

**ADIMMUNE CORPORATION AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2024 AND 2023**

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 at March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope

than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Hsu, Chien-Yeh

Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

May 10, 2024

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' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Assets | | | March 31, 2024 | | December 31, 2023 | | March 31, 2023 | |
|--------------------|--------------------------------------|------------|----------------|-----|-------------------|-----|----------------|-----|
| | | | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 2,979,145 | 32 | \$ 2,457,501 | 26 | \$ 2,570,814 | 28 |
| 1136 | Financial assets at amortised cost - | 6(2) and 8 | | | | | | |
| | current | | 27,507 | - | 27,507 | - | 115,507 | 1 |
| 1150 | Notes receivable, net | 6(3) | - | - | 15 | - | 8 | - |
| 1170 | Accounts receivable, net | 6(3) | 402,032 | 4 | 1,308,076 | 14 | 538,186 | 6 |
| 130X | Inventories | 6(4) | 688,889 | 8 | 526,406 | 6 | 764,629 | 9 |
| 1410 | Prepayments | 6(5) | 279,739 | 3 | 282,061 | 3 | 321,425 | 4 |
| 1470 | Other current assets | 8 | 98,196 | 1 | 97,761 | 1 | 33,455 | - |
| 11XX | Current Assets | | 4,475,508 | 48 | 4,699,327 | 50 | 4,344,024 | 48 |
| Non-current assets | | | | | | | | |
| 1517 | Financial assets at fair value | 6(6) | | | | | | |
| | through other comprehensive | | | | | | | |
| | income - non-current | | 118,489 | 1 | 105,860 | 1 | 108,923 | 1 |
| 1535 | Financial assets at amortised cost - | 6(2) and 8 | | | | | | |
| | non-current | | 87,959 | 1 | 4,059 | - | 42,826 | - |
| 1560 | Non-current contract assets | 6(18) | 334,933 | 4 | 334,933 | 4 | 326,656 | 4 |
| 1600 | Property, plant and equipment | 6(7) and 8 | 3,536,198 | 38 | 3,544,326 | 37 | 3,594,561 | 39 |
| 1755 | Right-of-use assets | | 68,067 | 1 | 68,353 | 1 | 82,189 | 1 |
| 1760 | Investment property, net | | 23,252 | - | 23,252 | - | 23,252 | - |
| 1780 | Intangible assets | 6(8) | 65,188 | 1 | 70,465 | 1 | 88,253 | 1 |
| 1840 | Deferred income tax assets | 6(24) | 227,602 | 2 | 227,602 | 2 | 227,590 | 3 |
| 1900 | Other non-current assets | 6(9) and 8 | 419,979 | 4 | 406,261 | 4 | 278,838 | 3 |
| 15XX | Non-current assets | | 4,881,667 | 52 | 4,785,111 | 50 | 4,773,088 | 52 |
| 1XXX | Total assets | | \$ 9,357,175 | 100 | \$ 9,484,438 | 100 | \$ 9,117,112 | 100 |

(Continued)

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | March 31, 2024 | | December 31, 2023 | | March 31, 2023 | |
|-------------------------|--|-------|----------------|------|-------------------|------|----------------|------|
| | | | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | | | |
| 2100 | Short-term borrowings | 6(10) | \$ 540,000 | 6 | \$ 540,000 | 6 | \$ 270,000 | 3 |
| 2130 | Current contract liabilities | 6(18) | 93,805 | 1 | 21,812 | - | 49,280 | 1 |
| 2150 | Notes payable | | 2,788 | - | - | - | 945 | - |
| 2170 | Accounts payable | | 68,308 | 1 | 42,351 | - | 108,360 | 1 |
| 2200 | Other payables | 6(11) | 203,167 | 2 | 254,029 | 3 | 153,867 | 2 |
| 2280 | Current lease liabilities | | 16,707 | - | 14,710 | - | 16,233 | - |
| 2320 | Long-term liabilities, current portion | 6(12) | 669,938 | 7 | 669,931 | 7 | 125,011 | 1 |
| 2399 | Other current liabilities, others | 6(3) | 247,284 | 3 | 244,113 | 3 | 6,169 | - |
| 21XX | Current Liabilities | | 1,841,997 | 20 | 1,786,946 | 19 | 729,865 | 8 |
| Non-current liabilities | | | | | | | | |
| 2540 | Long-term borrowings | 6(12) | 1,868,747 | 20 | 1,869,284 | 20 | 2,038,684 | 22 |
| 2580 | Non-current lease liabilities | | 46,663 | - | 48,705 | - | 59,552 | 1 |
| 2600 | Other non-current liabilities | 6(13) | 1,858 | - | 1,937 | - | 2,258 | - |
| 25XX | Non-current liabilities | | 1,917,268 | 20 | 1,919,926 | 20 | 2,100,494 | 23 |
| 2XXX | Total Liabilities | | 3,759,265 | 40 | 3,706,872 | 39 | 2,830,359 | 31 |
| Equity | | | | | | | | |
| | Share capital | 6(15) | | | | | | |
| 3110 | Share capital - common stock | | 4,295,078 | 46 | 4,295,078 | 45 | 4,295,078 | 47 |
| | Capital surplus | 6(16) | | | | | | |
| 3200 | Capital surplus | | 835,406 | 9 | 835,406 | 9 | 850,491 | 9 |
| | Retained earnings | 6(17) | | | | | | |
| 3310 | Legal reserve | | 145,781 | 1 | 145,781 | 2 | 116,539 | 1 |
| 3350 | Unappropriated retained earnings | | 267,860 | 3 | 451,830 | 5 | 871,997 | 10 |
| | Other equity interest | | | | | | | |
| 3400 | Other equity interest | | 53,094 | 1 | 38,943 | - | 41,512 | 1 |
| 3500 | Treasury shares | 6(15) | (292,538) | (3) | (292,538) | (3) | (292,538) | (3) |
| 31XX | Equity attributable to owners of the parent | | 5,304,681 | 57 | 5,474,500 | 58 | 5,883,079 | 65 |
| 36XX | Non-controlling interest | | 293,229 | 3 | 303,066 | 3 | 403,674 | 4 |
| 3XXX | Total equity | | 5,597,910 | 60 | 5,777,566 | 61 | 6,286,753 | 69 |
| | Significant contingent liabilities and unrecognised contract commitments | 9 | | | | | | |
| 3X2X | Total liabilities and equity | | \$ 9,357,175 | 100 | \$ 9,484,438 | 100 | \$ 9,117,112 | 100 |

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except losses per share amount)

| | | | | Three months ended March 31 | | | |
|---|-------------|--|--|-----------------------------|---------|----------------|---------|
| | | | | 2024 | | 2023 | |
| Items | Notes | | | AMOUNT | % | AMOUNT | % |
| 4000 Sales revenue | 6(18) | | | \$ 43,878 | 100 | \$ 169,710 | 100 |
| 5000 Operating costs | 6(4)(8)(22) | | | (114,191) | (260) | (229,615) | (135) |
| 5900 Net operating margin | | | | (70,313) | (160) | (59,905) | (35) |
| Operating expenses | 6(8)(22) | | | | | | |
| 6100 Selling expenses | | | | (7,918) | (18) | (59,439) | (35) |
| 6200 General and administrative expenses | | | | (72,677) | (166) | (68,752) | (41) |
| 6300 Research and development expenses | | | | (44,469) | (101) | (71,492) | (42) |
| 6000 Total operating expenses | | | | (125,064) | (285) | (199,683) | (118) |
| 6900 Operating loss | | | | (195,377) | (445) | (259,588) | (153) |
| Non-operating income and expenses | | | | | | | |
| 7100 Interest income | 6(19) | | | 1,470 | 3 | 1,822 | 1 |
| 7010 Other income | 6(20) | | | 1,934 | 5 | 1,538 | 1 |
| 7020 Other gains and losses | 6(21) | | | 1,360 | 3 | (7,363) | (4) |
| 7050 Finance costs | 6(23) | | | (10,099) | (23) | (5,701) | (4) |
| 7000 Total non-operating revenue and expenses | | | | (5,335) | (12) | (9,704) | (6) |
| 7900 Profit (loss) before income tax | | | | (200,712) | (457) | (269,292) | (159) |
| 7950 Income tax expense | 6(24) | | | - | - | - | - |
| 8200 Profit (loss) for the year | | | | (\$ 200,712) | (457) | (\$ 269,292) | (159) |
| 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) | | | \$ 12,629 | 29 | \$ 8,672 | 5 |
| 8310 Components of other comprehensive loss that will be reclassified to profit or loss | | | | 12,629 | 29 | 8,672 | 5 |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | | | |
| 8361 Exchange differences on translation | | | | 5,427 | 12 | (1,798) | (1) |
| 8360 Components of other comprehensive income that will be reclassified to profit or loss | | | | 5,427 | 12 | (1,798) | (1) |
| 8300 Other comprehensive loss for the year | | | | \$ 18,056 | 41 | \$ 6,874 | 4 |
| 8500 Total comprehensive loss for the year | | | | (\$ 182,656) | (416) | (\$ 262,418) | (155) |
| Loss, attributable to: | | | | | | | |
| 8610 Owners of the parent | | | | (\$ 183,970) | (419) | (\$ 249,013) | (147) |
| 8620 Non-controlling interest | | | | (16,742) | (38) | (20,279) | (12) |
| Total | | | | (\$ 200,712) | (457) | (\$ 269,292) | (159) |
| Comprehensive loss attributable to: | | | | | | | |
| 8710 Owners of the parent | | | | (\$ 169,819) | (387) | (\$ 242,124) | (143) |
| 8720 Non-controlling interest | | | | (12,837) | (29) | (20,294) | (12) |
| Total | | | | (\$ 182,656) | (416) | (\$ 262,418) | (155) |
| Basic losses per share | 6(25) | | | | | | |
| 9750 Total basic losses per share | | | | (\$ 0.44) | | (\$ 0.59) | |
| Diluted losses per share | 6(25) | | | | | | |
| 9850 Diluted losses per share | | | | (\$ 0.44) | | (\$ 0.59) | |

