, Eggs Corporation, through 2021 have been assessed and approved by the Tax Authority.

E. The income tax returns of the Company's indirect subsidiary, Animmune Corporation, through 2021 have been assessed and approved by the Tax Authority.

(25) Losses per share

	Three-month period ended March 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic (diluted) losses per share			
Loss attributable to ordinary shareholders of the parent	($ 249,013)	421,508	($ 0.59)

	Three-month period ended March 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic (diluted) losses per share			
Loss attributable to ordinary shareholders of the parent	($ 234,608)	429,508	($ 0.55)

(26) Transactions with non-controlling interest

A. The Group did participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary

Subsidiary Enimmune Corporation of the Group increased its capital by issuing new shares on April 29, 2022. The Group acquired shares proportionally to its interest. The transaction increased non-controlling interest by $107,949. For the year ended December 31, 2022, changes in the equity of Enimmune Corporation had no impact on the owners' equity attributable to the parent company.

B. The Group did participate in the capital increase raised by a second-tier subsidiary proportionally to its interest to the subsidiary

Second-tier subsidiary of the Group, Animmune Corporation, increased its capital by issuing new shares on June 20, 2022. The Group acquired shares proportionally to its interest. The transaction increased non-controlling interest by $29,418. For the year ended December 31, 2022, changes in the equity of Animmune Corporation had no impact on the owners' equity attributable to the parent company.

C. Second-tier subsidiary of the Group, Enimmune-RMT Biotech Pte. Ltd. ("EB" company) received USD 4.5 million for the proceeds from the investment from RMT company. This transaction resulted in an increase in the non-controlling interest by $144,675 thousand. On February 24, 2023, the Board of Directors of the subsidiary, Enimmune Corporation, resolved the capital reduction and the retirement of shares of EB company. As of March 31, 2023, EB company had not completed the above capital reduction procedures.

D. The Group did not conduct any transaction with non-controlling interest in 2023.

(27) Supplemental cash flow information

Investing activities with partial cash payments

	Three-month period ended March 31,	
	2023	2022
Purchase of property, plant and equipment	$ 81,663	$ 150,179
Add: Opening balance of payable on equipment	69,710	68,674
Less: Ending balance of payable on equipment	(52,175)	(50,511)
Cash paid during the period	$ 99,198	$ 168,342

(28) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (Note)	Lease liabilities (Note)	Liabilities from financing activities - gross
At January 1, 2023	$ 20,000	$ 2,164,220	$ 78,330	$ 2,262,550
Changes in cash flow from financing activities	250,000	(525)	(4,697)	244,778
Changes in other non-cash items	-	-	2,152	2,152
At March 31, 2023	$ 270,000	$ 2,163,695	$ 75,785	$ 2,509,480

Note: including current portion.

	Short-term borrowings	Long-term borrowings (Note)	Guarantee deposit received	Lease liabilities (Note)	Liabilities from financing activities - gross
At January 1, 2022	$ -	$ 1,307,307	$ 3,000	$ 13,467	$ 1,323,774
Changes in cash flow from financing activities	200,000	(520)	-	(6,180)	193,300
Changes in other non-cash items	-	-	-	9,408	9,408
At March 31, 2022	$ 200,000	$ 1,306,787	$ 3,000	$ 16,695	$ 1,526,482

Note: including current portion.

(29) Seasonality of operations

Due to the fact that the peak of influenza epidemic in Taiwan is usually from late November, the delivery of flu vaccines is usually concentrated in the second half of the year. Thus, higher revenues and operating profits are usually expected in the last six months.

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Short-term employee benefits	$ 16,632	$ 16,060
Post-employment benefits	542	593
Share-based payments	3,105	3,659
	$ 20,279	$ 20,312

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value			
Pledged asset	March 31, 2023	December 31, 2022	March 31, 2022	Purpose
Property, plant and equipment	$ 1,307,538	$ 1,329,460	$ 1,477,159	Long-term borrowings
Special reserve account and pledged account (included in financial assets at amortised cost - non-current)	42,826	3,596	1,986	Long-term borrowings
Time deposits (included in financial assets at amortised cost - current)	15,007	15,007	-	Performance margin for bidding
Refundable deposits (included in other non-current assets)	28,263	28,203	4,522	Performance margin for bidding
	$ 1,393,634	$ 1,376,266	$ 1,483,667	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

