MEDIGEN VACCINE BIOLOGICS CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT

To Medigen Vaccine Biologics Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Medigen Vaccine Biologics Corporation and subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements were as follows:

Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets

Description

Refer to Note 4(17) for accounting policies on impairment of non-financial assets, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets, Note 6(8) for details of property, plant and equipment, Note 6(9) for details of right-of-use assets, and Note 6(10) for details of intangible assets. As at December 31, 2022, the Group's property, plant and equipment, right-of-use assets and intangible assets at fair value amounted to NT$1,514,886 thousand, constituting 21% of the consolidated total assets.

The Group measures recoverable amount based on the value in use. The evaluation of the value in use of each cash-generating unit involves management's subjective judgment, including the estimation of future cash flows and appropriate discount rates. As the aforementioned assumptions are highly uncertain, and the estimated results have significant impact on the value in use, we considered the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of the management's estimation process of the Group's future cash flows.
2. Discussed financial forecasts with management and assessed the reasonableness by comparing with historical results.
3. Reviewed the reasonableness of assumptions such as sales revenue growth rate and gross margin, and the parameters of the discount rate used, including the reasonableness of risk-free rate of the cost of equity capital, the risk coefficient of the industry, and similarity assets return in the market.

Assessment of allowance for inventory valuation losses

Description

Refer to Note 4(13) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumptions in relation to inventory valuation, and Note 6(6) for details of inventory.

As at December 31, 2022, the Group's inventory and allowance for inventory valuation losses amounted to $987,952 thousand and $443,168 thousand, respectively, constituting 7% of the consolidated total assets.

The Group is primarily engaged in manufacturing and sales of vaccine related products which have risks of inventory losing value or becoming obsolete due to allowance, obsolescence or trivial sales amount. Inventories are measured at the lower of cost and net realisable value, using the item by item approach. A provision for loss on decline in value of inventory is recognised based on the net realisable value. As the inventory and allowance for loss are material to the financial statements and the determination of net realisable value involves subjective judgment and estimates, we considered the assessment of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the provision policy on allowance for inventory valuation losses based on the understanding of the Company's operations and industry.
2. Obtained an understanding of the inventory management process, participated in observing annual physical counts to assess the effectiveness of management's classification and controls over obsolete inventory.
3. Verified the accuracy of the Group's inventory aging report to check whether the inventory aging report was in accordance with the Group's accounting policy.
4. Examined the inventory valuation report to assess the adequacy of allowance for inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Medigen Vaccine Biologics Corporation as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Juanlu, Man-Yu　　　　Lin, Ya-Hui

For and on Behalf of PricewaterhouseCoopers, Taiwan
March 8, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' 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.

MEDIGEN VACCINE BIOLOGICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1) and 8	$ 1,204,255	16	$ 1,379,692	26
1110	Financial assets at fair value through profit or loss - current	6(2)	52,993	1	53,097	1
1136	Financial assets at amortised cost, net - current	6(1)(4)	2,979,940	41	800,000	15
1140	Contract assets - current	6(18)	-	-	339,148	6
1170	Accounts receivable, net	6(5)	194,400	3	301,041	6
1200	Other receivables		1,171	-	70	-
130X	Inventory	6(6)	544,784	7	563,495	11
1410	Prepayments	6(7)	370,986	5	79,632	1
1470	Other current assets	6(1) and 8	113,893	1	205,071	4
11XX	**Total current assets**		5,462,422	74	3,721,246	70
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	263,556	4	54,000	1
1600	Property, plant and equipment	6(8)	1,200,472	16	1,233,960	23
1755	Right-of-use assets	6(9)	269,053	4	179,569	4
1780	Intangible assets	6(10)	45,361	1	52,978	1
1990	Other non-current assets	6(1) and 8	106,825	1	57,258	1
15XX	**Total non-current assets**		1,885,267	26	1,577,765	30
1XXX	**Total assets**		$ 7,347,689	100	$ 5,299,011	100

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MEDIGEN VACCINE BIOLOGICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2130	Contract liabilities - current	6(18)	$ -	-	$ 111,412	2
2150	Notes payable		581	-	1,730	-
2170	Accounts payable		108,520	2	86,804	2
2200	Other payables		226,119	3	235,274	4
2280	Lease liabilities - current		11,778	-	1,987	-
2399	Other current liabilities		8,234	-	1,880	-
21XX	**Total current liabilities**		355,232	5	439,087	8
	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss - non-current	6(2)	19,250	-	-	-
2530	Corporate bonds payable	6(11)	1,677,850	23	-	-
2580	Lease liabilities - non-current		266,352	4	183,867	4
25XX	**Total non-current liabilities**		1,963,452	27	183,867	4
2XXX	**Total liabilities**		2,318,684	32	622,954	12
	Equity attributable to owners of parent					
	Share capital	6(14)				
3110	Common stock		3,278,399	44	2,128,865	40
3140	Capital collected in advance		1,913	-	2,383	-
	Capital surplus	6(15)				
3200	Capital surplus		2,798,085	38	1,135,010	21
	Retained earnings	6(16)				
3310	Legal reserve		141,026	2	-	-
3320	Special reserve		459	-	-	-
3350	Unappropriated retained earnings (accumulated deficit)		(1,272,995)	(17)	1,410,258	27
	Other equity interest	6(17)				
3400	Other equity interest		82,118	1	(459)	-
31XX	**Equity attributable to owners of parent**		5,029,005	68	4,676,057	88
3XXX	**Total equity**		5,029,005	68	4,676,057	88
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 7,347,689	100	$ 5,299,011	100

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

MEDIGEN VACCINE BIOLOGICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share in New Taiwan dollars)

