

**ADIMMUNE CORPORATION AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
JUNE 30, 2024 AND 2023**

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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 June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of material 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 June 30, 2024 and 2023, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

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Hsu, Chien-Yeh

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Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

August 13, 2024

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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  
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023  
(Expressed in thousands of New Taiwan dollars)

Assets			June 30, 2024		December 31, 2023		June 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,197,891	25	\$ 2,457,501	26	\$ 2,472,910	27
1136	Financial assets at amortised cost -	6(2) and 8						
	current		63,507	1	27,507	-	115,507	1
1150	Notes receivable, net	6(3)	-	-	15	-	-	-
1170	Accounts receivable, net	6(3)	353,886	4	1,308,076	14	466,101	5
130X	Inventories	6(4)	962,415	11	526,406	6	945,511	11
1410	Prepayments	6(5)	238,302	3	282,061	3	291,427	3
1470	Other current assets	8	96,448	1	97,761	1	85,396	1
11XX	Current Assets		3,912,449	45	4,699,327	50	4,376,852	48
Non-current assets								
1517	Financial assets at fair value	6(6)						
	through other comprehensive							
	income - non-current		118,127	1	105,860	1	126,540	1
1535	Financial assets at amortised cost -	6(2) and 8						
	non-current		4,989	-	4,059	-	4,033	-
1560	Non-current contract assets	6(19)	334,933	4	334,933	4	326,656	4
1600	Property, plant and equipment	6(7) and 8	3,533,360	40	3,544,326	37	3,588,223	39
1755	Right-of-use assets		85,298	1	68,353	1	77,577	1
1760	Investment property, net		23,252	-	23,252	-	23,252	-
1780	Intangible assets	6(8)	59,228	1	70,465	1	82,411	1
1840	Deferred income tax assets	6(25)	227,602	3	227,602	2	227,590	2
1900	Other non-current assets	6(9) and 8	419,127	5	406,261	4	373,801	4
15XX	Non-current assets		4,805,916	55	4,785,111	50	4,830,083	52
1XXX	Total assets		\$ 8,718,365	100	\$ 9,484,438	100	\$ 9,206,935	100

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ADIMMUNE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(10)	\$ 350,000	4	\$ 540,000	6	\$ 540,000	6
2130	Current contract liabilities	6(19)	141,282	2	21,812	-	162,572	2
2150	Notes payable		16,287	-	-	-	12,562	-
2170	Accounts payable		79,452	1	42,351	-	37,566	-
2200	Other payables	6(11)	188,562	2	254,029	3	206,069	2
2250	Provisions for liabilities - current	6(15)	17,248	-	-	-	-	-
2280	Current lease liabilities		21,046	-	14,710	-	15,759	-
2320	Long-term liabilities, current portion	6(12)	419,853	5	669,931	7	169,917	2
2399	Other current liabilities, others	6(3)	248,617	3	244,113	3	6,665	-
21XX	Current Liabilities		1,482,347	17	1,786,946	19	1,151,110	12
Non-current liabilities								
2540	Long-term borrowings	6(12)	1,784,400	20	1,869,284	20	1,954,253	21
2580	Non-current lease liabilities		60,199	1	48,705	-	56,047	1
2600	Other non-current liabilities	6(13)	1,780	-	1,937	-	2,173	-
25XX	Non-current liabilities		1,846,379	21	1,919,926	20	2,012,473	22
2XXX	Total Liabilities		3,328,726	38	3,706,872	39	3,163,583	34
Equity								
	Share capital	6(16)						
3110	Share capital - common stock		4,295,078	49	4,295,078	45	4,295,078	47
	Capital surplus	6(17)						
3200	Capital surplus		829,498	9	835,406	9	851,949	9
	Retained earnings	6(18)						
3310	Legal reserve		145,781	2	145,781	2	145,781	2
3350	Unappropriated retained earnings		( 10,345)	-	451,830	5	602,046	6
	Other equity interest							
3400	Other equity interest		57,619	1	38,943	-	60,083	1
3500	Treasury shares	6(16)	( 292,538)	( 3)	( 292,538)	( 3)	( 292,538)	( 3)
31XX	Equity attributable to owners of the parent		5,025,093	58	5,474,500	58	5,662,399	62
36XX	Non-controlling interest		364,546	4	303,066	3	380,953	4
3XXX	Total equity		5,389,639	62	5,777,566	61	6,043,352	66
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	Total liabilities and equity		\$ 8,718,365	100	\$ 9,484,438	100	\$ 9,206,935	100

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

**ADIMMUNE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE-MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except losses per share amount)

Items	Notes	Three-month periods then ended June 30				Six-month periods then ended June 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(19)	\$ 79,800	100	\$ 82,549	100	\$ 123,678	100	\$ 252,259	100
5000 Operating costs	6(4)(8)(23)	( 114,799)	( 144)	( 177,913)	( 215)	( 228,990)	( 185)	( 407,528)	( 161)
5900 Net operating margin		( 34,999)	( 44)	( 95,364)	( 115)	( 105,312)	( 85)	( 155,269)	( 61)
Operating expenses	6(8)(23)								
6100 Selling expenses		( 85,210)	( 107)	( 3,135)	( 4)	( 93,128)	( 75)	( 62,574)	( 25)
6200 General and administrative expenses		( 78,118)	( 98)	( 85,845)	( 104)	( 150,795)	( 122)	( 154,597)	( 61)
6300 Research and development expenses		( 93,803)	( 117)	( 74,403)	( 90)	( 138,272)	( 112)	( 145,895)	( 58)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	153	-	( 19,685)	( 24)	153	-	( 19,685)	( 8)
6000 Total operating expenses		( 256,978)	( 322)	( 183,068)	( 222)	( 382,042)	( 309)	( 382,751)	( 152)
6900 Operating loss		( 291,977)	( 366)	( 278,432)	( 337)	( 487,354)	( 394)	( 538,020)	( 213)
Non-operating income and expenses									
7100 Interest income	6(20)	9,150	12	7,643	9	10,620	9	9,465	4
7010 Other income	6(21)	3,324	4	5,650	7	5,258	4	7,188	3
7020 Other gains and losses	6(22)	( 18,357)	( 23)	4,631	6	( 16,997)	( 13)	( 2,732)	( 1)
7050 Finance costs	6(24)	( 10,632)	( 13)	( 8,104)	( 10)	( 20,731)	( 17)	( 13,805)	( 6)
7000 Total non-operating income and expenses		( 16,515)	( 20)	9,820	12	( 21,850)	( 17)	116	-
7900 Loss before income tax		( 308,492)	( 386)	( 268,612)	( 325)	( 509,204)	( 411)	( 537,904)	( 213)
7950 Income tax expense	6(25)	-	-	-	-	-	-	-	-
8200 Loss for the period		( \$ 308,492)	( 386)	( \$ 268,612)	( 325)	( \$ 509,204)	( 411)	( \$ 537,904)	( 213)
<b>Other comprehensive income</b>									
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>									
8316 Unrealized loss on valuation of equity instruments at fair value through profit or loss	6(6)	\$ 4,059	5	\$ 17,617	21	\$ 16,688	13	\$ 26,289	10
8310 Components of other comprehensive income that will be reclassified to profit or loss		4,059	5	17,617	21	16,688	13	26,289	10
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>									
8361 Exchange differences on translation		1,692	2	3,472	4	7,119	6	1,674	1
8360 Components of other comprehensive income that will be reclassified to profit or loss		1,692	2	3,472	4	7,119	6	1,674	1
8300 Other comprehensive income for the period		\$ 5,751	7	\$ 21,089	25	\$ 23,807	19	\$ 27,963	11
8500 Total comprehensive loss for the period		( \$ 302,741)	( 379)	( \$ 247,523)	( 300)	( \$ 485,397)	( 392)	( \$ 509,941)	( 202)
Loss, attributable to:									
8610 Owners of the parent		( \$ 273,783)	( 343)	( \$ 240,709)	( 291)	( \$ 457,753)	( 369)	( \$ 489,722)	( 194)
8620 Non-controlling interest		( 34,709)	( 43)	( 27,903)	( 34)	( 51,451)	( 42)	( 48,182)	( 19)
Total		( \$ 308,492)	( 386)	( \$ 268,612)	( 325)	( \$ 509,204)	( 411)	( \$ 537,904)	( 213)
Comprehensive loss attributable to:									
8710 Owners of the parent		( \$ 269,258)	( 337)	( \$ 222,138)	( 269)	( \$ 439,077)	( 355)	( \$ 464,262)	( 184)
8720 Non-controlling interest		( 33,483)	( 42)	( 25,385)	( 31)	( 46,320)	( 37)	( 45,679)	( 18)
Total		( \$ 302,741)	( 379)	( \$ 247,523)	( 300)	( \$ 485,397)	( 392)	( \$ 509,941)	( 202)
Basic losses per share									
9750 Total basic losses per share	6(26)	( \$ 0.65)		( \$ 0.57)		( \$ 1.09)		( \$ 1.16)	
Diluted losses per share									
9850 Diluted losses per share	6(26)	( \$ 0.65)		( \$ 0.57)		( \$ 1.09)		( \$ 1.16)	