On September 8, 2022, the Group's subsidiary, Enimmune Corporation ("Enimmune") entered into a tri-party agreement with Everhealth Biomedical Materials Co.,Ltd. ("Everhealth") and Sam Chun Dang Pharm. Co., Ltd. ("SDC company"). Since Everhealth did not pay Enimmune US$1,437 thousand for the goods and NT$10,782 thousand for the management service fee to Enimmune in accordance with the tri-party agreement, Enimmune filed a complaint against Everhealth, requesting Everhealth to pay US$1,437 thousand for the goods and NT$10,782 thousand for the management service fee. Additionally, in accordance with the terms of tri-party agreement, the obligation of Enimmune for the goods payment to SDC company has not yet occurred until Enimmune has received the payment from Everhealth. The impact of the lawsuit to the consolidated financial statements pertained to the management service revenue which are calculated based on the percentage of shipment and are recorded as other receivables and other income amounting to $4,968 thousand in October 2022 and are all accrued as losses on doubtful debts. As of March 31, 2023, the abovementioned lawsuit was still in progress.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment	$ 457,111	$ 488,015	$ 405,315

B. The Company has signed technical contracts relating to continuing development of vaccine of Enterovirus 71 ("EV 71") with the Center for Disease Control, R.O.C. ("CDC") and the National Health Research Institute ("NHRI") in 2011. Details of each stage in the contracts are as follows:

(a) The Company has signed technical contracts relating to licensing technology of EV71 with

CDC and NHRI in September 2011. The main commitments of the technology license are as follows:

i. Licensing period: Starting from the date when the three parties sign the contracts.

ii. Authorisation expense: The contracts are signed to pay in accordance with progress.

(b) In May 2020 and October 2022, the Company renewed the "Commission Service Contract" signed in May 2018 with NHRI to provide the Company with a development platform for vaccine. The main terms of the contract are as follows:

i. Commission period: 2 years (2023.1.1~2024.12.31)

ii. Commission expense: Service expense is paid each month.

(c) The Company has signed "EV 71 vaccine Phase I clinical trial result authorisation" cooperation contract with CDC and NHRI in April 2013. NHRI has authorised the technology through non-exclusive license. Details of key commitments are as follows:

i. Contract period: Starting from the date when the three parties sign the contract until 25 years after the Company's first EV71 vaccine is authorised.

ii. Authorisation fee: The Company pays authorization fee in accordance with contracted progress within 2 years after the contract is signed.

(d) The Company has signed the "Commission Service Contract" with NHRI to provide the Company with cell culture platform for vaccine. The main terms of the contract are as follows: Commission service fee: The contracts are signed to pay in accordance with progress.

C. The Company has signed a processing agreement with Shenzhen Techdow Pharmaceutical Co., LTD ("TECHDOW").

The two companies' cooperative injection technique, which is the Company's packing techniques (aseptic prefilled injection packing techniques) along with TECHDOW's pharmaceutical material (Enoxaparin sodium), has received EMA's authorisation and is processed for mass production. Key commitments of the agreement are as follows:

(a) Contract period: 5 years after the completion of construction of the second aseptic injection packing line and production starting for TECHDOW's products from the date of the first order by TECHDOW. Unless one party notifies the other a non-renewal no less than 6 months before the agreement expires, the agreement is automatically renewed every two years.

(b) Processing price: By the process quantity in accordance with the agreement.

(c) Other commitments: During the agreement period, the Company may not directly or indirectly produce same products for supply in any market.

D. For the year ended December 31, 2022, the Group's subsidiary, Enimmune Corporation ("Enimmune"), signed an agreement with Taipei Computer Association for Information Industry to implement the Phase 3 Clinical Testing Program of EV71 Vaccines Manufactured from Bioreactors on Healthy Children. The period of the program is from March 1, 2022 to February 2, 2025, with a total grant of $15,007 thousand. For the year ended December 31, 2022, the grant revenue was recognised amounting to $4,313 thousand. The grants of 2022 were received in

December 2022.

The main rights and obligations of the agreement are listed as follows:

(a) All results from the Enimmune's implementation of the research program, including knowledge, technologies, and intellectual property belong to the Enimmune. Enimmune has the responsibility to manage and apply these results.

(b) If the source of the Taipei Computer Association's grant is the Executive Yuan's National Science and Technology Development Fund, the Enimmune's ownership, management, and application of the research results shall be governed by the terms of Executive Yuan's National Science and Technology Development Fund Grant Contract.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Capital management

The Group's capital management is based on the industry where the Group is in, industry's future growth and product development to set an appropriate market share, set a corresponding capital expenditure. The management also considers operating funds calculated based on financial operation plans and consideration of operating profit and cash flow generated by product competitiveness to determine an appropriate capital structure.