	Items	Notes	Year ended December 31 2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
4000	Operating revenue	6(18)	$ 365,042	100	$ 3,280,994	100
5000	Operating costs	6(6)(23)(24)	(577,644)	(158)	(975,961)	(30)
5900	Net operating margin		(212,602)	(58)	2,305,033	70
	Operating expenses	6(23)(24)				
6100	Selling expenses		(72,833)	(20)	(7,498)	-
6200	General and administrative expenses		(110,841)	(31)	(140,714)	(4)
6300	Research and development expenses		(1,139,989)	(312)	(1,193,088)	(37)
6000	Total operating expenses		(1,323,663)	(363)	(1,341,300)	(41)
6900	Operating (loss) profit		(1,536,265)	(421)	963,733	29
	Non-operating income and expenses					
7100	Interest income	6(19)	7,605	2	2,740	-
7010	Other income	6(20)	68,671	19	442,358	14
7020	Other gains and losses	6(21)	12,304	3	7,446	-
7050	Finance costs	6(22)	(26,888)	(7)	(6,019)	-
7000	Total non-operating income and expenses		61,692	17	446,525	14
7900	**(Loss) profit before income tax**		(1,474,573)	(404)	1,410,258	43
7950	Income tax (expense) benefit	6(25)	-	-	-	-
8200	**(Loss) profit for the year**		($ 1,474,573)	(404)	$ 1,410,258	43
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(17)	$ 82,225	23	$ -	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(17)	352	-	(105)	-
8300	**Other comprehensive income (loss) for the year**		$ 82,577	23	($ 105)	-
8500	**Total comprehensive (loss) income for the year**		($ 1,391,996)	(381)	$ 1,410,153	43
	(Loss) profit attributable to:					
8610	Owners of parent		($ 1,474,573)	(404)	$ 1,410,258	43
	Comprehensive (loss) income attributable to:					
8710	Owners of parent		($ 1,391,996)	(381)	$ 1,410,153	43
	(Loss) earnings per share	6(26)				
9750	Basic (loss) earnings per share		($ 4.56)		$ 4.42	
9850	Diluted (loss) earnings per share		($ 4.56)		$ 4.39	

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

MEDIGEN VACCINE BIOLOGICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent								
		Capital			Retained Earnings			Other equity interest		
	Notes	Share capital - common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Year ended December 31, 2021										
Balance at January 1, 2021		$2,110,988	$ 3,620	$2,319,154	$ -	$ -	($1,291,998)	($ 354)	$ -	$3,141,410
Profit for the year		-	-	-	-	-	1,410,258	-	-	1,410,258
Other comprehensive loss	6(17)	-	-	-	-	-	-	(105)	-	(105)
Total comprehensive income (loss)		-	-	-	-	-	1,410,258	(105)	-	1,410,153
Capital surplus used to cover accumulated deficit	6(16)	-	-	(1,291,998)	-	-	1,291,998	-	-	-
Shares issued under employee stock plans	6(14)(15)	17,877	(1,237)	39,039	-	-	-	-	-	55,679
Share-based payment transaction	6(13)(15)	-	-	68,815	-	-	-	-	-	68,815
Balance at December 31, 2021		$2,128,865	$ 2,383	$1,135,010	$ -	$ -	$1,410,258	($ 459)	$ -	$4,676,057
Year ended December 31, 2022										
Balance at January 1, 2022		$2,128,865	$ 2,383	$1,135,010	$ -	$ -	$1,410,258	($ 459)	$ -	$4,676,057
Loss for the year		-	-	-	-	-	(1,474,573)	-	-	(1,474,573)
Other comprehensive income	6(17)	-	-	-	-	-	-	352	82,225	82,577
Total comprehensive income (loss)		-	-	-	-	-	(1,474,573)	352	82,225	(1,391,996)
Appropriations and distribution of 2021 retained earnings	6(16)									
Legal reserve		-	-	-	141,026	-	(141,026)	-	-	-
Special reserve		-	-	-	-	459	(459)	-	-	-
Common stock dividends		1,067,195	-	-	-	-	(1,067,195)	-	-	-
Issuance of common stock for cash	6(14)(15)	70,000	-	1,470,000	-	-	-	-	-	1,540,000
Share-based payment transaction (Cash capital increase)	6(13)(15)	-	-	7,474	-	-	-	-	-	7,474
Shares issued under employee stock plans	6(14)(15)	12,339	(470)	27,536	-	-	-	-	-	39,405
Share-based payment transaction	6(13)(15)	-	-	68,135	-	-	-	-	-	68,135
Issuance of convertible bonds	6(11)(15)	-	-	89,930	-	-	-	-	-	89,930
Balance at December 31, 2022		$3,278,399	$ 1,913	$2,798,085	$ 141,026	$ 459	($1,272,995)	($ 107)	$ 82,225	$5,029,005

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

MEDIGEN VACCINE BIOLOGICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 1,474,573)	$ 1,410,258
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(23)	104,749	100,181
Amortization of right-of-use assets	6(9)(23)	14,356	3,990
Amortization	6(10)(23)	8,787	8,371
Net loss on financial assets at fair value through profit or loss	6(2)(21)	16,554	73
Interest income	6(19)	(7,605)	(2,740)
Interest expense	6(22)	19,355	322
Interest expense on leasing liabilities	6(9)(22)	7,533	5,697
Share-based payment	6(13)(24)	75,609	68,815
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets - current		339,148	(339,148)
Accounts receivable, net		106,641	(296,578)
Other receivables		(1,101)	182
Inventories		18,711	(486,063)
Prepayments		(291,964)	(62,330)
Other current assets		75,221	(122,407)
Changes in operating liabilities			
Current contract liabilities		(111,412)	111,412
Notes payable		(1,149)	1,133
Accounts payable		21,716	65,625
Other payables		(27,932)	115,025
Other current liabilities		6,354	1,367
Cash (outflow) inflow generated from operations		(1,101,002)	583,185
Interest received		7,572	2,721
Interest paid		(7,533)	(6,019)
Net cash flows (used in) from operating activities		(1,100,963)	579,887
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income	6(27)	(99,536)	(54,000)
Acquisition of financial assets at amortized cost		(2,979,940)	(1,900,000)
Proceeds from repayments of financial assets at amortised cost		800,000	1,100,000
Increase in prepayments for investments (recognised in "Other non-current assets")		-	(27,795)
Acquisition of property, plant, and equipment	6(27)	(47,429)	(124,530)
Decrease (increase) in refundable deposits (recognised in "Other non-current assets")		5,912	(2,920)
Acquisition of intangible assets	6(10)	(1,170)	(1,338)
Proceeds from disposals of property, plant, and equipment	6(27)	-	120,000
Increase in prepayments for equipment (recognised in "Other non-current assets")		(91,744)	(9,099)
Decrease (increase) in restricted assets (recognised in "Other current assets")		15,990	(31,006)
Net cash flows used in investing activities		(2,397,917)	(930,688)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		-	30,000
Repayments of short-term borrowings		-	(30,000)
Issuance of corporate bonds payable	6(28)	1,755,250	-
Decrease in deposits received (recognised in "Other non-current liabilities")		-	(2,575)
Repayment of the principal amount of lease liabilities	6(28)	(11,564)	(1,928)
Issuance of common stock for cash	6(14)	1,540,000	-
Exercise of employee stock plan		39,405	55,679
Net cash flows from financing activities		3,323,091	51,176
Changes in exchange rates		352	(105)
Net decrease in cash and cash equivalents		(175,437)	(299,730)
Cash and cash equivalents at beginning of year		1,379,692	1,679,422
Cash and cash equivalents at end of year		$ 1,204,255	$ 1,379,692

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

MEDIGEN VACCINE BIOLOGICS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Medigen Vaccine Biologics 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 October 22, 2012. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the research, development and wholesale of vaccine and biopharmaceutical, medical devices wholesale and retail, etc. Medigen Biotechnology Corporation holds 19.74% equity interest in the Company. Medigen Biotechnology Corporation is the Group's ultimate parent company.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 8, 2023.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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 that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the Financial assets at the fair value, the consolidated financial statements have been prepared under the historical cost convention.