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

ADIMMUNE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
		Capital surplus			Retained earnings		Other equity interest						
				Difference between consideration and carrying amount of subsidiaries acquired or disposed	Employee stock warrants			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			Legal reserve	Unappropriated retained earnings				Treasury shares	Total	Non-controlling interest	Total equity
<u>Six-month period ended June 30, 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	
	-	-	-	-	-	( 489,722)	-	-	-	( 489,722)	( 48,182)	( 537,904)	
6(6)	-	-	-	-	-	-	( 829)	26,289	-	25,460	2,503	27,963	
	-	-	-	-	-	( 489,722)	( 829)	26,289	-	( 464,262)	( 45,679)	( 509,941)	
Appropriation and distribution of 2022 earnings													
	-	-	-	-	29,242	( 29,242)	-	-	-	-	-	-	
6(14)	-	-	-	2,900	-	-	-	-	-	2,900	5,567	8,467	
	<u>\$ 4,295,078</u>	<u>\$ 817,861</u>	<u>\$ -</u>	<u>\$ 34,088</u>	<u>\$ 145,781</u>	<u>\$ 602,046</u>	<u>(\$ 907)</u>	<u>\$ 60,990</u>	<u>(\$ 292,538)</u>	<u>\$ 5,662,399</u>	<u>\$ 380,953</u>	<u>\$ 6,043,352</u>	
<u>Six-month period June 30, 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	
	-	-	-	-	-	( 457,753)	-	-	-	( 457,753)	( 51,451)	( 509,204)	
6(6)	-	-	-	-	-	-	1,988	16,688	-	18,676	5,131	23,807	
	-	-	-	-	-	( 457,753)	1,988	16,688	-	( 439,077)	( 46,320)	( 485,397)	
6(27)	-	-	11,637	-	-	-	-	-	-	11,637	102,042	113,679	
6(14)	-	-	-	-	-	-	-	-	-	-	5,758	5,758	
	-	-	-	( 17,545)	-	-	-	-	-	( 17,545)	-	( 17,545)	
6(6)	-	-	-	-	-	( 4,422)	-	-	-	( 4,422)	-	( 4,422)	
	<u>\$ 4,295,078</u>	<u>\$ 817,861</u>	<u>\$ 11,637</u>	<u>\$ -</u>	<u>\$ 145,781</u>	<u>(\$ 10,345)</u>	<u>\$ 621</u>	<u>\$ 56,998</u>	<u>(\$ 292,538)</u>	<u>\$ 5,025,093</u>	<u>\$ 364,546</u>	<u>\$ 5,389,639</u>	

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

ADIMMUNE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Six-month periods ended June 30	
		2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(\$ 509,204 )	(\$ 537,904 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including right-of-use assets)	6(23)	95,331	98,051
Amortisation	6(23)	12,370	12,378
Expected credit gain	12(2)	( 153 )	19,685
Gain from lease modification	6(22)	( 1 )	( 263 )
Interest expense	6(24)	20,731	13,805
Interest income	6(20)	( 10,620 )	( 9,465 )
Share-based payments	6(14)	15,172	8,467
Gain on disposal of property, plant and equipment	6(22)	( 16 )	-
Other losses	6(15)	17,248	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		15	620
Accounts receivable, net		954,343	48,563
Inventories		( 436,009 )	( 286,184 )
Prepayments		43,759	5,984
Other current assets		358	( 7,324 )
Changes in operating liabilities			
Notes payable		16,287	12,532
Contract liabilities-current		119,470	151,462
Accounts payable, net		37,101	( 11,247 )
Other payables		( 59,362 )	( 11,453 )
Other current liabilities		4,504	( 9,644 )
Net defined benefit liabilities - non-current		( 154 )	( 171 )
Other non-current liabilities		-	( 8 )
Cash inflow (outflow) generated from operations		321,170	( 502,116 )
Interest received		10,717	9,115
Interest paid		( 20,306 )	( 12,774 )
Net cash flows from (used in) operating activities		311,581	( 505,775 )

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ADIMMUNE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>Six-month periods ended June 30</u>	
		<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost- non-current		( \$ 930 )	( \$ 437 )
Acquisition of property, plant and equipment	6(28)	( 88,998 )	( 165,983 )
Proceeds from disposal of property, plant and equipment		16	-
Increase in prepaid equipment		( 18,525 )	( 132,770 )
Increase in refundable deposits		6,063	( 50,727 )
Increase in financial assets at amortised cost-current		( 36,000 )	-
Acquisition of intangible assests	6(8)	( 680 )	( 1,043 )
Net cash flows used in investing activities		( 139,054 )	( 350,960 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(29)	-	520,000
Repayment from shore-term borrowings	6(29)	( 190,000 )	-
Proceeds from long-term borrowings	6(29)	250,000	-
Repayment from long-term borrowings	6(29)	( 584,962 )	( 40,050 )
Exercise of employee share options		( 17,545 )	-
Repayment of principal portion of lease liabilities	6(29)	( 10,428 )	( 9,062 )
Changes in non-controlling interests	6(27)	113,679	-
Net cash flows (used in) from financing activities		( 439,256 )	470,888
Effect of exchange rate changes on cash and cash equivalents		7,119	1,674
Net decrease in cash and cash equivalents		( 259,610 )	( 384,173 )
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)	\$ 2,197,891	\$ 2,472,910

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

ADIMMUNE CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
SIX-MONTHS ENDED JUNE 30, 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 August \_\_, 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<sup>®</sup>”) 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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:.

