

# PharmaEngine, Inc.

## 2023 Annual Shareholders` Meeting Minutes

### 【Translation】

**Type of Meeting:** Physical Shareholder`s Meeting

**Meeting Time:** 9:00 AM, May 24, 2023 (Wednesday)

**Meeting Venue:** Circular Theater

B2F, No. 8, Section 3, Minsheng E Rd, Zhongshan District, Taipei  
City, 104511, Taiwan, R.O.C  
(Amazing Hall Light Chanson)

Total outstanding shares: 143,686,840 shares

Total shares represented by shareholders present in person or by proxy: 90,004,000  
shares

Percentage of shares held by shareholders present in person or by proxy: 62.63 %

**Directors Present:** Jan-Yau Hsu, Rui-Wen Wu , Wen-Hung Hsu , Yi-Hui Lin, Ming-  
Feng Hou, Ming-Daw Chang (Independent Director & Chairman of  
the Audit Committee), Chih-Li Wang (Independent Director)

**Attendance:** Hong-Ren Wang, President; Yu, Shu-Fen, CPA of PWC

**Chairman:** Jan-Yau Hsu, Chairman

**Recorder:** ChiHsing Chang

### Call the Meeting to Order

The aggregate shareholding of the shareholders present in person constituted a quorum. The Chairman called the meeting to order.

### I. Chairman`s Remarks

## **II. Report Items**

1. 2022 Business Report  
(No questions from shareholders, for details, please refer to Appendix 1)
2. Review Report on the 2022 Financial Statements of Audit Committee  
(No questions from shareholders, for details, please refer to Appendix 2)
3. 2022 Employees' and Directors' Remuneration  
(No questions from shareholders, for details, please refer to Handbook)
4. 2022 Remuneration Paid to Directors and Independent Directors  
(No questions from shareholders, for details, please refer to Handbook)

### III. Ratification Items

#### Case No. 1 proposed by the Board of Directors

##### Proposal:

Ratification of the 2022 Business Report and Financial Statements

##### Description:

- (1) The 2022 Business Report and Financial Statements of the Company, including the Consolidated Financial Statements, have been approved by the Board of Directors. The Financial Statements, including the Consolidated Financial Statements, have been audited and examined by the independent auditors, Yu, Shu-Fen and Liang Hua-Ling of PricewaterhouseCoopers, and an audit report has also been issued by the independent auditors.
- (2) The foresaid Business Report and Financial Statements, including the Consolidated Financial Statements, have also been examined by the Audit Committee.
- (3) The 2022 Business Report and Financial Statements, including the Consolidated Financial Statements, are attached herein as Appendix 1 and Appendix 3.

Ratification Process: No questions from shareholders.

Voting Results:

No questions from shareholders.

Shares represented at the time of voting: 89,990,000 shares

Voting results	Percentage of the total represented shares
Votes in favor: 89,192,979 shares (including votes casted electronically 60,171,291 shares)	99.11%
Votes against: 15,959 shares (including votes casted electronically 15,959 shares)	0.01%
Votes invalid: 0 shares	0.00%
Votes abstained and no votes: 781,062 shares	0.86%

**Resolution: The above proposal be and hereby was approved as proposed.**

## Case No. 2 Proposed by the Board of Directors

### Proposal:

Ratification of 2022 Profit Distribution

### Description:

- (1) The Company proposed to distribute the profit, NT\$287,193,680 from unappropriated retained earnings in 2022. Each common shareholder will be entitled to receive cash dividends of NT\$2 per share. All cash dividends are rounded down to the nearest dollar after discounting any cents. The remaining total that is less than one dollar will be treated as the other income of the Company. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors shall be authorized to resolve the ex-dividend date, distribution date and other relevant issues.
- (2) After 2022 net profits disposition, if the Company repurchases the shares, transfers, converses, or cancels the treasury shares, converses the employee stock option certificate into common stock, or other legal changes, the number of shares outstanding in circulation will be affected, it is proposed that the Board of Directors shall be authorized to adjust the cash dividend rate.
- (3) Please refer to the 2022 Profit Distribution Table as follows:

PharmaEngine, Inc.  
PROFIT DISTRIBUTION TABLE in 2022

Unit: NTD

Items	Amount	Note
Beginning retained earnings	436,020,341	
Less: Retirement of treasury stocks	(96,601,410)	
Add: net profit after tax	318,783,160	
Less: 10% Statutory reserves	(22,218,175)	
Distributable net profits:	635,983,916	
Distributable items:		
Dividend to shareholders (cash)	(287,193,680)	Cash dividend 2 per share
Unappropriated retained earnings	348,790,236	

Ratification Process: No questions from shareholders.

Voting Results:

No questions from shareholders.