(2) Financial instruments

A. Financial instruments by category

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets			
Financial assets at fair value through other comprehensive income - non-current	$ 108,923	$ 100,251	$ 105,340
Financial assets at amortised cost			
Cash and cash equivalents	2,570,814	2,857,083	2,518,638
Financial assets at amortised cost - current	115,507	115,507	199,000
Notes receivable	8	620	-
Accounts receivable	538,186	534,349	44,991
Financial assets at amortised cost - non-current	42,826	3,596	1,986
Other receivables (shown as other current assets)	253	366	2,217
Refundable deposits (shown as other current assets and other non-current assets)	34,570	29,531	7,109
	$ 3,411,087	$ 3,641,303	$ 2,879,281

	March 31, 2023	December 31, 2022	March 31, 2022
Financial liabilities			
Financial liabilities at amortised cost			
Short-term borrowings	$ 270,000	$ 20,000	$ 200,000
Notes payable	945	30	1,511
Accounts payable	108,360	48,813	77,413
Other payables	153,867	262,542	205,435
Long-term borrowings (including current portion)	2,163,695	2,164,220	1,306,787
	$ 2,696,867	$ 2,495,605	$ 1,791,146
Lease liabilities (including current portion)	$ 75,785	$ 78,330	$ 16,695

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Group treasury identifies, evaluates and hedges financial risks by closely cooperating with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group manages their foreign exchange risk against their functional currency. The Group is required to hedge their entire foreign exchange risk exposure via the Group treasury.

ii. Foreign exchange risk between USD , JPY and EUR with NTD is mainly from exchange loss or profit arising from conversion of cash and cash equivalents and accounts receivable denominated in USD , JPY and EUR.

iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; certain second-tier subsidiaries' functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation are as follows:

	March 31, 2023					
				Sensitivity analysis		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD：NTD	$ 23,116	30.40	$ 702,724	1%	$ 7,027	$ -
JPY ：NTD	308,633	0.23	69,998	1%	$ 700	-
EUR：NTD	3,030	32.95	99,828	1%	$ 998	-
Financial liabilities						
Monetary items						
NTD：USD	$ 56,200	1.00	$ 56,200	1%	$ 562	$ -

	December 31, 2022					
				Sensitivity analysis		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD：NTD	$ 25,361	30.66	$ 777,569	1%	$ 7,776	$ -
JPY ：NTD	227,688	0.23	52,459	1%	525	-
EUR：NTD	408	32.52	13,260	1%	133	-
Financial liabilities						
Monetary items						
NTD：USD	$ 45,453	1	$ 45,453	1%	$ 455	$ -

	March 31, 2022					
				Sensitivity analysis		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD：NTD	$ 10,013	28.58	$ 286,134	1%	$ 2,861	$ -
JPY ：NTD	71,742	0.23	16,738	1%	167	-
EUR：NTD	743	31.72	23,570	1%	236	-

Total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2023 and 2022 amounted to exchange loss of $7,334 thousand and gain of $7,825 thousand, respectively.

Cash flow and fair value interest rate risk

i. The Group's interest rate risk arises from short-term borrowings and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

ii. For the three-month periods ended March 31, 2023 and 2022, if the interest rate had been 25 basis point higher/lower, post-tax profit would have decreased/increased by $1,217 thousand and $754 thousand, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group's cash and cash equivalents are deposited in financial institutions with optimal credit quality. The Group manages their credit risk taking into consideration the entire group's concern. In order to prevent excessive concentration and to disperse credit risk, the Group manages the deposit ratio in each financial institution, and the credit quality of banks and financial institutions the Group trades with is optimal. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The Group screens potential transaction counterparties based on their credit history, and only enters into transactions with counterparties that reach a certain level of credit quality; hence, there is no significant credit risk.

iii. The Group adopts the assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition, the default occurs when the contract payments are past due over 90 days.

iv. The Group applies the simplified approach using a provision matrix to estimate the expected credit loss of accounts receivable, and takes into consideration the past default records and current financial position of the customer, economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix uses past due days of accounts receivable to determine expected loss rates and is not further distinguished according to the Group's different customer base.

v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure the Group's rights.

vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's expected loss rate for accounts receivable were all immaterial.

vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2023		2022	
	Accounts receivable	Other receivables	Accounts receivable	Other receivables
At January 1	$ -	$ 4,986	$ 67	$ -
Reversal of impairment	-	-	(67)	-
At March 31	$ -	$ 4,986	$ -	$ -

viii. The Group used the forecastability of economic forecasting announced by the Directorate General of Budget, Accounting and Statistics of the Executive Yuan to adjust historical and timely information to assess the default possibility of debt instruments as of March 31, 2023, December 31, 2022 and March 31, 2022, in order to estimate expected credit losses.