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:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2022	December 31, 2021
The Company	MVC BioPharma Ltd.	Investing	100	100
The Company	MVC Capital Corporation	Investing	100	-

On November 10, 2021, the Company's Board of Directors resolved to establish MVC Capital Corporation by investing $200,000. Additionally, the establishment has been approved on January 6, 2022.

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) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in "New Taiwan Dollars", which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations (within 3 months since acquired) are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts receivable

A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses (ECLs) if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime ECLs if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 50 years
Machinery and equipment	2 ~ 20 years
Testing equipment	3 ~ 15 years
Office equipment	5 years
Computer and communication equipment	3 ~ 10 years
Leasehold improvements	1 ~ 10 years

(15) Leasing arrangements (lessee)－right-of-use assets/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(16) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

B. Professional techniques

Professional techniques is stated at cost and amortised on a straight-line basis over its estimated useful life of 12-20 years.

C. Vaccine patent

Vaccine patent is stated at cost and amortised on a straight-line basis over its estimated useful life of 15 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Financial liabilities at fair value through profit or loss

A. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(20) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group’s decision to terminate an employee’s employment before the normal retirement date, or an employee’s decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense when it can no longer withdraw an offer of termination benefits when it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees’ compensation and directors’ remuneration

Employees’ compensation and directors’ and supervisors’ remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(25) <u>Share capital</u>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) <u>Dividends</u>

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) <u>Revenue recognition</u>

A. Sales of goods

(a) The Group manufactures and sells a range of Covid-19 vaccines and Covid-19 test kits. Sales are recognised when control of the products has transferred. Delivery occurs when the products have been shipped to the specific location, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances, and only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. Some contracts include multiple deliverables, such as storage, custody and delivery of Covid-19 vaccine and other services. The nature of this service is simple, it does not include an integration service and can be performed by another party. It is therefore accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Technical service revenue

The Group provides technical service on cellular therapy product quality test and cell culture test. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised when the performance obligation is satisfied. For the contracts that the customers pay according to the agreement of payment schedule, if the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of property, plant, and equipment, right-of-use assets, and intangible assets.

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be changes to the evaluation.

As of December 31, 2022, the carrying amount of inventories was $544,784.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 102	$ 115
Checking accounts and demand deposits	1,179,111	1,385,578
Time deposits	3,027,624	832,631
	4,206,837	2,218,324
Transferred to financial assets at amortised cost	(2,979,940)	(800,000)
Transferred to other current assets - restricted assets	(15,016)	(31,006)
Transferred to other non-current assets - restricted assets	(7,626)	(7,626)
	$ 1,204,255	$ 1,379,692

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

B. For details of restricted cash classified as other current and non-current assets - restricted since it was pledged for the security deposits for project and for lease, refer to Note 8.

(2) Financial assets (liabilities) at fair value through profit or loss

Assets Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 53,100	$ 53,100
Valuation adjustment	(107)	(3)
	$ 52,993	$ 53,097

Liabilities Items	December 31, 2022	December 31, 2021
Non-current items:		
Financial liabilities held for trading		
Derivative instruments	$ 2,800	$ -
Valuation adjustment	16,450	-
	$ 19,250	$ -

A. Net amounts recognised in losses in relation to financial assets and liabilities at fair value through profit or loss are $16,554 and $73 for the years ended December 31, 2022 and 2021, respectively.

B. The Group has no financial assets and liabilities at fair value through profit or loss pledged to others.

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Unlisted stocks	$ 181,331	$ 54,000
Valuation adjustment	82,225	-
	$ 263,556	$ 54,000

A. The Group has elected to classify equity instrument investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 82,225	$ -

C. As at December 31, 2022 and 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 financial assets at fair value through other comprehensive income held by the Group was $263,556 and $54,000, respectively.

(4) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Time deposits (more than three months)	$ 2,979,940	$ 800,000
Interest rate	0.965%~4.15%	0.525%

A. Amounts recognised in interest income in relation to financial assets at amortised cost are $2,100 and $2,338 for the years ended December 31, 2022 and 2021, respectively.

B. As at December 31, 2022 and 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 financial assets at amortised cost held by the Group were $2,979,940 and $800,000, respectively.

C. The Group has no financial assets at amortised cost pledged to others.

D. 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.

(5) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 194,400	$ 301,041

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2022	December 31, 2021
	Accounts receivable	Accounts receivable
Not past due	$ 194,400	$ 301,041
1 to 90 days	-	-
91 to 180 days	-	-
Over 180 days	-	-
	$ 194,400	$ 301,041

The above ageing analysis was based on past due date.

B. As at December 31, 2022 and 2021, accounts receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to $4,463.

C. As at December 31, 2022 and 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 accounts receivable held by the Group was $194,400 and $301,041, respectively.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2022		
	Cost	Allowance for valuation and obsolescence losses	Book value
Raw materials	$ 582,195	($ 119,247)	$ 462,948
Work in progress	110,309	(29,947)	80,362
Finished goods	295,448	(293,974)	1,474
	$ 987,952	($ 443,168)	$ 544,784

	December 31, 2021		
	Cost	Allowance for valuation and obsolescence losses	Book value
Raw materials	$ 259,508	$ -	$ 259,508
Work in progress	17,492	-	17,492
Finished goods	286,495	-	286,495
	$ 563,495	$ -	$ 563,495

The cost of inventories recognised as expense for the year:

	Year ended December 31, 2022	Year ended December 31, 2021
Cost of goods sold	$ 117,744	$ 975,961
Loss on abandonment of inventory	16,732	-
Loss on inventory valuation and obsolescence	443,168	-
	$ 577,644	$ 975,961

(7) Prepayments

	December 31, 2022	December 31, 2021
Prepayments for purchases	$ 358,617	$ 47,340
Others	12,369	32,292
	$ 370,986	$ 79,632