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | | Equity attributable to owners of the parent | | | | | | | | | | |
|--|-------|---|----------------------------|-------------------------|-------------------|----------------------------------|---|---|----------------------|---------------------|--------------------------|---------------------|
| | | Capital Reserves | | | Retained Earnings | | Other equity interest | | | | | |
| | | | | | | | Exchange differences on translation of foreign financial statements | 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 | | | Treasury shares | Total | Non-controlling interest | Total equity |
| <u>2023</u> | | | | | | | | | | | | |
| | | \$ 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 |
| | | - | - | - | - | (249,013) | - | - | - | (249,013) | (20,279) | (269,292) |
| Other comprehensive income (loss) for the year | 6(6) | - | - | - | - | - | (1,783) | 8,672 | - | 6,889 | (15) | 6,874 |
| Total comprehensive income | | - | - | - | - | (249,013) | (1,783) | 8,672 | - | (242,124) | (20,294) | (262,418) |
| Share-based payments | 6(14) | - | - | 1,442 | - | - | - | - | - | 1,442 | 2,903 | 4,345 |
| Balance at March 31, 2020 | | <u>\$ 4,295,078</u> | <u>\$ 817,861</u> | <u>\$ 32,630</u> | <u>\$ 116,539</u> | <u>\$ 871,997</u> | <u>(\$ 1,861)</u> | <u>\$ 43,373</u> | <u>(\$ 292,538)</u> | <u>\$ 5,883,079</u> | <u>\$ 403,674</u> | <u>\$ 6,286,753</u> |
| <u>2024</u> | | | | | | | | | | | | |
| | | \$ 4,295,078 | \$ 817,861 | \$ 17,545 | \$ 145,781 | \$ 451,830 | (\$ 1,367) | \$ 40,310 | (\$ 292,538) | \$ 5,474,500 | \$ 303,066 | \$ 5,777,566 |
| | | - | - | - | - | (183,970) | - | - | - | (183,970) | (16,742) | (200,712) |
| Other comprehensive income for the year | 6(6) | - | - | - | - | - | 1,522 | 12,629 | - | 14,151 | 3,905 | 18,056 |
| Total comprehensive income | | - | - | - | - | (183,970) | 1,522 | 12,629 | - | (169,819) | (12,837) | (182,656) |
| Share-based payments | 6(14) | - | - | - | - | - | - | - | - | - | 3,000 | 3,000 |
| Balance at March 31, 2020 | | <u>\$ 4,295,078</u> | <u>\$ 817,861</u> | <u>\$ 17,545</u> | <u>\$ 145,781</u> | <u>\$ 267,860</u> | <u>\$ 155</u> | <u>\$ 52,939</u> | <u>(\$ 292,538)</u> | <u>\$ 5,304,681</u> | <u>\$ 293,229</u> | <u>\$ 5,597,910</u> |

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | Notes | Three-month periods ended March 31, | |
|--|-------|-------------------------------------|---------------|
| | | 2024 | 2023 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Loss before tax | | (\$ 200,712) | (\$ 269,292) |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation (including right-of-use assets) | 6(22) | 49,909 | 48,040 |
| Amortisation | 6(22) | 6,184 | 6,172 |
| Expected credit gain | 12(2) | (160) | - |
| Gain from lease modification | 6(21) | (1) | (263) |
| Interest expense | 6(23) | 10,099 | 5,701 |
| Interest income | 6(19) | (1,470) | (1,822) |
| Share-based payments | 6(14) | 7,681 | 4,345 |
| Unrealised foreign exchange gain | | - | 3,124 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable, net | | 15 | 612 |
| Accounts receivable, net | | 906,204 | (3,837) |
| Inventories | | (162,483) | (105,302) |
| Prepayments | | 2,322 | (24,013) |
| Other current assets | | (489) | (1,181) |
| Changes in operating liabilities | | | |
| Notes Payable | | 2,788 | 915 |
| Contract liabilities-current | | 71,993 | 38,170 |
| Accounts payable, net | | 25,957 | 59,476 |
| Other payable | | (64,140) | (91,552) |
| Other current liabilities | | 3,171 | (142) |
| Net defined benefir liabilities - non-current | | (81) | (85) |
| Other non-current liabilities | | 4 | (8) |
| Cash inflow (outflow) generated from operations | | 656,791 | (330,942) |
| Interest paid | | (10,034) | (4,908) |
| Interest received | | 1,505 | 1,586 |
| Income taxes paid | | - | (10,000) |
| Net cash flows from (used in) operating activities | | 648,262 | (344,264) |

(Continued)

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | Notes | Three-month periods ended March 31, 2024 | 2023 |
|--|-------|---|--------------|
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Increase in financial assets at amortised cost- non-current | | (\$ 83,900) | (\$ 39,230) |
| Acquisition of property, plant and equipment | 6(27) | (28,292) | (99,198) |
| Increase in prepaid equipment | | (13,703) | (37,584) |
| Increase in refundable deposits | | (223) | (5,039) |
| Acquisition of intangible assests | 6(8) | (680) | (905) |
| Net cash flows used in investing activities | | (126,798) | (181,956) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Proceeds from shore-term borrowings | 6(28) | - | 250,000 |
| Repayment from long-term borrowings | 6(28) | (530) | (525) |
| Repayment of principal portion of lease liabilities | 6(28) | (4,717) | (4,697) |
| Net cash flows (used in) from financing activities | | (5,247) | 244,778 |
| Effect of exchange rate changes on cash and cash equivalents | | 5,427 | (4,827) |
| Net increase (decrease) in cash and cash equivalents | | 521,644 | (286,269) |
| Cash and cash equivalents at beginning of period | 6(1) | 2,457,501 | 2,857,083 |
| Cash and cash equivalents at end of period | 6(1) | \$ 2,979,145 | \$ 2,570,814 |

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023

(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, manufacturing and trading of serum, vaccines, testing reagents, biologicals and other bacterial fluids; and the processing, manufacturing and trading of western medicines, animal medicines, chemicals and feed additives, etc. The Company’s shares were approved to be traded in the Taiwan Stock Exchange starting from May 3, 2012.

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

These consolidated financial statements were reported to the Board of Directors on May 10, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards 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 2024 are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|--|---|
| 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.

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

None.

(3) IFRS Accounting Standards 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 |
| IFRS 18, 'Presentation and disclosure in financial statements' | January 1, 2027 |
| Amendments to IAS 21, 'Lack of exchangeability' | January 1, 2025 |

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment:

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, 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, 2023.

(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, 2023.

B. Subsidiary included in the consolidated financial statements:

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) | | | Footnote |
|----------------------|---|--------------------------|----------------|-------------------|----------------|----------|
| | | | March 31, 2024 | December 31, 2023 | March 31, 2023 | |
| 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 | 55 | 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.

