

**ADIMMUNE CORPORATION AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2022 AND 2021**

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.

ADIMMUNE CORPORATION
SEPTEMBER 30, 2022 AND 2021 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
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INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Adimmune Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Adimmune Corporation and subsidiaries (“the Group”) as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of our review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the

consolidated financial position of the Group as at September 30, 2022 and 2021, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Liu, Mei-Lan

Hsu, Chien-Yeh

For and on behalf of PricewaterhouseCoopers, Taiwan

November 11, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Assets		Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,169,458	24	\$ 2,652,017	33	\$ 2,243,680	27
1136	Financial assets at amortised cost -	6(2) and 8						
	current		115,507	1	239,000	3	299,000	4
1170	Accounts receivable, net	6(3)	1,278,623	14	99,638	1	491,565	6
130X	Inventories	6(4)	741,468	8	505,878	6	785,533	10
1410	Prepayments		284,528	3	273,801	4	247,364	3
1470	Other current assets		129,648	1	25,664	-	76,490	1
11XX	Current Assets		<u>4,719,232</u>	<u>51</u>	<u>3,795,998</u>	<u>47</u>	<u>4,143,632</u>	<u>51</u>
Non-current assets								
1517	Financial assets at fair value	6(5)						
	through other comprehensive							
	income - non-current		95,577	1	119,337	2	154,725	2
1535	Financial assets at amortised cost -	6(2) and 8						
	non-current		42,486	-	1,986	-	1,986	-
1560	Non-current contract assets	6(18)	169,893	2	137,373	2	-	-
1600	Property, plant and equipment	6(6) and 8	3,496,294	38	3,432,944	43	3,180,043	39
1755	Right-of-use assets		89,374	1	13,794	-	16,099	-
1760	Investment property, net	6(7)	23,252	-	23,252	-	23,252	-
1780	Intangible assets	6(8)	98,950	1	117,091	1	121,390	2
1840	Deferred income tax assets		228,025	3	228,025	3	227,890	3
1900	Other non-current assets	6(9)	249,785	3	140,287	2	256,925	3
15XX	Non-current assets		<u>4,493,636</u>	<u>49</u>	<u>4,214,089</u>	<u>53</u>	<u>3,982,310</u>	<u>49</u>
1XXX	Total assets		<u>\$ 9,212,868</u>	<u>100</u>	<u>\$ 8,010,087</u>	<u>100</u>	<u>\$ 8,125,942</u>	<u>100</u>

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ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity		Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(10)	\$ 20,000	-	\$ -	-	\$ -	-
2130	Current contract liabilities	6(18)	18,379	-	23,444	-	70,535	1
2150	Notes payable		29,733	1	-	-	17,190	-
2170	Accounts payable		93,440	1	5,882	-	119,839	2
2200	Other payables	6(11)	181,597	2	214,439	3	400,213	5
2280	Current lease liabilities		16,581	-	7,125	-	8,106	-
2320	Long-term liabilities, current portion	6(12)	80,101	1	41,090	1	2,086	-
2399	Other current liabilities, others		7,337	-	5,060	-	4,704	-
21XX	Current Liabilities		<u>447,168</u>	<u>5</u>	<u>297,040</u>	<u>4</u>	<u>622,673</u>	<u>8</u>
Non-current liabilities								
2540	Long-term borrowings	6(12)	2,123,642	23	1,266,217	16	1,305,741	16
2580	Non-current lease liabilities		65,688	1	6,342	-	7,523	-
2600	Other non-current liabilities		4,701	-	7,946	-	7,631	-
25XX	Non-current liabilities		<u>2,194,031</u>	<u>24</u>	<u>1,280,505</u>	<u>16</u>	<u>1,320,895</u>	<u>16</u>
2XXX	Total Liabilities		<u>2,641,199</u>	<u>29</u>	<u>1,577,545</u>	<u>20</u>	<u>1,943,568</u>	<u>24</u>
	Share capital	6(15)						
3110	Share capital - common stock		4,295,078	47	4,295,078	54	4,295,078	53
	Capital surplus	6(16)						
3200	Capital surplus		847,574	9	855,120	11	851,470	10
	Retained earnings	6(17)						
3310	Legal reserve		116,539	1	112,287	1	112,287	1
3350	Unappropriated retained earnings		1,058,507	12	832,550	10	538,226	7
	Other equity interest							
3400	Other equity interest	6(5)	31,753	-	53,787	1	85,675	1
3500	Treasury shares	6(15)	(110,556)	(1)	-	-	-	-
31XX	Equity attributable to owners of the parent		<u>6,238,895</u>	<u>68</u>	<u>6,148,822</u>	<u>77</u>	<u>5,882,736</u>	<u>72</u>
36XX	Non-controlling interest		<u>332,774</u>	<u>3</u>	<u>283,720</u>	<u>3</u>	<u>299,638</u>	<u>4</u>
3XXX	Total equity		<u>6,571,669</u>	<u>71</u>	<u>6,432,542</u>	<u>80</u>	<u>6,182,374</u>	<u>76</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 9,212,868</u>	<u>100</u>	<u>\$ 8,010,087</u>	<u>100</u>	<u>\$ 8,125,942</u>	<u>100</u>

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share)

			Three-month periods ended September 30				Nine-month periods ended September 30			
			2022		2021		2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(18)	\$ 1,087,289	100	\$ 753,337	100	\$ 1,667,022	100	\$ 848,283	100
5000	Operating costs	6(4)(22)	(531,705)	(49)	(453,381)	(60)	(1,015,229)	(61)	(663,511)	(78)
5900	Net operating margin		555,584	51	299,956	40	651,793	39	184,772	22
5910	Unrealized profit from sales		-	-	(6,936)	(1)	-	-	(6,936)	(1)
	Operating expenses	6(22)								
6100	Selling expenses		(40,225)	(4)	(16,567)	(2)	(139,667)	(8)	(21,176)	(2)
6200	General and administrative expenses		(83,346)	(8)	(68,519)	(9)	(218,740)	(13)	(235,109)	(28)
6300	Research and development expenses		(78,505)	(7)	(49,688)	(7)	(228,195)	(14)	(255,667)	(30)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	-	-	-	-	67	-	-	-
6000	Total operating expenses		(202,076)	(19)	(134,774)	(18)	(586,535)	(35)	(511,952)	(60)
6900	Operating profit (loss)		353,508	32	158,246	21	65,258	4	(334,116)	(39)
	Non-operating revenue and expenses									
7100	Interest income	6(19)	818	-	878	-	2,631	-	3,362	-
7010	Other income	6(20)	5,490	1	3,848	-	7,250	-	79,026	9
7020	Other gains and losses	6(21)	53,655	5	(2,305)	-	78,169	5	(1,839)	-
7050	Finance costs	6(23)	(7,038)	(1)	(3,439)	-	(14,824)	(1)	(11,094)	(1)
7000	Total non-operating revenue and expenses		52,925	5	(1,018)	-	73,226	4	69,455	8
7900	Profit (loss) before income tax		406,433	37	157,228	21	138,484	8	(264,661)	(31)
7950	Income tax expense	6(24)	-	-	-	-	-	-	-	-
8200	Profit (loss) for the period		\$ 406,433	37	\$ 157,228	21	\$ 138,484	8	(\$ 264,661)	(31)

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ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share)

	Items	Notes	Three-month periods ended September 30				Nine-month periods ended September 30			
			2022		2021		2022		2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealized loss on valuation of equity instruments at fair value through profit or loss	6(5)	(\$ 1,237)	-	(\$ 53,392)	(7)	(\$ 23,760)	(1)	\$ 17,643	2
8310	Components of other comprehensive loss that will be reclassified to profit or loss		(1,237)	-	(53,392)	(7)	(23,760)	(1)	17,643	2
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Exchange differences on translation		6,473	1	-	-	3,385	-	-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		6,473	1	-	-	3,385	-	-	-
8300	Other comprehensive income (loss) for the period		\$ 5,236	1	(\$ 53,392)	(7)	(\$ 20,375)	(1)	\$ 17,643	2
8500	Total comprehensive income (loss) for the period		\$ 411,669	38	\$ 103,836	14	\$ 118,109	7	(\$ 247,018)	(29)
	Profit (loss), attributable to:									
8610	Owners of the parent		\$ 419,517	38	\$ 160,977	22	\$ 230,209	14	(\$ 251,798)	(30)
8620	Non-controlling interest		(13,084)	(1)	(3,749)	(1)	(91,725)	(6)	(12,863)	(1)
	Total		\$ 406,433	37	\$ 157,228	21	\$ 138,484	8	(\$ 264,661)	(31)
	Comprehensive income (loss) attributable to:									
8710	Owners of the parent		\$ 421,581	39	\$ 107,585	15	\$ 208,175	12	(\$ 234,155)	(27)
8720	Non-controlling interest		(9,912)	(1)	(3,749)	(1)	(90,066)	(5)	(12,863)	(2)
	Total		\$ 411,669	38	\$ 103,836	14	\$ 118,109	7	(\$ 247,018)	(29)
	Basic earnings (loss) per share	6(25)								
9750	Total basic earnings (loss) per share		\$ 0.98		\$ 0.37		\$ 0.54		(\$ 0.59)	
	Diluted earnings (loss) per share	6(25)								
9850	Diluted earnings (loss) per share		\$ 0.98		\$ 0.37		\$ 0.54		(\$ 0.59)	

