

**ADIMMUNE CORPORATION AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-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 September 30, 2023 and 2022, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-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.

Hsu, Chien-Yeh

Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

November 10, 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
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Assets			September 30, 2023		December 31, 2022		September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,088,639	22	\$ 2,857,083	31	\$ 2,169,458	24
1136	Financial assets at amortised cost -	6(2) and 8						
	current		67,507	1	115,507	1	115,507	1
1150	Notes receivable, net	6(3)	-	-	620	-	-	-
1170	Accounts receivable, net	6(3)	1,102,789	12	534,349	6	1,278,623	14
130X	Inventories	6(4)	765,552	8	659,327	7	741,468	8
1410	Prepayments	6(5)	230,464	2	297,411	3	284,528	3
1470	Other current assets	8	240,847	3	27,038	1	129,648	1
11XX	Current Assets		4,495,798	48	4,491,335	49	4,719,232	51
Non-current assets								
1517	Financial assets at fair value	6(6)						
	through other comprehensive							
	income - non-current		104,885	1	100,251	1	95,577	1
1535	Financial assets at amortised cost -	6(2) and 8						
	non-current		87,933	1	3,596	-	42,486	-
1560	Non-current contract assets	6(18)	326,656	4	326,656	4	169,893	2
1600	Property, plant and equipment	6(7) and 8	3,578,962	39	3,556,326	39	3,496,294	38
1755	Right-of-use assets		72,965	1	84,791	1	89,374	1
1760	Investment property, net		23,252	-	23,252	-	23,252	-
1780	Intangible assets	6(8)	76,429	1	93,293	1	98,950	1
1840	Deferred income tax assets		227,590	2	227,590	2	228,025	3
1900	Other non-current assets	6(9) and 8	289,794	3	241,441	3	249,785	3
15XX	Non-current assets		4,788,466	52	4,657,196	51	4,493,636	49
1XXX	Total assets		\$ 9,284,264	100	\$ 9,148,531	100	\$ 9,212,868	100

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ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	September 30, 2023		December 31, 2022		September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(10)	\$ 540,000	6	\$ 20,000	-	\$ 20,000	-
2130	Current contract liabilities	6(18)	26,889	-	11,110	-	18,379	-
2150	Notes payable		17,634	-	30	-	29,733	1
2170	Accounts payable		20,793	-	48,813	1	93,440	1
2200	Other payables	6(11)	236,803	3	262,542	3	181,597	2
2280	Current lease liabilities		15,235	-	16,675	-	16,581	-
2320	Long-term liabilities, current portion	6(12)	169,924	2	125,006	1	80,101	1
2399	Other current liabilities, others		7,400	-	16,310	-	7,337	-
21XX	Current Liabilities		<u>1,034,678</u>	<u>11</u>	<u>500,486</u>	<u>5</u>	<u>447,168</u>	<u>5</u>
Non-current liabilities								
2540	Long-term borrowings	6(12)	1,953,719	21	2,039,214	22	2,123,642	23
2580	Non-current lease liabilities		52,214	1	61,654	1	65,688	1
2600	Other non-current liabilities		2,081	-	2,351	-	4,701	-
25XX	Non-current liabilities		<u>2,008,014</u>	<u>22</u>	<u>2,103,219</u>	<u>23</u>	<u>2,194,031</u>	<u>24</u>
2XXX	Total Liabilities		<u>3,042,692</u>	<u>33</u>	<u>2,603,705</u>	<u>28</u>	<u>2,641,199</u>	<u>29</u>
Equity								
Share capital		6(15)						
3110	Share capital - common stock		4,295,078	46	4,295,078	47	4,295,078	47
Capital surplus		6(16)						
3200	Capital surplus		835,406	9	849,049	9	847,574	9
Retained earnings		6(17)						
3310	Legal reserve		145,781	2	116,539	1	116,539	1
3350	Unappropriated retained earnings		865,753	9	1,121,010	12	1,058,507	12
Other equity interest								
3400	Other equity interest		39,778	-	34,623	1	31,753	-
3500	Treasury shares	6(15)	(292,538)	(3)	(292,538)	(3)	(110,556)	(1)
31XX	Equity attributable to owners of the parent		<u>5,889,258</u>	<u>63</u>	<u>6,123,761</u>	<u>67</u>	<u>6,238,895</u>	<u>68</u>
36XX	Non-controlling interest		<u>352,314</u>	<u>4</u>	<u>421,065</u>	<u>5</u>	<u>332,774</u>	<u>3</u>
3XXX	Total equity		<u>6,241,572</u>	<u>67</u>	<u>6,544,826</u>	<u>72</u>	<u>6,571,669</u>	<u>71</u>
Significant contingent liabilities and unrecognised contract commitments		9						
3X2X	Total liabilities and equity		<u>\$ 9,284,264</u>	<u>100</u>	<u>\$ 9,148,531</u>	<u>100</u>	<u>\$ 9,212,868</u>	<u>100</u>

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings (losses) per share)

			Three-month periods ended September 30				Nine-month periods ended September 30			
			2023		2022		2023		2022	
Items		Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(18)	\$ 973,345	100	\$ 1,087,289	100	\$ 1,225,604	100	\$ 1,667,022	100
5000	Operating costs	6(4)(8)(22)	(488,399)	(50)	(531,705)	(49)	(895,927)	(73)	(1,015,229)	(61)
5900	Net operating margin		484,946	50	555,584	51	329,677	27	651,793	39
	Operating expenses	6(8)(22)								
6100	Selling expenses		(7,585)	(1)	(40,225)	(4)	(70,159)	(6)	(139,667)	(8)
6200	General and administrative expenses		(86,913)	(9)	(83,346)	(8)	(241,510)	(20)	(218,740)	(13)
6300	Research and development expenses		(83,707)	(8)	(78,505)	(7)	(229,602)	(19)	(228,195)	(14)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(107,668)	(11)	-	-	(127,353)	(10)	67	-
6000	Total operating expenses		(285,873)	(29)	(202,076)	(19)	(668,624)	(55)	(586,535)	(35)
6900	Operating profit (loss)		199,073	21	353,508	32	(338,947)	(28)	65,258	4
	Non-operating income and expenses									
7100	Interest income	6(19)	1,882	-	818	-	11,347	1	2,631	-
7010	Other income	6(20)	13,530	1	5,490	1	20,718	2	7,250	-
7020	Other gains and losses	6(21)	25,365	3	53,655	5	22,633	2	78,169	5
7050	Finance costs	6(23)	(10,558)	(1)	(7,038)	(1)	(24,363)	(2)	(14,824)	(1)
7000	Total non-operating income and expenses		30,219	3	52,925	5	30,335	3	73,226	4
7900	Profit (loss) before income tax		229,292	24	406,433	37	(308,612)	(25)	138,484	8
7950	Income tax expense	6(24)	-	-	-	-	-	-	-	-
8200	Profit (loss) for the period		\$ 229,292	24	\$ 406,433	37	(\$ 308,612)	(25)	\$ 138,484	8

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ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings (losses) per share)