(8) Property, plant and equipment

	2022							
	Buildings and structures	Machinery and equipment	Testing equipment	Office equipment	Computers and communications equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1								
Cost	$ 1,121,436	$ 487,174	$ 68,701	$ 3,245	$ 11,782	$ 2,551	$ 4,695	$ 1,699,584
Accumulated depreciation	(259,136)	(143,273)	(47,793)	(3,206)	(10,558)	(1,658)	-	(465,624)
	$ 862,300	$ 343,901	$ 20,908	$ 39	$ 1,224	$ 893	$ 4,695	$ 1,233,960
Opening net book amount	$ 862,300	$ 343,901	$ 20,908	$ 39	$ 1,224	$ 893	$ 4,695	$ 1,233,960
Additions	4,931	35,682	6,446		218	479	14,425	62,181
Reclassifications	323	10,672	2,667	-	-	-	(4,582)	9,080
Depreciation charge	(54,611)	(41,547)	(7,586)	(39)	(509)	(457)	-	(104,749)
Closing net book amount	$ 812,943	$ 348,708	$ 22,435	$ -	$ 933	$ 915	$ 14,538	$ 1,200,472
At December 31								
Cost	$ 1,126,690	$ 533,528	$ 77,814	$ 3,245	$ 12,000	$ 3,030	$ 14,538	$ 1,770,845
Accumulated depreciation	(313,747)	(184,820)	(55,379)	(3,245)	(11,067)	(2,115)	-	(570,373)
	$ 812,943	$ 348,708	$ 22,435	$ -	$ 933	$ 915	$ 14,538	$ 1,200,472

	2021							
	Buildings and structures	Machinery and equipment	Testing equipment	Office equipment	Computers and communicating equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1								
Cost	$ 1,117,417	$ 313,092	$ 61,471	$ 2,953	$ 10,943	$ 1,887	$ 17,537	$ 1,525,300
Accumulated depreciation	(204,828)	(109,554)	(38,637)	(2,504)	(8,749)	(1,171)	-	(365,443)
	$ 912,589	$ 203,538	$ 22,834	$ 449	$ 2,194	$ 716	$ 17,537	$ 1,159,857
Opening net book amount	$ 912,589	$ 203,538	$ 22,834	$ 449	$ 2,194	$ 716	$ 17,537	$ 1,159,857
Additions	2,352	98,054	7,230	292	734	664	4,695	114,021
Reclassifications	1,667	76,028	-	-	105	-	(17,537)	60,263
Depreciation charge	(54,308)	(33,719)	(9,156)	(702)	(1,809)	(487)	-	(100,181)
Closing net book amount	$ 862,300	$ 343,901	$ 20,908	$ 39	$ 1,224	$ 893	$ 4,695	$ 1,233,960
At December 31								
Cost	$ 1,121,436	$ 487,174	$ 68,701	$ 3,245	$ 11,782	$ 2,551	$ 4,695	$ 1,699,584
Accumulated depreciation	(259,136)	(143,273)	(47,793)	(3,206)	(10,558)	(1,658)	-	(465,624)
	$ 862,300	$ 343,901	$ 20,908	$ 39	$ 1,224	$ 893	$ 4,695	$ 1,233,960

A. For the years ended December 31, 2022 and 2021, no property, plant and equipment was pledged as collateral and no borrowing costs were capitalised as part of property, plant and equipment.

B. The significant components of buildings and structures include electromechanical air conditioning and fire protection engineering, which are depreciated over 3-15 years.

C. Reclassifications in current year represent transfers from prepaid equipment fee (recognised in “Other non-current assets”).

(9) Leasing arrangements－lessee

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 10 to 48 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amounts of right-of-use assets and the depreciation are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Right-of-use asset - Land	$ 175,818	$ 179,569
Right-of-use asset - Buildings	93,235	-
	$ 269,053	$ 179,569

	Year ended December 31, 2022	Year ended December 31, 2021
	Depreciation	Depreciation
Right-of-use asset - Land	$ 3,996	$ 3,990
Right-of-use asset - Buildings	10,360	-
	$ 14,356	$ 3,990

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $103,840 and $0, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 7,533	$ 5,697
Expense on short-term lease contracts	687	6,665

E. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were $19,784 and $14,290, respectively.

(10) Intangible assets

	2022			
	Professional techniques	Computer software	Vaccine patent	Total
At January 1				
Cost	$ 25,870	$ 2,935	$ 94,575	$ 123,380
Accumulated amortisation and impairment	(10,917)	(1,689)	(57,796)	(70,402)
	$ 14,953	$ 1,246	$ 36,779	$ 52,978
Opening net book amount as at January 1	$ 14,953	$ 1,246	$ 36,779	$ 52,978
Additions	-	1,170	-	1,170
Amortisation charge	(1,851)	(631)	(6,305)	(8,787)
Closing net book amount as at December 31	$ 13,102	$ 1,785	$ 30,474	$ 45,361
At December 31				
Cost	$ 25,870	$ 4,105	$ 94,575	$ 124,550
Accumulated amortisation and impairment	(12,768)	(2,320)	(64,101)	(79,189)
	$ 13,102	$ 1,785	$ 30,474	$ 45,361

	2021			
	Professional techniques	Computer software	Vaccine patent	Total
At January 1				
Cost	$ 25,870	$ 1,597	$ 94,575	$ 122,042
Accumulated amortisation and impairment	(9,066)	(1,474)	(51,491)	(62,031)
	$ 16,804	$ 123	$ 43,084	$ 60,011
Opening net book amount as at January 1	$ 16,804	$ 123	$ 43,084	$ 60,011
Additions	-	1,338	-	1,338
Amortisation charge	(1,851)	(215)	(6,305)	(8,371)
Closing net book amount as at December 31	$ 14,953	$ 1,246	$ 36,779	$ 52,978
At December 31				
Cost	$ 25,870	$ 2,935	$ 94,575	$ 123,380
Accumulated amortisation and impairment	(10,917)	(1,689)	(57,796)	(70,402)
	$ 14,953	$ 1,246	$ 36,779	$ 52,978

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Administrative expenses	$ 631	$ 215
Research and development expenses	8,156	8,156
	$ 8,787	$ 8,371

B. No interest expense was capitalised as part of intangible assets in 2022 and 2021.

(11) Corporate bonds payable

	December 31, 2022	December 31, 2021
Corporate bonds payable	$ 1,750,000	$ -
Less: Discount on bonds payable	(72,150)	-
	$ 1,677,850	$ -

A. The issuance of domestic convertible bonds by the Company:

(a) The terms of the first domestic unsecured convertible bonds issued by the Company are as follows:

i. The Company issued $1,750,000, 0% first domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (May 9, 2022 ~ May 9, 2025) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on May 9, 2022.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the increase in the number of ordinary shares issued (including private placement) by the Company occurs subsequently, including but not limited to issuance of common stock for cash, capital increase out of earnings or capital reserves, company merger, transfer of shares from other companies to issue new shares, stock splits and cash capital increase to participate in the issuance of overseas depositary receipts, etc. The conversion price was $278 per share on the issue date. In response to the Company's capital increase out of cash and earnings, the conversion price was adjusted to $277.5 and $187.1 on July 1, 2022 and August 9, 2022, respectively..

iv. The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value upon two years from the issue date.

v. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

vi. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $89,930 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 1.7882%.