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent											
		Capital Surplus			Retained earnings		Other equity interest				
		Share capital -	Additional paid-	Employee stock		Unappropriated	Exchange	Unrealised		Non-controlling	Total equity
	Notes	common stock	in capital	warrants	Legal reserve	retained earnings	differences on translation of foreign financial statements	gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	interest	
<u>2021</u>											
Balance at January 1, 2021		\$ 4,295,078	\$ 817,861	\$ 12,349	\$ -	\$ 1,122,866	\$ -	\$ 68,032	\$ -	\$ 312,501	\$ 6,628,687
Net loss		-	-	-	-	(251,798)	-	-	-	(12,863)	(264,661)
Other comprehensive income	6(5)	-	-	-	-	-	-	17,643	-	-	17,643
Total comprehensive income (loss)		-	-	-	-	(251,798)	-	17,643	-	(12,863)	(247,018)
Share-based payments	6(14)	-	-	21,520	-	-	-	-	-	-	21,520
Cash dividends		-	-	-	-	(214,754)	-	-	-	-	(214,754)
Legal reserves		-	-	-	112,287	(112,287)	-	-	-	-	-
Exercise of employee share options		-	-	(260)	-	(5,801)	-	-	-	-	(6,061)
Balance at September 30, 2021		\$ 4,295,078	\$ 817,861	\$ 33,609	\$ 112,287	\$ 538,226	\$ -	\$ 85,675	\$ -	\$ 299,638	\$ 6,182,374
<u>2022</u>											
Balance at January 1, 2022		\$ 4,295,078	\$ 817,861	\$ 37,259	\$ 112,287	\$ 832,550	\$ -	\$ 53,787	\$ -	\$ 283,720	\$ 6,432,542
Net profit (loss)		-	-	-	-	230,209	-	-	-	(91,725)	138,484
Other comprehensive income (loss)	6(5)	-	-	-	-	-	1,726	(23,760)	-	1,659	(20,375)
Total comprehensive income (loss)		-	-	-	-	230,209	1,726	(23,760)	-	(90,066)	118,109
Legal reserves		-	-	-	4,252	(4,252)	-	-	-	-	-
Share-based payments	6(14)	-	-	9,718	-	-	-	-	-	1,753	11,471
Stock repurchase	6(15)	-	-	-	-	-	-	-	(110,556)	-	(110,556)
Non-controlling interest	6(26)	-	-	-	-	-	-	-	-	137,367	137,367
Exercise of employee share options		-	-	(17,264)	-	-	-	-	-	-	(17,264)
Balance at September 30, 2022		\$ 4,295,078	\$ 817,861	\$ 29,713	\$ 116,539	\$ 1,058,507	\$ 1,726	\$ 30,027	(\$ 110,556)	\$ 332,774	\$ 6,571,669

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine-month periods ended September 30	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit (loss) before tax		\$ 138,484	(\$ 264,661)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including right-of-use assests)	6(22)	173,074	146,222
Amortisation	6(22)	18,821	18,636
Expected credit losses	12(2)	(67)	-
Interest expense	6(23)	14,824	11,094
Interest income	6(19)	(2,631)	(3,362)
Dividend income	6(20)	-	(7,982)
Grant revenue		(3,003)	(62,266)
Share-based payments	6(14)	11,471	21,520
Gain on disposal of property, plant and equipment	6(21)	(1)	(11)
Other expenses		-	1,126
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	12
Accounts receivable		(1,132,814)	(381,519)
Inventories		(235,590)	(483,485)
Prepayments		(10,714)	(81,909)
Other current assets		(46,199)	5,940
Contract assets		(32,520)	-
Changes in operating liabilities			
Notes payable		29,733	17,190
Contract liabilities - current		(5,065)	(97,370)
Accounts payable		87,558	96,382
Other payables		24,093	(35,884)
Other current liabilities		5,282	(34,944)
Net defined benefit pension obligations - non-current		(253)	(265)
Other non-current liabilities		8	-
Cash outflow generated from operations		(965,509)	(1,135,536)
Interest received		2,594	3,399
Dividends received		-	7,982
Interest paid		(13,109)	(10,921)
Net cash flows used in operating activities		(976,024)	(1,135,076)

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ADIMMUNE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine-month periods ended September 30	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortised cost - current		\$ 123,493	\$ 50,558
(Increase) decrease in financial assets at amortised cost- non-current		(40,501)	11
Acquisition of property, plant and equipment	6(27)	(283,320)	(983,256)
Proceeds from disposal of property, plant and equipment		1	11
Prepayments for equipment		(83,006)	286,521
Increase in refundable deposits		(84,932)	(56,123)
Acquisition of intangible assets	6(8)	-	(430)
Net cash flows used in investing activities		(368,265)	(702,708)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(28)	1,198,013	-
Repayment of short-term borrowings	6(28)	(1,178,013)	-
Proceeds from long-term borrowings	6(28)	898,000	-
Repayment of long-term borrowings	6(28)	(1,564)	(1,552)
(Decrease) increase in guarantee deposits received	6(28)	(3,000)	3,000
Exercise of employee share options		(17,264)	-
Repayment of principal portion of lease liabilities	6(28)	(18,606)	(7,138)
Capital surplus - changes in non-controlling interests	6(26)	137,367	-
Stock repurchased	6(15)	(110,556)	-
Net cash flows from (used in) financing activities		904,377	(5,690)
Net effect of exchange rate changes in foreign currency exchange rate		(42,647)	(309)
Net decrease in cash and cash equivalents		(482,559)	(1,843,783)
Cash and cash equivalents at beginning of period	6(1)	2,652,017	4,087,463
Cash and cash equivalents at end of period	6(1)	\$ 2,169,458	\$ 2,243,680

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

ADIMMUNE CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021

(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.) on 1965. The Company and its subsidiary (collectively referred herein as the “Group”) are primarily engaged in the development, manufacture and distribution of vaccines and other biological products. The Company’s shares were approved to be traded in the Taiwan Stock Exchange starting from May 3, 2012.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on November 11, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

(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 profit.
 - (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 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 31,2021.

B. Subsidiary included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Footnote
			September 30,2022	December 31,2021	September 30,2021	
Adimmune Corporation	Enimmune Corporation	Biotechnology industry	51	51	51	
Adimmune Corporation	Global Commonwealth Life Science (Holdings) Limited	General investment	100	100	100	
Adimmune Corporation	ADIMMUNE B.V.	General investment	100	100	100	
Adimmune Corporation	Eggs Corporation	Animal husbandry	100	100	100	
Adimmune Corporation	Adimmune Co., Ltd. Nanjing, China	Trading	100	100	100	
Eggs Corporation	Animmune Corporation	Biotechnology industry	51.22	51.22	51.22	
Enimmune Corporation	ENIMMUNE-RMT BIOTECH PTE. LTD.	Biotechnology industry	100	-	-	Note

Note:

1. For the operational needs and future development, on November 5, 2021, the Board of

Directors of the Company's subsidiary, Enimmune Corporation ("Enimmune"), resolved to jointly establish a company, Enimmune Biotech Pte. Ltd. (referred to herein as the "EB" company), in Singapore with a Singapore company, Aios Biotech Pte. Ltd., the investment amounted to US\$5,500 thousand and Enimmune acquired 55% of the outstanding shares of the company. The registration processes at Singapore of Enimmune Biotech Pte. Ltd. were completed in June 2022, and Enimmune completed capital injection on June 10, 2022. However, the negotiation of investment between Enimmune and Aios Biotech Pte. Ltd. was still on-going.

2. On September 30, 2022, the Board of Directors of EB company resolved that Enimmune Corporation temporarily withdraw back 45% equity interests which were not paid by EB company, and transferred to Reliance Medical Technology (referred to herein as the "RMT" company) to participate in the joint ventures. On October 28, 2022, USD 4.5 million for shares proceeds was received from RMT company for 45% equity interests in EB company.
3. The second-tier subsidiary, ENIMMUNE BIOTECH PTE. LTD., was renamed as ENIMMUNE-RMT BIOTECH PTE. LTD., and this event had been registered by the Accounting and Corporate Regulatory Authority Singapore.

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

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

E. Significant restrictions: None.

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

(4) Income tax

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

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

There have been no significant changes as of September 30, 2022. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand and revolving funds	\$ 1,241	\$ 1,196	\$ 1,224
Checking accounts and demand deposits	1,763,217	2,380,821	2,012,456
Time deposits	405,000	270,000	230,000
	<u>\$ 2,169,458</u>	<u>\$ 2,652,017</u>	<u>\$ 2,243,680</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 the pledged time deposits as 'financial assets at amortised cost'. Please refer

to Notes 6(2) and 8 for details.