Items	Notes	Three-month periods ended September 30				Nine-month periods ended September 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	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)	(\$ 21,655)	(2)	(\$ 1,237)	-	\$ 4,634	-	(\$ 23,760)	(1)
8310 Components of other comprehensive loss that will be reclassified to profit or loss		(21,655)	(2)	(1,237)	-	4,634	-	(23,760)	(1)
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Exchange differences on translation		4,814	-	6,473	1	6,488	1	3,385	-
8360 Components of other comprehensive income that will be reclassified to profit or loss		4,814	-	6,473	1	6,488	1	3,385	-
8300 Other comprehensive income (loss) for the period		(\$ 16,841)	(2)	\$ 5,236	1	\$ 11,122	1	(\$ 20,375)	(1)
8500 Total comprehensive income (loss) for the period		\$ 212,451	22	\$ 411,669	38	(\$ 297,490)	(24)	\$ 118,109	7
Profit (loss), attributable to:									
8610 Owners of the parent		\$ 263,707	28	\$ 419,517	38	(\$ 226,015)	(18)	\$ 230,209	14
8620 Non-controlling interest		(34,415)	(4)	(13,084)	(1)	(82,597)	(7)	(91,725)	(6)
Total		\$ 229,292	24	\$ 406,433	37	(\$ 308,612)	(25)	\$ 138,484	8
Comprehensive income (loss) attributable to:									
8710 Owners of the parent		\$ 243,402	25	\$ 421,581	39	(\$ 220,860)	(18)	\$ 208,175	12
8720 Non-controlling interest		(30,951)	(3)	(9,912)	(1)	(76,630)	(6)	(90,066)	(5)
Total		\$ 212,451	22	\$ 411,669	38	(\$ 297,490)	(24)	\$ 118,109	7
Basic earnings (losses) per share	6(25)								
9750 Total basic earnings (losses) per share		\$ 0.63		\$ 0.98		(\$ 0.54)		\$ 0.54	
Diluted earnings (losses) per share	6(25)								
9850 Diluted earnings (losses) per share		\$ 0.63		\$ 0.98		(\$ 0.54)		\$ 0.54	

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
		Capital surplus			Retained earnings		Other equity interest					
								Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
	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		Treasury shares	Total	Non-controlling interest	Total equity
<u>2022</u>												
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 profit (loss) for the period		-	-	-	-	230,209	-	-	-	230,209	(91,725)	138,484
Other comprehensive income (loss) for the period	6(6)	-	-	-	-	-	1,726	(23,760)	-	(22,034)	1,659	(20,375)
Total comprehensive income (loss)		-	-	-	-	230,209	1,726	(23,760)	-	208,175	(90,066)	118,109
Appropriation and distribution of 2021 earnings												
Legal reserve		-	-	-	4,252	(4,252)	-	-	-	-	-	-
Share-based payments	6(14)	-	-	9,718	-	-	-	-	-	9,718	1,753	11,471
Stock repurchase		-	-	-	-	-	-	-	(110,556)	(110,556)	-	(110,556)
Changes in ownership interests in subsidiaries	6(26)	-	-	-	-	-	-	-	-	-	137,367	137,367
Capital surplus used to cover accumulated deficit		-	-	(17,264)	-	-	-	-	-	(17,264)	-	(17,264)
Balance at September 30, 2022		\$ 4,295,078	\$ 817,861	\$ 29,713	\$ 116,539	\$ 1,058,507	\$ 1,726	\$ 30,027	(\$ 110,556)	\$ 6,238,895	\$ 332,774	\$ 6,571,669
<u>2023</u>												
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 for the period		-	-	-	-	(226,015)	-	-	-	(226,015)	(82,597)	(308,612)
Other comprehensive income for the period	6(6)	-	-	-	-	-	521	4,634	-	5,155	5,967	11,122
Total comprehensive income (loss)		-	-	-	-	(226,015)	521	4,634	-	(220,860)	(76,630)	(297,490)
Appropriation and distribution of 2022 earnings												
Legal reserve	6(17)	-	-	-	29,242	(29,242)	-	-	-	-	-	-
Share-based payments	6(14)	-	-	3,621	-	-	-	-	-	3,621	7,879	11,500
Exercise of employee share options		-	-	(17,264)	-	-	-	-	-	(17,264)	-	(17,264)
Balance at September 30, 2023		\$ 4,295,078	\$ 817,861	\$ 17,545	\$ 145,781	\$ 865,753	\$ 443	\$ 39,335	(\$ 292,538)	\$ 5,889,258	\$ 352,314	\$ 6,241,572

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine-month periods ended September 30	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		(\$ 308,612)	\$ 138,484
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including right-of-use assets)	6(22)	148,865	173,074
Amortisation	6(22)	18,586	18,821
Expected credit loss	12(2)	127,353	(67)
Gain from lease modification	6(21)	(263)	-
Interest expense	6(23)	24,363	14,824
Interest income	6(19)	(11,347)	(2,631)
Dividend income	6(20)	(7,982)	-
Grant revenue		-	(3,003)
Share-based payments	6(14)	13,945	11,471
Gain on disposal of property, plant and equipment	6(21)	-	(1)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		620	-
Accounts receivable, net		(695,793)	(1,132,814)
Inventories		(106,225)	(235,590)
Prepayments		66,947	(10,714)
Other current assets		(50,233)	(46,199)
Contract assets		-	(32,520)
Changes in operating liabilities			
Notes payable		17,604	29,733
Contract liabilities - current		15,779	(5,065)
Accounts payable, net		(28,020)	87,558
Other payables		(4,716)	24,093
Other current liabilities		(9,762)	5,282
Net defined benefit liabilities - non-current		(265)	(253)
Other non-current liabilities		(4)	8
Cash outflow generated from operations		(789,160)	(965,509)
Interest received		11,179	2,594
Interest paid		(22,902)	(13,109)
Dividends received		7,982	-
Net cash flows used in operating activities		(792,901)	(976,024)

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ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Nine-month periods ended September 30	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost-current		\$ 48,000	\$ 123,493
Decrease (increase) in financial assets at amortised cost- non-current		(84,337)	(40,501)
Acquisition of property, plant and equipment	6(27)	(187,478)	(283,320)
Proceeds from disposal of property, plant and equipment		-	1
Increase in prepaid equipment		(41,777)	(83,006)
Increase in refundable deposits		(170,663)	(84,932)
Acquisition of intangible assests	6(8)	(1,043)	-
Net cash flows used in investing activities		(437,298)	(368,265)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(28)	520,000	1,198,013
Repayment from short-term borrowings	6(28)	-	(1,178,013)
Proceeds from long-term borrowings	6(28)	-	898,000
Repayment from long-term borrowings	6(28)	(40,577)	(1,564)
Decrease in guarantee deposits received	6(28)	-	(3,000)
Exercise of employee share options		(10,372)	(17,264)
Repayment of principal portion of lease liabilities	6(28)	(13,784)	(18,606)
Capital surplus - changes in non-controlling interests	6(26)	-	137,367
Stocks repurchased	6(15)	-	(110,556)
Net cash flows from financing activities		455,267	904,377
Effect of exchange rate changes on cash and cash equivalents		6,488	(42,647)
Net decrease in cash and cash equivalents		(768,444)	(482,559)
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)	\$ 2,088,639	\$ 2,169,458

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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.) in 1965. The Company and its subsidiary (collectively referred herein as the “Group”) are primarily engaged in the research and development, processing, manufacture and trading of Serum, vaccines, testing reagents, biologic therapy and other bacterial liquid; as well as processing, manufacture and trading of modern medicine products, veterinary drug, chemical and feed additive. 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 November 10, 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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	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.