Shares represented at the time of voting: 89,990,000 shares

Voting Results	percentage of the total represented shares
Votes in favor: 89,190,386 shares (including votes casted electronically 60,168,698 shares)	99.11%
Votes against: 16,472 shares (including votes casted electronically 16,472 shares)	0.01%
Votes invalid : 0 shares	0.00%
Votes abstained and no votes: 783,142 shares	0.87%

**Resolution: The above proposal be and hereby was approved as proposed.**

## IV. Discussion Items

### Proposed by the Board of Directors

#### Proposal:

Amendments to the Company's "Operational Procedures for Acquisition & Disposal of Asset"

#### Description:

Amended in accordance with the needs of business operations.

Ratification Process: No questions from shareholders.

Voting Results:

No questions from shareholders.

Shares represented at the time of voting: 89,990,000 shares

Voting Results	percentage of the total represented shares
Votes in favor: 87,510,227 shares (including votes casted electronically 58,488,539 shares)	97.24%
Votes against: 56,970 shares (including votes casted electronically 56,970 shares)	0.06%
Votes invalid: 0 shares	0.00%
Votes abstained and no votes: 2,422,803 shares	2.69%

**Resolution: The above proposal be and hereby was approved as proposed.**

**V. Questions and Special Motions: None**

**VI. Adjournment: 9:21 AM, May 24, 2023**

## **Appendix 1.**

### **PharmaEngine, Inc.**

#### **2022 Business Report**

Thank you for your support over the years. In the past three years, PharmaEngine has survived the adversity brought about by the COVID-19 pandemic by implementing a flexible operating model and at high-intensity operating efficiency. Now, Taiwan and the world have seen the dawn of the post-pandemic. The border has reopened, and global economic and social activities returned to normal. PharmaEngine will seize the opportunity and keep demonstrating a high degree of resilience and continuous innovation through a flexible operation model with professional management team to fulfill and steady supply the needs of medical treatment and practice the social responsibility of corporate sustainability. Please let us explain an overview of our performance in 2022 and business plans in 2023.

#### **【Business Strategy】**

The core of PharmaEngine's operation revolves around the development of new drugs, focusing on the operation strategy of Virtual Pharmaceutical Company for new drug development in order to achieve a light asset structure, reduce the risk of new drug development, and accelerate product development and launch to furthermore achieve a mutually beneficial and win-win situation with partners.

#### **【Operation Overview】**

PharmaEngine has the following projects:

ONIVYDE<sup>®</sup> is a novel, stable encapsulated form of the marketed chemotherapy drug irinotecan in a long-circulating nanoliposome for the treatment of patients with metastatic adenocarcinoma of the pancreas who have been previously treated with gemcitabine-based therapy. So far, ONIVYDE<sup>®</sup> has received marketing approval and reimbursement in more than 40 countries, including Taiwan, US, EU, South Korea, Singapore, Japan, and China.

In addition, the first-line pancreatic cancer (1L PDAC) phase II/III studies of ONIVYDE<sup>®</sup> are finished and the results of ONIVYDE<sup>®</sup> regimen (NALIRIFOX) demonstrated statistically significant improvement in overall survival in 1L PDAC.

PEP07, a checkpoint kinase 1 (Chk1) inhibitor, which targets the DNA Damage Response (DDR) network, is currently in the IND-ready stage and its' target is to treat hematologic cancers and solid cancer such as Acute Myeloid Leukemia (AML) and Mantle Cell Lymphoma (MCL).

### **【Operational Performance】**

The Revenue of PharmaEngine in 2022 was NT\$654,383 thousand dollars. The Cost, including operating cost and expenses, was NT\$371,644 thousand dollars. The Operating Net Income was NT\$282,739 thousand dollars. The Net Non-operating Gains was NT\$109,726 thousand dollars. The Income before Tax was NT\$392,465 thousand dollars. The Net Income after Tax was NT\$318,783 thousand dollars.

### **【Status of Budget Implementation】**

In 2022, PharmaEngine generated NT\$654,383 thousand dollars in revenue, accounting for 125.75% of the budget target, which included (1) US\$12,495 thousand dollars royalties for the sales of ONIVYDE<sup>®</sup> in Europe and Asia regions, and (2) NT\$277,594 thousand dollars for the sales of ONIVYDE<sup>®</sup> in Taiwan. For the Income before Tax in 2022, PharmaEngine generated NT\$392,465 thousand dollars, which accounts for 228% of the budget target.

### **【Analysis of Profitability】**

In 2022, the Net Income was NT\$318,783 thousand dollars with the Net Profit Margin of 48.71%, the Return on Assets rate of 7.97%, and the Return on Equity of 8.16%. Generally speaking, the profitability was good.

### **【Status of Research and Development】**

In terms of research and development (R&D), ONIVYDE<sup>®</sup>, the product that is already available on the market, efforts to expand the sales landscape and reach new indications continued through the product life cycle management by collaborative international partners. For example, it was granted the marketing authorization by the National Medical Product Administration (NMPA) in China in April 2022. Preliminary data of Phase I clinical trials of ONIVYDE<sup>®</sup> in combination with LONSURF<sup>®</sup>, which is also available on the market, of Taiho Pharmaceutical in treating refractory cancer following multiple lines of treatment was released in the American Society of Clinical Oncology Gastrointestinal (ASCO-GI 2022) symposium that took place in January 2022. In November 2022, the results of the first-line therapy of pancreatic cancer in global phase III clinical trial met its objectives.