(12) Pensions

A. The Company has 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 contributes 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 the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were $6,525 and $5,828, respectively.

(13) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Employee stock options (2017-1-1)	2017.7.19	2,135	6 years	2-4 years' service
Employee stock options (2017-1-2)	2018.4.18	365	6 years	2-4 years' service
Employee stock options (2018-1-1)	2018.11.5	3,035	6 years	2-4 years' service
Employee stock options (2018-1-2)	2019.8.13	465	6 years	2-4 years' service
Employee stock options (2021)	2021.3.23	2,500	6 years	2-4 years' service
Cash capital increase reserved for employee preemption (2022)	2022.5.31	508	0.074 years	Vested immediately

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

	2022		2021	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	4,501	$ 140.45	3,715	$ 34.47
Options granted	-	-	2,500	226.50
Options exercised	(1,187)	33.20	(1,664)	33.46
Options expired	(179)	118.55	(50)	129.81
Options outstanding at December 31	3,135	121,76	4,501	140.45
Options exercisable at December 31	657	24.03	1,044	35.55

C. On March 1, 2022, the Company's board of directors has resolved to increase capital, and reserved 10% for employee preemption. The compensation cost recognised in 2022 was $7,474.

D. The Group recognised compensation cost due to options granted of $68,135 and $68,815 in 2022 and 2021, respectively.

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

	Year ended December 31, 2022	Year ended December 31, 2021
Equity-settled	$ 75,609	$ 68,815

F. The expiry date and exercise price of stock options outstanding at the balance sheet date are as follows:

		December 31, 2022		December 31, 2021	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2017.7.19	2023.7.18	17	$ 19.90	191	$ 29.50
2018.4.18	2024.4.17	75	26.60	279	39.50
2018.11.5	2024.11.4	475	24.80	1,306	36.75
2019.8.13	2025.8.12	185	18.60	250	27.65
2021.3.23	2027.3.22	2,383	152.80	2,475	226.50

The price of employee stock option certificates issued has been adjusted in accordance with the terms and conditions of stock option on the Company's ex-rights base date of August 9, 2022.

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

Type of arrangement	Grant date	Stock fair value (in dollars)	Exercise price (in dollars)	Expected volatility (note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options (2017-1-1)	2017.7.19	25.82	29.50	40.77%	4 years	-	0.7128%	7.27
				42.35%	4.5 years	-	0.7383%	8.12
				42.40%	5 years	-	0.7643%	8.64
Employee stock options (2017-1-2)	2018.4.18	39.45	39.50	40.05%	4 years	-	0.6595%	12.62
				39.65%	4.5 years	-	0.6909%	13.26
				40.14%	5 years	-	0.7242%	14.12
Employee stock options (2018-1-1)	2018.11.5	36.75	36.75	40.55%	4 years	-	0.7180%	11.94
				40.60%	4.5 years	-	0.7530%	12.66
				40.16%	5 years	-	0.7939%	13.22
Employee stock options (2018-1-2)	2019.8.13	27.65	27.65	39.13%	4 years	-	0.5253%	8.62
				39.15%	4.5 years	-	0.5308%	9.13
				39.16%	5 years	-	0.5395%	9.61
Employee stock options (2021)	2021.3.23	226.5	226.5	41.05%	4 years	-	0.2921%	73.00
				39.74%	4.5 years	-	0.3055%	75.00
				39.65%	5 years	-	0.3172%	78.70
Cash capital increase reserved for employee preemption (2022)	2022.5.31	223.5	220	53.63%	0.074 years	-	0.7326%	14.70

Note: The Group’s expected price volatility rate was estimated based on the stock volatility of the same industry. The parent company’s expected price volatility rate was estimated based on the volatility of the monthly average price announced by the Taipei Exchange.

(14) Share capital

A. As of December 31, 2022, the Company's authorised capital was $5,000,000, consisting of 500,000 thousand shares of ordinary stock (including 10,000 thousand shares reserved for employee stock options), and the paid-in capital was $3,278,399 with a par value of NT$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 (in thousands):

	2022	2021
At January 1	$ 212,887	$ 211,099
Employee stock options exercised last year but only registered this year	238	362
Employee stock options exercised	1,187	1,664
Employee stock options exercised this year but not yet registered	(191)	(238)
Cash capital increase	7,000	-
Common stock dividends	106,719	-
At December 31	$ 327,840	$ 212,887

B. The Board of Directors during its meeting on March 1, 2022 adopted a resolution for a cash capital increase of 7,000 thousand shares with a par value of $10 (in dollars) per share, at a premium issuance price of $220 (in dollars) per share. The total amount of shares is $1,540,000, which was fully received on July 1, 2022. The capital increase base date was July 1, 2022. On July 8, 2022, the Company had completed the registration.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par 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 Act 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.

	2022				
	Share premium	Employee stock options	Stock options	Others	Total
At January 1	$ 1,042,061	$ 80,386	$ -	$ 12,563	$ 1,135,010
Cash capital increase	1,470,000	-	-	-	1,470,000
Share-based payment transaction (Cash capital increase)	7,474	-	-	-	7,474
Share issued under employee stock plans	35,024	(7,488)	-	-	27,536
Share-based payment transaction	-	68,135	-	-	68,135
Issurance of convertible bonds	-	-	89,930	-	89,930
Others	-	(143)	-	143	-
At December 31	$ 2,554,559	$ 140,890	$ 89,930	$ 12,706	$ 2,798,085

	2021			
	Share premium	Employee stock options	Others	Total
At January 1	$ 2,278,177	$ 40,847	$ 130	$ 2,319,154
Capital surplus used to cover accumulated deficit	(1,291,998)	-	-	(1,291,998)
Share issued under employee stock plans	55,882	(16,843)	-	39,039
Share-based payment transaction	-	68,815	-	68,815
Others	-	(12,433)	12,433	-
At December 31	$ 1,042,061	$ 80,386	$ 12,563	$ 1,135,010

(16) Retained earnings (accumulated deficit)

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve and the Company shall set aside special reserve in accordance with the regulation or business requirements. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders’ meeting.

B. The Company's dividend policy is to distribute dividends in the form of stock dividends (including surplus and capital reserve allotment) or cash dividends. The board of directors considers the Company's operating results, capital requirements and the current year's surplus (less the required reserve) in proposing a surplus distribution which shall be approved by shareholders. According to the dividend policy adopted by the Board of Directors, cash dividends shall account for at least 50% of the total dividends distributable. If there is a capital expenditure plan in the future, the dividends will be distributed as stock dividends which shall be approved by the shareholders.