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

(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 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
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
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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 MATERIAL 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.

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B. Subsidiary included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Footnote
			June 30, 2024	December 31, 2023	June 30, 2023	
Adimmune Corporation	Enimmune Corporation	Biotechnology industry	50.32	51	51	Note 2
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 1

Note:

1. After the cooperation between the Group's subsidiary, Enimmune Corporation ("Enimmune"), and Reliance Medical Technology ("RMT company"), there were differences in the operation plan of Enimmune-RMT Biotech Pte. Ltd. ("EB Company"). After considering the development requirement in the Southeast Asian market and at the same time safeguarding the shareholders' rights of Enimmune, the Board of Directors of Enimmune 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%, and Enimmune holds 100% of EB company's shares after the capital reduction. However, the capital reduction matters were still under negotiation by both parties as of August 13, 2024.
2. On March 12, 2023, the Board of Directors of the subsidiary, Enimmune Corporation, during its meeting resolved to increase its capital by issuing 6,250 thousand common shares with a par value of \$10 (in dollars) per share totalling NT\$62,500 thousand. Considering the overall business benefits, the Group participated in the capital increase by purchasing 2,696 thousand shares at a price of NT\$32 (in dollars) per share totalling \$86,294 thousand. However, the Group did not acquire shares proportionally to its interest. As a result, the Group decreased its interest by 0.68% to 50.32% after the capital increase. The abovementioned capital increase

was registered with the regulatory authority on July 5, 2024.

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

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.

Reasons and effects of changes in accounting estimates

The Group assesses the estimated useful lives of property, plant and equipment at each balance sheet date. To truly reflect the actual usage of major assets and accurately report the Company's financial condition, operating performance and changes in financial condition, the Group extended the useful lives

of certain manufacturing plants from 35-36 years to 50 years since April 1, 2024. Effects on depreciation expense arising from the changes in accounting estimates for the year ended December 2024 and future years are as follows:

Effects on depreciation expense

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>The following years</u>
Increase (decrease) in depreciation	<u>\$ 3,736</u>	<u>(\$ 14,943)</u>	<u>(\$ 14,943)</u>	<u>(\$ 14,943)</u>	<u>\$ 56,036</u>

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand and revolving funds	\$ 1,272	\$ 1,328	\$ 1,219
Checking accounts and demand deposits	1,686,619	1,965,845	1,934,511
Time deposits	510,000	490,328	537,180
	<u>\$ 2,197,891</u>	<u>\$ 2,457,501</u>	<u>\$ 2,472,910</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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items:			
Time deposits with maturities of more than three months and not satisfy short-term cash flows commitments	\$ 48,500	\$ 12,500	\$ 100,500
Pledged time deposits	15,007	15,007	15,007
	<u>\$ 63,507</u>	<u>\$ 27,507</u>	<u>\$ 115,507</u>
Non-current items:			
Reserve accounts for syndicated loans	\$ 4,989	\$ 4,059	\$ 4,033

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

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	\$ -	\$ 15	\$ -
Less: Allowance for uncollectible accounts	-	-	-
	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ -</u>
Accounts receivable	\$ 747,609	\$ 1,701,952	\$ 485,786
Less: Allowance for uncollectible accounts	( 393,723)	( 393,876)	( 19,685)
	<u>\$ 353,886</u>	<u>\$ 1,308,076</u>	<u>\$ 466,101</u>

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

	June 30, 2024		December 31, 2023		June 30, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 234,970	\$ -	\$ 1,308,244	\$ 15	\$ 67,022	\$ -
31 to 90 days	31	-	-	-	-	-
91 to 180 days	118,900	-	-	-	418,764	-
Over 181 days	393,708	-	393,708	-	-	-
	<u>\$ 747,609</u>	<u>\$ -</u>	<u>\$ 1,701,952</u>	<u>\$ 15</u>	<u>\$ 485,786</u>	<u>\$ -</u>

The above ageing analysis is based on past due date.

B. As at June 30, 2024, December 31, 2023, June 30, 2023 and January 1, 2023, the balances of receivables from contracts with customers amounted to \$747,609thousand, \$1,701,967 thousand, \$485,786 thousand and \$534,969 thousand, respectively.

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

D. As at June 30, 2024, December 31, 2023 and June 30, 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 \$0 thousand, respectively; As at June 30, 2024, December 31, 2023 and June 30, 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 \$353,886 thousand, \$1,308,076 thousand and \$466,101 thousand, respectively.

E. As of June 30, 2024 and December 31, 2023, loss allowance for accounts receivable both amounted to \$393,708 thousand, refer to Note 9(1) B for details.

F. 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 June 30, 2024 and December 31, 2023 and the customer's judgement based on the commercial conditions.

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



(4) Inventories

June 30, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 112,466	(\$ 10,936)	\$ 101,530
Work in process	890,529	( 242,943)	647,586
Finished goods	278,834	( 67,209)	211,625
Merchandise	1,902	( 228)	1,674
	<u>\$ 1,283,731</u>	<u>(\$ 321,316)</u>	<u>\$ 962,415</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>

June 30, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 196,268	(\$ 6,154)	\$ 190,114
Work in process	765,843	( 207,826)	558,017
Finished goods	244,471	( 56,407)	188,064
Merchandise	12,564	( 3,248)	9,316
	<u>\$ 1,219,146</u>	<u>(\$ 273,635)</u>	<u>\$ 945,511</u>

The cost of inventories recognised as expense for the period:

	Three-month periods ended June 30,	
	2024	2023
Costs of goods sold	\$ 52,528	\$ 79,887
Gain on reversal of decline in market value	7,438	11,476
Loss on inventory retirement	6,189	3,460
Revenue from sale of scraps	-	-
Unallocated overhead	48,644	83,090
	<u>\$ 114,799</u>	<u>\$ 177,913</u>

	Six-month periods ended June 30,	
	2024	2023
Costs of goods sold	\$ 93,136	\$ 244,779
Gain on reversal of decline in market value	( 1,831)	8,863
Loss on inventory retirement	6,189	3,460
Revenue from sale of scraps	( 1)	( 2)
Unallocated overhead	131,497	150,428
	<u>\$ 228,990</u>	<u>\$ 407,528</u>

For the three-month and six-month periods ended June 30, 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

	June 30, 2024	December 31, 2023	June 30, 2023
Supplies inventory	\$ 146,218	\$ 155,925	\$ 159,371
Prepaid purchase	49,677	87,686	68,962
Residual tax credit	39,047	30,257	59,057
Others	3,360	8,193	4,037
	<u>\$ 238,302</u>	<u>\$ 282,061</u>	<u>\$ 291,427</u>