(c) Liquidity risk

i. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities, at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group has undrawn borrowing facilities amounting to $2,232,000 thousand, $2,082,000 thousand and $2,900,000 thousand, respectively.

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

March 31, 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 3 years	Over 3 years	Total
Short-term borrowings	$ 251,532	$ 20,078	$ -	$ -	$ 271,610
Notes payable	945	-	-	-	945
Accounts payable	108,360	-	-	-	108,360
Other payables	153,867	-	-	-	153,867
Long-term borrowings (Note)	49,931	105,068	404,767	1,785,334	2,345,100
Lease liabilities (Note)	4,362	13,282	35,111	28,040	80,795

December 31, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 3 years	Over 3 years	Total
Short-term borrowings	$ 115	$ 20,190	$ -	$ -	$ 20,305
Notes payable	30	-	-	-	30
Accounts payable	48,813	-	-	-	48,813
Other payables	262,542	-	-	-	262,542
Long-term borrowings (Note)	11,118	155,275	411,878	1,793,646	2,371,917
Lease liabilities (Note)	4,694	13,426	35,066	30,486	83,672

March 31, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 3 years	Over 3 years	Total
Short-term borrowings	$ 200,000	$ -	$ -	$ -	$ 200,000
Notes payable	1,511	-	-	-	1,511
Accounts payable	77,413	-	-	-	77,413
Other payables	205,435	-	-	-	205,435
Long-term borrowings (Note)	5,840	56,229	198,050	1,188,535	1,448,654
Lease liabilities (Note)	2,022	4,319	7,274	3,771	17,386
Guarantee deposits received	3,000	-	-	-	3,000

(shown as non-current liabilities)

Note: including current portion.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised cost, accounts receivable, other receivables, refundable deposits, short-term borrowings, accounts payable, other payables, lease liabilities and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of nature of the assets and liabilities is as follows:

March 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
- Equity securities	$ -	$ -	$ 108,923	$ 108,923

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
- Equity securities	$ -	$ -	$ 100,251	$ 100,251

March 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
- Equity securities	$ -	$ -	$ 105,340	$ 105,340

(b) The methods and assumptions the Group used to measure fair value are as follows:

The fair value of financial instruments without active market is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques refers to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.

D. The following chart is the movement of Level 3 for the three-month periods ended March 31, 2023 and 2022:

	Non-derivative equity securities	
	2023	2022
At January 1	$ 100,251	$ 119,337
Gains (losses) recognised in other comprehensive income	8,672	(13,997)
At March 31	$ 108,923	$ 105,340

E. For the three-month periods ended March 31, 2023 and 2022, there was no transfer into or out from Level 3.

F. Treasury department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	$ 108,763	Market comparable companies	Liquidity premium	20%	The higher the multiple, the lower the fair value.
Non-derivative equity instrument: Unlisted shares	160	Net asset value	Not applicable	-	Not applicable

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	$ 100,089	Market comparable companies	Liquidity premium	20%	The higher the multiple, the lower the fair value.
Non-derivative equity instrument: Unlisted shares	162	Net asset value	Not applicable	-	Not applicable

	Fair value at March 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	$ 105,340	Market comparable companies	Liquidity premium	20%-30%	The higher the multiple, the lower the fair value.

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurements. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			March 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Liquidity premium	±10%	$ -	$ -	$ 13,650	($ 13,650)

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Liquidity premium	±10%	$ -	$ -	$ 12,467	($ 12,467)

			March 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Liquidity premium	±10%	$ -	$ -	$ 13,256	($ 13,256)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 4.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group mainly engages in the manufacture and trade of vaccines and modern medicine products, and the Group is divided into two segments according to the business nature of each department.