In addition, thanks to the continuous efforts of PharmaEngine's R&D team and our British partner Sentinel Oncology, the new project PEP07 was able to prove its drug potential in a series of complex pre-clinical experiments. Furthermore, PharmaEngine officially introduced PEP07 from Sentinel Oncology in September 2022 and applied for the first phase of clinical human trials overseas in December of the same year. As for other early research projects, the Company is looking to take multiple R&D approaches, such as the collaboration with the external AI new drug R&D platform company and the injection of professional talents to strengthen biological information collection, while actively pursuing partnerships through various channels to maximize research and development efficiency. Should everything mentioned above goes well, it will help

reinforce the Company's operational momentum and support the implementation of self-developed projects.

Overall, PharmaEngine kept delivering sustainable growth and enhanced values in 2022. As 2023 forward-looking, PharmaEngine would uphold the spirit of Virtual Pharmaceutical Company business model, keep focusing on the in-licensing of new projects and accelerate the development activities. In addition, we will reinforce the international collaboration and deploy the global resources of new drug development to advance the marketing regulatory approval. For the goal of near terms, we will continue to cultivate the competent new drug pipelines and promote globalization. For the sustainable development perspective, PharmaEngine would recruit international talents, integrate international resources and select the eligible partners for our global new drug development plan and reinforce the competitiveness of PharmaEngine.

Once again, we deeply appreciate our shareholders for your ongoing support during the severe COVID-19 pandemic and along the long road of new drug development. To maximize the value of the Company for the benefit of our stakeholders, PharmaEngine will continue to in-license new projects for development and keep devoting ourselves in the field of oncology.

## **Appendix 2.**

### **The Review Report of Audit Committee**

To Shareholders of PharmaEngine, Inc.

The 2022 Business Report, Financial Statements, Consolidated Financial Statements, and proposal for Distribution of profits have been proposed by the Board of Directors. The foresaid Financial Statements and Consolidated Financial Statements have been audited and the audit report has been issued by the independent auditors, Yu, Shu-Fen and Liang Hua-Ling of PricewaterhouseCoopers.

The Business Report, Financial Statements, Consolidated Financial Statements and proposal for Distribution of profit have been reviewed by the Audit Committee and were deemed to be acceptable. Therefore, the Audit Committee hereby issues this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

PharmaEngine, Inc.

The Chairman of Audit Committee

Ming-Daw Chang

March 2, 2023

## Appendix 3.

### INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of PharmaEngine, Inc.

#### ***Opinion***

We have audited the accompanying consolidated balance sheets of PharmaEngine, Inc. and its subsidiary (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 are stated as follows:

## **Accuracy of licensing revenue recognition**

### Description

The Group is mainly engaged in technology out-licensing. The licensing revenue amounted to NT\$376,789 thousand, constituting 58% of total operating revenue for the year ended December 31, 2022. Refer to Note 4(22) for the accounting policy on licensing revenue recognition and Note 6(14) for the details of royalty revenue. The Group recognizes revenue in accordance with the terms and conditions specified in each license contract. As the amount of revenue is significant, we considered the accuracy of licensing revenue recognition a key audit matter.

### How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Obtaining management's policy on licensing revenue, and confirming whether the recognition of licensing revenue has complied with the internal control procedure.
2. Checking the contents of license contract, and confirming whether management's judgment on revenue recognition is in accordance with the terms of the contract and related accounting standards.
3. Confirming whether the recognition of revenue has proper supporting documents.

## **Existence of cash in banks**

### Description

The balance of cash and cash equivalents amounted to NT\$1,768,859 thousand, constituting 45% of consolidated total assets at December 31, 2022. 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. As of December 31, 2022, time deposits that did not meet the definition of cash equivalents amounted to NT\$1,836,840 thousand, constituting 46% of consolidated total assets and were classified as financial assets at amortised cost. Given that cash in banks comprise a significant percentage of consolidated total assets, we considered the existence of cash in banks a key audit matter.

### How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Confirming the special agreement on bank accounts with financial institutions including existence, rights and obligations.
2. Verifying whether the contact information of the bank is true and correct.
3. Obtaining bank reconciliation at end of period and checking unusual adjustments, and reviewing their nature and the reason that unusual adjustments occurred in order to check the reasonableness of the reconciliation.
4. Inspecting the source documents of significant cash receipts and payments to verify whether the transactions are for business needs.
5. Conducting physical inspection of certificates of deposit.
6. Confirming whether the classification of time deposits is in compliance with the policy described in Note 4(6).

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of PharmaEngine, Inc. 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.