C. 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.

(2) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current items:			
Time deposits with maturities of more than three months and not satisfy short-term cash flows commitments	\$ 115,507	\$ 239,000	\$ 299,000
Non-current items:			
Reserve accounts for syndicated loans	\$ 42,486	\$ 1,986	\$ 1,986

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

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group’s investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable	\$ 1,278,623	\$ 99,705	\$ 491,565
Less: Allowance for uncollectible accounts	-	(67)	-
	<u>\$ 1,278,623</u>	<u>\$ 99,638</u>	<u>\$ 491,565</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Not past due	\$ 945,547	\$ 99,391	\$ 491,565
Up to 30 days	332,665	-	-
31 to 90 days	-	230	-
91 to 180 days	411	84	-
Over 180 days	-	-	-
	<u>\$ 1,278,623</u>	<u>\$ 99,705</u>	<u>\$ 491,565</u>

The above ageing analysis is based on past due date.

B. As at September 30, 2022, December 31, 2021 and September 30, 2021 and January 1, 2021, the balances of receivables from contracts with customers amounted to \$1,278,623 thousand, \$99,705 thousand, \$491,565 thousand, and \$109,749 thousand, respectively.

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

D. As at September 30, 2022, December 31, 2021 and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was \$1,278,623 thousand, \$491,565 thousand and \$51,163 thousand, respectively.

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

(4) Inventories

September 30, 2022			
	Cost	Allowance for valuation and obsolescence loss	Book value
Raw materials	\$ 142,166	(\$ 5,804)	\$ 136,362
Work in process	599,803	(199,775)	400,028
Finished goods	224,054	(23,912)	200,142
Merchandise	5,713	(777)	4,936
	<u>\$ 971,736</u>	<u>(\$ 230,268)</u>	<u>\$ 741,468</u>
December 31, 2021			
	Cost	Allowance for valuation and obsolescence loss	Book value
Raw materials	\$ 180,543	(\$ 6,131)	\$ 174,412
Work in process	484,113	(188,912)	295,201
Finished goods	28,625	(3,159)	25,466
Merchandise	15,656	(4,857)	10,799
	<u>\$ 708,937</u>	<u>(\$ 203,059)</u>	<u>\$ 505,878</u>
September 30, 2021			
	Cost	Allowance for valuation and obsolescence loss	Book value
Raw materials	\$ 126,673	(\$ 5,101)	\$ 121,572
Work in process	475,636	(181,156)	294,480
Finished goods	363,752	(4,469)	359,283
Merchandise	10,280	(82)	10,198
	<u>\$ 976,341</u>	<u>(\$ 190,808)</u>	<u>\$ 785,533</u>

The cost of inventories recognised as expense for the period:

	Three-month period ended September 30,	
	2022	2021
Costs of goods sold	\$ 447,535	\$ 386,847
Loss on decline in market value	3,253	4,705
Loss on inventory retirement	7,371	-
Revenue from sale of scraps	(5)	(13)
Unallocated overhead	73,551	61,842
	<u>\$ 531,705</u>	<u>\$ 453,381</u>
	Nine-month period ended September 30,	
	2022	2021
Costs of goods sold	\$ 747,833	\$ 444,084
Loss on decline in market value	25,621	11,293
Loss on inventory retirement	16,895	28
Revenue from sale of scraps	(5)	(13)
Unallocated overhead	224,885	208,119
	<u>\$ 1,015,229</u>	<u>\$ 663,511</u>

(5) Financial assets at fair value through other comprehensive income – non-current

Items	September 30, 2022	December 31, 2021	September 30, 2021
Non-current items:			
Listed stocks	\$ 61,129	\$ 61,129	\$ 61,129
Unlisted stocks	<u>4,421</u>	<u>4,421</u>	<u>7,921</u>
	65,550	65,550	69,050
Valuation adjustment	<u>30,027</u>	<u>53,787</u>	<u>85,675</u>
	<u>\$ 95,577</u>	<u>\$ 119,337</u>	<u>\$ 154,725</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 \$95,577 thousand, \$119,337 thousand and \$154,725 thousand as at September 30, 2022, December 31, 2021 and September 30, 2021, respectively.
- B. The Group recognised loss of \$1,237 thousand, loss of \$53,392 thousand, loss of \$23,760 thousand and gain of \$17,643 thousand in other comprehensive income(loss) for fair value change for the three-month and nine-month periods ended September 30, 2022 and 2021, respectively.

(6) Property, plant and equipment

September 30, 2022					
	Beginning balance	Additions	Disposals	Transfers	Ending balance
<u>Cost</u>					
Land	\$ 14,357	\$ -	\$ -	\$ -	\$ 14,357
Buildings and structures	2,107,938	2,403	(1,967)	1,164	2,109,538
Machinery equipment	1,996,086	22,832	(1,281)	206,831	2,224,468
Transportation equipment	3,029	1,142	-	-	4,171
Other fixed assets	1,058,851	2,252	(216)	-	1,060,887
Construction in progress and equipment under acceptance	1,031,518	196,666	-	(206,811)	1,021,373
	<u>6,211,779</u>	<u>225,295</u>	<u>(3,464)</u>	<u>1,184</u>	<u>6,434,794</u>
<u>Accumulated depreciation</u>					
Buildings and structures	(816,572)	(47,720)	1,967	-	(862,325)
Machinery equipment	(1,114,829)	(90,753)	1,281	(415)	(1,204,716)
Transportation equipment	(2,371)	(140)	-	-	(2,511)
Other fixed assets	(845,063)	(24,101)	216	-	(868,948)
	<u>(2,778,835)</u>	<u>(162,714)</u>	<u>3,464</u>	<u>(415)</u>	<u>(2,938,500)</u>
	<u>\$ 3,432,944</u>				<u>\$ 3,496,294</u>
September 30, 2021					
	Beginning balance	Additions	Disposals	Transfers	Ending balance
<u>Cost</u>					
Land	\$ 14,357	\$ -	\$ -	\$ -	\$ 14,357
Buildings and structures	2,141,459	1,935	(68,503)	24,207	2,099,098
Machinery equipment	1,534,372	89,685	(9,571)	305,734	1,920,220
Transportation equipment	2,342	92	-	-	2,434
Other fixed assets	992,288	10,630	(217)	54,761	1,057,462
Construction in progress and equipment under acceptance	317,153	879,487	-	(383,862)	812,778
	<u>5,001,971</u>	<u>981,829</u>	<u>(78,291)</u>	<u>840</u>	<u>5,906,349</u>
<u>Accumulated depreciation</u>					
Buildings and structures	(823,498)	(45,892)	68,503	-	(800,887)
Machinery equipment	(1,024,955)	(70,767)	9,571	(159)	(1,086,310)
Transportation equipment	(2,342)	(8)	-	-	(2,350)
Other fixed assets	(814,238)	(22,738)	217	-	(836,759)
	<u>(2,665,033)</u>	<u>(139,405)</u>	<u>78,291</u>	<u>(159)</u>	<u>(2,726,306)</u>
	<u>\$ 2,336,938</u>				<u>\$ 3,180,043</u>

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

	Three-month period ended September 30,	
	2022	2021
Amount capitalised	\$ 5,465	\$ 3,631
Range of the interest rate for capitalisation	1.80%~1.90%	1.83%
	Nine-month period ended September 30,	
	2022	2021
Amount capitalised	\$ 14,684	\$ 9,358
Range of the interest rate for capitalisation	1.80%~1.90%	1.83%

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

(7) Investment property

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Cost</u>			
Land	\$ 23,252	\$ 23,252	\$ 23,252

- A. The Company's parcels of land located at Gui-Shing Section No. 203, 474-10, 237, 212, 248 and 265, and Shin-Shing Section No. 178-6 are under the name of third parties. Since the legal usage of the abovementioned parcels of land is for agricultural use only, the titles of the land cannot be transferred to the Company. The Company holds the original certificates of land rights and the parcels of land are pledged to the Company.
- B. As of September 30, 2022, the Company's investment property was not leased out, and no operating expense arose.
- C. The fair value of the investment property as at September 30, 2022, December 31, 2021 and September 30, 2021, was \$45,859 thousand, \$45,859 thousand and \$33,942 thousand, respectively, which was assessed based on valuation performed by management.