2. On September 30, 2022, the Board of Directors of EB company resolved to transfer 45% equity interests to Reliance Medical Technology (referred to herein as “RMT”) to participate in the joint ventures. On October 28, 2022, EB company received US\$4.5 million for shares proceeds from RMT and RMT acquired 45% equity interests in EB company. The 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. After the cooperation between the Company and RMT company, there were differences in the operation plan of EB Company. They considered the future operational development and at the same time safeguarded the shareholders' rights of the Company, the Board of Directors of the Company during their meeting on February 24, 2023 resolved that EB company carry out a capital reduction and shares retirement. The capital reduction amounted to USD 4.5 million with a capital reduction ratio of 45%. The Company holds 100% of EB company's shares after the capital reduction. Expects to return the proceeds of USD 4.5 million to RMT company. However, the capital reduction matters were still under negotiation by both parties as of May 10, 2024, so the capital reduction case had not yet been resolved by the EB Company's shareholders' meeting.

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) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Employee benefits

Pensions

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.

(6) 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

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---------------------------------------|-----------------------|--------------------------|-----------------------|
| Cash on hand and revolving funds | \$ 1,310 | \$ 1,328 | \$ 1,229 |
| Checking accounts and demand deposits | 2,557,835 | 1,965,845 | 2,103,785 |
| Time deposits | 420,000 | 490,328 | 465,800 |
| | <u>\$ 2,979,145</u> | <u>\$ 2,457,501</u> | <u>\$ 2,570,814</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

| <u>Items</u> | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---|-----------------------|--------------------------|-----------------------|
| Current items: | | | |
| Time deposits with maturities of more than three months and not satisfy short-term cash flows commitments | \$ 12,500 | \$ 12,500 | \$ 100,500 |
| Pledged time deposits | 15,007 | 15,007 | 15,007 |
| | <u>\$ 27,507</u> | <u>\$ 27,507</u> | <u>\$ 115,507</u> |
| Non-current items: | | | |
| Reserve accounts for syndicated loans | \$ 87,959 | \$ 4,059 | \$ 42,826 |

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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|-------------------|---------------------|-------------------|
| Notes receivable | \$ - | \$ 15 | \$ 8 |
| Less: Allowance for uncollectible accounts | - | - | - |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8</u> |
| Accounts receivable | \$ 795,748 | \$ 1,701,952 | \$ 538,186 |
| Less: Allowance for uncollectible accounts | (393,716) | (393,876) | - |
| | <u>\$ 402,032</u> | <u>\$ 1,308,076</u> | <u>\$ 538,186</u> |

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

| | March 31, 2024 | | December 31, 2023 | | March 31, 2023 | |
|----------------|---------------------|------------------|---------------------|------------------|---------------------|------------------|
| | Accounts receivable | Notes receivable | Accounts receivable | Notes receivable | Accounts receivable | Notes receivable |
| Not past due | \$ 283,001 | \$ - | \$ 1,308,244 | \$ 15 | \$ 129,952 | \$ 8 |
| 31 to 90 days | 1,134 | - | - | - | - | - |
| 91 to 180 days | 117,905 | - | - | - | 408,234 | - |
| Over 181 days | 393,708 | - | 393,708 | - | - | - |
| | <u>\$ 795,748</u> | <u>\$ -</u> | <u>\$ 1,701,952</u> | <u>\$ 15</u> | <u>\$ 538,186</u> | <u>\$ 8</u> |

The above ageing analysis is based on past due date.

B. As at March 31, 2024, December 31, 2023, March 31, 2023 and January 1, 2023 the balances of receivables from contracts with customers amounted to \$795,748 thousand, \$1,701,967 thousand, \$538,194 thousand and \$534,969 thousand, respectively.

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

D. As at March 31, 2024, December 31, 2023 and March 31, 2023, 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, \$15 thousand and \$8 thousand, respectively; As at March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$402,032 thousand, \$1,308,076 thousand and \$538,186 thousand, respectively.

E. The Group recognised \$238,338 thousand of refund liabilities for sales discounts and allowances that were expected to occur (shown as other current liabilities, others) as there was discrimination after the sales of goods between the Group's certain accounts receivable on March 31, 2024 and

December 31, 2023 and the customer's judgement based on the commercial conditions.

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

(4) Inventories

| March 31, 2024 | | | |
|-----------------|---------------------|---------------------------------|-------------------|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | \$ 149,229 | (\$ 19,473) | \$ 129,756 |
| Work in process | 707,590 | (234,449) | 473,141 |
| Finished goods | 145,274 | (59,929) | 85,345 |
| Merchandise | 674 | (27) | 647 |
| | <u>\$ 1,002,767</u> | <u>(\$ 313,878)</u> | <u>\$ 688,889</u> |

| December 31, 2023 | | | |
|-------------------|-------------------|---------------------------------|-------------------|
| | Cost | Allowance for valuation loss | Book value |
| Raw materials | \$ 155,104 | (\$ 16,979) | \$ 138,125 |
| Work in process | 593,271 | (252,124) | 341,147 |
| Finished goods | 100,383 | (54,036) | 46,347 |
| Merchandise | 795 | (8) | 787 |
| | <u>\$ 849,553</u> | <u>(\$ 323,147)</u> | <u>\$ 526,406</u> |

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

The cost of inventories recognised as expense for the period:

| | Three-month periods ended March 31, | |
|---|-------------------------------------|-------------------|
| | 2024 | 2023 |
| Costs of goods sold | \$ 40,608 | \$ 164,892 |
| Gain on reversal of decline in market value | (9,269) | (2,613) |
| Revenue from sale of scraps | (1) | (2) |
| Unallocated overhead | 82,853 | 67,338 |
| | <u>\$ 114,191</u> | <u>\$ 229,615</u> |

For the three-month periods ended March 31, 2024 and 2023, the Group gradually sold certain inventories which previously provisioned loss on decline in market value, resulting in the reversal of inventory valuation losses.

(5) Prepayments

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---------------------|-------------------|-------------------|-------------------|
| Supplies inventory | \$ 151,432 | \$ 155,925 | \$ 164,046 |
| Prepaid purchase | 88,940 | 87,686 | 96,733 |
| Residual tax credit | 30,668 | 30,257 | 55,710 |
| Others | 8,699 | 8,193 | 4,936 |
| | <u>\$ 279,739</u> | <u>\$ 282,061</u> | <u>\$ 321,425</u> |

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

| Items | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|----------------------|-------------------|-------------------|-------------------|
| Non-current items: | | | |
| Listed stocks | \$ 61,129 | \$ 61,129 | \$ 61,129 |
| Unlisted stocks | <u>4,421</u> | <u>4,421</u> | <u>4,421</u> |
| | 65,550 | 65,550 | 65,550 |
| Valuation adjustment | <u>52,939</u> | <u>40,310</u> | <u>43,373</u> |
| | <u>\$ 118,489</u> | <u>\$ 105,860</u> | <u>\$ 108,923</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 \$118,489 thousand, \$105,860 thousand and \$108,923 thousand as at March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- B. The Group recognised gain of \$12,629 thousand and \$8,672 thousand in other comprehensive income for fair value change for the three-month periods ended March 31, 2024 and 2023, respectively.

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(7) Property, plant and equipment

| Three-month period ended March 31, 2024 | | | | |
|---|---------------------|--------------------|---------------|---------------------|
| | Beginning balance | | Additions | Ending balance |
| <u>Cost</u> | | | | |
| Land | \$ 14,357 | \$ | - | \$ 14,357 |
| Buildings and structures | 2,137,561 | | 3,761 | 2,141,322 |
| Machinery equipment | 2,327,411 | | 965 | 2,328,376 |
| Transportation equipment | 4,171 | | - | 4,171 |
| Other fixed assets | 1,203,175 | | 1,178 | 1,204,353 |
| Construction in progress and equipment under acceptance | 1,028,795 | | 31,271 | 1,060,066 |
| | <u>6,715,470</u> | \$ | <u>37,175</u> | <u>6,752,645</u> |
| <u>Accumulated depreciation</u> | | | | |
| Buildings and structures | (942,022) | (\$ 15,609) | (| 957,631) |
| Machinery equipment | (1,330,255) | (23,442) | (| 1,353,697) |
| Transportation equipment | (2,876) | (65) | (| 2,941) |
| Other fixed assets | (895,991) | (6,187) | (| 902,178) |
| | <u>(3,171,144)</u> | <u>(\$ 45,303)</u> | <u>(</u> | <u>3,216,447)</u> |
| | <u>\$ 3,544,326</u> | | | <u>\$ 3,536,198</u> |