(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
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 21, 'Lack of exchangeability'	January 1, 2025

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 MATERIAL 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:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Footnote
			September 30, 2023	December 31, 2022	September 30, 2022	
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	100	Note

Note:

1. For the operational needs and future development, on November 5, 2021, the Board of Directors of the Group'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 Singaporean 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 process of Enimmune Biotech Pte. Ltd. in Singapore was completed in June 2022, and the Group's consolidated financial statements included Enimmune Biotech Pte. Ltd. while Enimmune completed the capital injection on June 10, 2022. However, the negotiation of investment between Enimmune and Aios Biotech Pte. Ltd. was still on-going when the Group issued the consolidated financial statements for the third quarter of 2022 on November 11, 2022, thus, Enimmune recognised the investment at 100% ownership in the consolidated financial statements for that period.
 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 "RMT") to participate in the joint ventures. On October 28, 2022, USD 4.5 million for shares proceeds was received from RMT 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 with the Accounting and Corporate Regulatory Authority Singapore. Enimmune and RMT agreed to reduce capital and retire shares in the amount of US\$4.5 million with a capital reduction ratio of 45%. Enimmune held 100% of EB company's shares after the capital reduction. Enimmune Corporation expected to return shares proceeds in the amount of USD 4.5 million, plus 5% interests, to RMT. However, as of November 10, 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) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly. 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) 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 position, operating performance and changes in the Company's financial position, 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	<u>(\$ 54,598)</u>	<u>(\$ 53,105)</u>	<u>(\$ 46,076)</u>	<u>(\$ 35,236)</u>	<u>\$ 189,015</u>

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and revolving funds	\$ 1,331	\$ 1,249	\$ 1,241
Checking accounts and demand deposits	1,612,308	2,520,834	1,763,217
Time deposits	475,000	335,000	405,000
	<u>\$ 2,088,639</u>	<u>\$ 2,857,083</u>	<u>\$ 2,169,458</u>

- 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	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Time deposits with maturities of more than three months and not satisfy short-term cash flows commitments	\$ 52,500	\$ 100,500	\$ 11,507
Pledged time deposits	15,007	15,007	-
	<u>\$ 67,507</u>	<u>\$ 115,507</u>	<u>\$ 11,507</u>
Non-current items:			
Reserve accounts for syndicated loans	<u>\$ 87,933</u>	<u>\$ 3,596</u>	<u>\$ 42,486</u>

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 deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ -	\$ 620	\$ -
Less: Allowance for uncollectible accounts	-	-	-
	<u>\$ -</u>	<u>\$ 620</u>	<u>\$ -</u>
Accounts receivable	\$ 1,230,142	\$ 534,349	\$ 1,278,623
Less: Allowance for uncollectible accounts	(127,353)	-	-
	<u>\$ 1,102,789</u>	<u>\$ 534,349</u>	<u>\$ 1,278,623</u>

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

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 794,115	\$ -	\$ 534,349	\$ 620	\$ 945,547	\$ -
Up to 30 days	-	-	-	-	332,665	-
31 to 90 days	-	-	-	-	-	-
91 to 180 days	-	-	-	-	411	-
Over 181 days	436,027	-	-	-	-	-
	<u>\$ 1,230,142</u>	<u>\$ -</u>	<u>\$ 534,349</u>	<u>\$ 620</u>	<u>\$ 1,278,623</u>	<u>\$ -</u>

The above ageing analysis is based on past due date.

- B. As at September 30, 2023, December 31, 2022, September 30, 2022 and January 1, 2022, the balances of receivables from contracts with customers amounted to \$1,102,789 thousand, \$534,969 thousand, \$1,278,623 thousand and \$99,705 thousand, respectively.
- C. The Group does not hold any collateral as security.
- D. As at September 30, 2023, December 31, 2022 and September 30, 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 \$0 thousand, \$620 thousand and \$0 thousand, respectively; As at September 30, 2023, December 31, 2022 and September 30, 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 \$1,102,789 thousand, \$534,349 thousand and \$1,287,623 thousand, respectively.
- E. The Group had implemented appropriate collection and related asset preservation measures for accounts receivable that were past due on September 30, 2023 to secure the Group's rights and interests.
- F. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

September 30, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 119,879	(\$ 8,488)	\$ 111,391
Work in process	606,474	(218,199)	388,275
Finished goods	316,117	(61,808)	254,309
Merchandise	11,595	(18)	11,577
	<u>\$ 1,054,065</u>	<u>(\$ 288,513)</u>	<u>\$ 765,552</u>
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
	<u>\$ 924,099</u>	<u>(\$ 264,772)</u>	<u>\$ 659,327</u>
September 30, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 142,166	(\$ 5,804)	\$ 136,362
Work in process	599,803	(199,775)	400,028
Finished goods	224,054	(23,912)	200,142
Merchandise	5,713	(777)	4,936
	<u>\$ 971,736</u>	<u>(\$ 230,268)</u>	<u>\$ 741,468</u>

The cost of inventories recognised as expense for the period:

	Three-month period ended September 30,	
	2023	2022
Costs of goods sold	\$ 392,994	\$ 447,535
Loss on decline in market value	14,878	3,253
Loss on inventory retirement	9,708	7,371
Revenue from sale of scraps	(11)	(5)
Unallocated overhead	70,830	73,551
	<u>\$ 488,399</u>	<u>\$ 531,705</u>

	Nine-month period ended September 30,	
	2023	2022
Costs of goods sold	\$ 637,773	\$ 747,833
Loss on decline in market value	23,741	25,621
Loss on inventory retirement	13,168	16,895
Revenue from sale of scraps	(13)	(5)
Unallocated overhead	221,258	224,885
	<u>\$ 895,927</u>	<u>\$ 1,015,229</u>

(5) Prepayments

	September 30, 2023	December 31, 2022	September 30, 2022
Supplies inventory	\$ 145,965	\$ 156,615	\$ 146,299
Prepaid purchase	47,713	93,657	84,139
Residual tax credit	28,722	42,721	52,866
Others	8,064	4,418	1,224
	<u>\$ 230,464</u>	<u>\$ 297,411</u>	<u>\$ 284,528</u>

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

Items	September 30, 2023	December 31, 2022	September 30, 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	39,335	34,701	30,027
	<u>\$ 104,885</u>	<u>\$ 100,251</u>	<u>\$ 95,577</u>

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 \$104,885 thousand, \$100,251 thousand and \$95,577 thousand as at September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

B. The Group recognised loss of \$21,655 thousand, loss of \$1,237 thousand, gain of \$4,634 thousand and loss of \$23,760 thousand in other comprehensive income (loss) for fair value change for the

three-month and nine-month periods ended September 30, 2023 and 2022, respectively.
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(7) Property, plant and equipment