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. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. On August 17, 2021, the shareholders adopted a resolution to offset capital surplus amounting to $1,291,998 against the deficit.

F. On June 30, 2022, the stockholders adopted the distribution of dividends from the 2021 earnings amounting to $1,067,195 at $5 (in dollars) per share. The stockholders also resolved the appropriations of legal and special reserve of $141,026 and $459, respectively. In addition, the Company ex-rights base date was August 9, 2022.

G. On March 8, 2023, the Board of Directors proposed a resolution to offset capital surplus amounting $1,272,995 against the 2022 deficit.

(17) Other equity items

	2022		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	$ -	($ 459)	($ 459)
Revaluation – gross			
–Group	82,225	-	82,225
Currency translation differences:			
–Group	-	352	352
At December 31	$ 82,225	($ 107)	$ 82,118

	2021		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	$ -	($ 354)	($ 354)
Currency translation differences:			
–Group	-	(105)	(105)
At December 31	$ -	($ 459)	($ 459)

(18) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue from contracts with customers	$ 365,042	$ 3,280,994
Timing of revenue recognition		
At a point in time	$ 313,585	$ 3,255,690
Over time	51,457	25,304
	$ 365,042	$ 3,280,994

B. Contract assets and liabilities

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

	December 31, 2022	December 31, 2021	January 1, 2021
Contract assets	$ -	$ 339,148	$ -
Contract liabilities	$ -	$ 111,412	$ -

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

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 111,412	$ -

(c) The contract assets and liabilities were mainly arising from the contract with the Centers for Disease Control, Ministry of Health and Welfare for the procurement of domestic COVID-19 vaccine. In addition, the liquidated damages related to the delay in the delivery of vaccines were considered as a deduction of revenue.

Amounts of recognised deduction of cash for the contract in 2022 and 2021 were $88,164 and $109,723, respectively.

(19) Interest income

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income from bank deposits	$ 5,472	$ 383
Interest income from financial assets measured at amortised cost	2,100	2,338
Other interest income	33	19
	$ 7,605	$ 2,740

(20) Other income

	Year ended December 31, 2022	Year ended December 31, 2021
Government grant income	$ 19,864	$ 442,358
Other income	48,807	-
	$ 68,671	$ 442,358

The Company signed a "COVID-19 vaccine development" subsidy contract with Taiwan CDC on October 13, 2020. The execution of the contract begins from the approval of funding to June 30, 2021. Taiwan CDC releases the subsidy based on the milestones achieved during the Phase I and Phase II clinical trials as specified in the contract. The Company guarantees to supply the Taiwan government preferentially in order to fulfill the requirement for epidemic prevention.

(21) Other gains and losses

	Year ended December 31, 2022	Year ended December 31, 2021
Foreign exchange gains	$ 28,858	$ 7,519
Losses on financial assets at fair value through profit or loss	(16,554)	(73)
	$ 12,304	$ 7,446

(22) Finance costs

	Year ended December 31, 2022	Year ended December 31, 2021
Interest expense		
Discount on corporate bonds payable	$ 19,355	$ -
Lease liabilities	7,533	5,697
Bank borrowings	-	88
Others	-	234
	$ 26,888	$ 6,019

(23) Expenses by nature

	Year ended December 31, 2022	Year ended December 31, 2021
Employee benefit expense	$ 255,859	$ 284,187
Depreciation charges on property, plant and equipment	104,749	100,181
Depreciation charges on right-of use assets	14,356	3,990
Amortisation charges on intangible assets	8,787	8,371
	$ 383,751	$ 396,729

(24) Employee benefit expense

	Year ended December 31, 2022	Year ended December 31, 2021
Wages and salaries	$ 156,156	$ 189,593
Compensation cost of share-based payment arrangements	75,609	68,815
Labour and health insurance fees	12,574	11,147
Pension costs	6,525	5,828
Other personnel expenses	4,995	8,804
	$ 255,859	$ 284,187

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 not be lower than 1% for employees' compensation and shall not be higher than 1% for directors' remuneration. If the company has accumulated deficit, it shall reserve the compensation amount in advance.

B. For the year ended December 31, 2022, no employees' compensation and directors' remuneration were accrued due to the accumulated deficit. For the year ended December 31, 2021, employees' compensation and directors' remuneration were accrued at $43,847 and $1,462, respectively, and the amounts were estimated as wages and salaries in accordance with Articles of Incorporation of the Company.

   For 2021, the employees' compensation and directors' remuneration resolved by the Board of Directors amounted to $45,000 and $2,100, respectively, which were different from the estimated amounts recognized in the 2021 financial statements of $43,847 and $2,100, by $1,791, such difference was recognized in profit or loss for the year ended December 31, 2022. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. For the years ended December 31, 2022 and 2021, the Company had no income tax expense and deferred tax assets.

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2022	Year ended December 31, 2021
Tax calculated based on profit before tax and statutory tax rate	$ (294,915)	$ 282,052
Expenses disallowed by tax regulation	7,318	2,632
Temporary differences not recognised as deferred tax assets	83,210	-
Change in assessment of realisation of deferred tax assets	-	(284,684)
Taxable loss not recognised as deferred tax assets	204,387	-
Income tax expense	$ -	$ -

C. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2022				
Governing law	Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Act For The Development Of Biotech And New Pharmaceuticals Industry	Research and development	$ 715,814	$ 715,814	Note

December 31, 2021				
Governing law	Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Act For The Development Of Biotech And New Pharmaceuticals Industry	Research and development	$ 479,156	$ 479,156	Note

Note: On September 19, 2014, the Company was approved by the Ministry of Economic Affairs as biotech new drug companies. The Company and its shareholders may apply incentives under the "Act For The Development Of Biotech And New Pharmaceuticals Industry". The approval letter from the Ministry of Economic Affairs can be deducted within five years from the year the Company will have taxable income after its issuance.

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2022			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2022	$ 1,021,935	$ 1,021,935	$ 1,021,935	2032
2020	675,680	675,680	675,680	2030
2019	609,285	589,909	589,909	2029
	$ 2,306,900	$ 2,287,524	$ 2,287,524	

	December 31, 2021			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2020	$ 675,680	$ 675,680	$ 675,680	2030
2019	609,285	589,909	589,909	2029
	$ 1,284,965	$ 1,265,589	$ 1,265,589	

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ -	$ -

F. The Company’s income tax returns through 2020 have been assessed and approved by the Tax Authority.

(26) Earnings (losses) per share

	Year ended December 31, 2022		
	Amount after tax	Restrospectively adjusted weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders	($ 1,474,573)	323,477	($ 4.56)

	Year ended December 31, 2021		
	Amount after tax	Restrospectively adjusted weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 1,410,258	318,739	$ 4.42
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 1,410,258	318,739	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	2,255	
Employees' compensation	-	147	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,410,258	321,141	$ 4.39

A. For the years ended December 31, 2022 and 2021, the weighted average number of ordinary shares outstanding was retrospectively adjusted as proportion of capital increase out of earnings at the effective date of August 9, 2022.