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

Items	June 30, 2024	December 31, 2023	June 30, 2023
Non-current items:			
Listed stocks	\$ 61,129	\$ 61,129	\$ 61,129
Unlisted stocks	-	4,421	4,421
	61,129	65,550	65,550
Valuation adjustment	56,998	40,310	60,990
	<u>\$ 118,127</u>	<u>\$ 105,860</u>	<u>\$ 126,540</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 \$118,127 thousand, \$105,860 thousand and \$126,540 thousand as at June 30, 2024, December 31, 2023 and June 30, 2023, respectively.
- B. On April 16, 2024, the Group recognised the loss arising from derecognition of marketable securities whose fair value was \$135 thousand due to the dissolution of Hematech Biotherapeutics Inc, resulting to an accumulated loss on disposal of \$4,422 thousand.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>4,059</u>	\$ <u>17,617</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ <u>4,422</u> )	\$ <u>-</u>
	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>16,688</u>	\$ <u>26,289</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ <u>4,422</u> )	\$ <u>-</u>

(7) Property, plant and equipment

	Six-month period ended June 30, 2024			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending balance</u>
<u>Cost</u>				
Land	\$ 14,357	\$ -	\$ -	\$ 14,357
Buildings and structures	2,137,561	4,695 (	87)	2,142,169
Machinery equipment	2,327,411	1,489 (	18,232)	2,310,668
Transportation equipment	4,171	-	-	4,171
Other fixed assets	1,203,175	1,423 (	87)	1,204,511
Construction in progress and equipment under acceptance	<u>1,028,795</u>	<u>66,282</u>	<u>-</u>	<u>1,095,077</u>
	<u>6,715,470</u>	<u>\$ 73,889</u>	<u>(\$ 18,406)</u>	<u>6,770,953</u>
<u>Accumulated depreciation</u>				
Buildings and structures	( 942,022)	(\$ 25,543)	\$ 87.00 (	( 967,478)
Machinery equipment	( 1,330,255)	( 46,754)	18,232 (	( 1,358,777)
Transportation equipment	( 2,876)	( 131)	- (	( 3,007)
Other fixed assets	( 895,991)	( 12,427)	87 (	( 908,331)
	<u>( 3,171,144)</u>	<u>(\$ 84,855)</u>	<u>\$ 18,406</u>	<u>( 3,237,593)</u>
	<u>\$ 3,544,326</u>			<u>\$ 3,533,360</u>

Six-month period ended June 30, 2023				
	Beginning balance	Additions	Transfers	Ending balance
<u>Cost</u>				
Land	\$ 14,357	\$ -	\$ -	\$ 14,357
Buildings and structures	2,117,281	2,250	17,556	2,137,087
Machinery equipment	2,250,378	3,589	56,971	2,310,938
Transportation equipment	4,171	-	-	4,171
Other fixed assets	1,063,995	2,855	135,799	1,202,649
Construction in progress and equipment under acceptance	1,099,532	112,030	(210,326)	1,001,236
	<u>6,549,714</u>	<u>\$ 120,724</u>	<u>\$ -</u>	<u>6,670,438</u>
<u>Accumulated depreciation</u>				
Buildings and structures	( 877,968)	(\$ 32,239)	\$ -	( 910,207)
Machinery equipment	( 1,236,796)	( 46,204)	-	( 1,283,000)
Transportation equipment	( 2,588)	( 154)	-	( 2,742)
Other fixed assets	( 876,036)	( 10,230)	-	( 886,266)
	<u>( 2,993,388)</u>	<u>(\$ 88,827)</u>	<u>\$ -</u>	<u>( 3,082,215)</u>
	<u>\$ 3,556,326</u>			<u>\$ 3,588,223</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 June 30,	
	2024	2023
Amount capitalised	\$ 8,424	\$ 7,035
Range of the interest rate for capitalisation	2.22~ 2.40%	1.96 ~ 2.22%
	Six-month periods ended June 30,	
	2024	2023
Amount capitalised	\$ 16,503	\$ 14,182
Range of the interest rate for capitalisation	2.22~ 2.40%	1.96 ~ 2.22%

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

(8) Intangible assets

Six-month period ended June 30, 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)	( 6,458)	( 264,436)
Internal production cost	( 213,347)	( 2,979)	( 216,326)
Computer software	( 36,993)	( 2,480)	( 39,473)
	<u>( 508,318)</u>	<u>(\$ 11,917)</u>	<u>( 520,235)</u>
<u>Accumulated impairment</u>			
Authorization techniques	( 127,874)	\$ -	( 127,874)
	<u>\$ 70,465</u>		<u>\$ 59,228</u>

Six-month period ended June 30, 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	1,043	46,123
	<u>705,614</u>	<u>\$ 1,043</u>	<u>706,657</u>
<u>Accumulated amortisation</u>			
Authorization techniques	( 245,063)	( 6,458)	( 251,521)
Internal production cost	( 207,390)	( 2,979)	( 210,369)
Computer software	( 31,994)	( 2,488)	( 34,482)
	<u>( 484,447)</u>	<u>(\$ 11,925)</u>	<u>( 496,372)</u>
<u>Accumulated impairment</u>			
Authorization techniques	( 127,874)	\$ -	( 127,874)
	<u>\$ 93,293</u>		<u>\$ 82,411</u>

Details of amortisation on intangible assets are as follows:

	Three-month periods ended June 30,	
	2024	2023
Operating costs	\$ 4,718	\$ 4,718
General and administrative expenses	1,242	1,262
	<u>\$ 5,960</u>	<u>\$ 5,980</u>
	Six-month periods ended June 30,	
	2024	2023
Operating costs	\$ 9,436	\$ 9,436
General and administrative expenses	2,481	2,489
	<u>\$ 11,917</u>	<u>\$ 11,925</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 June 30, 2024.

(9) Other non-current assets

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Prepaid equipment	\$ 382,327	\$ 363,802	\$ 339,187
Refundable deposits	31,359	36,545	28,268
Others	<u>5,441</u>	<u>5,914</u>	<u>6,346</u>
	<u>\$ 419,127</u>	<u>\$ 406,261</u>	<u>\$ 373,801</u>

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>June 30, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 350,000</u>	2.48% ~ 2.53%	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>June 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 540,000</u>	2.33% ~ 2.45%	None

Interest expense recognised in profit or loss amounted to \$6,794 thousand and \$4,380 thousand for the six-month periods ended June 30, 2024 and 2023, respectively.

(11) Other payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Salaries payable	\$ 97,807	\$ 106,670	\$ 92,446
Royalty payables	29	20,177	6,839
Payables on equipment	3,129	18,238	24,451
Others	<u>87,597</u>	<u>108,944</u>	<u>82,333</u>
	<u>\$ 188,562</u>	<u>\$ 254,029</u>	<u>\$ 206,069</u>

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Collateral	June 30, 2024
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	\$ 2,202,200
Unsecured borrowings			
Chang Hwa Bank	From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020.	Note	1,008
Taichung Commercial Bank	From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020.	Note	1,045
			<u>2,204,253</u>
Less: Current portion			( 419,853)
			<u>\$ 1,784,400</u>
Interest rate range			<u>2.31%~2.84%</u>
(Remainder of page intentionally left blank)			



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
			2,539,215
Less: Current portion			( 669,931)
			\$ 1,869,284
Interest rate range			2.18%~2.68%
(Remainder of page intentionally left blank)			

Type of borrowings	Borrowing period and repayment term	Collateral	June 30, 2023
Secured borrowings			
Land Bank of Taiwan (lead and management bank)	From October 8, 2020 to October 7, 2030; Term loan A is to be repaid with installments starting from October 2022; Term loan B is to be repaid with installments starting from October 2023.	Land, buildings and machinery equipment	\$ 2,120,000
Unsecured borrowings			
Chang Hwa Bank	From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020.	Note	2,108
Taichung Commercial Bank	From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020	Note	2,062
			<u>2,124,170</u>
Less: Current portion			( <u>169,917</u> )
			<u>\$ 1,954,253</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 and six-month periods ended June 30, 2024 and 2023 were \$3 thousand, \$4 thousand, \$6 thousand and \$9 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 and six-month periods ended June 30, 2024 and 2023, were \$4,849 thousand, \$4,912 thousand, \$9,718 thousand and \$9,777 thousand, respectively.