Nine-month period ended September 30, 2023					
	Beginning balance	Additions	Disposals	Transfers	Ending balance
<u>Cost</u>					
Land	\$ 14,357	\$ -	\$ -	\$ -	\$ 14,357
Buildings and structures	2,117,281	2,250	-	17,556	2,137,087
Machinery equipment	2,250,378	4,240	-	66,513	2,321,131
Transportation equipment	4,171	-	-	-	4,171
Other fixed assets	1,063,995	3,976	-	135,798	1,203,769
Construction in progress and equipment under acceptance	1,099,532	147,200	-	(219,867)	1,026,865
	<u>6,549,714</u>	<u>\$ 157,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,707,380</u>
<u>Accumulated depreciation</u>					
Buildings and structures	(877,968)	(\$ 48,271)	\$ -	\$ -	(926,239)
Machinery equipment	(1,236,796)	(70,077)	-	-	(1,306,873)
Transportation equipment	(2,588)	(223)	-	-	(2,811)
Other fixed assets	(876,036)	(16,459)	-	-	(892,495)
	<u>(2,993,388)</u>	<u>(\$ 135,030)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,128,418)</u>
	<u>\$ 3,556,326</u>				<u>\$ 3,578,962</u>
Nine-month period ended September 30, 2022					
	Beginning balance	Additions	Disposals	Transfers	Ending balance
<u>Cost</u>					
Land	\$ 14,357	\$ -	\$ -	\$ -	\$ 14,357
Buildings and structures	2,107,938	2,403	(1,967)	1,164	2,109,538
Machinery equipment	1,996,086	22,832	(1,281)	206,831	2,224,468
Transportation equipment	3,029	1,142	-	-	4,171
Other fixed assets	1,058,851	2,252	(216)	-	1,060,887
Construction in progress and equipment under acceptance	1,031,518	196,666	-	(206,811)	1,021,373
	<u>6,211,779</u>	<u>\$ 225,295</u>	<u>(\$ 3,464)</u>	<u>\$ 1,184</u>	<u>6,434,794</u>
<u>Accumulated depreciation</u>					
Buildings and structures	(816,572)	(\$ 47,720)	\$ 1,967	\$ -	(862,325)
Machinery equipment	(1,114,829)	(90,753)	1,281	(415)	(1,204,716)
Transportation equipment	(2,371)	(140)	-	-	(2,511)
Other fixed assets	(845,063)	(24,101)	216	-	(868,948)
	<u>(2,778,835)</u>	<u>(\$ 162,714)</u>	<u>\$ 3,464</u>	<u>(\$ 415)</u>	<u>(2,938,500)</u>
	<u>\$ 3,432,944</u>				<u>\$ 3,496,294</u>

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 September 30,	
	2023	2022
Amount capitalised	\$ 6,888	\$ 5,465
Range of the interest rate for capitalisation	1.96 ~ 2.26%	1.80 ~ 1.90%

	Nine-month period ended September 30,	
	2023	2022
Amount capitalised	\$ 21,070	\$ 14,684
Range of the interest rate for capitalisation	1.96 ~ 2.26%	1.80 ~ 1.90%

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

(8) Intangible assets

	Nine-month period ended September 30, 2023				
	Beginning balance	Additions	Disposals	Transfers	Ending balance
<u>Cost</u>					
Authorization techniques	\$ 427,828	\$ -	\$ -	\$ -	\$ 427,828
Internal production cost	232,706	-	-	-	232,706
Computer software	45,080	1,043	-	-	46,123
	<u>705,614</u>	<u>\$ 1,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>706,657</u>
<u>Accumulated amortisation</u>					
Authorization techniques	(245,063)	(9,686)	-	-	(254,749)
Internal production cost	(207,390)	(4,468)	-	-	(211,858)
Computer software	(31,994)	(3,753)	-	-	(35,747)
	<u>(484,447)</u>	<u>(\$ 17,907)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(502,354)</u>
<u>Accumulated impairment</u>					
Authorization techniques	(127,874)	\$ -	\$ -	\$ -	(127,874)
	<u>\$ 93,293</u>				<u>\$ 76,429</u>

Nine-month period ended September 30, 2022					
	Beginning balance	Additions	Disposals	Transfers	Ending balance
<u>Cost</u>					
Authorization techniques	\$ 427,828	\$ -	\$ -	\$ -	\$ 427,828
Internal production cost	232,706	-	-	-	232,706
Computer software	44,706	-	-	-	44,706
	<u>705,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>705,240</u>
<u>Accumulated amortisation</u>					
Authorization techniques	(232,148)	(9,686)	-	-	(241,834)
Internal production cost	(201,433)	(4,468)	-	-	(205,901)
Computer software	(26,694)	(3,987)	-	-	(30,681)
	<u>(460,275)</u>	<u>(\$ 18,141)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(478,416)</u>
<u>Accumulated impairment</u>					
Authorization techniques	(127,874)	\$ -	\$ -	\$ -	(127,874)
	<u>\$ 117,091</u>				<u>\$ 98,950</u>

Details of amortisation on intangible assets are as follows:

Three-month period ended September 30,		
	2023	2022
Operating costs	\$ 4,718	\$ 4,753
General and administrative expenses	1,262	1,294
	<u>\$ 5,980</u>	<u>\$ 6,047</u>
Nine-month period ended September 30,		
	2023	2022
Operating costs	\$ 14,154	\$ 14,258
General and administrative expenses	3,753	3,883
	<u>\$ 17,907</u>	<u>\$ 18,141</u>

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 September 30, 2023.

(9) Other non-current assets

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Prepaid equipment	\$ 248,194	\$ 206,417	\$ 211,043
Refundable deposits	35,479	28,203	31,715
Others	<u>6,121</u>	<u>6,821</u>	<u>7,027</u>
	<u>\$ 289,794</u>	<u>\$ 241,441</u>	<u>\$ 249,785</u>

(10) Short-term borrowings

<u>Type of Borrowings</u>	<u>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 540,000</u>	2.35% ~ 2.45%	None
<u>Type of Borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 20,000</u>	2.08% ~ 2.33%	None
<u>Type of Borrowings</u>	<u>September 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 20,000</u>	2.08% ~ 2.20%	None

Interest expense recognised in profit or loss amounted to \$3,245 thousand, \$39 thousand, \$7,625 thousand and \$39 thousand for the nine-month periods ended September 30, 2023 and 2022, respectively.

(11) Other payables

	September 30, 2023	December 31, 2022	September 30, 2022
Salaries payable	\$ 103,226	\$ 95,485	\$ 82,416
Royalty payables	17,881	28,088	21,641
Payables on equipment	39,898	69,710	10,649
Others	75,798	69,259	66,891
	<u>\$ 236,803</u>	<u>\$ 262,542</u>	<u>\$ 181,597</u>

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Collateral	September 30, 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	\$ 2,120,000
Unsecured borrowings			
Chang Hwa Bank	From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020.	Note	1,833
Taichung Commercial Bank	From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020	Note	1,810
			<u>2,123,643</u>
Less: Long-term liabilities due with one year			(169,924)
			<u>\$ 1,953,719</u>
Interest rate range			<u>2.18%~2.68%</u>

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
			<u>2,164,220</u>
Less: Long-term liabilities due with one year			(<u>125,006</u>)
			<u>\$ 2,039,214</u>
Interest rate range			<u>1.75%~2.43%</u>

Type of borrowings	Borrowing period and repayment term	Collateral	September 30, 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	\$ 2,198,000
Unsecured borrowings			
Chang Hwa Bank	From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020.	Note	2,934
Taichung Commercial Bank	From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020	Note	2,809
			<u>2,203,743</u>
Less: Long-term liabilities due with one year			(80,101)
			<u>\$ 2,123,642</u>
Interest rate range			<u>1.75%~2.30%</u>

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:
- The Company shall obtain, maintain, update or comply with any grant, approval and certification required by the competent authorities.
 - The Company's net tangible assets shall not be less than \$370,000 thousand before the loan is settled.
 - 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 and nine-month periods ended September 30, 2023 and 2022 were \$5 thousand, \$7 thousand, \$14 thousand and \$21 thousand, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 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 and nine-month periods ended September 30, 2023 and 2022 were \$4,907 thousand, \$4,576 thousand, \$14,684 thousand and \$13,634 thousand, respectively.