B. In 2022, the Group incurred a net loss. As the potential common shares will have an anti-dilutive effect, the diluted loss per share was not calculated.

(27) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2022	Year ended December 31, 2021
Acquisition of financial assets at fair value through other comprehensive income	$ 127,331	$ 54,000
Less: Opening balance of prepayments	(27,795)	-
Cash paid during the year	$ 99,536	$ 54,000

	Year ended December 31, 2022	Year ended December 31, 2021
Purchase of property, plant and equipment	$ 62,181	$ 114,021
Add: Opening balance of payable on equipment	5,948	16,457
Less: Ending balance of payable on equipment	(20,700)	(5,948)
Cash paid during the year	$ 47,429	$ 124,530

B. Investing activities with partial cash received

	Year ended December 31, 2022	Year ended December 31, 2021
Disposal of property, plant and equipment	$ -	$ -
Add: Opening balance of other receivables on equipment	-	120,000
Less: Ending balance of other receivables on equipment	-	-
Cash received during the year	$ -	$ 120,000

(28) Changes in liabilities from financing activities

	2022	
	Lease liabilities	Corporate bonds payable
At January 1	$ 185,854	$ -
Changes in cash flow from financing activities	(11,564)	1,755,250
Changes in other non-cash items activities	103,840	(77,400)
At December 31	$ 278,130	$ 1,677,850

	2021
	Lease liabilities
At January 1	$ 187,782
Changes in cash flow from financing activities	(1,928)
At December 31	$ 185,854

The Group had no change in corporate bonds payable from financing activities in 2021.

7. Related Party Transactions

(1) Parent and ultimate controlling party

The ultimate parent of the Company is Medigen Biotechnology Corporation.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Schweitzer Biotech Company Ltd.	Director
Winston Medical Supply Co., Ltd.	Other related party
Taiwan Bio Therapeutics Co., Ltd.	Other related party
U-GEN Biotechnology Inc. (U-GEN)	Other related party

(3) Significant related party transactions

A. For the years ended December 31, 2022 and 2021, the Group participated in the capital increase of U-GEN in the amount of $30,127 and $27,795, respectively.

(4) Key management compensation

	Year ended December 31, 2022	Year ended December 31, 2021
Salaries and other short-term employee benefits	$ 16,957	$ 10,434
Post-employment benefits	216	120
Share-based payments	20,394	14,562
	$ 37,567	$ 25,116

8. Pledged Assets

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

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
Time deposit - restricted (recognised in "Other current assets")	$ 15,016	$ 31,006	Security deposit for plan and credit line of bank borrowings
Time deposit - restricted (recognised in "Other non-current assets")	7,626	7,626	Security deposit for lease
	$ 22,642	$ 38,632	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. The Company signed a three party technical license agreement with Centers for Disease Control, Department of Health, Executive Yuan (now Taiwan Centers for Disease Control, Taiwan CDC) and National Health Research Institute (NHRI) on June 28, 2013 for the development of Enterovirus Vaccine 71 (EV71). Under the contract, the Company shall pay milestone payments as the research progresses and net sales royalty when products are launched in the future. The final data from the Phase III multi-region clinical trial for EV71 vaccine were unblinded on June 20, 2021, and the results were as expected. Accordingly, the Company requested a new drug application (NDA) for EV71 vaccine from the Food and Drug Administration on October 1, 2021. As of December 31, 2022, it is still under review by the Food and Drug Administration.

B. The Company signed the license agreement with NHRI for the H7N9 novel influenza vaccine. The contract period is from April 25, 2014 through April 24, 2029. The contract includes authorized H7N9 novel influenza virus strains, vaccine manufacturing process, pre-clinical animal trials and other intellectual properties, and the complete rights to manufacture and sell the vaccine products in Taiwan. The Company has made payments as specified in the contract. The phase I and phase II clinical trials have passed the review by Taiwan CDC and approved for future reference.

C. The Company contracted with United States National Institute of Health (NIH) on November 17, 2016 regarding the license agreement for the dengue fever vaccine, which granted the Company complete rights of R&D, manufacture, selling and re-authorization. There were 17 countries included in the original authorized region. On September 17, 2017, the rights for 9 additional countries were obtained, which has expanded the total authorized region to 26 countries. The Company is required to make a certain amount of royalty and milestone payment under the contract. The Company has completed phase II clinical trials and retrieved clinical trial reports.

D. The Company signed a global commercial COVID-19 vaccine license agreement with US NIH on May 5, 2020 in order to attain the complete rights for the R&D, manufacture, and sales of COVID-19 vaccine. Under the contract, the Company is required to pay a certain amount of royalty, milestone payment and sales royalty payment. On June 10, 2021, the Company performed the unblinding of the analytical data during the Phase II clinical trial. The unblinding results were as expected, and after applying with the Ministry of Health and Welfare for an Emergency Use Authorization (EUA) on June 15, 2021 with the relevant documents for the clinical trial and manufacturing, the application was approved by the Ministry of Health and Welfare on July 19, 2021, and the Company has obtained the approval for the project manufacturing.

E. Capital expenditures contracted for but not yet incurred.

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 26,605	$ 7,096

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Group's capital management is based on the business scale of the Group's business, considering the future growth of the industry and product development, setting an appropriate market share, and planning the corresponding capital expenditures, and then calculating operating capital based on the financial operational plan, then finally considering the projected operating profit and cash flow from the competitiveness of products to determine the appropriate capital structure.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 52,993	$ 53,097
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 263,556	$ 54,000
Financial assets at amortised cost	$ 4,469,704	$ 2,705,483

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value through profit or loss	$ 19,250	$ -
Financial liabilities at amortised cost	$ 2,013,070	$ 323,808
Lease liabilities	$ 278,130	$ 185,854

Note: Financial assets at amortised cost include cash and cash equivalents, time deposits (more than three months), accounts receivable, other receivables, restricted assets, performance guarantee and refundable deposits; financial liabilities at amortised cost include accounts and notes payable, other payables and corporate bonds payable.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on unpredictable events in the financial market and seeks to reduce the risks that potentially pose adverse effects on the Group's financial condition and performance.