(8) Intangible assets

Nine-month period ended September 30, 2022				
	Beginning balance	Additions	Disposals	Ending balance
<u>Cost</u>				
Authorization techniques	\$ 427,828	\$ -	\$ -	\$ 427,828
Internal production cost	232,706	-	-	232,706
Computer software	44,706	-	-	44,706
	<u>705,240</u>	<u>-</u>	<u>-</u>	<u>705,240</u>
<u>Accumulated amortisation</u>				
Authorization techniques	(232,148)	(9,686)	-	(241,834)
Internal production cost	(201,433)	(4,468)	-	(205,901)
Computer software	(26,694)	(3,987)	-	(30,681)
	<u>(460,275)</u>	<u>(18,141)</u>	<u>-</u>	<u>(478,416)</u>
<u>Accumulated impairment</u>				
Authorization techniques	(127,874)	-	-	(127,874)
	<u>\$ 117,091</u>			<u>\$ 98,950</u>
Nine-month period ended September 30, 2021				
	Beginning balance	Additions	Disposals	Ending balance
<u>Cost</u>				
Authorization techniques	\$ 427,828	\$ -	\$ -	\$ 427,828
Internal production cost	232,706	-	-	232,706
Computer software	42,580	430	-	43,010
	<u>703,114</u>	<u>430</u>	<u>-</u>	<u>703,544</u>
<u>Accumulated amortisation</u>				
Authorization techniques	(219,233)	(9,686)	-	(228,919)
Internal production cost	(195,476)	(4,468)	-	(199,944)
Computer software	(21,616)	(3,801)	-	(25,417)
	<u>(436,325)</u>	<u>(17,955)</u>	<u>-</u>	<u>(454,280)</u>
<u>Accumulated impairment</u>				
Authorization techniques	(127,874)	-	-	(127,874)
	<u>\$ 138,915</u>			<u>\$ 121,390</u>

Details of amortisation on intangible assets are as follows:

	Three-month period ended September 30,	
	2022	2021
Operating costs	\$ 4,753	\$ 4,753
General and administrative expenses	1,294	1,236
	<u>\$ 6,047</u>	<u>\$ 5,989</u>
	Nine-month period ended September 30,	
	2022	2021
Operating costs	\$ 14,258	\$ 14,258
General and administrative expenses	3,883	3,697
	<u>\$ 18,141</u>	<u>\$ 17,955</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.
- (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 Company determined that the recoverable amount of the technique transferred from Crucell Switzerland AG has decreased. Therefore, the Company recognised an impairment loss of \$127,874 thousand. The accumulated impairment loss of abovementioned technique is \$127,874 thousand as at September 30, 2022.

(9) Other non-current assets

	September 30, 2022	December 31, 2021	September 30, 2021
Prepaid equipment	\$ 211,043	\$ 128,037	\$ 241,333
Refundable deposits	31,715	4,543	4,531
Others	<u>7,027</u>	<u>7,707</u>	<u>11,061</u>
	<u>\$ 249,785</u>	<u>\$ 140,287</u>	<u>\$ 256,925</u>

(10) Short-term borrowings

Type of Borrowings	September 30, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 20,000	2.08%~2.20%	None

The Group had no such transactions on December 31, 2021 and September 30, 2021.

For the three-month and nine-month periods ended September 30, 2022 and 2021, the Group had recognised interest expenses in the profit or loss in the amounts of \$39 thousand, \$0 thousand, \$39 thousand and \$0 thousand, respectively.

(11) Other payables

	September 30, 2022	December 31, 2021	September 30, 2021
Salaries payable	\$ 82,416	\$ 74,470	\$ 71,273
Dividends payable	-	-	214,754
Royalty payables	21,641	15,936	6,469
Payables on equipment	10,649	68,674	22,935
Others	66,891	55,359	84,782
	<u>\$ 181,597</u>	<u>\$ 214,439</u>	<u>\$ 400,213</u>

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Collateral	September 30, 2022
Long-term bank borrowings	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	\$ 2,198,000
Land Bank of Taiwan (lead and management bank)			
Chang Hwa Bank	From May 28, 2020 to May 28, 2025; Repaid with installments starting from June 2020	Note	2,934
Taichung Commercial Bank	From June 1, 2020 to June 1, 2025; Repaid with installments starting from July 2020	Note	2,809
			<u>2,203,743</u>
Less: Long-term liabilities due within one year			(80,101)
			<u>\$ 2,123,642</u>
Interest rate range			<u>1.75%~2.30%</u>

Type of borrowings	Borrowing period repayment term	Collateral	December 31, 2021
Long-term bank borrowings	From October 8, 2020 to		
Land Bank of Taiwan	October 7, 2030; Term		
(lead and management bank)	loan A is to be repaid	Land, Buildings, Machinery equipment	\$ 1,300,000
	with installments starting		
	from October 2022		
Chang Hwa Bank	From May 28, 2020 to		
	May 28, 2025; Repaid	Note	3,758
	with installments starting		
	from June 2020		
Taichung Commercial Bank	From June 1, 2020 to		
	June 1, 2025; Repaid with	Note	
	installments starting from		
	July 2020		3,549
			1,307,307
Less: Long-term liabilities due within one year			(41,090)
			\$ 1,266,217
Interest rate range			1.75%~1.88%

Type of borrowings	Borrowing period repayment term	Collateral	September 30, 2021
Long-term bank borrowings	From October 8, 2020 to		
Land Bank of Taiwan	October 7, 2030; Term		
(lead and management bank)	loan A is to be repaid	Land, Buildings, Machinery equipment	\$ 1,300,000
	with installments starting		
	from October 2022		
Chang Hwa Bank	From May 28, 2020 to		
	May 28, 2025; Repaid	Note	4,033
	with installments starting		
	from June 2020		
Taichung Commercial Bank	From June 1, 2020 to		
	June 1, 2025; Repaid with	Note	3,794
	installments starting from		
	July 2020		
			1,307,827
Less: Long-term liabilities due within one year			(2,086)
			\$ 1,305,741
Interest rate range			1.75%~1.88%

Note: The guarantor is Small and Medium Enterprise Credit Guarantee Fund of Taiwan.

Therefore, no collateral was pledged.

- A. On July 14, 2020, the Company entered into a syndicated facility agreement with Land Bank of Taiwan as Management Bank and other banks, including First Commercial Bank, Mega International Commercial Bank, Taiwan Business Bank, Agribank, Bank of Panhsin, Taichung Commercial Bank and Chang Hwa Bank and Taiwan Cooperative Bank and obtained a credit line in the amount of \$4,200,000 thousand, consisting of Tranche A: non-revolving long-term credit line of \$1,300,000 thousand and Tranche B: non-revolving medium-term credit line of \$1,400,000 thousand and Tranche C: revolving medium-term credit line of \$1,500,000 thousand.
- B. Under the syndicated secured facility agreement as stated above:
- (a) The Company shall obtain, maintain, update or comply with any grant, approval and certification required by the competent authorities.
 - (b) The Company's net tangible assets shall not be less than \$370,000 thousand before the loan is settled.
 - (c) The Company has responsibility of notifying Management Bank via confirmation letters if any significant investment equivalent to or over \$100,000 thousand is resolved by the Board of Directors.
 - (d) The fund obtained in this agreement shall not be illegally diverted to and used in Mainland China.
 - (e) Before the syndicated facility agreement has made payment, the Company may not do the following without written approval by all banks:
 - i. The Company is not allowed to merge with other companies or split up.
 - ii. The Company is not allowed to change the main operating businesses.
 - iii. The Company is not allowed to sell, lease, transfer, lend, pledge or dispose of whole or main parts of its business assets.
 - iv. Unless allowed under the Operational Procedures for Lending of Company Funds and the Operational Procedures for Endorsements and Guarantees, the Company should not provide loans or endorsements and guarantees to others.
 - v. The Company is not allowed to distribute any cash dividends upon occurrence or expected occurrence of default on the contract.
 - (f) If the borrower fails to comply with any one of the above, the Company shall immediately repay interests and all outstanding balances of the loan. As of June 30, 2022, the Company did not violate above restrictions.

(13) Pensions

- A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a

maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(b) The Group recognized pension cost of \$7 thousand, \$4 thousand, \$21 thousand and \$11 thousand based on the aforementioned pension plan for the three-month and nine-month periods ended September 30, 2022 and 2021, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$348 thousand.

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

(b) The pension costs under defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2022 and 2021 were \$4,576 thousand, \$4,474 thousand, \$13,634 thousand and \$12,630 thousand, respectively.

(14) Share-based payment

A. For the nine-month periods ended September 30, 2022 and 2021, the Group's share-based payment arrangements were as follows:

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

B. For the years 2020~2023 issuance of employees bonus shares, the fair value of stock price of the Company was \$56.60 (in dollars), and expected option life was not specified. For the nine-month

period ended September 30, 2022, the Company granted 305 units. As of September 30, 2022, the Company has ungranted 615 units. The concessions of capital surplus amounted to \$17,264 thousand dollars.