| Three-month period ended March 31, 2023 | | | | |
|---|---------------------|--------------------|-------------|---------------------|
| | Beginning balance | Additions | Transfers | Ending balance |
| <u>Cost</u> | | | | |
| Land | \$ 14,357 | \$ - | \$ - | \$ 14,357 |
| Buildings and structures | 2,117,281 | 1,234 | - | 2,118,515 |
| Machinery equipment | 2,250,378 | 2,642 | 533 | 2,253,553 |
| Transportation equipment | 4,171 | - | - | 4,171 |
| Other fixed assets | 1,063,995 | 1,035 | 7 | 1,065,037 |
| Construction in progress and equipment under acceptance | 1,099,532 | 76,752 | (540) | 1,175,744 |
| | <u>6,549,714</u> | <u>\$ 81,663</u> | <u>\$ -</u> | <u>6,631,377</u> |
| <u>Accumulated depreciation</u> | | | | |
| Buildings and structures | (877,968) | (\$ 16,045) | \$ - | (894,013) |
| Machinery equipment | (1,236,796) | (22,767) | - | (1,259,563) |
| Transportation equipment | (2,588) | (77) | - | (2,665) |
| Other fixed assets | (876,036) | (4,539) | - | (880,575) |
| | <u>(2,993,388)</u> | <u>(\$ 43,428)</u> | <u>\$ -</u> | <u>(3,036,816)</u> |
| | <u>\$ 3,556,326</u> | | | <u>\$ 3,594,561</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 periods ended March 31, | |
|---|-------------------------------------|--------------|
| | 2024 | 2023 |
| Amount capitalised | \$ 8,079 | \$ 7,147 |
| Range of the interest rate for capitalisation | 2.22 ~ 2.30% | 1.96 ~ 2.09% |

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

(8) Intangible assets

| Three-month period ended March 31, 2024 | | | |
|---|-------------------|-------------------|-------------------|
| | Beginning balance | Additions | Ending balance |
| <u>Cost</u> | | | |
| Authorization techniques | \$ 427,828 | \$ - | \$ 427,828 |
| Internal production cost | 232,706 | - | 232,706 |
| Computer software | 46,123 | 680 | 46,803 |
| | <u>706,657</u> | <u>\$ 680</u> | <u>707,337</u> |
| <u>Accumulated amortisation</u> | | | |
| Authorization techniques | (257,978) | (3,229) | (261,207) |
| Internal production cost | (213,347) | (1,489) | (214,836) |
| Computer software | (36,993) | (1,239) | (38,232) |
| | <u>(508,318)</u> | <u>(\$ 5,957)</u> | <u>(514,275)</u> |
| <u>Accumulated impairment</u> | | | |
| Authorization techniques | (127,874) | \$ - | (127,874) |
| | <u>\$ 70,465</u> | | <u>\$ 65,188</u> |
| Three-month period ended March 31, 2023 | | | |
| | Beginning balance | Additions | Ending balance |
| <u>Cost</u> | | | |
| Authorization techniques | \$ 427,828 | \$ - | \$ 427,828 |
| Internal production cost | 232,706 | - | 232,706 |
| Computer software | 45,080 | 905 | 45,985 |
| | <u>705,614</u> | <u>\$ 905</u> | <u>706,519</u> |
| <u>Accumulated amortisation</u> | | | |
| Authorization techniques | (245,063) | (3,229) | (248,292) |
| Internal production cost | (207,390) | (1,489) | (208,879) |
| Computer software | (31,994) | (1,227) | (33,221) |
| | <u>(484,447)</u> | <u>(\$ 5,945)</u> | <u>(490,392)</u> |
| <u>Accumulated impairment</u> | | | |
| Authorization techniques | (127,874) | \$ - | (127,874) |
| | <u>\$ 93,293</u> | | <u>\$ 88,253</u> |

Details of amortisation on intangible assets are as follows:

| | Three-month periods ended March 31, | |
|-------------------------------------|-------------------------------------|-----------------|
| | 2024 | 2023 |
| Operating costs | \$ 4,718 | \$ 4,718 |
| General and administrative expenses | 1,239 | 1,227 |
| | <u>\$ 5,957</u> | <u>\$ 5,945</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 March 31, 2024.

(9) Other non-current assets

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---------------------|-------------------|-------------------|-------------------|
| Prepaid equipment | \$ 377,505 | \$ 363,802 | \$ 244,001 |
| Refundable deposits | 36,807 | 36,545 | 28,263 |
| Others | <u>5,667</u> | <u>5,914</u> | <u>6,574</u> |
| | <u>\$ 419,979</u> | <u>\$ 406,261</u> | <u>\$ 278,838</u> |

(10) Short-term borrowings

| <u>Type of borrowings</u> | <u>March 31, 2024</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|---------------------------|-----------------------|----------------------------|-------------------|
| Bank borrowings | | | |
| Unsecured borrowings | \$ <u>540,000</u> | 2.40% ~ 2.48% | None |

| <u>Type of borrowings</u> | <u>December 31, 2023</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|---------------------------|--------------------------|----------------------------|-------------------|
| Bank borrowings | | | |
| Unsecured borrowings | \$ <u>540,000</u> | 2.35% ~ 2.40% | None |

| <u>Type of borrowings</u> | <u>March 31, 2023</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|---------------------------|-----------------------|----------------------------|-------------------|
| Bank borrowings | | | |
| Unsecured borrowings | \$ <u>270,000</u> | 2.23% ~ 2.45% | None |

Interest expense recognised in profit or loss amounted to \$3,175 thousand and \$1,190 thousand for the three-month periods ended March 31, 2024 and 2023, respectively.

(11) Other payables

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|-----------------------|-----------------------|--------------------------|-----------------------|
| Salaries payable | \$ 102,686 | \$ 106,670 | \$ 40,972 |
| Royalty payables | 230 | 20,177 | 6,786 |
| Payables on equipment | 27,121 | 18,238 | 52,175 |
| Others | <u>73,130</u> | <u>108,944</u> | <u>53,934</u> |
| | \$ <u>203,167</u> | \$ <u>254,029</u> | \$ <u>153,867</u> |

(12) Long-term borrowings

| <u>Type of borrowings</u> | <u>Borrowing period and repayment term</u> | <u>Collateral</u> | <u>March 31, 2024</u> |
|---|---|--|-----------------------|
| 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 , machinery equipment | \$ 2,536,100 |
| Unsecured borrowings | | | |
| Chang Hwa Bank | From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020. | Note | 1,283 |
| Taichung Commercial Bank | From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020. | Note | 1,302 |
| | | | <u>2,538,685</u> |
| Less: Current portion | | | (669,938) |
| | | | <u>\$ 1,868,747</u> |
| Interest rate range | | | <u>2.18%~2.71%</u> |

| Type of borrowings | Borrowing period and repayment term | Collateral | December 31, 2023 |
|---|---|--|----------------------|
| Secured borrowings | | | |
| Land Bank of Taiwan (lead and management bank) | From October 8, 2020 to October 7, 2030; Term loan A is to be repaid with installments starting from October 2022; Term loan B is to be repaid with installments starting from October 2023. | Land, buildings , machinery equipment | \$ 2,536,100 |
| Unsecured borrowings | | | |
| Chang Hwa Bank | From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020. | Note | 1,558 |
| Taichung Commercial Bank | From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020. | Note | 1,557 |
| | | | <u>2,539,215</u> |
| Less: Current portion | | | (669,931) |
| | | | <u>\$ 1,869,284</u> |
| Interest rate range | | | <u>2.18%~2.68%</u> |

| Type of borrowings | Borrowing period and repayment term | Collateral | March 31, 2023 |
|---|--|---|---------------------|
| Secured borrowings | | | |
| Land Bank of Taiwan (lead and management bank) | From October 8, 2020 to October 7, 2030; Term loan A is to be repaid with installments starting from October 2022; Term loan B is to be repaid with installments starting from October 2023. | Land, buildings and machinery equipment | \$ 2,159,000 |
| Unsecured borrowings | | | |
| Chang Hwa Bank | From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020. | Note | 2,383 |
| Taichung Commercial Bank | From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020. | Note | 2,312 |
| | | | <u>2,163,695</u> |
| Less: Current portion | | | (<u>125,011</u>) |
| | | | <u>\$ 2,038,684</u> |
| Interest rate range | | | <u>2.02%~2.56%</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 has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.
- (b) The pension costs under defined contribution pension plans of the Company for the three-month periods ended March 31, 2024 and 2023 were \$3 thousand and \$5 thousand, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$317.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined

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

- (b) The pension costs under defined contribution pension plans of the Group for the three-month periods ended March 31, 2024 and 2023, were \$4,869 thousand and \$4,865 thousand, respectively.

