PHARMAENGINE, INC.

FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

MARCH 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying balance sheets of PharmaEngine, Inc. (the "Company") as at March 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these financial statements based on our reviews.

Scope of review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022, and of its financial performance and its cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Yu, Shu-Fen   Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan
April 27, 2023

The accompanying 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 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.

PHARMAENGINE, INC.
BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE BALANCE SHEETS AS OF MARCH 31, 2023 AND 2022 ARE REVIEWED, NOT AUDITED)

			March 31, 2023		December 31, 2022		March 31, 2022	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 1,947,481	48	$ 1,768,859	45	$ 2,212,396	54
1110	Current financial assets at fair value through profit or loss	6(2)	47,953	1	55,591	1	-	-
1136	Current financial assets at amortised cost	6(3)	1,763,440	44	1,836,840	46	1,663,000	41
1140	Current contract assets	6(14)	85,606	2	91,424	2	96,264	2
1170	Accounts receivable, net	6(4)	76,853	2	68,914	2	70,506	2
1200	Other receivables		10,922	-	6,752	-	4,872	-
1220	Current tax assets		56,756	1	56,756	2	16,566	-
130X	Inventory	6(5)	20,632	1	34,375	1	33,932	1
1410	Prepayments		2,910	-	6,573	-	3,500	-
1479	Other current assets		-	-	-	-	152	-
11XX	**Total current assets**		4,012,553	99	3,926,084	99	4,101,188	100
	Non-current assets							
1600	Property, plant and equipment	6(6)	3,607	-	3,586	-	377	-
1755	Right-of-use assets	6(7)	20,416	1	22,330	1	5,384	-
1780	Intangible assets		2,350	-	2,510	-	546	-
1840	Deferred income tax assets		9,064	-	9,537	-	4,509	-
1900	Other non-current assets		2,335	-	2,495	-	3,900	-
15XX	**Total non-current assets**		37,772	1	40,458	1	14,716	-
1XXX	**Total assets**		$ 4,050,325	100	$ 3,966,542	100	$ 4,115,904	100
	Liabilities and Equity							
	Current liabilities							
2150	Notes payable		$ -	-	$ -	-	$ 50	-
2200	Other payables	6(8)	63,374	2	69,942	2	53,176	1
2230	Current tax liabilities		10,776	-	-	-	20,654	1
2280	Current lease liabilities		7,569	-	7,537	-	5,473	-
2300	Other current liabilities		410	-	1,258	-	879	-
21XX	**Total current liabilities**		82,129	2	78,737	2	80,232	2
	Non-current liabilities							
2570	Deferred income tax liabilities		503	-	919	-	-	-
2580	Non-current lease liabilities		12,905	-	14,809	-	-	-
25XX	**Total non-current liabilities**		13,408	-	15,728	-	-	-
2XXX	**Total liabilities**		95,537	2	94,465	2	80,232	2
	Equity							
	Share capital	6(11)						
3110	Common stock		1,456,868	36	1,456,868	37	1,455,968	35
3170	Share capital awaiting retirement		(10)	-	-	-	-	-
	Capital surplus	6(12)						
3200	Capital surplus		1,616,651	40	1,616,734	40	1,609,298	39
	Retained earnings	6(13)						
3310	Legal reserve		279,652	7	279,652	7	237,049	6
3350	Unappropriated retained earnings		739,582	18	658,202	17	866,767	21
	Other equity interest							
3400	Other equity interest		(4,545)	-	(5,969)	-	-	-
3500	Treasury stocks	6(11)	(133,410)	(3)	(133,410)	(3)	(133,410)	(3)
3XXX	**Total equity**		3,954,788	98	3,872,077	98	4,035,672	98
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	**Total liabilities and equity**		$ 4,050,325	100	$ 3,966,542	100	$ 4,115,904	100

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

PHARMAENGINE, INC.
STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE DATA)
(REVIEWED, NOT AUDITED)

			Three months ended March 31,			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(14)	$ 168,333	100	$ 174,129	100
5000	Operating costs	6(5)(15)	(13,628)	(8)	(11,638)	(7)
5900	Gross profit		154,705	92	162,491	93
	Operating expenses	6(20)(21)				
6100	Selling expenses		(9,676)	(6)	(7,793)	(4)
6200	General and administrative expenses		(24,324)	(14)	(19,792)	(11)
6300	Research and development expenses		(39,611)	(24)	(18,274)	(11)
6450	Expected credit impairment loss	12(2)	(2)	-	(7)	-
6000	Total operating expenses		(73,613)	(44)	(45,866)	(26)
6900	Operating profit		81,092	48	116,625	67
	Non-operating income and expenses					
7100	Interest income	6(16)	11,474	7	4,012	2
7010	Other income	6(17)	3,386	2	14	-
7020	Other gains and losses	6(2)(18)	6,590	14	1,496	1
7050	Finance costs	6(7)(19)	(90)	-	(23)	-
7000	Total non-operating income and expenses		21,360	13	5,499	3
7900	**Profit before income tax**		102,452	61	122,124	70
7950	Income tax expense	6(22)	(21,072)	(13)	(25,090)	(14)
8200	**Profit for the period**		$ 81,380	48	$ 97,034	56
8500	**Total comprehensive income for the period**		$ 81,380	48	$ 97,034	56
	Earnings per share (in dollars)	6(23)				
9750	Basic earnings per share		$ 0.57		$ 0.68	
9850	Diluted earnings per share		$ 0.57		$ 0.68	