- C. On December 14, 2021, the Board of Directors of the Company's subsidiary, Enimmune Corporation, resolved to increase its capital by issuing common shares of 5,800 thousand shares and reserved 10% of new shares issued in the total amount of 580 thousand shares for employee preemption in accordance with the Company Act Article 267. The grant date for the cash capital reserved for employee preemption was set on February 24, 2022, and no restrictions were placed on the voting right and dividend right of the transferred shares. The inputs determined by the Black-Scholes option-pricing model were expected price volatility of 47.39%, expected option life of 0.14-year, risk-free interest rate of 0.40%, fair value per unit of \$0.8278 and the employee exercise price of \$38 (in dollars).
- D. On March 23, 2021, the Board of Directors of the Company's subsidiary, Enimmune Corporation, resolved to issue employee stock options at a price lower than the market price. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" Article 56, the issuance date of employee stock options was set on August 17, 2022, and no restrictions were placed on the voting right and dividend right of the transferred shares. The inputs are measured using the Black-Scholes option-pricing model, for the end of two years, the expected price volatility is 48.85%, expected option life is 6 years, risk-free interest rate is 1.1264%, and the employee exercise price is \$25 (in dollars); for the end of three years, the expected price volatility is 48.87%, expected option life is 6.5 years, risk-free interest rate is 1.1357%, and the employee exercise price is \$25 (in dollars); for the end of four years, the expected price volatility is 49.81%, expected option life is 7 years, risk-free interest rate is 1.14150%, and the employee exercise price is \$25 (in dollars).
- E. Expenses incurred on share-based payment transactions are shown below:

	Three-month period ended September 30,	
	2022	2021
Equity-settled	\$ 4,092	\$ 5,779
	Nine-month period ended September 30,	
	2022	2021
Equity-settled	\$ 11,471	\$ 21,520

(15) Share capital

- A. As of September 30, 2022, 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:

	2022 (thousand shares)	2021 (thousand shares)
At January 1	\$ 429,508	\$ 429,508
Stock repurchase	(3,000)	-
At September 30	<u>\$ 426,508</u>	<u>\$ 429,508</u>

B. Treasury shares

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

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

At December 31, 2021 and September 30, 2022: None.

- (b) To motivate employees and enhance their team cohesiveness, on June 9, 2022, the Board of Directors resolved the first time repurchasing of treasury shares in the expected amount of 3,000 thousand shares in order to transfer them to employees. As of September 30, 2022, the balance of the treasury shares repurchased was \$110,556 thousand.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (e) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(16) Capital surplus

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

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and recover prior year's losses and then 10% of the remaining amount shall

be appropriate as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

- B. The Company operates in the biotechnology industry, which has the industry life cycle. Dividends shall be allocated after taking into consideration several factors including current and future investment environment, capital requirements, domestic and foreign competition, capital budget, shareholders' interests, balanced dividends, and the Company's long-term financial plan. Dividend distribution plans are to be proposed by the Board of Directors and presented for a final resolution in the shareholders' meeting on a yearly basis.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. On March 29, 2022, the Board of Directors of the Company proposed not to distribute dividends after taking into account the distributable profit of the current year. The aforementioned proposal of 2021 earnings distribution is pending receipt of approval from the shareholders' meeting.
- E. On March 26, 2021, the Board of Directors proposed to appropriate cash dividends amounting to \$214,754 thousand (\$0.5 (in dollars) per share). The appropriation of dividends has not been resolved by the shareholders.
- F. Information relating to employees' compensation and directors' remuneration is provided in Note 6(22).

(18) Operating revenue:

Information on products and services

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

Three-month period ended September 30, 2022			
	Adimmune Corporation	Enimmune Corporation	Total
Sales revenue	\$ 661,321	\$ 48,537	\$ 709,858
Revenue from professional packing service	344,911	-	344,911
Other revenue	32,520	-	32,520
	<u>\$ 1,038,752</u>	<u>\$ 48,537</u>	<u>\$ 1,087,289</u>
Three-month period ended September 30, 2021			
	Adimmune Corporation	Enimmune Corporation	Total
Sales revenue	\$ 435,164	\$ 40,642	\$ 475,806
Revenue from professional packing service	277,531	-	277,531
Other revenue	-	-	-
	<u>\$ 712,695</u>	<u>\$ 40,642</u>	<u>\$ 753,337</u>
Nine-month period ended September 30, 2022			
	Adimmune Corporation	Enimmune Corporation	Total
Sales revenue	\$ 1,108,649	\$ 140,343	\$ 1,248,992
Revenue from professional packing service	384,397	-	384,397
Other revenue	33,633	-	33,633
	<u>\$ 1,526,679</u>	<u>\$ 140,343</u>	<u>\$ 1,667,022</u>
Nine-month period ended September 30, 2021			
	Adimmune Corporation	Enimmune Corporation	Total
Sales revenue	\$ 438,820	\$ 91,177	\$ 529,997
Revenue from professional packing service	317,917	-	317,917
Other revenue	369	-	369
	<u>\$ 757,106</u>	<u>\$ 91,177</u>	<u>\$ 848,283</u>

Three-month period ended September 30, 2022			
	Adimmune Corporation	Enimmune Corporation	Total
Timing of revenue recognition			
Over time	\$ 344,911	\$ -	\$ 344,911
At a point in time	693,841	48,537	742,378
	<u>\$ 1,038,752</u>	<u>\$ 48,537</u>	<u>\$ 1,087,289</u>
Three-month period ended September 30, 2021			
	Adimmune Corporation	Enimmune Corporation	Total
Timing of revenue recognition			
Over time	\$ 277,531	\$ -	\$ 277,531
At a point in time	435,164	40,642	475,806
	<u>\$ 712,695</u>	<u>\$ 40,642</u>	<u>\$ 753,337</u>
Nine-month period ended September 30, 2022			
	Adimmune Corporation	Enimmune Corporation	Total
Timing of revenue recognition			
Over time	\$ 416,917	\$ -	\$ 416,917
At a point in time	1,109,762	140,343	1,250,105
	<u>\$ 1,526,679</u>	<u>\$ 140,343</u>	<u>\$ 1,667,022</u>
Nine-month period ended September 30, 2021			
	Adimmune Corporation	Enimmune Corporation	Total
Timing of revenue recognition			
Over time	\$ 317,917	\$ -	\$ 317,917
At a point in time	439,189	91,177	530,366
	<u>\$ 757,106</u>	<u>\$ 91,177</u>	<u>\$ 848,283</u>

B. Contract assets and liabilities

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

	September 30, 2022	December 31, 2021	September 30, 2021	January 1, 2021
Contract assets:				
Service	<u>\$ 169,893</u>	<u>\$ 137,373</u>	<u>\$ -</u>	<u>\$ -</u>
Contract liabilities:				
Advance sales receipts	<u>\$ 18,379</u>	<u>\$ 23,444</u>	<u>\$ 70,535</u>	<u>\$ 167,905</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the three-month and nine-month periods ended September 30, 2022 and 2021 was \$ 891 thousand, \$144,992 thousand, 898 thousand and 158,052 thousand, respectively.

(c) Long-term contracts that are fully unsatisfied

Aggregate amount of the transaction price and each milestone payment allocated to long-term contract development and manufacturing services agreements that are fully unsatisfied as at September 30, 2022 amounted to \$1,803,852 thousand, and the management expects to recognise those amounts in the future years.

(19) Interest income

		Three-month period ended September 30,	
		2022	2021
Interest income from bank deposits	\$	814	\$ 874
Other interest income		4	4
	\$	<u>818</u>	<u>\$ 878</u>
		Nine-month period ended September 30,	
		2022	2021
Interest income from bank deposits	\$	2,617	\$ 3,352
Other interest income		14	10
	\$	<u>2,631</u>	<u>\$ 3,362</u>

(20) Other income

		Three-month period ended September 30,	
		2022	2021
Grant revenue	\$	2,956	\$ 3,664
Other non-operating income		2,534	184
	\$	<u>5,490</u>	<u>\$ 3,848</u>
		Nine-month period ended September 30,	
		2022	2021
Grant revenue	\$	3,003	\$ 65,788
Dividend income		-	7,982
Other non-operating income		4,247	5,256
	\$	<u>7,250</u>	<u>\$ 79,026</u>

For the three-month and nine-month periods ended September 30, 2022 and 2021, the grant revenue are all government grant revenue. Details of the contract are provided in Note 9(2).

(21) Other gains and losses

		Three-month period ended September 30,	
		2022	2021
Net currency exchange gains	\$	54,903	\$ 3,686
Other gains and losses	(1,248)	(5,991)
	\$	<u>53,655</u>	<u>(\$ 2,305)</u>

	Nine-month period ended September 30,	
	2022	2021
Gains on disposal of property, plant and equipment	\$ 1	\$ 11
Net currency exchange gains	79,512	4,258
Other gains and losses	(1,344)	(6,108)
	<u>\$ 78,169</u>	<u>(\$ 1,839)</u>

(22) Employee benefit expense, depreciation and amortisation

Nature	Three-month period ended September 30, 2022		
	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	\$ 67,414	\$ 40,846	\$ 108,260
Employee stock options	289	3,803	4,092
Labor and health insurance fees	6,151	3,313	9,464
Pension costs	2,818	1,765	4,583
Directors' remuneration	-	1,417	1,417
Other personnel expenses	<u>1,739</u>	<u>3,210</u>	<u>4,949</u>
	<u>\$ 78,411</u>	<u>\$ 54,354</u>	<u>\$ 132,765</u>
Depreciation	<u>\$ 50,457</u>	<u>\$ 8,719</u>	<u>\$ 59,176</u>
Amortisation	<u>\$ 4,753</u>	<u>\$ 1,521</u>	<u>\$ 6,274</u>
Nature	Three-month period ended September 30, 2021		
	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	\$ 66,406	\$ 38,534	\$ 104,940
Employee stock options	-	5,779	5,779
Labor and health insurance fees	6,360	3,152	9,512
Pension costs	2,795	1,683	4,478
Directors' remuneration	-	1,400	1,400
Other personnel expenses	<u>2,114</u>	<u>2,860</u>	<u>4,974</u>
	<u>\$ 77,675</u>	<u>\$ 53,408</u>	<u>\$ 131,083</u>
Depreciation	<u>\$ 45,236</u>	<u>\$ 6,518</u>	<u>\$ 51,754</u>
Amortisation	<u>\$ 4,753</u>	<u>\$ 1,464</u>	<u>\$ 6,217</u>