(14) Share-based payment

- A. For the three-month periods ended March 31, 2024 and 2023, the Group’s share-based payment arrangements were as follows:

| Type of arrangement | Grant date | Quantity granted | Vested period | Vesting conditions | Footnote |
|--|------------|------------------|---------------|--------------------|------------------|
| Adimmune Corporation’s 2020~2023 years issuance of employees bonus shares | 2020.12.18 | 920 units | 3 years | Service vested | Note 1 |
| Enimmune Corporation’s 2022~2032 years issuance of the employee stock options certificates | 2022.8.17 | 2,400 units | 10 years | Service vested | Notes 2, 3 and 4 |
| Adimmune Corporation’s 2023~2026 issuance of employees bonus shares | 2023.8.11 | 920 units | 3 years | Service vested | Note 5 |
| Enimmune Corporation’s cash capital increase reserved for employee preemption | 2024.3.25 | 392.5 units | - | 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, 2024 and 2023, the Company granted 305 units. As of March 31, 2024, the Company has ungranted 310 units.

Note 2: 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:

| Service periods of employees (year) | Vesting ratio |
|-------------------------------------|---------------|
| 2 years | 30% |
| 3 years | 60% |
| 4 years | 100% |

Note 3: 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 4: The aforementioned periods and ratio of rights can be adjusted by the Board of Directors, depending on the condition of each issuance.

Note 5: 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. As of March 31, 2024, the Company has ungranted 920 units.

Note 6: On March 12, 2024, the Board of Directors of the Company's subsidiary, Enimmune Corporation, resolved to increase its capital by issuing common shares of 6,250 thousand shares and reserved 15% of new shares issued in the total amount of 937.5 thousand shares for employee preemption in accordance with Article 267 of the Company Act. The grant date for the cash capital reserved for employee preemption was set on March 25, 2024, and no restrictions were placed on the voting right and dividend right of the transferred shares.

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

Enimmune Corporation's 2022~2032 years issuance of the employee stock options certificates

| | 2024 | |
|----------------------------------|----------------|---|
| | No. of options | Weighted-average exercise price (in dollars) |
| Options outstanding at January 1 | 2,095 | \$ 25 |
| Options forfeited | - | - |
| Options outstanding at March 31 | 2,095 | |
| Options exercisable at March 31 | - | |
| | 2023 | |
| | No. of options | Weighted-average exercise price (in dollars) |
| Options outstanding at January 1 | 2,310 | \$ 25 |
| Options forfeited | - | - |
| Options outstanding at March 31 | 2,310 | |
| Options exercisable at March 31 | - | |

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 |
|--|------------|--------------------------|-----------------------------|-------------------------------|-----------------------------|----------------------------|-----------------------------|---------------------|
| 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 |
| Cash capital increase reserved for employee preemption | 2024.3.25 | 32.63 | 32 | 27.55% | 0.1479 | - | 1.1674% | 1.7339 |

D. On June 9, 2022, the Board of Directors of the subsidiary, Enimmune Corporation, 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 subsidiary, Enimmune Corporation, 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 periods ended March 31, | |
|-------------------|-------------------------------------|----------|
| | 2024 | 2023 |
| Compensation cost | \$ 7,681 | \$ 4,345 |

(15) Share capital

A. As of March 31, 2024, 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:

| | 2024 (thousand shares) | 2023 (thousand shares) |
|-------------------------|---------------------------|---------------------------|
| At January 1 (March 31) | 421,508 | 421,508 |

B. Treasury shares

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

| | | At March 31, 2024 | |
|------------------------------------|-----------------------------|---------------------------------|-----------------|
| 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, 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 March 31, 2023 | |
|------------------------------------|-----------------------------|---------------------------------|-----------------|
| Name of company holding the shares | Reason for reacquisition | Number of shares (in thousands) | Carrying amount |
| Adimmune Corporation | To be reissued to employees | 8,000 | \$ 292,538 |

- (b) To motivate employees and enhance their team cohesiveness, on June 9, 2022 and November 11, 2022, the Board of Directors resolved repurchasing of treasury shares in the expected amount of 8,000 thousand shares in order to transfer them to employees. As of March 31, 2024, 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 13, 2024, the Board of Directors of the Company proposed not to distribute dividends after taking into account the loss for the year ended December 31, 2023. The aforementioned proposal of 2022 earnings distribution is pending receipt of approval from the shareholders' meeting.
- E. 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.
- F. Information relating to employees' compensation and directors' remuneration is provided in Note 6(22).

(18) Operating revenue

Information on products and services

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

| | Three-month period ended March 31, 2024 | | |
|---|---|----------------------|------------------|
| | Adimmune Corporation | Enimmune Corporation | Total |
| Sales revenue | \$ 10,919 | \$ 3,723 | \$ 14,642 |
| Revenue from professional packing service | 29,236 | - | 29,236 |
| | <u>\$ 40,155</u> | <u>\$ 3,723</u> | <u>\$ 43,878</u> |

| | Three-month period ended March 31, 2024 | | |
|-------------------------------|---|----------------------|------------------|
| | Adimmune Corporation | Enimmune Corporation | Total |
| Timing of revenue recognition | | | |
| At a point in time | \$ 10,919 | \$ 3,723 | \$ 14,642 |
| Over time | 29,236 | - | 29,236 |
| | <u>\$ 40,155</u> | <u>\$ 3,723</u> | <u>\$ 43,878</u> |

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

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

B. Contract assets and liabilities

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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 | January 1, 2023 |
|------------------------|-------------------|----------------------|-------------------|--------------------|
| Contract assets: | | | | |
| Service | <u>\$ 334,933</u> | <u>\$ 334,933</u> | <u>\$ 326,656</u> | <u>\$ 326,656</u> |
| Contract liabilities: | | | | |
| Advance sales receipts | <u>\$ 93,805</u> | <u>\$ 21,812</u> | <u>\$ 49,280</u> | <u>\$ 11,110</u> |

(b) Revenue recognised that was included in the contract liability balance at the beginning of the

three-month periods ended March 31, 2024 and 2023 was \$3,058 thousand and \$7 thousand, respectively .

(c) Long-term contracts that are fully unsatisfied

Aggregate amount of the transaction price and each milestone payment allocated to long-term contract development and manufacturing services agreements that are fully unsatisfied as at March 31, 2024 amounted to \$1,638,812 thousand, and the management expects to recognise those amounts in the future years. The services revenue recognised according to the completion of contract both amounted to \$0 thousand for the three-month periods ended March 31, 2024 and 2023.

(19) Interest income

| | Three-month periods ended March 31, | |
|------------------------------------|-------------------------------------|-----------------|
| | 2024 | 2023 |
| Interest income from bank deposits | \$ 1,461 | \$ 1,816 |
| Other interest income | 9 | 6 |
| | <u>\$ 1,470</u> | <u>\$ 1,822</u> |

(20) Other income

| | Three-month periods ended March 31, | |
|----------------------------|-------------------------------------|-----------------|
| | 2024 | 2023 |
| Grant revenue | \$ 901 | \$ 917 |
| Other non-operating income | 1,033 | 621 |
| | <u>\$ 1,934</u> | <u>\$ 1,538</u> |

For the three-month periods ended March 31, 2024 and 2023, the grant revenue are all government grant revenue.