(14) Share-based payment

- A. For the nine-month periods ended September 30, 2023 and 2022, the Group’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Vested period	Vesting conditions	Footnote
2020~2023 years issuance of employees bonus shares	2020.12.18	920 units	3 years	Service vested	Note 1
Cash capital increase reserved for employee preemption	2022.02.24	240 units	-	Vested	Note 2
2022~2032 years issuance of the employee stock options certificates	2022.08.17	2,400 units	10 years	Service vested	Notes 3, 4 and 5
2023~2026 years issuance of employees bonus shares	2023.8.11	920 units	3 years	Service vested	Note 6

Note 1: 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 years ended December 31, 2023 and 2022, the Company granted 305 units. As of September 30, 2023, the Company has ungranted 310 units.

Note 2: For the year ended December 31, 2022, the Company had no stock options outstanding.

Note 3: Subscribers can exercise stock options based on the following table after two years from the grant date. The duration of employee stock options is 10 years, and employee stock options cannot be transferred, pledged, donated, or disposed in any other method except for meeting the regulation specified in the terms.

Cumulatively exercisable ratio of employee stock options during the grant period is as follows:

<u>Service periods of employees (year)</u>	<u>Vesting ratio</u>
2 years	30%
3 years	60%
4 years	100%

Note 4: Upon receiving the restricted stocks, if employees violate the employment contract, working policy or have other significant defaults, the Company has the right to recover and retire the employee stock options which have no exercise right yet.

Note 5: The aforementioned periods and ratio of rights can be adjusted by the Board of Directors, depending on the condition of each issuance.

Note 6: For the years 2023~2026 issuance of employees bonus shares, the fair value of stock price of the Company was \$33.85 (in dollars), and expected option life was not specified. For the year ended December 31, 2023, the Company granted 920 units. As of September 30, 2023, the Company has ungranted 920 units.

B. Details of the share-based payment arrangements are as follows:

(a) Cash capital increase reserved for employee preemption

There were no such transactions on September 30, 2023.

	<u>2022</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at January 1	-	\$ -
Options granted	240	38
Options exercised	(240)	38
Options outstanding at September 30	\$ -	
Options exercisable at September 30	\$ -	

(b) 2022~2032 years issuance of the employee stock options certificates

	<u>2023</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at January 1	\$ 2,310	\$ 25
Options forfeited	(215)	-
Options outstanding at September 30	<u>2,095</u>	
Options exercisable at September 30	<u>2,095</u>	

	2022	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	\$ 2,400	\$ 25
Options forfeited	(35)	-
Options outstanding at September 30	<u>2,365</u>	
Options exercisable at September 30	<u>2,365</u>	

C. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (%)	Expected option life (year)	Expected dividend rate (%)	Risk-free interest rate (%)	Fair value per unit
Cash capital increase reserved for employee preemption	2022.2.24	33.27	38	47.39%	0.14	-	0.40%	0.8278
Issuance of the employee stock options certificates	2022.8.17	29.02	25	48.85~49.81%	6~7	-	1.1264~1.1450%	14.7931~15.9028

D. On June 9, 2022, the Board of Directors of the Group's parent company resolved to implement a long-service incentive plan and make a plan for transferring shares to employees through repurchasing shares in accordance with the Securities and Exchange Act Article 28 and the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies". According to the plan of transferring shares to employees through repurchasing shares of 2022 of the Group's parent company, employees of the Group and the parent company, Adimmune Corporation, who are on board before the effective date of share subscription or employees of the Company and foreign and domestic controlled companies or subsidiaries (including part-time employees and consultants) who have specific contribution to the Company and have been reported to and approved by the Chairman are entitled to subscribe to shares based on the subscription amount specified in Article 5 of the plan.

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

	Three-month period ended September 30,	
	2023	2022
Compensation cost	\$ 5,478	\$ 4,092

	Nine-month period ended September 30,	
	2023	2022
Compensation cost	\$ 13,945	\$ 11,471

(15) Share capital

A. As of September 30, 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	421,508	429,508
Purchase of treasury shares	-	(3,000)
At September 30	421,508	426,508

B. Treasury shares

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

		At September 30, 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 September 30, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
Adimmune Corporation	To be reissued to employees	3,000	\$ 110,556

(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 September 30, 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

and proposed to provide legal reserve in the amount of \$29,242 thousand in accordance with laws after taking into account the distributable profit for the year ended December 31, 2022. The aforementioned proposal of 2022 earnings distribution obtained approval from the shareholders' meeting on June 21, 2023.

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 and provides professional packing service. Details of revenue are as follows:

	Three-month period ended September 30, 2023		
	Adimmune Corporation	Enimmune Corporation	Total
Revenue from professional packing service	\$ 230,241	\$ -	\$ 230,241
Sales revenue	721,984	18,845	740,829
Other revenue	2,275	-	2,275
	<u>\$ 954,500</u>	<u>\$ 18,845</u>	<u>\$ 973,345</u>

	Three-month period ended September 30, 2022		
	Adimmune Corporation	Enimmune Corporation	Total
Revenue from professional packing service	\$ 344,911	\$ -	\$ 344,911
Sales revenue	661,321	48,537	709,858
Other revenue	32,520	-	32,520
	<u>\$ 1,038,752</u>	<u>\$ 48,537</u>	<u>\$ 1,087,289</u>

	Nine-month period ended September 30, 2023		
	Adimmune Corporation	Enimmune Corporation	Total
Revenue from professional packing service	\$ 433,795	\$ -	\$ 433,795
Sales revenue	751,251	31,845	783,096
Other revenue	8,713	-	8,713
	<u>\$ 1,193,759</u>	<u>\$ 31,845</u>	<u>\$ 1,225,604</u>

	Nine-month period ended September 30, 2022		
	Adimmune Corporation	Enimmune Corporation	Total
Revenue from professional packing service	\$ 384,397	\$ -	\$ 384,397
Sales revenue	1,108,649	140,343	1,248,992
Other revenue	33,633	-	33,633
	<u>\$ 1,526,679</u>	<u>\$ 140,343</u>	<u>\$ 1,667,022</u>

	Three-month period ended September 30, 2023		
	Adimmune Corporation	Enimmune Corporation	Total
Timing of revenue recognition			
Over time	\$ 230,241	\$ -	\$ 230,241
At a point in time	724,259	18,845	743,104
	<u>\$ 954,500</u>	<u>\$ 18,845</u>	<u>\$ 973,345</u>

	Three-month period ended September 30, 2022		
	Adimmune Corporation	Enimmune Corporation	Total
Timing of revenue recognition			
Over time	\$ 377,431	\$ -	\$ 377,431
At a point in time	661,321	48,537	709,858
	<u>\$ 1,038,752</u>	<u>\$ 48,537</u>	<u>\$ 1,087,289</u>

Nine-month period ended September 30, 2023			
	Adimmune Corporation	Enimmune Corporation	Total
Timing of revenue recognition			
Over time	\$ 433,795	\$ -	\$ 433,795
At a point in time	759,964	31,845	791,809
	<u>\$ 1,193,759</u>	<u>\$ 31,845</u>	<u>\$ 1,225,604</u>

Nine-month period ended September 30, 2022			
	Adimmune Corporation	Enimmune Corporation	Total
Timing of revenue recognition			
Over time	\$ 416,917	\$ -	\$ 416,917
At a point in time	1,109,762	140,343	1,250,105
	<u>\$ 1,526,679</u>	<u>\$ 140,343</u>	<u>\$ 1,667,022</u>

B. Contract assets and liabilities

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

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Contract assets:				
Service	<u>\$ 326,656</u>	<u>\$ 326,656</u>	<u>\$ 169,893</u>	<u>\$ 137,373</u>
Contract liabilities:				
Advance sales receipts	<u>\$ 26,889</u>	<u>\$ 11,110</u>	<u>\$ 18,379</u>	<u>\$ 23,444</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the three-month and nine-month periods ended September 30, 2023 and 2022 was \$0 thousand, \$891 thousand, \$7 thousand and \$898 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 September 30, 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 nine-month periods ended September 30, 2023 and 2022.