Yu, Shu-Fen

Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan  
March 2, 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 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 financial statements and independent auditors’ review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

**PHARMAENGINE, INC. AND ITS SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,768,859	45	\$ 2,150,668	54
1110	Current financial assets at fair value through profit or loss	6(2)	55,591	1	-	-
1136	Current financial assets at amortised cost	6(3)	1,836,840	46	1,663,000	41
1140	Current contract assets	6(14)	91,424	2	113,792	3
1170	Accounts receivable, net	6(4)	68,914	2	46,685	1
1200	Other receivables	4(3)	6,752	-	6,268	-
1220	Current tax assets		56,756	2	16,566	1
130X	Inventory	6(5)	34,375	1	5,432	-
1410	Prepayments		6,573	-	6,482	-
1479	Other current assets		-	-	76	-
11XX	<b>Total current assets</b>		<u>3,926,084</u>	<u>99</u>	<u>4,008,969</u>	<u>100</u>
<b>Non-current assets</b>						
1600	Property, plant and equipment, net	6(6)	3,586	-	410	-
1755	Right-of-use assets	6(7)	22,330	1	7,483	-
1780	Intangible assets		2,510	-	597	-
1840	Deferred income tax assets	6(22)	9,537	-	4,984	-
1900	Other non-current assets		2,495	-	3,900	-
15XX	<b>Total non-current assets</b>		<u>40,458</u>	<u>1</u>	<u>17,374</u>	<u>-</u>
1XXX	<b>Total assets</b>		<u>\$ 3,966,542</u>	<u>100</u>	<u>\$ 4,026,343</u>	<u>100</u>
Liabilities and Equity						
<b>Current liabilities</b>						
2200	Other payables	6(8)	\$ 69,942	2	\$ 71,994	2
2230	Current tax liabilities		-	-	6,918	-
2280	Current lease liabilities		7,537	-	7,593	-
2300	Other current liabilities		1,258	-	1,200	-
21XX	<b>Total current liabilities</b>		<u>78,737</u>	<u>2</u>	<u>87,705</u>	<u>2</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(22)	919	-	-	-
2580	Non-current lease liabilities		14,809	-	-	-
25XX	<b>Total non-current liabilities</b>		<u>15,728</u>	<u>-</u>	<u>-</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>94,465</u>	<u>2</u>	<u>87,705</u>	<u>2</u>
<b>Equity</b>						
Share capital						
3110	Common stock	6(11)	1,456,868	37	1,465,968	36
Capital surplus						
3200	Capital surplus	6(12)	1,616,734	40	1,619,933	41
Retained earnings						
3310	Legal reserve	6(13)	279,652	7	237,049	6
3350	Unappropriated retained earnings		658,202	17	863,929	21
Other equity interest						
3400	Other equity interest		( 5,969)	-	-	-
3500	Treasury stocks	6(11)	( 133,410)	( 3)	( 248,241)	( 6)
3XXX	<b>Total equity</b>		<u>3,872,077</u>	<u>98</u>	<u>3,938,638</u>	<u>98</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,966,542</u>	<u>100</u>	<u>\$ 4,026,343</u>	<u>100</u>

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

**PHARMAENGINE, INC. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE DATA)

	Items	Notes	Years ended December 31,			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(14)	\$ 654,383	100	\$ 654,835	100
5000	Operating costs	6(5)(15)	( 49,699)	( 8)	( 37,073)	( 6)
5900	Gross profit		604,684	92	617,762	94
	Operating expenses	6(20)(21)				
6100	Selling expenses		( 45,104)	( 7)	( 36,731)	( 6)
6200	General and administrative expenses		( 94,953)	( 14)	( 81,670)	( 12)
6300	Research and development expenses	9	( 181,881)	( 28)	( 136,887)	( 21)
6450	Expected credit impairment (loss) gain	12(2)	( 7)	-	215	-
6000	Total operating expenses		( 321,945)	( 49)	( 255,073)	( 39)
6900	Operating profit		282,739	43	362,689	55
	Non-operating income and expenses					
7100	Interest income	6(16)	25,569	4	15,423	2
7010	Other income	6(17)	29,975	5	182,245	28
7020	Other gains and losses	6(2)(18)	54,259	8	( 14,750)	( 2)
7050	Finance costs	6(7)(19)	( 77)	-	( 212)	-
7000	Total non-operating income and expenses		109,726	17	182,706	28
7900	<b>Profit before income tax</b>		392,465	60	545,395	83
7950	Income tax expense	6(22)	( 73,682)	( 11)	( 119,364)	( 18)
8200	<b>Profit for the year</b>		\$ 318,783	49	\$ 426,031	65
	<b>Other comprehensive income (loss), net</b>					
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss (after tax)</b>					
8361	Exchange differences on translation		\$ -	-	( \$ 1,213)	-
8300	<b>Other comprehensive loss for the year, net</b>		\$ -	-	( \$ 1,213)	-
8500	<b>Total comprehensive income for the year</b>		\$ 318,783	49	\$ 424,818	65
	Profit attributable to:					
8610	Owners of the parent		\$ 318,783	49	\$ 426,031	65
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 318,783	49	\$ 424,818	65
	<b>Earnings per share (in dollars)</b>	6(23)				
9750	Basic earnings per share		\$ 2.22		\$ 2.95	
9850	Diluted earnings per share		\$ 2.22		\$ 2.94	