(21) Other gains and losses

| | Three-month periods ended March 31, | |
|--|-------------------------------------|-------------------|
| | 2024 | 2023 |
| Gains arising from lease modifications | \$ 1 | \$ 263 |
| Net currency exchange gains (losses) | 10,339 (| 7,334) |
| Other gains and losses | (8,980) | (292) |
| | <u>\$ 1,360</u> | <u>(\$ 7,363)</u> |

(22) Employee benefit expense, depreciation and amortisation

| Nature | Three-month period ended March 31, 2024 | | |
|---------------------------------|---|-------------------|-------------------|
| | Operating cost | Operating expense | Total |
| Employee benefit expense | | | |
| Wages and salaries | \$ 69,454 | \$ 40,058 | \$ 109,512 |
| Employee stock options | 585 | 7,096 | 7,681 |
| Labor and health insurance fees | 7,054 | 3,326 | 10,380 |
| Pension costs | 3,099 | 1,773 | 4,872 |
| Directors' remuneration | - | 1,555 | 1,555 |
| Other personnel expenses | 1,298 | 2,438 | 3,736 |
| | <u>\$ 81,490</u> | <u>\$ 56,246</u> | <u>\$ 137,736</u> |
| Depreciation | <u>\$ 42,092</u> | <u>\$ 7,817</u> | <u>\$ 49,909</u> |
| Amortisation | <u>\$ 4,718</u> | <u>\$ 1,466</u> | <u>\$ 6,184</u> |

| Nature | Three-month period ended March 31, 2023 | | |
|---------------------------------|---|-------------------|-------------------|
| | Operating cost | Operating expense | Total |
| Employee benefit expense | | | |
| Wages and salaries | \$ 66,866 | \$ 41,252 | \$ 108,118 |
| Employee stock options | 578 | 3,767 | 4,345 |
| Labor and health insurance fees | 6,798 | 3,601 | 10,399 |
| Pension costs | 3,009 | 1,861 | 4,870 |
| Directors' remuneration | - | 1,590 | 1,590 |
| Other personnel expenses | 1,606 | 2,563 | 4,169 |
| | <u>\$ 78,857</u> | <u>\$ 54,634</u> | <u>\$ 133,491</u> |
| Depreciation | <u>\$ 39,699</u> | <u>\$ 8,341</u> | <u>\$ 48,040</u> |
| Amortisation | <u>\$ 4,718</u> | <u>\$ 1,454</u> | <u>\$ 6,172</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 periods ended March 31, 2024 and 2023, there were no employees' compensation and directors' remuneration accrued as the Company generated loss before tax. 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 periods ended March 31, | |
|---|-------------------------------------|-----------------|
| | 2024 | 2023 |
| Interest expense: | | |
| Bank borrowings | \$ 17,827 | \$ 12,441 |
| Interest expense on lease liabilities | 351 | 407 |
| Less: Capitalisation of qualifying assets | (8,079) | (7,147) |
| | <u>\$ 10,099</u> | <u>\$ 5,701</u> |

(24) Income tax

A. Reconciliation between income tax benefit and accounting profit:

| | Three-month periods ended March 31, | |
|--|-------------------------------------|---------------|
| | 2024 | 2023 |
| Tax calculated based on loss before tax and statutory tax rate | (\$ 44,154) | (\$ 57,530) |
| Expenses disallowed by tax regulation | 4,259 | 3,523 |
| Temporary difference not recognised as deferred tax assets | (4,601) | 809 |
| Loss carryforward not recognised as deferred tax assets | <u>44,496</u> | <u>53,198</u> |
| Income tax expense | <u>\$ -</u> | <u>\$ -</u> |

- B. The income tax returns of the Company through 2022 have been assessed and approved by the Tax Authority.
- C. The income tax returns of the Group's subsidiary, Enimmune Corporation, through 2021 have been assessed and approved by the Tax Authority.
- D. The income tax returns of the Group's subsidiary, Eggs Corporation, through 2022 have been assessed and approved by the Tax Authority.
- E. The income tax returns of the Group's indirect subsidiary, Animmune Corporation, through 2022 have been assessed and approved by the Tax Authority.

(25) Losses per share

| Three-month period ended March 31, 2024 | | | |
|---|------------------|--|-------------------------------------|
| | 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 | (\$ 183,970) | 421,508 | (\$ 0.44) |

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

(26) Transactions with non-controlling interest

A. 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. However, the subsidiary, Enimmune, has disagreements with the operational plan of EB company after cooperating with RMT company. Considering the future operational development and safeguarding the equity of Enimmune's shareholders, on February 24, 2023, the Board of Directors of the subsidiary, Enimmune, resolved the capital reduction and the retirement of shares of EB company. The capital reduction amount was US\$4.5 million and the capital reduction ratio was 45%. The shares of EB company will be wholly owned by Enimmune after the capital reduction. Proceeds from capital reduction of US\$4.5 million were expected to be returned to RMT company. However, as of May 10, 2024, as both parties were still negotiating for the matters of the capital reduction, the capital reduction had not been resolved by the shareholders of EB company.

B. The Group did not conduct any transaction with non-controlling interest in 2023 and 2024.

(27) Supplemental cash flow information

Investing activities with partial cash payments

| | Three-month periods ended March 31, | |
|--|-------------------------------------|------------------|
| | 2024 | 2023 |
| Purchase of property, plant and equipment | \$ 37,175 | \$ 81,663 |
| Add: Opening balance of payable on equipment | 18,238 | 69,710 |
| Less: Ending balance of payable on equipment | (27,121) | (52,175) |
| Cash paid during the period | <u>\$ 28,292</u> | <u>\$ 99,198</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, 2024 | \$ 540,000 | \$ 2,539,215 | \$ 63,415 | \$ 3,142,630 |
| Changes in cash flow from financing activities | - | (530) | (4,717) | (5,247) |
| Changes in other non-cash items | - | - | 4,672 | 4,672 |
| At March 31, 2024 | <u>\$ 540,000</u> | <u>\$ 2,538,685</u> | <u>\$ 63,370</u> | <u>\$ 3,142,055</u> |

Note: Including current portion.

| | Short-term borrowings | Long-term borrowings (Note) | Lease liabilities (Note) | Liabilities from financing activities - gross |
|---|--------------------------|-----------------------------------|--------------------------------|---|
| At January 1, 2023 | \$ 20,000 | \$ 2,164,220 | \$ 78,330 | \$ 2,262,550 |
| Changes in cash flow from financing activities | 250,000 | (525) | (4,697) | 244,778 |
| Changes in other non-cash items | - | - | 2,152 | 2,152 |
| At March 31, 2023 | <u>\$ 270,000</u> | <u>\$ 2,163,695</u> | <u>\$ 75,785</u> | <u>\$ 2,509,480</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 periods ended March 31, | |
|------------------------------|-------------------------------------|------------------|
| | 2024 | 2023 |
| Short-term employee benefits | \$ 17,658 | \$ 16,632 |
| Post-employment benefits | 677 | 542 |
| Share-based payments | 6,890 | 3,105 |
| | <u>\$ 25,225</u> | <u>\$ 20,279</u> |

8. PLEDGED ASSETS

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

| Pledged asset | Book value | | | Purpose |
|--|---------------------|----------------------|---------------------|--------------------------------|
| | March 31, 2024 | December 31, 2023 | March 31, 2023 | |
| Property, plant and equipment | \$ 1,216,569 | \$ 1,237,534 | \$ 1,307,538 | Long-term borrowings |
| Special reserve account and pledged account (included in financial assets at amortised cost - non-current) | 87,959 | 4,059 | 42,826 | Long-term borrowings |
| Time deposits (included in financial assets at amortised cost - current) | 15,007 | 15,007 | 15,007 | Performance margin for bidding |
| Refundable deposits (included in other current assets and other non-current assets) | 105,019 | 104,796 | 28,263 | Performance margin for bidding |
| | <u>\$ 1,424,554</u> | <u>\$ 1,361,396</u> | <u>\$ 1,393,634</u> | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

- A. 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. ("SCD 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 SCD 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. Everhealth had filed a pleading to appeal for the second trial on November 28, 2023. The abovementioned litigation was still in process as of May 10, 2024.

- B. The Group entered into a vaccine distribution contract with Beijing Shouhui Pharmaceutical Co. Ltd. (“Shouhui Company”) in December 2019 and had conducted transactions in subsequent years. For the year ended December 31, 2022, the Group shipped the goods after accepting the order from Shouhui Company. However, Shouhui Company did not make the payment according to the payment term agreed in the contract. The Groups receivables due from Shouhui Company was \$393,876 thousand. After failing to collect the payment from Shouhui Company, the Group officially issued a “notice of termination of contract” to Shouhui Company to terminate the contract on February 17, 2023, appointed a Beijing lawyer to file a litigation with the Fourth Intermediate People’s Court of Beijing Municipality against Shouhui Company requesting it to make the payment and compensation for damage, applied for property preservation procedures and froze the main bank account of Shouhui Company. The Fourth Intermediate People’s Court of Beijing Municipality had held the trial for the litigation on January 17, 2024 and rendered a decision that Shouhui Company shall pay the payment and compensation for damage to the Group on March 18, 2024. Shouhui Company thereupon had filed a pleading to appeal for the second trial on March 29, 2024. As of May 10, 2024, the abovementioned lawsuit was still in progress. As it is unlikely that the recoverable amount of the receivables can be fully recovered based on the assessment, the Group had made full provision for expected credit loss.