(b) Risk management is executed by the Group's finance department by following policies approved by the Board of Directors. Through cooperation with the Group's operating units, finance department is responsible for identifying, evaluating and hedging financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific issues, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiary used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiary's functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 25,417	30.71	$ 780,556

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 3,456	27.68	$ 95,662

iii. The realised exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $28,858 and $7,519, respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 6,244	$ -

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 766	$ -

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares and beneficiary securities issued by the companies. The prices of beneficiary 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, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $530 and $531, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $2,519 and $540, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

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

ii. 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 standard 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.

iii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iv. The Company will only accept those banks and financial institutions with good credit ratings.

v. The Group adopts the following assumptions under IFRS 9, 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; and the default occurs when the contract payments are past due over 90 days.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
   (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
   (ii) The disappearance of an active market for that financial asset because of financial difficulties;
   (iii) Default or delinquency in interest or principal repayments;
   (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. The Group classifies customer’s accounts receivable and contract assets in accordance with customer types. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss. The Group’s loss allowance for the years ended December 31, 2022 and 2021 was $0 for both years.

viii. In 2022 and 2021, there was no case of customers’ exceeding their credit limit, and the management did not expect any major losses due to a breach of contract by a counterparty.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance 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. Such forecasting takes into consideration the Group’s debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group finance. Group finance invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2022 and 2021, the Group held money market position of $1,204,255 and $1,379,692, respectively, and financial assets at fair value through profit or loss-current of $52,993 and $53,097, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Group has no undrawn borrowing facilities at December 31, 2022 and 2021.

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 for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022	Less than 1 year	Over 1 year
Non-derivative financial liabilities		
Corporate bonds payable	$ -	$ 1,750,000
Lease liabilities	19,098	426,360

December 31, 2021	Less than 1 year	Over 1 year
Non-derivative financial liabilities		
Lease liabilities	$ 7,626	$ 335,526

Except for the above, the non-derivative financial liabilities of the Group are all expiring within one year.

(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. The fair value of the Group's investment in beneficiary securities is included in Level 1.

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, time deposits (more than three months), accounts receivable, other receivables, restricted assets, refundable deposits, and financial liabilities at amortised cost include short-term borrowings, accounts and notes payable, other payables and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information on 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 is as follows:

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

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 52,993	$ -	$ -	$ 52,993
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	263,556	263,556
	$ 52,993	$ -	$ 263,556	$ 316,549

December 31, 2022	Level 1	Level 2	Level 3	Total
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 19,250	$ -	$ 19,250

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 53,097	$ -	$ -	$ 53,097
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	54,000	54,000
	$ 53,097	$ -	$ 54,000	$ 107,097

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

i. The Group’s current financial assets measured at fair value through profit and loss are level 1 open-end funds, and the net values are used as their fair values.

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models.

iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the year ended December 31, 2022 and 2021:

	2022	2021
	Equity instrument	Equity instrument
At January 1	$ 54,000	$ -
Recorded as unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	82,225	-
Acquired during the year	127,331	54,000
At December 31	$ 263,556	$ 54,000

F. The valuation procedures for fair value of financial instruments being categorised within Level 3 is measured by using valuation techniques. 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.

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 December 31, 2022	Valuation technique	Significant unobservable input		Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 175,634	Market comparable companies	Price-to-book ratio multiple	4.38%	The higher the multiple, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
			Discount for lack of marketability	30%	
〃	87,922	Recent non-active market price	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input		Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$54,000	Discounted cash flow	Long-term revenue growth rate	3.82%	The higher the long-term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value
			Discount rate	25.05%	

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 measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instrument	Price-to-book ratio multiple	±1%	$ 1,756	($ 1,756)
	Discount for lack of marketability	±1%	(753)	753

			December 31, 2021	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instrument	Long-term revenue growth rate	±1%	$ 335	($ 335)
	Discount rate	±1%	766	(424)

(4) Other matter

Due to the Covid-19 pandemic and the government's multiple prevention measures, the Group has adopted countermeasures accordingly and continually manages related affairs. There was no significant impact on the Group's operations and business in 2022.

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): 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 $300 million or 20% of paid-in capital or more: None.

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

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

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

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: None.

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: Refer to table 3.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, Board of Directors, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

A. The Group evaluates the performance of the operating segments based on operating profit and loss before tax, which serves as the basis for performance evaluation. In addition, the accounting policies and accounting estimates of the operating segments are the same as described in Note 4 and 5.

B. The financial information reported to the decision maker is the same as the financial information in the consolidated income statement and uses a consistent measurement method.

(3) Information on products and services

Refer to Note 6 (18) for the related information.

(4) Geographical information

The main external customer income of the Group is mainly generated in Taiwan.

(5) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
	Revenue	Revenue
Customer A	$ 365,042	$ 3,275,166

Medigen Vaccine Biologics Corporation and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities （Note 1）	Relationship with the securities issuer （Note 2）	General ledger account	Number of shares	Book value （Note 3）	Ownership (%)	Fair value	Footnote （Note 4）
Medigen Vaccine Biologics Corporation	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,029,529	$ 50,850	-	$ 50,850	-
Medigen Vaccine Biologics Corporation	Franklin Templeton SinoAm Emerging Markets Bond Fund A-TWD	-	Financial assets at fair value through profit or loss - current	303,466	2,143	-	2,143	-
MVC Capital Corporation	Taiwan Bio Therapeutics Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income - non-current	5,176,363	175,634	10.05%	175,634	-
MVC Capital Corporation	U-GEN Biotechnology Inc.	Other related party	Financial assets at fair value through other comprehensive income - non-current	1,727,893	57,922	0.94%	57,922	-
MVC Capital Corporation	Thermolysis Co.,Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,000,000	30,000	6.06%	30,000	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 ‘Financial Instrument’.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Medigen Vaccine Biologics Corporation and Subsidiaries

Information on investees

For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net profit (loss) of the investee for the year ended December 31, 2022 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2(3))	Footnote
Medigen Vaccine Biologics Corporation	MVC BioPharma Ltd.	Cayman	Investing	$ 7,081	$ 7,081	50,000	100.00	$ 3,510	($ 83)	($ 83)	
Medigen Vaccine Biologics Corporation	MVC Capital Corporation	Taiwan	Investing	200,000	200,000	20,000,000	100.00	282,151	(74)	(74)	Note 3

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2022' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2022' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2022' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: On November 10, 2021, the Company's Board of Directors resolved to establish MVC Capital Corporation by investing $200,000. Additionally, the establishment has been approved on January 6, 2022.

Medigen Vaccine Biologics Corporation and Subsidiaries

Major shareholders information

December 31, 2022

Table 3

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Medigen Biotechnology Corporation	64,748,844	19.74

Note: The major shareholders information is provided by Taiwan Depository & Clearing Corporation. As of December 28, 2022, shareholders held more than 5% of the company's ordinary shares that have been delivered without physical registration.