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

PHARMAENGINE, INC. AND ITS SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEAR ENDED DECEMBER 31, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Equity attributable to owners of the parent

Notes	Capital Reserves				Retained Earnings			Other Equity Interest			Total equity
	Common stock	Additional paid-in capital	Employee stock warrants	Employee restricted stock	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unearned compensation	Treasury stocks	
<b>Year ended December 31, 2021</b>											
Balance at January 1, 2021	\$ 1,465,968	\$ 1,552,905	\$ 66,939	\$ -	\$ 176,620	\$ 375	\$ 861,944	\$ 1,213	\$ -	(\$ 114,831 )	\$ 4,011,133
Profit after income tax for the year ended December 31, 2021	-	-	-	-	-	-	426,031	-	-	-	426,031
Other comprehensive loss	-	-	-	-	-	-	-	( 1,213 )	-	-	( 1,213 )
Total comprehensive income (loss)	-	-	-	-	-	-	426,031	( 1,213 )	-	-	424,818
Amortization of compensation cost of employee stock options 6(10)	-	-	89	-	-	-	-	-	-	-	89
Purchase of treasury stocks	-	-	-	-	-	-	-	-	-	( 133,410 )	( 133,410 )
Employee stock options expired	-	6,098	( 6,098 )	-	-	-	-	-	-	-	-
Appropriations and distribution of 2020 retained earnings 6(13)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	60,429	-	( 60,429 )	-	-	-	-
Reversal of special reserve	-	-	-	-	-	( 375 )	375	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	-	-	( 363,992 )	-	-	-	( 363,992 )
Balance at December 31, 2021	\$ 1,465,968	\$ 1,559,003	\$ 60,930	\$ -	\$ 237,049	\$ -	\$ 863,929	\$ -	\$ -	(\$ 248,241 )	\$ 3,938,638
<b>Year ended December 31, 2022</b>											
Balance at January 1, 2022	\$ 1,465,968	\$ 1,559,003	\$ 60,930	\$ -	\$ 237,049	\$ -	\$ 863,929	\$ -	\$ -	(\$ 248,241 )	\$ 3,938,638
Profit after income tax for the year ended December 31, 2022	-	-	-	-	-	-	318,783	-	-	-	318,783
Total comprehensive income	-	-	-	-	-	-	318,783	-	-	-	318,783
Retirement of treasury stocks	( 10,000 )	( 10,635 )	-	-	-	-	( 94,196 )	-	-	114,831	-
Employee stock options expired	-	22,163	( 22,163 )	-	-	-	-	-	-	-	-
Issuance of employee restricted stocks 6(10)	900	-	-	7,436	-	-	-	-	( 8,336 )	-	-
Compensation cost of employee restricted stocks 6(10)	-	-	-	-	-	-	-	-	2,367	-	2,367
Appropriations and distribution of 2021 retained earnings 6(13)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	42,603	-	( 42,603 )	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	-	-	( 387,711 )	-	-	-	( 387,711 )
Balance at December 31, 2022	\$ 1,456,868	\$ 1,570,531	\$ 38,767	\$ 7,436	\$ 279,652	\$ -	\$ 658,202	\$ -	(\$ 5,969 )	(\$ 133,410 )	\$ 3,872,077