(2) Commitments

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

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|-------------------------------|-----------------------|--------------------------|-----------------------|
| Property, plant and equipment | <u>\$ 342,162</u> | <u>\$ 357,004</u> | <u>\$ 457,111</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) In January 2020, 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, 2023, the grant revenue was recognised amounting to \$3,701 thousand. The grants of 2023 were received in December 2023.

The grants of 2023 have not yet been received after the review of the Taipei Computer Association. The main rights and obligations of the agreement are listed as follows:

- (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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|---------------------|----------------------|---------------------|
| <u>Financial assets</u> | | | |
| Financial assets at fair value through other comprehensive income | | | |
| - non-current | \$ 118,489 | \$ 105,860 | \$ 108,923 |
| Financial assets at amortised cost | | | |
| Cash and cash equivalents | 2,979,145 | 2,457,501 | 2,570,814 |
| Financial assets at amortised cost | | | |
| - current | 27,507 | 27,507 | 115,507 |
| Notes receivable | - | 15 | 8 |
| Accounts receivable | 402,032 | 1,308,076 | 538,186 |
| Financial assets at amortised cost | | | |
| - non-current | 87,959 | 4,059 | 42,826 |
| Other receivables (shown as other current assets) | 249 | 249 | 253 |
| Refundable deposits (shown as other current assets and other non-current assets) | 105,019 | 104,796 | 34,570 |
| | <u>\$ 3,720,400</u> | <u>\$ 4,008,063</u> | <u>\$ 3,411,087</u> |

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|---------------------|----------------------|---------------------|
| <u>Financial liabilities</u> | | | |
| Financial liabilities at amortised cost | | | |
| Short-term borrowings | \$ 540,000 | \$ 540,000 | \$ 270,000 |
| Notes payable | 2,788 | - | 945 |
| Accounts payable | 68,308 | 42,351 | 108,360 |
| Other payables | 203,167 | 254,029 | 153,867 |
| Long-term borrowings (including current portion) | 2,538,685 | 2,539,215 | 2,163,695 |
| | <u>\$ 3,352,948</u> | <u>\$ 3,375,595</u> | <u>\$ 2,696,867</u> |
| Lease liabilities (including current portion) | <u>\$ 63,370</u> | <u>\$ 63,415</u> | <u>\$ 75,785</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:

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March 31, 2024

| | Foreign currency | | | Sensitivity analysis | | |
|--|--------------------------|------------------|---------------------|------------------------|-----------------------------|---|
| | amount (In thousands) | Exchange rate | Book value (NTD) | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) | | | | | | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 18,046 | 31.95 | \$ 576,570 | 1% | \$ 5,766 | \$ - |
| JPY : NTD | 396,133 | 0.21 | 83,188 | 1% | 832 | - |
| EUR : NTD | 280 | 34.26 | 9,593 | 1% | 96 | - |
| RMB : NTD | 108,879 | 4.38 | 476,890 | 1% | 4,769 | - |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 346 | 32.05 | \$ 11,089 | 1% | \$ 111 | \$ - |

| December 31, 2023 | | | | | | |
|--|------------------|----------|------------|----------------------|----------------|----------------------|
| | Foreign currency | | Book value | Sensitivity analysis | | |
| | amount | Exchange | | Degree of | Effect on | Effect on other |
| | (In thousands) | rate | (NTD) | variation | profit or loss | comprehensive income |
| (Foreign currency: functional currency) | | | | | | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 19,659 | 30.66 | \$ 602,745 | 1% | \$ 6,027 | \$ - |
| JPY : NTD | 387,414 | 0.22 | 85,231 | 1% | 852 | - |
| EUR : NTD | 199 | 33.78 | 6,722 | 1% | 67 | - |
| RMB : NTD | 94,463 | 4.30 | 406,191 | 1% | 4,062 | - |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 272 | 30.76 | \$ 8,367 | 1% | \$ 84 | \$ - |

March 31, 2023

| | Foreign currency | | Book value (NTD) | Sensitivity analysis | | |
|--|------------------|----------|---------------------|----------------------|----------------|----------------------|
| | amount | Exchange | | Degree of | Effect on | Effect on other |
| | (In thousands) | rate | | variation | profit or loss | comprehensive income |
| (Foreign currency: functional currency) | | | | | | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 23,116 | 30.44 | \$ 702,724 | 1% | \$ 7,027 | \$ - |
| JPY : NTD | 308,633 | 0.23 | 69,998 | 1% | 700 | - |
| EUR : NTD | 3,030 | 32.95 | 99,828 | 1% | 998 | - |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| NTD : USD | \$ 56,200 | 1.00 | \$ 56,200 | 1% | \$ 562 | \$ - |

Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2024 and 2023 amounted to exchange gain of \$10,339 thousand and loss of \$7,334 thousand, respectively.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from short-term borrowings and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.
- ii. For the three-month periods ended March 31, 2024 and 2023, if the interest rate had been 25 basis point higher/lower, post-tax profit would have decreased/increased by \$1,539 thousand and \$1,217 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 March 31, 2024, December 31, 2023 and March 31, 2023, the loss rate methodology is as follows:

| March 31, 2024 | Expected loss rate | Total book value | Loss allowance |
|-----------------------|--------------------|---------------------|-------------------|
| Not past due | 0.00% | \$ 617,934 | \$ 8 |
| 31 to 90 days | 0.00% | 1,134 | - |
| 91 to 180 days | 0.00% | 117,905 | - |
| Individual assessment | 100.00% | 393,708 | 393,708 |
| | | <u>\$ 1,130,681</u> | <u>\$ 393,716</u> |

| December 31, 2023 | Expected loss rate | Total book value | Loss allowance |
|-----------------------|--------------------|---------------------|-------------------|
| Not past due | 0.01% | \$ 1,643,192 | \$ 168 |
| Individual assessment | 100% | 393,708 | 393,708 |
| | | <u>\$ 2,036,900</u> | <u>\$ 393,876</u> |

| March 31, 2023 | Expected loss rate | Total book value | Loss allowance |
|----------------|--------------------|-------------------|----------------|
| Not past due | 0% | <u>\$ 864,850</u> | <u>\$ -</u> |

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

| | 2024 | | 2023 | |
|--------------------------|---------------------|-------------------|---------------------|-------------------|
| | Accounts receivable | Other receivables | Accounts receivable | Other receivables |
| At January 1 | \$ 393,876 | \$ 4,986 | \$ - | \$ 4,986 |
| Provision for impairment | - | - | 393,876 | - |
| Reversal of impairment | (160) | - | - | - |
| At March 31 | <u>\$ 393,716</u> | <u>\$ 4,986</u> | <u>\$ 393,876</u> | <u>\$ 4,986</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 March

31, 2024, December 31, 2023 and March 31, 2023, in order to estimate expected credit losses.

(c) Liquidity risk

- i. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities, at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.
- ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group has undrawn borrowing facilities amounting to \$2,062,000 thousand, \$2,062,000 thousand and \$2,232,000 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.

| <u>March 31, 2024</u> | | | | | |
|---------------------------------|------------|------------|-------------|---------|------------|
| | | Between 3 | | | |
| | Less than | months and | Between 1 | Over 3 | |
| | 3 months | 1 year | and 3 years | years | Total |
| Short-term borrowings | \$ 503,183 | \$ 40,082 | \$ - | \$ - | \$ 543,265 |
| Notes payable | 2,788 | - | - | - | 2,788 |
| Accounts payable | 68,308 | - | - | - | 68,308 |
| Other payables | 203,167 | - | - | - | 203,167 |
| Long-term borrowings | 596,434 | 119,495 | 1,153,948 | 875,838 | 2,745,715 |
| (Note) | | | | | |
| Lease liabilities (Note) | 4,351 | 13,533 | 29,732 | 19,443 | 67,059 |
| Note: including current portion | | | | | |

| <u>December 31, 2022</u> | | | | | |
|----------------------------------|------------|------------|-------------|-----------|------------|
| | Less than | Between 3 | Between 1 | Over 3 | Total |
| | 3 months | months and | and 3 years | years | |
| | | 1 year | | | |
| Short-term borrowings | \$ 503,219 | \$ 40,277 | \$ - | \$ - | \$ 543,496 |
| Accounts payable | 42,351 | - | - | - | 42,351 |
| Other payables | 254,029 | - | - | - | 254,029 |
| Long-term borrowings | 511,852 | 201,849 | 1,147,897 | 873,331 | 2,734,929 |
| (Note) | | | | | |
| Lease liabilities (Note) | 4,185 | 11,702 | 29,696 | 21,752 | 67,335 |
| Note: including current portion | | | | | |
| <u>March 31, 2023</u> | | | | | |
| | Less than | Between 3 | Between 1 | Over 3 | Total |
| | 3 months | months and | and 3 years | years | |
| | | 1 year | | | |
| Short-term borrowings | \$ 251,532 | \$ 20,078 | \$ - | \$ - | \$ 271,610 |
| Notes payable | 945 | - | - | - | 945 |
| Accounts payable | 108,360 | - | - | - | 108,360 |
| Other payables | 153,867 | - | - | - | 153,867 |
| Long-term borrowings | 49,931 | 105,068 | 404,767 | 1,785,334 | 2,345,100 |
| (Note) | | | | | |
| Lease liabilities (Note) | 4,362 | 13,282 | 35,111 | 28,040 | 80,795 |
| 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, note receivable, 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>March 31, 2024</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 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 118,489</u> | <u>\$ 118,489</u> |

| <u>December 31, 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 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 105,860</u> | <u>\$ 105,860</u> |

| <u>March 31, 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 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 108,928</u> | <u>\$ 108,928</u> |