(14) Share-based payment

A. For the six-month periods ended June 30, 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 June 30, 2024, it has been fully given and used.

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 June 30, 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. According to the terms of employee stock options at cash capital increase of the subsidiary, Enimmune, Enimmune's and the Company's employees can participate in the share subscription when they are still in service as of the effective date of share subscription, of which the actual subscribed shares amounted to 392.5 thousand shares.

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

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

		2024
		Weighted-average exercise price
	No. of options	(in dollars)
Options outstanding at January 1	2,095	\$ 25
Options forfeited	( 60)	-
Options outstanding at June 30	2,035	
Options exercisable at June 30	-	

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

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 option 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

Note 1: The market price adopted the fair value of the Company's common shares at the grant date, taking into consideration liquidity premium.

Note 2: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

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 been 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 June 30,	
	2024	2023
Compensation cost	\$ 7,491	\$ 4,122
	Six-month periods ended June 30,	
	2024	2023
Compensation cost	\$ 15,172	\$ 8,467

(15) Provisions

	Stock Buyback or Repurchase	
At January 1, 2024	\$	-
Additional provisions		17,248
At June 30, 2024	\$	17,248
	June 30, 2024	June 30, 2023
Current	\$ 17,248	\$ -

(16) Share capital

A. As of June 30, 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	2023
	(thousand shares)	(thousand shares)
At January 1 (June 30)	421,508	421,508

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## B. Treasury shares

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

		At June 30, 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 June 30, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
Adimmune Corporation	To be reissued to employees	8,000	\$ 292,538

- (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.

## (17) 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.



(18) 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 the earnings appropriation. However, the Company did not distribute earnings as the Company had loss for the year ended December 31, 2023. The aforementioned earnings appropriation of year 2023 had been approved by the shareholders during their meeting on June 21, 2024.
- 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(23).

(19) 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 June 30, 2024			
	Adimmune Corporation	Enimmune Corporation	Total
Revenue from professional packing service	\$ 46,978	\$ -	\$ 46,978
Sales revenue	16,219	16,603	32,822
Other revenue	-	-	-
	<u>\$ 63,197</u>	<u>\$ 16,603</u>	<u>\$ 79,800</u>
Three-month period ended June 30, 2023			
	Adimmune Corporation	Enimmune Corporation	Total
Revenue from professional packing service	\$ 61,394	\$ -	\$ 61,394
Sales revenue	15,563	5,592	21,155
Other revenue	-	-	-
	<u>\$ 76,957</u>	<u>\$ 5,592</u>	<u>\$ 82,549</u>
Six-month period ended June 30, 2024			
	Adimmune Corporation	Enimmune Corporation	Total
Revenue from professional packing service	\$ 76,214	\$ -	\$ 76,214
Sales revenue	27,138	20,326	47,464
Other revenue	-	-	-
	<u>\$ 103,352</u>	<u>\$ 20,326</u>	<u>\$ 123,678</u>
Six-month period ended June 30, 2023			
	Adimmune Corporation	Enimmune Corporation	Total
Revenue from professional packing service	\$ 203,554	\$ -	\$ 203,554
Sales revenue	29,267	13,000	42,267
Other revenue	6,438	-	6,438
	<u>\$ 239,259</u>	<u>\$ 13,000</u>	<u>\$ 252,259</u>

Three-month period ended June 30, 2024			
	Adimmune Corporation	Enimmune Corporation	Total
Timing of revenue recognition			
Over time	\$ 46,978	\$ -	\$ 46,978
At a point in time	<u>16,219</u>	<u>16,063</u>	<u>32,282</u>
	<u>\$ 63,197</u>	<u>\$ 16,063</u>	<u>\$ 79,260</u>

Three-month period ended June 30, 2023			
	Adimmune Corporation	Enimmune Corporation	Total
Timing of revenue recognition			
Over time	\$ 61,394	\$ -	\$ 61,394
At a point in time	<u>15,563</u>	<u>5,592</u>	<u>21,155</u>
	<u>\$ 76,957</u>	<u>\$ 5,592</u>	<u>\$ 82,549</u>

Six-month period ended June 30, 2024			
	Adimmune Corporation	Enimmune Corporation	Total
Timing of revenue recognition			
Over time	\$ 76,214	\$ -	\$ 76,214
At a point in time	<u>27,138</u>	<u>20,326</u>	<u>47,464</u>
	<u>\$ 103,352</u>	<u>\$ 20,326</u>	<u>\$ 123,678</u>

Six-month period ended June 30, 2023			
	Adimmune Corporation	Enimmune Corporation	Total
Timing of revenue recognition			
Over time	\$ 203,554	\$ -	\$ 203,554
At a point in time	<u>35,705</u>	<u>13,000</u>	<u>48,705</u>
	<u>\$ 239,259</u>	<u>\$ 13,000</u>	<u>\$ 252,259</u>

B. Contract assets and liabilities

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

	June 30, 2024	December 31, 2023	June 30, 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>\$ 141,282</u>	<u>\$ 21,812</u>	<u>\$ 162,572</u>	<u>\$ 11,110</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the six-month periods ended June 30, 2024 and 2023 was \$5,399 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 June 30, 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 six-month periods ended June 30, 2024 and 2023.

(20) Interest income

		Three-month periods ended June 30,	
		2024	2023
Interest income from bank deposits	\$	9,143	\$ 7,635
Other interest income		7	8
	\$	<u>9,150</u>	<u>\$ 7,643</u>
		Six-month periods ended June 30,	
		2024	2023
Interest income from bank deposits	\$	10,604	\$ 9,451
Other interest income		16	14
	\$	<u>10,620</u>	<u>\$ 9,465</u>

(21) Other income

		Three-month periods ended June 30,	
		2024	2023
Grant revenue	\$	1,178	\$ 3,761
Other non-operating income		2,146	1,889
	\$	<u>3,324</u>	<u>\$ 5,650</u>
		Six-month periods ended June 30,	
		2024	2023
Grant revenue	\$	2,079	\$ 4,678
Other non-operating income		3,179	2,510
	\$	<u>5,258</u>	<u>\$ 7,188</u>

For the three-month and six-month periods ended June 30, 2024 and 2023, the grant revenue are all government grant revenue.