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

**PHARMAENGINE, INC. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31,	
		2022	2021
<b>Cash flows from operating activities</b>			
Profit before income tax for the year		\$ 392,465	\$ 545,395
Adjustments to reconcile net profit to net cash provided by operating activities:			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss (gain)	12(2)	7	( 215 )
Depreciation	6(6)(7)(20)	8,172	10,031
Amortization	6(20)	439	232
Amortization of compensation cost of share-based payments	6(10)	2,367	89
Interest income	6(16)	( 25,569 )	( 15,423 )
Interest expense	6(19)	77	212
Gain on lease modification	6(7)(18)	( 4 )	( 104 )
Net gain on financial assets at fair value through profit or loss	6(2)(18)	( 45,455 )	-
Gain on disposal of investment	6(18)	-	( 831 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Current contract assets		22,368	545,168
Accounts receivable, net		( 22,236 )	( 3,951 )
Other receivables		3,563	( 2,447 )
Inventories		( 28,943 )	19,307
Prepayments		( 342 )	8,052
Other current assets		76	406
Other non-current assets		-	337
Net changes in liabilities relating to operating activities			
Other payables		( 2,052 )	8,620
Other current liabilities		58	526
Cash provided by operations		304,991	1,115,404
Interest received		21,522	15,128
Income taxes refund		16,436	-
Income taxes paid		( 140,859 )	( 200,650 )
Interest paid		( 77 )	( 212 )
Net cash provided by operating activities		<u>202,013</u>	<u>929,670</u>
<b>Cash flows from investing activities</b>			
Acquisition of financial assets at fair value through profit or loss	6(2)	( 85,000 )	-
Proceeds from disposal of financial assets at fair value through profit or loss	6(2)	74,864	-
Increase in current financial assets at amortized cost		( 226,840 )	( 700,000 )
Decrease in current financial assets at amortized cost		53,000	595,000
Acquisition of property, plant and equipment	6(6)	( 3,442 )	( 229 )
Increase in intangible assets	6(24)	( 502 )	-
Decrease (increase) in refundable deposits		5	( 169 )
Increase in other non-current assets		( 200 )	( 1,600 )
Net cash used in investing activities		<u>( 188,115 )</u>	<u>( 106,998 )</u>
<b>Cash flows from financing activities</b>			
Payments of lease liability	6(7)(25)	( 7,996 )	( 9,597 )
Cash dividends paid	6(13)	( 387,711 )	( 363,992 )
Purchase of treasury stocks		-	( 133,410 )
Net cash used in financing activities		<u>( 395,707 )</u>	<u>( 506,999 )</u>
Effect of exchange rate changes		-	( 746 )
Net (decrease) increase in cash and cash equivalents		( 381,809 )	314,927
Cash and cash equivalents at beginning of year		2,150,668	1,835,741
Cash and cash equivalents at end of year		<u>\$ 1,768,859</u>	<u>\$ 2,150,668</u>

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of PharmaEngine, Inc.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of PharmaEngine, Inc. (the “Company”) as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***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 parent company only financial statements* section of our report. We are independent of the Company 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 Company's 2022 financial statements. These matters were addressed in the context of our audit of the parent company only 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 Company's 2022 financial statements are stated as follows:

## **Accuracy of licensing revenue recognition**

### Description

The Company is mainly engaged in technology out-licensing. The licensing revenue amounted to NT\$376,789 thousand, constituting 58% of total operating revenue for the year ended December 31, 2022. Refer to Note 4(22) for the accounting policy on licensing revenue recognition and Note 6(15) for the details of royalty revenue. The Company recognizes revenue in accordance with the terms and conditions specified in each license contract. As the amount of revenue is significant, we considered the accuracy of licensing revenue recognition a key audit matter.

### How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Obtaining management's policy on licensing revenue, and confirming whether the recognition of licensing revenue has complied with the internal control procedure.
2. Checking the contents of license contract, and confirming whether management's judgment on revenue recognition is in accordance with the terms of the contract and related accounting standards.
3. Confirming whether the recognition of revenue has proper supporting documents.

## **Existence of cash in banks**

### Description

The balance of cash and cash equivalents amounted to NT\$1,768,859 thousand, constituting 45% of total assets at December 31, 2022. 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. As of December 31, 2022, time deposits that did not meet the definition of cash equivalents amounted to NT\$1,836,840 thousand, constituting 46% of total assets and were classified as financial assets at amortised cost. Given that cash in banks comprise a significant percentage of total assets, we considered the existence of cash in banks a key audit matter.

### How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Confirming the special agreement on bank accounts with financial institutions including existence, rights and obligations.
2. Verifying whether the contact information of the bank is true and correct.
3. Obtaining bank reconciliation at end of period and checking unusual adjustments, and reviewing their nature and the reason that the unusual adjustments occurred in order to check the reasonableness of the reconciliation.
4. Inspecting the source documents of significant cash receipts and payments to verify whether the transactions are for business needs.
5. Conducting physical inspection of certificates of deposit.

6. Confirming whether the classification of time deposits is in compliance with the policy described in Note 4(5).

***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

***Auditors' responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 Company'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 Company’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 parent company only 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only 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.

Yu, Shu-Fen

Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan  
March 2, 2023

---

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles 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 in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards 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.

PHARMAENGINE, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,768,859	45	\$ 2,150,668	54
1110	Current financial assets at fair value	6(2)				
	through profit or loss		55,591	1	-	-
1136	Current financial assets at amortised	6(3)				
	cost		1,836,840	46	1,663,000	41
1140	Current contract assets	6(15)	91,424	2	113,792	3
1170	Accounts receivable, net	6(4)	68,914	2	46,685	1
1200	Other receivables		6,752	-	6,268	-
1220	Current tax assets		56,756	2	16,566	1
130X	Inventories	6(5)	34,375	1	5,432	-
1410	Prepayments		6,573	-	6,482	-
1479	Other current assets		-	-	76	-
11XX	<b>Total current assets</b>		<u>3,926,084</u>	<u>99</u>	<u>4,008,969</u>	<u>100</u>
<b>Non-current assets</b>						
1600	Property, plant and equipment, net	6(7)	3,586	-	410	-
1755	Right-of-use assets	6(8)	22,330	1	7,483	-
1780	Intangible assets		2,510	-	597	-
1840	Deferred income tax assets	6(23)	9,537	-	4,984	-
1900	Other non-current assets		2,495	-	3,900	-
15XX	<b>Total non-current assets</b>		<u>40,458</u>	<u>1</u>	<u>17,374</u>	<u>-</u>
1XXX	<b>Total assets</b>		<u>\$ 3,966,542</u>	<u>100</u>	<u>\$ 4,026,343</u>	<u>100</u>