Nature	Nine-month period ended September 30, 2022		
	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	\$ 202,719	\$ 130,234	\$ 332,953
Employee stock options	329	11,992	12,321
Labor and health insurance fees	18,823	9,899	28,722
Pension costs	8,383	5,272	13,655
Directors' remuneration	-	4,316	4,316
Other personnel expenses	4,591	8,043	12,634
	<u>\$ 234,845</u>	<u>\$ 169,756</u>	<u>\$ 404,601</u>
Depreciation	<u>\$ 149,972</u>	<u>\$ 23,102</u>	<u>\$ 173,074</u>
Amortisation	<u>\$ 14,258</u>	<u>\$ 4,563</u>	<u>\$ 18,821</u>
Nature	Nine-month period ended September 30, 2021		
	Operating cost	Operating expense	Total
Employee benefit expense			
Wages and salaries	\$ 177,238	\$ 153,941	\$ 331,179
Employee stock options	-	21,520	21,520
Labor and health insurance fees	18,094	9,535	27,629
Pension costs	7,746	4,895	12,641
Directors' remuneration	-	4,085	4,085
Other personnel expenses	4,685	6,614	11,299
	<u>\$ 207,763</u>	<u>\$ 200,590</u>	<u>\$ 408,353</u>
Depreciation	<u>\$ 127,019</u>	<u>\$ 19,203</u>	<u>\$ 146,222</u>
Amortisation	<u>\$ 14,258</u>	<u>\$ 4,378</u>	<u>\$ 18,636</u>

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

B. For the three-month and nine-month periods ended September 30, 2022, employees' compensation was both accrued at \$11,635 thousand, and the aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on 5% of distributable profit of current year for the nine-month period ended September 30, 2022. For the nine-month period ended September 30, 2021, the Company generated loss and thus did not accrue employees' compensation and directors' remuneration.

Employees' compensation of 2021 was \$4,209 thousand as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

Information regarding employees' compensation and directors' remuneration as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Finance costs

	Three-month period ended September 30,	
	2022	2021
Interest expense:		
Bank borrowings	\$ 12,072	\$ 6,999
Interest expense on lease liabilities	431	71
Less: Capitalisation of qualifying assets	(5,465)	(3,631)
Finance costs	<u>\$ 7,038</u>	<u>\$ 3,439</u>
	Nine-month period ended September 30,	
	2022	2021
Interest expense:		
Bank borrowings	\$ 28,809	\$ 20,221
Interest expense on lease liabilities	699	231
Less: Capitalisation of qualifying assets	(14,684)	(9,358)
Finance costs	<u>\$ 14,824</u>	<u>\$ 11,094</u>

(24) Income tax

A. Reconciliation between income tax expense and accounting profit

	Three-month period ended September 30,	
	2022	2021
Tax calculated based on loss before tax and statutory tax rate	\$ 76,925	\$ 31,630
Expenses disallowed by tax regulation	3,390	832
Tax exempted income by tax regulation	-	(264)
Temporary difference not recognised as deferred tax assets	(3,251)	993
Loss carryforward not recognised as deferred tax assets	(12,901)	(33,192)
Change in assessment of realisation of deferred tax assets	(64,171)	-
Below the tax threshold	8	1
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

	Nine-month period ended September 30,	
	2022	2021
Tax calculated based on loss before tax and statutory tax rate	\$ 6,094	(\$ 55,174)
Expenses disallowed by tax regulation	39,656	3,273
Tax exempted income by tax regulation	-	(14,049)
Temporary difference not recognised as deferred tax assets	-	2,901
Loss carryforward not recognised as deferred tax assets	18,413	63,048
Change in assessment of realisation of deferred tax assets	(64,171)	-
Below the tax threshold	8	1
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

- B. The income tax returns of the Company's indirect subsidiary, Animmune Corporation, through 2020 have been assessed and approved by the Tax Authority.
- C. The income tax returns of the Company's subsidiary, Enimmune Corporation, through 2020 have been assessed and approved by the Tax Authority.
- D. The income tax returns of the Company's subsidiary, Eggs Corporation, through 2020 have been assessed and approved by the Tax Authority.
- E. The income tax returns of the Company's indirect subsidiary, Animmune Corporation, through 2020 have been assessed and approved by the Tax Authority.

(25) Earnings (losses) per share

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

Three-month period ended September 30, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic (diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 160,977	429,508	\$ 0.37

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

	Nine-month period ended September 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
<u>Basic (diluted) losses per share</u>			
Losses attributable to ordinary shareholders of the parent	(\$ 251,798)	429,508	(\$ 0.59)

(26) Transactions with non-controlling interest

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

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

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

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

parent company.

C. The Group did not conduct any transaction with non-controlling interest in 2021.

(27) Supplemental cash flow information

Investing activities with partial cash payments

	Nine-month period ended September 30,	
	2022	2021
Purchase of property, plant and equipment	\$ 225,295	\$ 981,829
Add: Opening balance of payable on equipment	68,674	24,362
Less: Ending balance of payable on equipment	(10,649)	(22,935)
Cash paid during the period	<u>\$ 283,320</u>	<u>\$ 983,256</u>

(28) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (Note)	Guarantee deposit received	Lease liabilities (Note)	Liabilities from financing activities - gross
At January 1, 2022	\$ -	\$ 1,307,307	\$ 3,000	\$ 13,467	\$1,323,774
Changes in cash flow from financing activities	20,000	896,436	(3,000)	(18,606)	894,830
Changes in other non-cash items	-	-	-	87,408	87,408
At September 30, 2022	<u>\$ 20,000</u>	<u>\$ 2,203,743</u>	<u>\$ -</u>	<u>\$ 82,269</u>	<u>\$2,306,012</u>

Note: including current portion.

	Long-term borrowings (Note)	Lease liabilities (Note)	Liabilities from financing activities - gross
At January 1, 2021	\$ 1,309,379	\$ 14,361	\$ 1,323,740
Changes in cash flow from financing activities	(1,552)	(7,138)	(8,690)
Changes in other non-cash items	-	8,406	8,406
At September 30, 2021	<u>\$ 1,307,827</u>	<u>\$ 15,629</u>	<u>\$ 1,323,456</u>

Note: including current portion.

(29) Seasonality of operations

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

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Three-month period ended September 30,	
	2022	2021
Salaries and other short-term employee benefits	\$ 18,720	\$ 18,961
Post-employment benefits	588	639
Share-based payments	3,370	5,779
	<u>\$ 22,678</u>	<u>\$ 25,379</u>
	Nine-month period ended September 30,	
	2022	2021
Salaries and other short-term employee benefits	\$ 63,098	\$ 93,030
Post-employment benefits	1,767	1,830
Share-based payments	10,736	21,520
	<u>\$ 75,601</u>	<u>\$ 116,380</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2022	December 31, 2021	September 30, 2021	
Property, plant and equipment	\$ 1,393,886	\$ 1,501,667	\$ 1,581,167	Long-term borrowings
Special reserve account and pledged account (included in financial assets at amortised cost - non-current)	42,486	1,986	1,986	Long-term borrowings
Refundable deposits (included in other non-current assets)	31,715	4,543	-	Performance margin for bidding
	<u>\$ 1,468,087</u>	<u>\$ 1,508,196</u>	<u>\$ 1,583,153</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Property, plant and equipment	<u>\$ 389,003</u>	<u>\$ 136,244</u>	<u>\$ 245,498</u>

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

- (a) The Company has signed technical contracts relating to licensing technology of EV71 with CDC and NHRI in September 2011. The main commitments of the technology license are as follows:
 - i. Licensing period: Starting from the date when the three parties sign the contracts.
 - ii. Authorisation expense: The contracts are signed to pay in accordance with progress.
- (b) In May 2020, the Company renewed “Commission Service Contract” signed in May 2018 with NHRI to provide the Company with development platform for vaccine. The main terms of the contract are as follows:
 - i. Commission period: 2 years (2020.5.1~2022.4.30)
 - ii. Commission expense: Service expense is paid each month.
- (c) The Company has signed “EV 71 vaccine Phase I clinical trial result authorisation” cooperation contract with CDC and NHRI in April 2013. NHRI has authorised the technology through non-exclusive license. Details of key commitments are as follows:
 - i. Contract period: Starting from the date when the three parties sign the contract until 25 years after the Company’s first EV71 vaccine is authorised.
 - ii. Authorisation fee: The Company pays authorization fee in accordance with contracted progress within 2 years after the contract is signed.
- (d) The Company has signed the “Commission Service Contract” with NHRI to provide the Company with cell culture platform for vaccine. The main terms of the contract are as follows:
 - Commission service fee: The contracts are signed to pay in accordance with progress.
- C. The Company has signed a processing agreement with Shenzhen Techdow Pharmaceutical Co., LTD (“TECHDOW”).