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

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

D. The following chart is the movement of Level 3 for the three-month periods ended March 31, 2024 and 2023:

| | <u>Equity securities</u> | |
|--|--------------------------|-------------------|
| | <u>2024</u> | <u>2023</u> |
| At January 1 | \$ 105,860 | \$ 100,251 |
| Gains recognised in other comprehensive income | <u>12,629</u> | <u>8,672</u> |
| At March 31 | <u>\$ 118,489</u> | <u>\$ 108,923</u> |

E. For the three-month periods ended March 31, 2024 and 2023, 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:

| | <u>Fair value at March 31, 2024</u> | <u>Valuation technique</u> | <u>Significant unobservable input</u> | <u>Range (weighted average)</u> | <u>Relationship of inputs to fair value</u> |
|--------------------------------------|--|-----------------------------------|---|---|--|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 118,341 | Market comparable companies | Liquidity premium | 20% | The higher the multiple, the higher the fair value. |
| Unlisted shares | 148 | Net asset value | Not applicable | - | Not applicable |
| | <u>Fair value at December 31, 2023</u> | <u>Valuation technique</u> | <u>Significant unobservable input</u> | <u>Range (weighted average)</u> | <u>Relationship of inputs to fair value</u> |
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 105,710 | Market comparable companies | Liquidity premium | 20% | The higher the multiple, the higher the fair value. |
| Unlisted shares | 150 | Net asset value | Not applicable | - | Not applicable |
| | <u>Fair value at March 31, 2023</u> | <u>Valuation technique</u> | <u>Significant unobservable input</u> | <u>Range (weighted average)</u> | <u>Relationship of inputs to fair value</u> |
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 108,763 | Market comparable companies | Liquidity premium | 20% | The higher the multiple, the higher the fair value. |
| Unlisted shares | 160 | Net asset value | Not applicable | - | Not applicable |

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

| | | | March 31, 2024 | | | |
|-------------------|-------------------|--------|------------------------------|---------------------|--|---------------------|
| | | | 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% | \$ - | \$ - | \$ 14,785 | (\$ 14,785) |

| | | | December 31, 2023 | | | |
|-------------------|-------------------|--------|------------------------------|---------------------|--|---------------------|
| | | | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | Input | Change | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instrument | Liquidity premium | ±10% | \$ - | \$ - | \$ 13,207 | (\$ 13,207) |

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

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:

| | Adimmune Corporation | Enimmune Corporation | Total |
|---|-------------------------|-------------------------|--------------|
| Three-month period ended March 31, 2024 | | | |
| Revenue from external customers | \$ 40,155 | \$ 3,723 | \$ 43,878 |
| Inter-segment revenue | - | - | - |
| Total revenue | \$ 40,155 | \$ 3,723 | \$ 43,878 |
| Segment loss | (\$ 166,826) | (\$ 28,049) | (\$ 194,875) |
| | Adimmune Corporation | Enimmune Corporation | Total |
| Three-month period ended March 31, 2023 | | | |
| Revenue from external customers | \$ 162,302 | \$ 7,408 | \$ 169,710 |
| Inter-segment revenue | - | - | - |
| Total revenue | \$ 162,302 | \$ 7,408 | \$ 169,710 |
| Segment loss | (\$ 232,754) | (\$ 24,885) | (\$ 257,639) |

(3) Reconciliation for segment income (loss)

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

| | Three-month period ended March 31, 2024 | Three-month period ended March 31, 2023 |
|--|--|--|
| Adjusted revenue of reportable segments (Total) | \$ <u>43,878</u> | \$ <u>169,710</u> |

B. A reconciliation of reportable segment loss to the loss before tax from continuing operations for the three-month periods ended March 31, 2024 and 2023 is provided as follows:

| | Three-month period ended March 31, 2024 | Three-month period ended March 31, 2023 |
|--|--|--|
| Reportable segment loss | (\$ 194,875) | (\$ 257,639) |
| Other segment loss | (5,837) | (11,653) |
| Total | (200,712) | (269,292) |
| Elimination of segment (loss) income | <u>-</u> | <u>-</u> |
| Loss income before tax from continuing operations | (\$ <u>200,712</u>) | (\$ <u>269,292</u>) |

Adimmune Corporation and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2024

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 March 31, 2024 | | | Fair value | Footnote |
|----------------------|-------------------------------|---|---|----------------------|-------------------|---------------|-------------------|----------|
| | | | | Number of shares | Book value | Ownership (%) | | |
| 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>\$ 118,341</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>\$ 148</u> | - |
| | | | valuation adjustments | | <u>52,939</u> | | | |
| | | | | | <u>\$ 118,489</u> | | | |

Adimmune Corporation and subsidiaries
Information on investees(Not including investees in Mainland China)
Three-month period ended March 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Investee | Location | Main business activities | Initial investment amount | | Shares held as at March 31, 2024 | | | Net loss of the investee for the three-month period ended March 31, 2024 | Investment loss recognised by the Company for the three-month period ended March 31, 2024 | Footnote |
|----------------------|---|------------|--------------------------|------------------------------|---------------------------------|----------------------------------|---------------|------------|--|---|-------------|
| | | | | Balance as at March 31, 2024 | Balance as at December 31, 2023 | Number of shares | Ownership (%) | Book value | | | |
| Adimmune Corporation | Enimmune Corporation | Taiwan | Bio-technology | \$ 598,224 | \$ 598,224 | 33,558,000 | 51.00 | \$ 21,739 | (\$ 28,408) | (\$ 14,488) | 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 | 28,323 | (2,656) | (2,656) | Note 1 |
| Eggs Corporation | Animmune Corporation | Taiwan | Bio-technology | 51,732 | 51,732 | 3,636,585 | 51.22 | 21,764 | (5,185) | (2,656) | Note 2 |
| Enimmune Corporation | Enimmune-RMT Biotech PTE. LTD. | Singapore | Bio-technology | 162,910 | 162,910 | 55,000,000 | 55.00 | 21,740 | (652) | (359) | Note 2 |

Note 1: The Company's subsidiary.

Note 2: It's the Company's second-tier subsidiary.

Note 3: Initial investment was NT\$8 (in dollars).

Adimmune Corporation and subsidiaries
Information on investments in Mainland China
Three-month period ended March 31, 2024

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 three-month period ended March 31, 2024 | | | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024 | Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024 | Net income of investee as of March 31, 2024 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the three-month period ended March 31, 2024 (Note 2) | Book value of investments in Mainland China as of March 31, 2024 | Accumulated amount of investment income remitted back to Taiwan as of March 31, 2024 | Footnote |
|--------------------------------------|------------------------------|-----------------|---------------------------------|--|-------------------------|------|--|---|---|--|---|--|--|----------|
| | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | | | |
| Adimmune Co., Ltd. Nanjing, China | Business sales & acquisition | \$ - | 1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 100.00 | \$ - | \$ - | \$ - | Note 2 |

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: The company was approved for business registration by the competent authority on August 10, 2016. As of March 31, 2024, the company still has not yet initiated its operation, thus, no related investment profit or loss.

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024 | Investment amount approved by the Department of Investment Review, MOEA | Ceiling on investments in Mainland China imposed by the Department of Investment Review, MOEA(Note) |
|--------------------------------------|---|---|---|
| Adimmune Co., Ltd. Nanjing, China | \$ - | \$ 10,000 | \$ 3,358,746 |

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

Adimmune Corporation and subsidiaries

Major shareholders information

March 31, 2024

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 |

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.