(Continued)

PHARMAENGINE, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2200	Other payables	6(9)	\$ 69,942	2	\$ 71,994	2
2230	Current tax liabilities		-	-	6,918	-
2280	Current lease liabilities		7,537	-	7,593	-
2300	Other current liabilities		1,258	-	1,200	-
21XX	<b>Total current liabilities</b>		<u>78,737</u>	<u>2</u>	<u>87,705</u>	<u>2</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(23)	919	-	-	-
2580	Non-current lease liabilities		14,809	-	-	-
25XX	<b>Total non-current liabilities</b>		<u>15,728</u>	<u>-</u>	<u>-</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>94,465</u>	<u>2</u>	<u>87,705</u>	<u>2</u>
<b>Equity</b>						
	Share capital	6(12)				
3110	Common stock		1,456,868	37	1,465,968	36
	Capital surplus	6(13)				
3200	Capital surplus		1,616,734	40	1,619,933	41
	Retained earnings	6(14)				
3310	Legal reserve		279,652	7	237,049	6
3350	Unappropriated retained earnings		658,202	17	863,929	21
	Other equity interest					
3400	Other equity interest		( 5,969)	-	-	-
3500	Treasury stocks	6(12)	( 133,410)	( 3)	( 248,241)	( 6)
3XXX	<b>Total equity</b>		<u>3,872,077</u>	<u>98</u>	<u>3,938,638</u>	<u>98</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,966,542</u>	<u>100</u>	<u>\$ 4,026,343</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

PHARMAENGINE, INC.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE DATA)

Items	Notes	Years ended December 31,				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(15)	\$ 654,383	100	\$ 654,835	100
5000	Operating costs	6(5)(16)	( 49,699)	( 8)	( 37,073)	( 6)
5900	Gross profit		604,684	92	617,762	94
	Operating expenses	6(21)(22)				
6100	Selling expenses		( 45,104)	( 7)	( 36,731)	( 6)
6200	General and administrative expenses		( 94,953)	( 14)	( 80,713)	( 12)
6300	Research and development expenses	9	( 181,881)	( 28)	( 136,887)	( 21)
6450	Expected credit impairment (loss) gain	12(2)	( 7)	-	215	-
6000	Total operating expenses		( 321,945)	( 49)	( 254,116)	( 39)
6900	Operating profit		282,739	43	363,646	55
	Non-operating income and expenses					
7100	Interest income	6(17)	25,569	4	15,423	2
7010	Other income	6(18)	29,975	5	182,083	28
7020	Other gains and losses	6(2)(19)	54,259	8	( 14,824)	( 2)
7050	Finance costs	6(8)(20)	( 77)	-	( 168)	-
7070	Share of loss of associates and joint ventures accounted for using equity method, net	6(6)	-	-	( 765)	-
7000	Total non-operating income and expenses		109,726	17	181,749	28
7900	<b>Profit before income tax</b>		392,465	60	545,395	83
7950	Income tax expense	6(23)	( 73,682)	( 11)	( 119,364)	( 18)
8200	<b>Profit for the year</b>		\$ 318,783	49	\$ 426,031	65
	<b>Other comprehensive income (loss), net</b>					
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss (after tax)</b>					
8361	Exchange differences on translation		\$ -	-	( \$ 1,213)	-
8300	<b>Other comprehensive loss for the year, net</b>		\$ -	-	( \$ 1,213)	-
8500	<b>Total comprehensive income for the year</b>		\$ 318,783	49	\$ 424,818	65
	<b>Earnings per share (in dollars)</b>	6(24)				
9750	Basic earnings per share		\$ 2.22		\$ 2.95	
9850	Diluted earnings per share		\$ 2.22		\$ 2.94	

The accompanying notes are an integral part of these parent company only financial statements.