(19) Interest income

Three-month period ended September 30,			
	2023		2022
Interest income from bank deposits	\$ 1,874	\$	814
Other interest income	8		4
	<u>\$ 1,882</u>	<u>\$</u>	<u>818</u>
Nine-month period ended September 30,			
	2023		2022
Interest income from bank deposits	\$ 11,325	\$	2,617
Other interest income	22		14
	<u>\$ 11,347</u>	<u>\$</u>	<u>2,631</u>

(20) Other income

Three-month period ended September 30,			
	2023		2022
Dividend income	\$ 7,982	\$	-
Grant revenue	-		2,956
Other non-operating income	5,548		2,534
	<u>\$ 13,530</u>	<u>\$</u>	<u>5,490</u>
Nine-month period ended September 30,			
	2023		2022
Dividend income	\$ 7,982	\$	-
Grant revenue	4,678		3,003
Other non-operating income	8,058		4,247
	<u>\$ 20,718</u>	<u>\$</u>	<u>7,250</u>

For the three-month and nine-month periods ended September 30, 2023 and 2022, the grant revenue are all government grant revenue.

(21) Other gains and losses

Three-month period ended September 30,			
	2023	2022	
Gains arising from lease modifications	\$ -	\$ -	
Net currency exchange gains	25,365	54,903	
Other gains and losses	-	(1,248)	
	<u>\$ 25,365</u>	<u>\$ 53,655</u>	
Nine-month period ended September 30,			
	2023	2022	
Gains arising from lease modifications	\$ 263	\$ -	
Gains on disposal of property, plant and equipment	-	1	
Net currency exchange gains	22,867	79,512	
Other gains and losses	(497)	(1,344)	
	<u>\$ 22,633</u>	<u>\$ 78,169</u>	

(22) Employee benefit expense, depreciation and amortisation

Nature	Three-month period ended September 30, 2023		
	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	\$ 71,859	\$ 39,707	\$ 111,566
Employee stock options	591	4,887	5,478
Labor and health insurance fees	6,943	3,116	10,059
Pension costs	3,140	1,772	4,912
Directors' remuneration	-	1,398	1,398
Other personnel expenses	1,610	3,061	4,671
	<u>\$ 84,143</u>	<u>\$ 53,941</u>	<u>\$ 138,084</u>
Depreciation	<u>\$ 42,723</u>	<u>\$ 8,091</u>	<u>\$ 50,814</u>
Amortisation	<u>\$ 4,718</u>	<u>\$ 1,490</u>	<u>\$ 6,208</u>

Nature	Three-month period ended September 30, 2022		
	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	\$ 67,414	\$ 39,996	\$ 107,410
Employee stock options	289	4,653	4,942
Labor and health insurance fees	6,151	3,313	9,464
Pension costs	2,818	1,765	4,583
Directors' remuneration	-	1,417	1,417
Other personnel expenses	1,739	3,210	4,949
	<u>\$ 78,411</u>	<u>\$ 54,354</u>	<u>\$ 132,765</u>
Depreciation	<u>\$ 50,457</u>	<u>\$ 8,719</u>	<u>\$ 59,176</u>
Amortisation	<u>\$ 4,753</u>	<u>\$ 1,521</u>	<u>\$ 6,274</u>

Nature	Nine-month period ended September 30, 2023		
	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	\$ 217,160	\$ 130,929	\$ 348,089
Employee stock options	1,754	12,191	13,945
Labor and health insurance fees	20,502	10,208	30,710
Pension costs	9,181	5,517	14,698
Directors' remuneration	-	4,543	4,543
Other personnel expenses	4,716	8,907	13,623
	<u>\$ 253,313</u>	<u>\$ 172,295</u>	<u>\$ 425,608</u>
Depreciation	<u>\$ 124,109</u>	<u>\$ 24,756</u>	<u>\$ 148,865</u>
Amortisation	<u>\$ 14,154</u>	<u>\$ 4,432</u>	<u>\$ 18,586</u>

Nature	Nine-month period ended September 30, 2022		
	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	\$ 202,719	\$ 130,234	\$ 332,953
Employee stock options	329	11,992	12,321
Labor and health insurance fees	18,823	9,899	28,722
Pension costs	8,383	5,272	13,655
Directors' remuneration	-	4,316	4,316
Other personnel expenses	4,591	8,043	12,634
	<u>\$ 234,845</u>	<u>\$ 169,756</u>	<u>\$ 404,601</u>
Depreciation	<u>\$ 149,972</u>	<u>\$ 23,102</u>	<u>\$ 173,074</u>
Amortisation	<u>\$ 14,258</u>	<u>\$ 4,563</u>	<u>\$ 18,821</u>

- 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 and nine-month periods ended September 30, 2022, employees' compensation was both accrued at \$11,635 thousand. The aforementioned amounts were recognised in salary expenses. For the three-month and nine-month periods ended September 30, 2023, 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 September 30,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 17,082	\$ 12,072
Interest expense on lease liabilities	364	431
Less: Capitalisation of qualifying assets	(6,888)	(5,465)
	<u>\$ 10,558</u>	<u>\$ 7,038</u>

	Nine-month period ended September 30,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 44,277	\$ 28,809
Interest expense on lease liabilities	1,156	699
Less: Capitalisation of qualifying assets	(21,070)	(14,684)
	<u>\$ 24,363</u>	<u>\$ 14,824</u>

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(24) Income tax

A. Reconciliation between income tax expense and accounting profit

	Three-month period ended September 30,	
	2023	2022
Tax calculated based on loss before tax and statutory tax rate	\$ 38,526	\$ 76,925
Expenses disallowed by tax regulation	6,436	3,390
Temporary difference not recognised as deferred tax assets	23,022 (3,251)
Change in assessment of realisation of deferred tax assets	(66,388) (64,171)
Loss carryforward not recognised as deferred tax assets	- (12,901)
Below the tax threshold	-	8
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

	Nine-month period ended September 30,	
	2023	2022
Tax calculated based on loss before tax and statutory tax rate	(\$ 79,381)	\$ 6,094
Expenses disallowed by tax regulation	15,652	39,656
Tax exempted income by tax regulation	(1,596)	-
Temporary difference not recognised as deferred tax assets	24,023	-
Change in assessment of realisation of deferred tax assets	- (64,171)
Loss carryforward not recognised as deferred tax assets	41,302	18,413
Below the tax threshold	-	8
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

- 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 2021 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) earnings per share

Three-month period ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic (diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 263,707	421,508	\$ 0.63
Three-month period ended September 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 419,517	426,522	\$ 0.98
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	419,517	426,522	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	339	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 419,517	426,861	\$ 0.98

Nine-month period ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
<u>Basic (diluted) losses per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 226,015)	421,508	(\$ 0.54)