(22) Other gains and losses

	Three-month periods ended June 30,	
	2024	2023
Gains arising from lease modifications	\$ -	\$ -
Gains on disposals of property, plant and equipment	16	\$ -
Net currency exchange gains (losses)	4,382	4,836
Other gains and losses	(22,755)	(205)
	<u>(\$ 18,357)</u>	<u>\$ 4,631</u>
	Six-month periods ended June 30,	
	2024	2023
Gains arising from lease modifications	\$ 1	\$ 263
Gains on disposals of property, plant and equipment	16	-
Net currency exchange gains (losses)	14,721	(2,498)
Other gains and losses	(31,735)	(497)
	<u>(\$ 16,997)</u>	<u>(\$ 2,732)</u>

(23) Employee benefit expense, depreciation and amortisation

Nature	Three-month periods ended June 30, 2024		
	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	\$ 80,519	\$ 45,474	\$ 125,993
Employee stock options	657	6,834	7,491
Labor and health insurance fees	7,248	3,505	10,753
Pension costs	3,041	1,811	4,852
Directors' remuneration	-	1,605	1,605
Other personnel expenses	1,511	3,716	5,227
	<u>\$ 92,976</u>	<u>\$ 62,945</u>	<u>\$ 155,921</u>
Depreciation	<u>\$ 36,533</u>	<u>\$ 8,889</u>	<u>\$ 45,422</u>
Amortisation	<u>\$ 4,718</u>	<u>\$ 1,468</u>	<u>\$ 6,186</u>

Nature	Three-month periods ended June 30, 2023		
	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	\$ 78,435	\$ 49,970	\$ 128,405
Employee stock options	585	3,537	4,122
Labor and health insurance fees	6,761	3,491	10,252
Pension costs	3,032	1,884	4,916
Directors' remuneration	-	1,555	1,555
Other personnel expenses	1,500	3,283	4,783
	<u>\$ 90,313</u>	<u>\$ 63,720</u>	<u>\$ 154,033</u>
Depreciation	<u>\$ 41,687</u>	<u>\$ 8,324</u>	<u>\$ 50,011</u>
Amortisation	<u>\$ 4,718</u>	<u>\$ 1,488</u>	<u>\$ 6,206</u>

Nature	Six-month periods ended June 30, 2024		
	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	\$ 149,973	\$ 85,532	\$ 235,505
Employee stock options	1,242	13,930	15,172
Labor and health insurance fees	14,302	6,831	21,133
Pension costs	6,140	3,584	9,724
Directors' remuneration	-	3,160	3,160
Other personnel expenses	2,809	6,154	8,963
	<u>\$ 174,466</u>	<u>\$ 119,191</u>	<u>\$ 293,657</u>
Depreciation	<u>\$ 78,625</u>	<u>\$ 16,706</u>	<u>\$ 95,331</u>
Amortisation	<u>\$ 9,436</u>	<u>\$ 2,934</u>	<u>\$ 12,370</u>

Nature	Six-month periods ended June 30, 2023		
	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	\$ 145,301	\$ 91,222	\$ 236,523
Employee stock options	1,163	7,304	8,467
Labor and health insurance fees	13,559	7,092	20,651
Pension costs	6,041	3,745	9,786
Directors' remuneration	-	3,145	3,145
Other personnel expenses	3,106	5,846	8,952
	<u>\$ 169,170</u>	<u>\$ 118,354</u>	<u>\$ 287,524</u>
Depreciation	<u>\$ 81,386</u>	<u>\$ 16,665</u>	<u>\$ 98,051</u>
Amortisation	<u>\$ 9,436</u>	<u>\$ 2,942</u>	<u>\$ 12,378</u>

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

B. For the three-month and six-month periods ended June 30, 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.

(24) Finance costs

	Three-month periods ended June 30,	
	2024	2023
Interest expense:		
Bank borrowings	\$ 18,571	\$ 14,754
Interest expense on lease liabilities	484	385
Less: Capitalisation of qualifying assets	( 8,423)	( 7,035)
	<u>\$ 10,632</u>	<u>\$ 8,104</u>
	Six-month periods ended June 30,	
	2024	2023
Interest expense:		
Bank borrowings	\$ 36,398	\$ 27,195
Interest expense on lease liabilities	835	792
Less: Capitalisation of qualifying assets	( 16,502)	( 14,182)
	<u>\$ 20,731</u>	<u>\$ 13,805</u>

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(25) Income tax

A. Reconciliation between income tax benefit and accounting profit:

	Three-month periods ended June 30,	
	2024	2023
Tax calculated based on loss before tax and statutory tax rate	(\$ 72,837)	(\$ 60,377)
Expenses disallowed by tax regulation	12,831	5,693
Revenue disallowed by tax regulation	( 399)	-
Temporary difference not recognised as deferred tax assets	1,701	192
Loss carryforward not recognised as deferred tax assets	58,704	54,492
Income tax expense	\$ -	\$ -
	Six-month periods ended June 30,	
	2024	2023
Tax calculated based on loss before tax and statutory tax rate	(\$ 116,991)	(\$ 117,907)
Expenses disallowed by tax regulation	17,090	9,216
Revenue disallowed by tax regulation	( 399)	-
Temporary difference not recognised as deferred tax assets	( 2,900)	1,001
Loss carryforward not recognised as deferred tax assets	103,200	107,690
Income tax expense	\$ -	\$ -

- 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.



(26) Losses per share

Three-month period ended June 30, 2024		
	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
<u>Amount after tax</u>		
<u>Basic (diluted) losses per share</u>		
Loss attributable to ordinary shareholders of the parent	(\$ 273,783) 421,508	(\$ 0.65)

Three-month period ended June 30, 2023		
	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
<u>Amount after tax</u>		
<u>Basic (diluted) losses per share</u>		
Loss attributable to ordinary shareholders of the parent	(\$ 240,709) 421,508	(\$ 0.57)

Six-month period ended June 30, 2024		
	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
<u>Amount after tax</u>		
<u>Basic (diluted) losses per share</u>		
Loss attributable to ordinary shareholders of the parent	(\$ 457,753) 421,508	(\$ 1.09)

Six-month period ended June 30, 2023		
	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
<u>Amount after tax</u>		
<u>Basic (diluted) losses per share</u>		
Loss attributable to ordinary shareholders of the parent	(\$ 489,722) 421,508	(\$ 1.16)

(27) Transactions with non-controlling interest

The Company's subsidiary, Enimmune Corporation, increase its capital by issuing new shares on May 27, 2024. The Group's shareholding ratio decreased by 0.68% due to not acquiring shares proportionately to its ownership. The transaction increased non-controlling interest and equity attributable to owners of the parent by \$102,042 thousand and \$11,637 thousand, respectively.