PHARMAENGINE, INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Capital Reserves				Equity attributable to owners of the parent		
		Common stock	Additional paid-in capital	Employee stock warrants	Employee restricted stock	Legal reserve	Special reserve	Unappropriated retained earnings
<u>Year ended December 31, 2021</u>								
Balance at January 1, 2021		\$ 1,465,968	\$ 1,552,905	\$ 66,939	\$ -	\$ 176,620	\$ 375	\$ 861,944
Profit after income tax for the year ended December 31, 2021		-	-	-	-	-	-	426,031
Other comprehensive loss		-	-	-	-	-	-	-
Total comprehensive income (loss)		-	-	-	-	-	-	426,031
Amortization of compensation cost of employee stock options	6(11)	-	-	89	-	-	-	-
Purchase of treasury stocks		-	-	-	-	-	-	-
Employee stock options expired		-	6,098	( 6,098 )	-	-	-	-
Appropriations and distribution of 2020 retained earnings	6(14)							
Legal reserve		-	-	-	-	60,429	-	( 60,429 )
Reversal of special reserve		-	-	-	-	-	( 375 )	375
Cash dividends distributed to shareholders		-	-	-	-	-	-	( 363,992 )
Balance at December 31, 2021		\$ 1,465,968	\$ 1,559,003	\$ 60,930	\$ -	\$ 237,049	\$ -	\$ 863,929
<u>Year ended December 31, 2022</u>								
Balance at January 1, 2022		\$ 1,465,968	\$ 1,559,003	\$ 60,930	\$ -	\$ 237,049	\$ -	\$ 863,929
Profit after income tax for the year ended December 31, 2022		-	-	-	-	-	-	318,783
Total comprehensive income		-	-	-	-	-	-	318,783
Retirement of treasury stocks		( 10,000 )	( 10,635 )	-	-	-	-	( 94,196 )
Employee stock options expired		-	22,163	( 22,163 )	-	-	-	-
Issuance of employee restricted stocks	6(11)	900	-	-	7,436	-	-	-
Compensation cost of employee restricted stocks	6(11)	-	-	-	-	-	-	-
Appropriations and distribution of 2021 retained earnings	6(14)							
Legal reserve		-	-	-	-	42,603	-	( 42,603 )
Cash dividends distributed to shareholders		-	-	-	-	-	-	( 387,711 )
Balance at December 31, 2022		\$ 1,456,868	\$ 1,570,531	\$ 38,767	\$ 7,436	\$ 279,652	\$ -	\$ 658,202

The accompanying notes are an integral part of these parent company only financial statement.

PHARMAENGINE, INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31,	
		2022	2021
<b><u>Cash flows from operating activities</u></b>			
Profit before income tax for the year		\$ 392,465	\$ 545,395
Adjustments to reconcile net profit to net cash provided by operating activities:			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss (gain)	12(2)	7	( 215 )
Depreciation	6(7)(8)(21)	8,172	8,932
Amortization	6(21)	439	232
Amortization of compensation cost of share-based payments	6(11)	2,367	89
Share of loss of subsidiaries accounted for under the equity method		-	765
Gain on disposal of investments accounted for using equity method	6(19)	-	( 831 )
Interest income	6(17)	( 25,569 )	( 15,423 )
Interest expense	6(20)	77	168
Gain on lease modification	6(8)(19)	( 4 )	( 30 )
Net gain on financial assets at fair value through profit or loss	6(2)(19)	( 45,455 )	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Current contract assets		22,368	545,168
Accounts receivable, net		( 22,236 )	( 3,951 )
Other receivables		3,563	( 2,112 )
Inventories		( 28,943 )	19,307
Prepayments		( 342 )	7,304
Other current assets		76	406
Net changes in liabilities relating to operating activities			
Other payables		( 2,052 )	9,133
Other current liabilities		58	526
Cash provided by operations		304,991	1,114,863
Interest received		21,522	15,128
Income taxes paid		( 140,859 )	( 200,650 )
Income taxes refund		16,436	-
Interest paid		( 77 )	( 168 )
Net cash provided by operating activities		<u>202,013</u>	<u>929,173</u>
<b><u>Cash flows from investing activities</u></b>			
Acquisition of financial assets at fair value through profit or loss	6(2)	( 85,000 )	-
Proceeds from disposal of financial assets at fair value through profit or loss	6(2)	74,864	-
Increase in current financial assets at amortized cost		( 226,840 )	( 700,000 )
Decrease in current financial assets at amortized cost		53,000	595,000
Acquisition of property, plant and equipment	6(7)	( 3,442 )	( 229 )
Increase in intangible assets	6(25)	( 502 )	-
Decrease (increase) in refundable deposits		5	( 140 )
Increase in other non-current assets		( 200 )	( 1,600 )
Net cash used in investing activities		<u>( 188,115 )</u>	<u>( 106,969 )</u>
<b><u>Cash flows from financing activities</u></b>			
Payments of lease liability	6(8)(26)	( 7,996 )	( 8,610 )
Cash dividends paid	6(14)	( 387,711 )	( 363,992 )
Purchase of treasury stocks		-	( 133,410 )
Net cash used in financing activities		<u>( 395,707 )</u>	<u>( 506,012 )</u>
Net (decrease) increase in cash and cash equivalents		( 381,809 )	316,192
Cash and cash equivalents at beginning of year		2,150,668	1,834,476
Cash and cash equivalents at end of year		<u>\$ 1,768,859</u>	<u>\$ 2,150,668</u>

The accompanying notes are an integral part of these parent company only financial statement