Nine-month period ended September 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 230,209	428,316	\$ 0.54
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	230,209	428,316	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	339	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 230,209	428,655	\$ 0.54

(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 September 30, 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

	Nine-month period ended September 30,	
	2023	2022
Purchase of property, plant and equipment	\$ 157,666	\$ 225,295
Add: Opening balance of payable on equipment	69,710	68,674
Less: Ending balance of payable on equipment	(39,898)	(10,649)
Cash paid during the period	<u>\$ 187,478</u>	<u>\$ 283,320</u>

(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	520,000	(40,577)	(13,784)	465,639
Changes in other non-cash items	-	-	2,903	2,903
At September 30, 2023	<u>\$ 540,000</u>	<u>\$ 2,123,643</u>	<u>\$ 67,449</u>	<u>\$ 2,731,092</u>

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	20,000	896,436	(3,000)	(18,606)	874,830
Changes in other non-cash items	-	-	-	87,408	87,408
At September 30, 2022	<u>\$ 20,000</u>	<u>\$ 2,203,743</u>	<u>\$ -</u>	<u>\$ 82,269</u>	<u>\$ 2,286,012</u>
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 September 30,	
	2023	2022
Short-term employee benefits	\$ 20,319	\$ 18,720
Post-employment benefits	772	588
Share-based payments	4,532	3,370
	<u>\$ 25,623</u>	<u>\$ 22,678</u>
	Nine-month period ended September 30,	
	2023	2022
Short-term employee benefits	\$ 62,079	\$ 63,098
Post-employment benefits	1,899	1,767
Share-based payments	10,580	10,736
	<u>\$ 74,558</u>	<u>\$ 75,601</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Property, plant and equipment	\$ 1,258,708	\$ 1,329,460	\$ 1,393,886	Long-term borrowings
Special reserve account and pledged account (included in financial assets at amortised cost - non-current)	87,933	3,596	42,486	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 current assets and other non-current assets)	200,137	28,203	31,715	Performance margin for bidding
	<u>\$ 1,561,785</u>	<u>\$ 1,376,266</u>	<u>\$ 1,468,087</u>	

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. On October 31, 2023, the civil department of Taiwan New Taipei District Court issued the first-instance verdict pertaining to the aforementioned lawsuit, resulting in Everhealth having to pay Enimmune US\$1,437 thousand for the goods and NT\$10,782 thousand for the management service fee, plus interests at the rate of 5% per annum starting from September 18, 2022. The finality of the case depends on whether Everhealth would file a pleading to appeal for a the second trial within 20 days after the service of the first-instance verdict, otherwise, the first-instance verdict will prevail.

(2) Commitments

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

	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment	<u>\$ 454,910</u>	<u>\$ 488,015</u>	<u>\$ 389,003</u>

- 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) 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.
 - (c) 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.
 - (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. For the nine-month period ended September 30, 2023, the grant revenue was recognised amounting to \$2,342 thousand. The grants of 2023 have not yet been received after the review of the Taipei Computer Association.

- (a) All results from Enimmune's implementation of the research program, including knowledge, technologies, and intellectual property belong to 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, 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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income - non-current	\$ 104,885	\$ 100,251	\$ 95,577
Financial assets at amortised cost			
Cash and cash equivalents	2,088,639	2,857,083	2,169,458
Financial assets at amortised cost - current	67,507	115,507	115,507
Notes receivable	-	620	-
Accounts receivable	1,102,789	534,349	1,278,623
Financial assets at amortised cost - non-current	87,933	3,596	42,486
Other receivables (shown as other current assets)	4,962	366	3,023
Refundable deposits (shown as other current assets and other non-current assets)	200,194	29,531	90,132
	<u>\$ 3,656,909</u>	<u>\$ 3,641,303</u>	<u>\$ 3,794,806</u>
	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 540,000	\$ 20,000	\$ 20,000
Notes payable	17,634	30	29,733
Accounts payable	20,793	48,813	93,440
Other payables	236,803	262,542	181,597
Long-term borrowings (including current portion)	2,123,643	2,164,220	2,203,743
	<u>\$ 2,938,873</u>	<u>\$ 2,495,605</u>	<u>\$ 2,528,513</u>
Lease liabilities (including current portion)	<u>\$ 67,449</u>	<u>\$ 78,329</u>	<u>\$ 82,269</u>

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:

September 30, 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
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 24,278	32.22	\$ 782,237	1%	\$ 7,822	\$ -
JPY : NTD	387,413	0.21	81,357	1%	\$ 814	-
EUR : NTD	118	33.71	3,978	1%	\$ 40	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
NTD : USD	\$ 77,829	1.00	\$ 77,829	1%	\$ 778	\$ -

December 31, 2022						
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
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	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
NTD : USD	\$ 45,453	1.00	\$ 45,453	1%	\$ 455	\$ -
September 30, 2022						
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 28,023	31.75	\$ 889,730	1%	\$ 8,897	\$ -
EUR : NTD	538	31.26	16,818	1%	168	-
JPY : NTD	69,288	0.22	15,243	1%	152	-

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 and nine-month periods ended September 30, 2023 and 2022 amounted to exchange gain of \$25,365 thousand, gain of \$54,903 thousand, loss of \$22,867 thousand and gain of \$79,512 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 nine-month periods ended September 30, 2023 and 2022, if the interest rate had been 25 basis point higher/lower, post-tax profit would have decreased/increased by \$3,995 thousand and \$3,335 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 and financial assets at amortised cost.
- 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 receivables (including note receivable, accounts receivable and contract assets). The Group first assesses and provides impairment loss for the receivables which have objective evidence to indicate that the receivables may not be recovered, and remaining receivables use historical and timely information to assess the default possibility, and taking into consideration the forecastability, in order to assess the default possibility of receivables. As of September 30, 2023, December 31, 2022 and September 30, 2022, the loss rate methodology is as follows:

<u>September 30, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%	\$ 1,120,771	\$ -
Individual assessment	29%	436,027	127,353
		<u>\$ 1,556,798</u>	<u>\$ 127,353</u>

<u>December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%	<u>\$ 861,625</u>	<u>\$ -</u>

<u>September 30, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%	\$ 1,115,440	\$ -
Up to 30 days	0%	332,665	-
91 to 180 days	0%	411	-
		<u>\$ 1,448,516</u>	<u>\$ -</u>

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

	<u>2023</u>		<u>2022</u>	
	<u>Accounts receivable</u>	<u>Other receivables</u>	<u>Accounts receivable</u>	<u>Other receivables</u>
At January 1	\$ -	\$ 4,986	\$ 67	\$ -
Provision for (reversal of) impairment	<u>127,353</u>	<u>-</u>	<u>(67)</u>	<u>-</u>
At September 30	<u>\$ 127,353</u>	<u>\$ 4,986</u>	<u>\$ -</u>	<u>\$ -</u>

- 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 September 30, 2023, December 31, 2022 and September 30, 2022, in order to estimate expected credit losses.

- ix. For investments in debt instruments at amortised cost and at fair value through other comprehensive income, the credit rating levels are presented below:

September 30, 2023				
	12 months	Lifetime		Total
		Significant increase	Impairment	
		in credit risk	of credit	
Financial assets at amortised cost	\$ 155,440	\$ -	\$ -	\$ 155,440

December 31, 2022				
	12 months	Lifetime		Total
		Significant increase	Impairment	
		in credit risk	of credit	
Financial assets at amortised cost	\$ 119,103	\$ -	\$ -	\$ 119,103

September 30, 2022				
	12 months	Lifetime		Total
		Significant increase	Impairment	
		in credit risk	of credit	
Financial assets at amortised cost	\$ 157,993	\$ -	\$ -	\$ 157,993

(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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group has undrawn borrowing facilities amounting to \$2,062,000 thousand, \$2,082,000 thousand and \$2,002,000 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.