(28) Supplemental cash flow information

Investing activities with partial cash payments

	Six-month periods ended June 30,	
	2024	2023
Purchase of property, plant and equipment	\$ 73,889	\$ 120,724
Add: Opening balance of payable on equipment	18,238	69,710
Less: Ending balance of payable on equipment	( 3,129)	( 24,451)
Cash paid during the period	<u>\$ 88,998</u>	<u>\$ 165,983</u>

(29) 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	( 190,000)	( 334,962)	( 10,428)	( 535,390)
Changes in other non-cash items	-	-	28,258	28,258
At June 30, 2024	<u>\$ 350,000</u>	<u>\$ 2,204,253</u>	<u>\$ 81,245</u>	<u>\$ 2,635,498</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	520,000	( 40,050)	( 9,062)	470,888
Changes in other non-cash items	-	-	2,538	2,538
At June 30, 2023	<u>\$ 540,000</u>	<u>\$ 2,124,170</u>	<u>\$ 71,806</u>	<u>\$ 2,735,976</u>

Note: Including current portion.

(30) 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 June 30,	
	2024	2023
Short-term employee benefits	\$ 24,145	\$ 25,128
Post-employment benefits	694	585
Share-based payments	6,506	2,943
	<u>\$ 31,345</u>	<u>\$ 28,656</u>
	Six-month periods ended June 30,	
	2024	2023
Short-term employee benefits	\$ 41,803	\$ 41,760
Post-employment benefits	1,371	1,127
Share-based payments	13,396	6,048
	<u>\$ 56,570</u>	<u>\$ 48,935</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2024	December 31, 2023	June 30, 2023	
Property, plant and equipment	\$ 1,201,217	\$ 1,237,534	\$ 1,285,899	Long-term borrowings
Special reserve account and pledged account (included in financial assets at amortised cost - non-current)	4,989	4,059	4,033	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)	98,733	104,796	80,258	Performance margin for bidding
	<u>\$ 1,319,946</u>	<u>\$ 1,361,396</u>	<u>\$ 1,385,197</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 Group's receivables due from Shouhui Company was \$393,708 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 a second trial on March 29, 2024. In July 2024, the High People's Court of Beijing Municipality rendered the same verdict. 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	\$ 345,742	\$ 357,004	\$ 457,701

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 project period is from March 1, 2022 to February 2, 2025, and the project was extended on November 17, 2023, to November 30, 2025. The total subsidy amount is 15,007 thousand NTD. Subsidy income recognized from April 1, 2023 to June 30, 2023, and from January 1, 2023 to June 30, 2023, is 2,342 thousand NTD. The subsidy for the first half of 2023 was received in May 2023. Subsidy income recognized from April 1, 2024 to June 30, 2024, and from January 1, 2024 to June 30, 2024, is 1,178 thousand NTD. The subsidy for the first half of 2024 was received in April 2024.

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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income			
- non-current	\$ 118,127	\$ 105,860	\$ 126,540
Financial assets at amortised cost			
Cash and cash equivalents	2,197,891	2,457,501	2,472,910
Financial assets at amortised cost			
- current	63,507	27,507	115,507
Notes receivable	-	15	-
Accounts receivable	353,886	1,308,076	466,101
Financial assets at amortised cost			
- non-current	4,989	4,059	4,033
Other receivables (shown as other current assets)	251	249	288
Refundable deposits (shown as other current assets and other non-current assets)	98,733	104,796	80,258
	<u>\$ 2,837,384</u>	<u>\$ 4,008,063</u>	<u>\$ 3,265,637</u>
		December 31,	
	June 30, 2024	2023	June 30, 2023
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 350,000	\$ 540,000	\$ 540,000
Notes payable	16,287	-	12,562
Accounts payable	79,452	42,351	37,566
Other payables	188,562	254,029	206,069
Long-term borrowings (including current portion)	2,204,253	2,539,215	2,124,170
	<u>\$ 2,838,554</u>	<u>\$ 3,375,595</u>	<u>\$ 2,920,367</u>
Lease liabilities (including current portion)	<u>\$ 81,245</u>	<u>\$ 63,415</u>	<u>\$ 71,806</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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June 30, 2024				
Foreign currency amount			Book value	
	(In thousands)		Exchange rate	(NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD : NTD	\$	14,047	32.40	\$ 455,123
JPY : NTD		396,166	0.20	79,114
EUR : NTD		212	34.51	7,316
RMB : NTD		83,775	4.42	370,286
Financial liabilities				
Monetary items				
USD : NTD	\$	535	32.50	\$ 17,388
December 31, 2023				
Foreign currency amount			Book value	
	(In thousands)		Exchange rate	(NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD : NTD	\$	19,659	30.66	\$ 602,745
JPY : NTD		387,414	0.22	85,231
EUR : NTD		199	33.78	6,722
RMB : NTD		94,463	4.30	406,191
Financial liabilities				
Monetary items				
USD : NTD	\$	272	30.76	\$ 8,367
June 30, 2023				
Foreign currency amount		Exchange rate		Book value
	amount		rate	(NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD : NTD	\$	22,020	31.09	\$ 685,751
JPY : NTD		466,901	0.21	99,450
EUR : NTD		329	33.61	11,052
Financial liabilities				
Monetary items				
NTD : USD	\$	63,924	1.00	\$ 63,924

June 30, 2024				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
<b>(Foreign currency: functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	4,551	\$ -
JPY : NTD	1%		791	-
EUR : NTD	1%		73	-
RMB : NTD	1%		3,703	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	174	\$ -
June 30, 2023				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
<b>(Foreign currency: functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	6,858	\$ -
JPY : NTD	1%		995	-
EUR : NTD	1%		111	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
NTD : USD	1%		639	\$ -

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 and six-month periods ended June 30, 2024 and 2023 amounted to exchange gain of \$4,382 thousand, gain of \$4,836 thousand, gain of \$14,721 thousand, and loss of \$2,498 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 six-month periods ended June 30, 2024 and 2023, if the interest rate had been 25 basis point higher/lower, post-tax profit would have decreased/increased by \$2,554 thousand and \$2,664 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 forecast ability 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 June 30, 2024, December 31, 2023 and June 30, 2023, the loss rate methodology is as follows:

June 30, 2024	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%	\$ 449,568	\$ 15
31 to 90 days	0.00%	31	-
Individual assessment	62.20%	632,943	393,708
		<u>\$ 1,082,542</u>	<u>\$ 393,723</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>

June 30, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0%	\$ 720,334	\$ -
Individual assessment	5.00%	418,764	19,685
		<u>\$ 1,139,098</u>	<u>\$ 19,685</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	-	-	19,685	-
Reversal of impairment	( 153)	-	-	-
At June 30	<u>\$ 393,723</u>	<u>\$ 4,986</u>	<u>\$ 19,685</u>	<u>\$ 4,986</u>

viii. The Group used the forecast ability 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 June 30, 2024, December 31, 2023 and June 30, 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 June 30, 2024, December 31, 2023 and June 30, 2023, the Group has undrawn borrowing facilities amounting to \$1,752,000 thousand, \$2,062,000 thousand and \$2,062,000 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.

June 30, 2024					
	Less than 3 months	Between 3 months and 1 year	Between 1 and 3 years	Over 3 years	Total
Short-term borrowings	\$ 252,193	\$ 101,319	\$ -	\$ -	\$ 353,512
Notes payable	16,287	-	-	-	16,287
Accounts payable	79,452	-	-	-	79,452
Other payables	188,562	-	-	-	188,562
Long-term borrowings	262,035	201,808	1,108,893	814,530	2,387,266
(Note)					
Lease liabilities (Note)	7,470	15,219	30,319	32,818	85,826
Note: including current portion.					