(2) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Three-month period ended March 31, 2023	Adimmune Corporation	Enimmune Corporation	Total
Revenue from external customers	$ 162,302	$ 7,408	$ 169,710
Inter-segment revenue	-	-	-
Total revenue	$ 162,302	$ 7,408	$ 169,710
Segment loss	($ 232,754)	($ 24,885)	($ 257,639)

Three-month period ended March 31, 2022	Adimmune Corporation	Enimmune Corporation	Total
Revenue from external customers	$ 40,290	$ 12,508	$ 52,798
Inter-segment revenue	6,756	6	6,762
Total revenue	$ 47,046	$ 12,514	$ 59,560
Segment loss	($ 223,554)	($ 21,914)	($ 245,468)

(3) Reconciliation for segment income (loss)

A. A reconciliation of the adjusted revenue and the continuing operations' revenue is provided as follows:

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Adjusted revenue of reportable segments	$ 169,710	$ 59,560
Elimination of inter-segment revenue	-	(6,762)
Total	$ 169,710	$ 52,798

B. A reconciliation of reportable segment loss to the loss before tax from continuing operations for the three-month periods ended March 31, 2023 and 2022 is provided as follows:

	Three-month period ended March 31, 2023	Three-month period ended March 31, 2022
Reportable segment loss	($ 257,639)	($ 245,468)
Other segment loss	(11,653)	(3,581)
Total	(269,292)	(249,049)
Elimination of segment income	-	1,958
Loss before tax from continuing operations	($ 269,292)	($ 247,091)

Adimmune Corporation and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of March 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Adimmune Corporation	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,991,057	$ 108,763	1.66	$ 108,763	-
Adimmune Corporation	Hematech Biotherapeutics Inc.	Same chairman	Financial assets at fair value through other comprehensive income - non-current	442,114	160	5.00	160	-
				Total	$ 108,923	Total	$ 108,923	

Adimmune Corporation and subsidiaries
Information on investees(Not including investees in Mainland China)
Three-month period ended March 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at March 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at March 31, 2023: Number of shares	Shares held as at March 31, 2023: Ownership (%)	Shares held as at March 31, 2023: Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2023	Investment income(loss) recognised by the Company for the three-month period ended March 31, 2023	Footnote
Adimmune Corporation	Enimmune Corporation	Taiwan	Bio-technology	$ 598,224	$ 598,224	33,558,000	51.00	$ 134,249	($ 30,586)	($ 15,599)	Note 1
Adimmune Corporation	Global Commonwealth Life Science (Holdings) Limited	Hong Kong	Investment	-	-	2	100.00	-	-	-	Notes 1 & 3
Adimmune Corporation	Adimmune B.V.	Netherland	Investment	-	-	-	100.00	-	-	-	Note 1
Adimmune Corporation	Eggs Corporation	Taiwan	Animal Husbandry	65,000	65,000	6,500,000	100.00	40,146	(659)	(659)	Note 1
Eggs Corporation	Animmune Corporation	Taiwan	Bio-technology	51,732	51,732	3,636,585	51.22	30,593	(1,288)	(659)	Note 2
Enimmune Corporation	Enimmune-RMT Biotech PTE. LTD.	Singapore	Bio-technology	162,910	162,910	55,000,000	55.00	29,491	(10,365)	(5,701)	Note 2

Note 1: The Company's subsidiary.
Note 2: It’s the Company’s second-tier subsidiary
Note 3: Initial investment was NT$ 8.(in dollars)

Adimmune Corporation and subsidiaries
Information on investments in Mainland China
Three-month period ended March 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023	Net income of investee as of March 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2023 (Note 2)	Book value of investments in Mainland China as of March 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Adimmune Co., Ltd. Nanjing, China	Business sales & acquisition	$ -	1	$ -	$ -	$ -	$ -	$ -	100.00	$ -	$ -	$ -	Note 2

Note 1: Investment methods are classified into the following three categories:
(1) Directly invest in a company in Mainland China.
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(3) Others

Note 2: The company was approved for business registration by the competent authority on August 10, 2016. As of March 31, 2023, the company still has not yet initiated its operation, thus, no related investment profit or loss.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA(Note)
Adimmune Co., Ltd. Nanjing, China	$ -	$ 10,000	$ 3,772,051

Note: Calculated in accordance with the limits set in the "Principles for the Review of Investment or Technical Cooperation in Mainland China" issued by the Ministry of Economic Affairs (60% of the net value).

Adimmune Corporation and subsidiaries

Major shareholders information

March 31, 2023

Table 4

Name of major shareholders	Shares		Footnote
	Number of shares held	Ownership (%)	
National Development Fund, Executive Yuan	48,584,162	11.31%	Notes1 & 2
Bioengine Technology Development Inc.	38,183,000	8.92%	

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted, at the same time, persons who have power to decide how to allocate the trust assets.

For the information of reported share equity of insider, please refer to Market Observation Post System.