September 30, 2023

	Less than 3 months	Between 3 months and 1 year	Between 1 and 3 years	Over 3 years	Total
Short-term borrowings	\$ 503,222	\$ 40,471	\$ -	\$ -	\$ 543,693
Notes payable	17,634	-	-	-	17,634
Accounts payable	20,793	-	-	-	20,793
Other payables	236,803	-	-	-	236,803
Long-term borrowings (Note)	96,228	120,406	420,113	1,722,461	2,359,208
Lease liabilities (Note)	4,377	12,113	22,634	32,589	71,713

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

September 30, 2022

	Less than 3 months	Between 3 months and 1 year	Between 1 and 3 years	Over 3 years	Total
Short-term borrowings	\$ 110	\$ 20,293	\$ -	\$ -	\$ 20,403
Notes payable	29,733	-	-	-	29,733
Accounts payable	93,440	-	-	-	93,440
Other payables	181,597	-	-	-	181,597
Long-term borrowings (Note)	49,665	70,460	409,622	1,889,347	2,419,094
Lease liabilities (Note)	4,351	13,754	28,825	41,092	88,022

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:

<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ -	\$ -	\$ 104,885	\$ 104,885
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ -	\$ -	\$ 100,251	\$ 100,251
<u>September 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ -	\$ -	\$ 95,577	\$ 95,577

(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 nine-month periods ended September 30, 2023 and 2022:

	Non-derivative equity securities	
	2023	2022
At January 1	\$ 100,251	\$ 119,337
Gains (losses) recognised in other comprehensive income	4,634	(23,760)
At September 30	<u>\$ 104,885</u>	<u>\$ 95,577</u>

- E. For the nine-month periods ended September 30, 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 September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	\$ 104,721	Market comparable companies	Liquidity premium	20%	The higher the multiple, the lower the fair value.
Non-derivative equity instrument: Unlisted shares	164	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 September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	\$ 95,577	Market comparable companies	Liquidity premium	20%	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:

			September 30, 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%	\$ -	\$ -	\$ 12,944	(\$ 12,944)

			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)

			September 30, 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%	\$ -	\$ -	\$ 11,870	(\$ 11,870)

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	Adimmune	Enimmune	
September 30, 2023	Corporation	Corporation	Total
Revenue from external customers	\$ 954,500	\$ 18,845	\$ 973,345
Inter-segment revenue	9,824	-	9,824
Total revenue	\$ 964,324	\$ 18,845	\$ 983,169
Segment loss	\$ 294,179	(\$ 50,309)	\$ 243,870

Three-month period ended September 30, 2022	Adimmune Corporation	Enimmune Corporation	Total
Revenue from external customers	\$ 1,038,752	\$ 48,537	\$ 1,087,289
Inter-segment revenue	11,905	81	11,986
Total revenue	<u>\$ 1,050,657</u>	<u>\$ 48,618</u>	<u>\$ 1,099,275</u>
Segment loss	<u>\$ 433,102</u>	<u>(\$ 22,435)</u>	<u>\$ 410,667</u>

Nine-month period ended September 30, 2023	Adimmune Corporation	Enimmune Corporation	Total
Revenue from external customers	\$ 1,193,759	\$ 31,845	\$ 1,225,604
Inter-segment revenue	9,824	-	9,824
Total revenue	<u>\$ 1,203,583</u>	<u>\$ 31,845</u>	<u>\$ 1,235,428</u>
Segment loss	<u>(\$ 153,291)</u>	<u>(\$ 118,703)</u>	<u>(\$ 271,994)</u>

Nine-month period ended September 30, 2022	Adimmune Corporation	Enimmune Corporation	Total
Revenue from external customers	\$ 1,526,679	\$ 140,343	\$ 1,667,022
Inter-segment revenue	118,661	365	119,026
Total revenue	<u>\$ 1,645,340</u>	<u>\$ 140,708</u>	<u>\$ 1,786,048</u>
Segment loss	<u>\$ 325,601</u>	<u>(\$ 81,347)</u>	<u>\$ 244,254</u>

(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 September 30,	
	2023	2022
Adjusted revenue of reportable segments	\$ 983,169	\$ 1,099,275
Elimination of inter-segment revenue	(9,824)	(11,986)
Total	<u>\$ 973,345</u>	<u>\$ 1,087,289</u>
	Nine-month period ended September 30,	
	2023	2022
Adjusted revenue of reportable segments	\$ 1,235,428	\$ 1,786,048
Elimination of inter-segment revenue	(9,824)	(119,026)
Total	<u>\$ 1,225,604</u>	<u>\$ 1,667,022</u>

B. A reconciliation of reportable segment loss to the loss before tax from continuing operations for the nine-month periods ended September 30, 2023 and 2022 is provided as follows:

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022
Reportable segment income	\$ 243,870	\$ 410,667
Other segment loss	(14,578)	(1,940)
Total	229,292	408,727
Elimination of segment income	-	(2,294)
Income before tax from continuing operations	<u>\$ 229,292</u>	<u>\$ 406,433</u>

	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
Reportable segment loss	(\$ 271,994)	\$ 244,254
Other segment loss	(36,618)	(105,770)
Total	(308,612)	138,484
Elimination of segment income	-	-
(Loss) income before tax from continuing operations	<u>(\$ 308,612)</u>	<u>\$ 138,484</u>

Adimmune Corporation and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Adimmune Corporation	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,991,057	\$ 61,129	1.66	<u>\$ 104,721</u>	-
Adimmune Corporation	Hematech Biotherapeutics Inc.	Same chairman	Financial assets at fair value through other comprehensive income - non-current	442,114	4,421	5.00	<u>\$ 164</u>	-
			valuation adjustments		<u>39,335</u>			
					<u>\$ 104,885</u>			

Adimmune Corporation and subsidiaries
Information on investees(Not including investees in Mainland China)
Nine-month period ended September 30, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine-month period ended September 30, 2023	Investment income(loss) recognised by the Company for the nine-month period ended September 30, 2023	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Adimmune Corporation	Enimmune Corporation	Taiwan	Bio-technology	\$ 598,224	\$ 598,224	33,558,000	51.00	\$ 89,188	(\$ 134,318)	(\$ 68,502)	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	33,645	(4,222)	(4,222)	Note 1
Eggs Corporation	Animmune Corporation	Taiwan	Bio-technology	51,732	51,732	3,636,585	51.22	27,046	(8,211)	(4,206)	Note 2
Enimmune Corporation	Enimmune-RMT Biotech PTE. LTD.	Singapore	Bio-technology	162,910	162,910	55,000,000	55.00	24,095	(28,391)	(15,615)	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
Nine-month period ended September 30, 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)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2023			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee as of September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2023 (Note 2)	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	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 September 30, 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 September 30, 2023	Investment amount approved by the		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA(Note)
		Investment Commission of the Ministry of Economic Affairs (MOEA)	Investment	
Adimmune Co., Ltd. Nanjing, China	\$ -	\$ 10,000	\$	3,744,943

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

September 30, 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.	38,646,000	8.99%	

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.