December 31, 2023

	Less than 3 months	Between 3 months and 1 year	Between 1 and 3 years	Over 3 years	Total
Short-term borrowings	\$ 503,219	\$ 40,277	\$ -	\$ -	\$ 543,496
Accounts payable	42,351	-	-	-	42,351
Other payables	254,029	-	-	-	254,029
Long-term borrowings (Note)	511,852	201,489	1,147,897	873,331	2,734,569
Lease liabilities (Note)	4,185	11,702	29,696	21,752	67,335
Note: including current portion.					

June 30, 2023

	Less than 3 months	Between 3 months and 1 year	Between 1 and 3 years	Over 3 years	Total
Short-term borrowings	\$ 523,202	\$ 20,270	\$ -	\$ -	\$ 543,472
Notes payable	12,562	-	-	-	12,562
Accounts payable	37,566	-	-	-	37,566
Other payables	206,069	-	-	-	206,069
Long-term borrowings (Note)	12,331	202,907	416,927	1,704,058	2,336,223
Lease liabilities (Note)	4,719	12,371	33,313	26,028	76,431
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>June 30, 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>\$ 118,127</u>	<u>\$ 118,127</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>June 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,540</u>	<u>\$ 126,540</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 six-month periods ended June 30, 2024 and 2023:

	Equity securities	
	2024	2023
At January 1	\$ 105,860	\$ 100,251
Gains recognised in other comprehensive income	16,688	26,289
Excluding this period	(4,421)	-
At June 30	<u>\$ 118,127</u>	<u>\$ 126,540</u>

E. For the six-month periods ended June 30, 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.

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G. The following is the qualitative information of significant unobservable inputs and sensitivity



analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at June 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 118,127	Market comparable companies	Liquidity premium	20%	The higher the multiple, the higher the fair value.
	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
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
	Fair value at June 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 126,381	Market comparable companies	Liquidity premium	20%	The higher the multiple, the higher the fair value.
Unlisted shares	159	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:

			June 30, 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%	\$ -	\$ -	\$ 14,773	(\$ 14,773)

			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)

			June 30, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Liquidity premium	±10%	\$ -	\$ -	\$ 15,798	(\$ 15,798)

### 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 June 30, 2024			
Revenue from external customers	\$ 63,197	\$ 16,603	\$ 79,800
Inter-segment revenue	7,108	-	7,108
Total revenue	<u>\$ 70,305</u>	<u>\$ 16,603</u>	<u>\$ 86,908</u>
Segment loss	<u>\$ 242,921</u>	<u>(\$ 51,045)</u>	<u>\$ 191,876</u>
	Adimmune Corporation	Enimmune Corporation	Total
Three-month period ended June 30, 2023			
Revenue from external customers	\$ 76,957	\$ 5,592	\$ 82,549
Inter-segment revenue	-	-	-
Total revenue	<u>\$ 76,957</u>	<u>\$ 5,592</u>	<u>\$ 82,549</u>
Segment loss	<u>(\$ 214,716)</u>	<u>(\$ 43,509)</u>	<u>(\$ 258,225)</u>

Six-month period ended June 30, 2024	Adimmune Corporation	Enimmune Corporation	Total
Revenue from external customers	\$ 103,352	\$ 20,326	\$ 123,678
Inter-segment revenue	7,108	-	7,108
Total revenue	<u>\$ 110,460</u>	<u>\$ 20,326</u>	<u>\$ 130,786</u>
Segment loss	<u>(\$ 409,747)</u>	<u>(\$ 79,094)</u>	<u>(\$ 488,841)</u>

Six-month period ended June 30, 2023	Adimmune Corporation	Enimmune Corporation	Total
Revenue from external customers	\$ 239,259	\$ 13,000	\$ 252,259
Inter-segment revenue	-	-	-
Total revenue	<u>\$ 239,259</u>	<u>\$ 13,000</u>	<u>\$ 252,259</u>
Segment loss	<u>(\$ 447,470)</u>	<u>(\$ 68,394)</u>	<u>(\$ 515,864)</u>

(3) Reconciliation for segment income (loss)

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

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Adjusted revenue of reportable segments (Total)	\$ 86,908	\$ 82,549
Elimination of segment (loss) income	<u>(\$ 7,108)</u>	<u>\$ -</u>
Reportable operating department adjusted income (i.e. consolidated operating total income)	<u>\$ 79,800</u>	<u>\$ 82,549</u>
	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Adjusted revenue of reportable segments (Total)	\$ 130,786	\$ 252,259
Elimination of segment (loss) income	<u>(\$ 7,108)</u>	<u>\$ -</u>
Reportable operating department adjusted income (i.e. consolidated operating total income)	<u>\$ 123,678</u>	<u>\$ 252,259</u>

B. A reconciliation of reportable segment loss to the loss before tax from continuing operations for the six-month periods ended June 30, 2024 and 2023 is provided as follows:

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Reportable segment loss	(\$ 293,966)	(\$ 258,225)
Other segment loss	( 14,526)	( 10,387)
Total	( 308,492)	( 268,612)
Elimination of segment (loss) income	-	-
Loss income before tax from continuing operations	(\$ 308,492)	(\$ 268,612)
	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Reportable segment loss	(\$ 488,841)	(\$ 515,864)
Other segment loss	( 20,363)	( 22,040)
Total	( 509,204)	( 537,904)
Elimination of segment (loss) income	-	-
Loss income before tax from continuing operations	(\$ 509,204)	(\$ 537,904)

Adimmune Corporation and subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
June 30, 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 June 30, 2024				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Adimmune Corporation	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current valuation adjustments	3,991,057	\$ 61,129	1.66	\$ 118,127	-
					56,998			
					\$ 118,127			

Adimmune Corporation and subsidiaries  
Information on investees(Not including investees in Mainland China)  
Six-month period ended June 30, 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 June 30, 2024			Net loss of the investee for the six-month periods ended June 30, 2024	Investment loss recognised by the Company for the six-month periods ended June 30, 2024	Footnote
				Balance as at June 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
Adimmune Corporation	Enimmune Corporation	Taiwan	Bio-technology	\$ 684,518	\$ 598,224	36,254,701	50.32	\$ 90,027	(\$ 85,297)	(\$ 43,363)	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	26,336	( 4,642)	( 4,642)	Note 1
Eggs Corporation	Animmune Corporation	Taiwan	Bio-technology	51,732	51,732	3,636,585	51.22	19,757	( 9,104)	( 4,663)	Note 2
Enimmune Corporation	Enimmune-RMT Biotech PTE. LTD.	Singapore	Bio-technology	162,910	162,910	55,000,000	55.00	16,825	( 11,280)	( 6,204)	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  
Six-month period ended June 30, 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 six-month period ended June 30, 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 June 30, 2024	Net income of investee as of June 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2024 (Note 2)	Book value of investments in Mainland China as of June 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of June 30, 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 June 30, 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 June 30, 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	\$ 3,233,783

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

June 30, 2024

Table 4

Name of major shareholders	Shares		Footnote
	Number of shares held	Ownership (%)	
National Development Fund, Executive Yuan	48,584,162	11.31%	Notes 1 & 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.