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

 - (a) Contract period: 5 years after the completion of construction of the second aseptic injection packing line and production starting for TECHDOW’s products from the date of the first order by TECHDOW. Unless one party notifies the other a non-renewal no less than 6 months before the agreement expires, the agreement is automatically renewed every two years.
 - (b) Processing price: By the process quantity in accordance with the agreement.
 - (c) Other commitments: During the agreement period, the Company may not directly or indirectly produce same products for supply in any market.
- D. The Company’s application of COVID-19 subunit vaccines development program in August 2020 was compliant with the grant criteria of ‘2020-2021 Subsidies (Donations) for COVID-19 Vaccine Program Handled and Developed by Civil Associations’ of CDC after the review. The Company received approved grant amounting to \$458.02 million and signed the agreement on October 28, 2020. The grant will be approved and appropriated by CDC upon the completion of each milestone

of Phase 1 and 2 clinical trials, item by item. The program was completed on September 3, 2021, and the aggregate amount of grant income recognised for the nine-month period ended September 30, 2021 was \$121,893 thousand.

E. On March 25, 2019, the Group's subsidiary, Enimmune Corporation ("Enimmune"), signed an agreement with the Institute for Information Industry to implement the Phase 3 Clinical Testing Program of EV71 Vaccines Manufactured from Bioreactors on Healthy Children. The program has been extended from May 31, 2021 to November 30, 2021 and was approved by the Taipei Computer Association, with a total grant of \$24,107 thousand. The grant income recognised during the year ended December 31, 2021 amounted to \$1,674 thousand. Letters from Institute for Information Industry on December 31, 2020 indicates all rights and obligations arising from this agreement shall be borne by the Taipei Computer Association as for now. The grant receivables recognized as of September 30, 2022, December 31, 2021 and September 30, 2021, were \$1,546 thousand, \$1,674 thousand and \$1,085 thousand, respectively (shown as other current assets). The grants of 2020 were received in May 2022, and the grant of 2022 is still awaiting the confirmation from the Taipei Computer Association. The main rights and obligations of the agreement are listed as follows:

- (a) All results from the Enimmune's implementation of the research program, including knowledge, technologies, and intellectual property belong to the Enimmune. The Enimmune has the responsibility to manage and apply these results.
- (b) If the source of the Taipei Computer Association's grant is the Executive Yuan's National Science and Technology Development Fund, the Enimmune's ownership, management, and application of the research results shall be governed by the terms of Executive Yuan's National Science and Technology Development Fund Grant Contract.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

- A. On November 11, 2022, the Company's Board of Directors resolved to change the useful life of the machinery and equipment and other equipment which are used to manufacture and pack the flu vaccines. Since January, 2023, the Company intends to use the extended useful life for the depreciation.
- B. The information relating to investment of the Company's second-tier subsidiary is provided in Note 4(3).

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income - non-current	\$ 95,577	\$ 119,337	\$ 154,725
Financial assets at amortised cost			
Cash and cash equivalents	2,169,458	2,652,017	2,243,680
Financial assets at amortised cost - current	115,507	239,000	299,000
Accounts receivable	1,278,623	99,638	491,565
Financial assets at amortised cost - non-current	42,486	1,986	1,986
Other receivables (shown as other current assets)	3,023	1,681	1,085
Refundable deposits (shown as other current assets and other non-current assets)	90,132	5,200	63,663
	<u>\$ 3,794,806</u>	<u>\$ 3,118,859</u>	<u>\$ 3,255,704</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 20,000	\$ -	\$ -
Notes payable	29,733	-	17,190
Accounts payable	93,440	5,882	119,839
Other payables	181,597	214,439	400,213
Long-term borrowings (including current portion)	2,203,743	1,307,307	1,307,827
Guarantee deposits received (shown as other non-current liabilities)	-	3,000	-
	<u>\$ 2,528,513</u>	<u>\$ 1,530,628</u>	<u>\$ 1,845,069</u>
Lease liabilities (including current portion)	<u>\$ 82,269</u>	<u>\$ 13,467</u>	<u>\$ 15,629</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 and JPY with NTD is mainly from exchange loss or profit arising from conversion of cash and cash equivalents and accounts receivable denominated in USD and JPY.
- iii. The Group's businesses involve foreign exchange variation, the information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation are as follows:

September 30, 2022										
	Foreign Currency			Sensitivity analysis						
	Amount	Exchange	Book Value	Degree of	Effect on	Effect on other				
	(In Thousands)	Rate	(NTD)	variation	profit or loss	comprehensive income				
<u>Financial assets</u>										
<u>Monetary items</u>										
USD : NTD	\$	28,023	31.75	\$	889,730	1%	\$	8,897	\$	-
EUR : NTD		538	31.26		16,818	1%		168		-
JPY : NTD		69,288	0.22		15,243	1%		152		-
December 31, 2021										
	Foreign Currency			Sensitivity analysis						
	Amount	Exchange	Book Value	Degree of	Effect on	Effect on other				
	(In Thousands)	Rate	(NTD)	variation	profit or loss	comprehensive income				
<u>Financial assets</u>										
<u>Monetary items</u>										
USD : NTD	\$	9,908	27.63	\$	273,758	1%	\$	2,738	\$	-
JPY : NTD		73,805	0.24		17,603	1%		176		-
September 30, 2021										
	Foreign Currency			Sensitivity analysis						
	Amount	Exchange	Book Value	Degree of	Effect on	Effect on other				
	(In Thousands)	Rate	(NTD)	variation	profit or loss	comprehensive income				
<u>Financial assets</u>										
<u>Monetary items</u>										
USD : NTD	\$	8,736	27.80	\$	242,853	1%	\$	2,429	\$	-
JPY : NTD		74,571	0.25		18,519	1%		185		-

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 nine-month periods ended September 30, 2022 and 2021 amounted to exchange gain of \$54,903 thousand, gain of \$3,686 thousand, gain of \$79,512 thousand and gain of \$4,258 thousand, respectively.

(b) Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the nine-month periods ended September 30, 2022 and 2021 would have increased/decreased by \$956 thousand and \$1,547 thousand, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(c) 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. At September 30, 2022 and 2021, if the interest rate had been 25 basis point higher/lower, post-tax profit would have decreased/increased by \$3,335 thousand and \$1,962 thousand, respectively.

(d) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group's cash and cash equivalents are deposited in financial institutions with optimal credit quality. The Group manages their credit risk taking into consideration the entire group's concern. In order to prevent excessive concentration and to disperse credit risk, the Group manages the deposit ratio in each financial institution, and the credit quality of banks and financial institutions the Group trades with is optimal. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The Group screens potential transaction counterparties based on their credit history, and only enters into transactions with counterparties that reach a certain level of credit quality; hence, there is no significant credit risk.
- iii. The Group adopts the assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the

contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition, the default occurs when the contract payments are past due over 90 days.

- iv. The Group applies the simplified approach using a provision matrix to estimate the expected credit loss of accounts receivable, and takes into consideration the past default records and current financial position of the customer, economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix uses past due days of accounts receivable to determine expected loss rates and is not further distinguished according to the Group's different customer base.
- v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure the Group's rights.
- vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group's expected loss rate for accounts receivable were all immaterial.
- vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2022
	Accounts receivable
At January 1	\$ 67
Reversal of impairment	(67)
At September 30	\$ -

- viii. The Group used the forecastability of economic forecasting announced by the Directorate General of Budget, Accounting and Statistics of the Executive Yuan to adjust historical and timely information to assess the default possibility of debt instruments as of September 30, 2022, December 31, 2021 and September 30, 2021, in order to estimate expected credit losses.
- (e) Liquidity risk
- i. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities, at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.
 - ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

- iii. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group has undrawn borrowing facilities amounting to \$2,002,000 thousand, \$2,900,000 thousand and \$2,900,000 thousand, respectively.
- iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>September 30, 2022</u>	Less than 3 months	Between 3 months and 1 year	Between 1 and 3 years	Over 3 years	Total
Short-term borrowings	\$ 110	\$ 20,293	\$ -	\$ -	\$ 20,403
Notes payable	29,733	-	-	-	29,733
Accounts payable	93,440	-	-	-	93,440
Other payables	181,597	-	-	-	181,597
Long-term borrowings (Note)	49,665	70,460	409,622	1,889,347	2,419,094
Lease liabilities (Note)	4,351	13,754	28,825	41,092	88,022

<u>December 31, 2021</u>	Less than 3 months	Between 3 months and 1 year	Between 1 and 3 years	Over 3 years	Total
Accounts payable	\$ 5,882	\$ -	\$ -	\$ -	\$ 5,882
Other payables	214,439	-	-	-	214,439
Long-term borrowings (Note)	6,394	58,065	203,177	1,194,486	1,462,122
Lease liabilities (Note)	2,837	4,444	6,101	327	13,709
Guarantee deposits received (shown as non-current liabilities)	-	3,000	-	-	3,000

<u>September 30, 2021</u>	Less than 3 months	Between 3 months and 1 year	Between 1 and 3 years	Over 3 years	Total
Notes payable	\$ 17,190	\$ -	\$ -	\$ -	\$ 17,190
Accounts payable	119,839	-	-	-	119,839
Other payables	400,213	-	-	-	400,213
Long-term borrowings (Note)	6,395	19,186	203,654	1,237,342	1,466,577
Lease liabilities (Note)	2,879	5,410	7,082	556	15,927

Note: including current portion

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of

financial and non-financial instruments have been defined as follows:

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

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

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

B. Financial instruments not measured at fair value

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

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

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

<u>September 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ -	\$ -	\$ 95,577	\$ 95,577
<u>December 31, 2021</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	\$ -	\$ -	\$ 119,337	\$ 119,337
<u>September 30, 2021</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	\$ -	\$ -	\$ 154,725	\$ 154,725

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

The fair value of financial instruments without active market is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques refers to current fair value of instruments with similar

terms and characteristics in substance, discounted cash flow method or other valuation methods.

- D. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2022 and 2021:

	Non-derivative equity securities	
	2022	2021
At January 1	\$ 119,337	\$ 137,082
(Losses) gains recognised in other comprehensive income	(23,760)	17,643
At September 30	<u>\$ 95,577</u>	<u>\$ 154,725</u>

- E. For the nine-month periods ended September 30, 2022 and 2021, there was no transfer into or out from Level 3.
- F. Treasury department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	\$ 95,577	Market comparable companies	Liquidity premium	70%-80%	The higher the multiple, the higher the fair value.
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	\$ 119,337	Market comparable companies	Liquidity premium	70%-80%	The higher the multiple, the higher the fair value.
	Fair value at September 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	\$ 154,725	Market comparable companies	Liquidity premium	70%-80%	The higher the multiple, the higher the fair value.

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

			September 30, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Liquidity premium	±10%	\$ -	\$ -	\$ 11,870	(\$ 11,870)
			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Liquidity premium	±10%	\$ -	\$ -	\$ 14,971	(\$ 14,971)
			September 30, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Liquidity premium	±10%	\$ -	\$ -	\$ 19,430	(\$ 19,430)

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: Please refer to table 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 3.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 4.

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 5.

14. SEGMENT INFORMATION

(1) General information

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

(2) Segment information

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

Three-month period ended September 30, 2022	Adimmune Corporation	Enimmune Corporation	Total
Revenue from external customers	\$ 1,038,752	\$ 48,537	\$ 1,087,289
Inter-segment revenue	11,905	81	11,986
Total revenue	\$ 1,050,657	\$ 48,618	\$ 1,099,275
Segment profit (loss)	\$ 426,137	(\$ 24,501)	\$ 401,636
Three-month period ended September 30, 2021	Adimmune Corporation	Enimmune Corporation	Total
Revenue from external customers	\$ 712,695	\$ 40,642	\$ 753,337
Inter-segment revenue	11,905	232	12,137
Total revenue	\$ 724,600	\$ 40,874	\$ 765,474
Segment profit (loss)	\$ 171,626	(\$ 3,214)	\$ 168,412

Nine-month period ended September 30, 2022	Adimmune Corporation	Enimmune Corporation	Total
Revenue from external customers	\$ 1,526,679	\$ 140,343	\$ 1,667,022
Inter-segment revenue	118,661	365	119,026
Total revenue	<u>\$ 1,645,340</u>	<u>\$ 140,708</u>	<u>\$ 1,786,048</u>
Segment profit (loss)	<u>\$ 316,529</u>	<u>(\$ 180,287)</u>	<u>\$ 136,242</u>
Nine-month period ended September 30, 2021	Adimmune Corporation	Enimmune Corporation	Total
Revenue from external customers	\$ 757,106	\$ 91,177	\$ 848,283
Inter-segment revenue	11,905	403	12,308
Total revenue	<u>\$ 769,011</u>	<u>\$ 91,580</u>	<u>\$ 860,591</u>
Segment loss	<u>(\$ 231,640)</u>	<u>(\$ 16,711)</u>	<u>(\$ 248,351)</u>

(3) Reconciliation for segment income (loss)

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

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Adjusted revenue of reportable segments	\$ 1,099,275	\$ 765,474
Elimination of inter-segment revenue	(11,986)	(12,137)
Total	<u>\$ 1,087,289</u>	<u>\$ 753,337</u>
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Adjusted revenue of reportable segments	\$ 1,786,048	\$ 860,591
Elimination of inter-segment revenue	(119,026)	(12,308)
Total	<u>\$ 1,667,022</u>	<u>\$ 848,283</u>

B. A reconciliation of reportable segment loss to the loss before tax from continuing operations for the nine-month periods ended September 30, 2022 and 2021 is provided as follows:

	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021
Reportable segment income	\$ 401,636	\$ 168,412
Other segment loss	(2,230)	(4,259)
Total	399,406	164,153
Elimination of segment income(loss)	7,027	(6,925)
Income before tax from continuing operations	<u>\$ 406,433</u>	<u>\$ 157,228</u>
	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Reportable segment income(loss)	\$ 136,242	(\$ 248,351)
Other segment loss	(6,830)	(9,385)
Total	129,412	(257,736)
Elimination of segment income(loss)	9,072	(6,925)
Income(loss) before tax from continuing operations	<u>\$ 138,484</u>	<u>(\$ 264,661)</u>

Adimmune Corporation and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Adimmune Corporation	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,991,057	\$ 94,448	1.90	\$ 94,448	-
Adimmune Corporation	Hematech Biotherapeutics Inc.	Same chairman	Financial assets at fair value through other comprehensive income - non-current	442,114	<u>1,129</u>	5.00	<u>1,129</u>	-
				Total	<u>\$ 95,577</u>	Total	<u>\$ 95,577</u>	

Adimmune Corporation and subsidiaries
Significant inter-company transactions during the reporting periods
For the nine-month period ended September 30, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction				Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms		
0	Adimmune Corporation	Enimmune-RMT Biotech PTE. LTD.	Note 2	Other operating income	\$ 100,000	The price and terms were based on the mutual agreement		6.00
0	Adimmune Corporation	Enimmune-RMT Biotech PTE. LTD.	Note 2	Other receivables	100,000	The price and terms were based on the mutual agreement		1.09
0	Adimmune Corporation	Enimmune Corporation	Note 2	Sales revenue	18,661	The price and terms were based on the mutual agreement		1.12

Note 1: Parent Company is '0'

Note 2: Parent to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Only disclose transactions that amounting over 1% of total assets .

Note 5: It has been written-off in the consolidated financial statements.

Adimmune Corporation and subsidiaries
Information on investees(Not including investees in Mainland China)
For the nine-month period ended September 30, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022			Net profit (loss) of the investee for the nine-month period ended September 30,2022	Investment income(loss) recognised by the Company for the nine-month period ended September 30,2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Adimmune Corporation	Enimmune Corporation	Taiwan	Bio-technology	\$ 598,224	\$ 485,820	33,558,000	51.00	\$ 191,240	(\$ 180,287)	(\$ 91,946)	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	30,000	6,500,000	100.00	38,666	(3,518)	(3,518)	Note 1
Eggs Corporation	Animmune Corporation	Taiwan	Bio-technology	51,732	21,000	3,636,585	51.22	32,040	(6,789)	(3,477)	Note 2
Enimmune Corporation	Enimmune-RMT Biotech PTE. LTD.	Singapore	Bio-technology	162,910	-	55,000,000	100.00	67,355	(98,940)	(98,940)	Notes 2 & 4

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)

Note 4: As of September 30, 2022, because RMT had not invested, thus, Enimmune Corporation's shareholding ratio remained 100%,and the number of shares held did not change.

Adimmune Corporation and subsidiaries
Information on investments in Mainland China
For the nine-month period ended September 30, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30,2022		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Net income of investee as of September 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2022 (Note 2)		Book value of investments in Mainland China as of September 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2022	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 September 30, 2022, the company still has not yet initiated its operation, thus, no related investment profit or loss.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Investment amount approved by the		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA(Note)
		Investment Commission of the Ministry of Economic Affairs (MOEA)	Investment Commission of the Ministry of Economic Affairs (MOEA)	
Adimmune Co., Ltd. Nanjing, China	\$ -	\$ 10,000	\$ 3,943,001	

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
For the nine-month period ended September 30, 2022

Table 5

Name of major shareholders	Shares		Footnote
	Number of shares held	Ownership (%)	
National Development Fund, Executive Yuan	48,584,162	11.31%	Notes1 & 2
Bioengine Technology Development Inc.	38,183,000	8.88%	

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.