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

PHARMAENGINE, INC.
STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

		Capital Reserves		Capital Reserves			Retained Earnings				
	Notes	Common stock	Share capital awaiting retirement	Additional paid-in capital	Employee stock warrants	Employee restricted stock	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Treasury stocks	Total equity
Three months ended March 31, 2022											
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 three months ended March 31, 2022		-	-	-	-	-	-	97,034	-	-	97,034
Total comprehensive income		-	-	-	-	-	-	97,034	-	-	97,034
Retirement of treasury shares		(10,000)	-	(10,635)	-	-	-	(94,196)	-	114,831	-
Employee stock options expired		-	-	3,327	(3,327)	-	-	-	-	-	-
Balance at March 31, 2022		$ 1,455,968	$ -	$ 1,551,695	$ 57,603	$ -	$ 237,049	$ 866,767	$ -	($ 133,410)	$ 4,035,672
Three months ended March 31, 2023											
Balance at January 1, 2023		$ 1,456,868	$ -	$ 1,570,531	$ 38,767	$ 7,436	$ 279,652	$ 658,202	($ 5,969)	($ 133,410)	$ 3,872,077
Profit after income tax for the three months ended March 31, 2023		-	-	-	-	-	-	81,380	-	-	81,380
Total comprehensive income		-	-	-	-	-	-	81,380	-	-	81,380
Employee stock options expired		-	-	12,024	(12,024)	-	-	-	-	-	-
Compensation cost of employee restricted stocks	6(10)	-	-	-	-	-	-	-	1,331	-	1,331
Capital adjustment due to resignation of employee - forfeited restricted stocks		-	(10)	-	-	(83)	-	-	93	-	-
Balance at March 31, 2023		$ 1,456,868	($ 10)	$ 1,582,555	$ 26,743	$ 7,353	$ 279,652	$ 739,582	($ 4,545)	($ 133,410)	$ 3,954,788

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

PHARMAENGINE, INC.
STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Three months ended March 31, 2023	Three months ended March 31, 2022
Cash flows from operating activities			
Profit before income tax for the period		$ 102,452	$ 122,124
Adjustments to reconcile net profit to net cash provided by operating activities:			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	2	7
Depreciation	6(6)(7)(20)	2,093	2,132
Amortization	6(20)	160	51
Amortization of compensation cost of share-based payments	6(10)	1,331	-
Interest income	6(16)	(11,474)	(4,012)
Interest expense	6(19)	90	23
Net gain of financial assets at fair value through profit or loss	6(2)(18)	(9,125)	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Current contract assets		5,818	17,528
Accounts receivable, net		(7,941)	(23,828)
Other receivables		(462)	2,773
Inventories		13,743	(28,500)
Prepayments		3,663	2,982
Other current assets		-	(76)
Net changes in liabilities relating to operating activities			
Notes payable		-	50
Other payables		(6,568)	(18,818)
Other current liabilities		(848)	(321)
Cash provided by operations		92,934	72,115
Interest received		7,766	2,635
Income taxes paid		(10,239)	(10,879)
Interest paid		(90)	(23)
Net cash provided by operating activities		90,371	63,848
Cash flows from investing activities			
Proceeds from disposal of financial assets at fair value through profit or loss		16,763	-
Increase in current financial assets at amortized cost		(88,540)	-
Decrease in current financial assets at amortized cost		161,940	-
Increase in refundable deposits (shown as 'other non-current assets')		(40)	-
Net cash used in investing activities		90,123	-
Cash flows from financing activities			
Payments of lease liability	6(25)	(1,872)	(2,120)
Net cash used in financing activities		(1,872)	(2,120)
Net increase in cash and cash equivalents		178,622	61,728
Cash and cash equivalents at beginning of period		1,768,859	2,150,668
Cash and cash equivalents at end of period		$ 1,947,481	$ 2,212,396

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

PHARMAENGINE, INC.
NOTES TO THE FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANIZATION

PharmaEngine, Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in August 2002. On September 18, 2012, the Company's common stock was officially listed on the Taipei Exchange. The Company is primarily engaged in the development of new drugs and therapeutic drugs for cancer. The Company focuses on building effective corporate governance structure to enhance the Board of Directors' function, to maximise the audit committee's functions and improve management's principles and communication. Information transparency, stakeholders' interest and social responsibility are enhanced to ensure the shareholders' equity interest.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These financial statements were authorized for issuance by the Board of Directors on April 27, 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 came into effect as endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
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 Company's financial condition and financial performance based on the Company's assessment.

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

None.

(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 IASB
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
Amendments to IFRS 17, 'Initial application of IFRS17 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 are expected to have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the financial statements for the year ended December 31, 2022, except for the compliance statement and basis of preparation, as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B. These financial statements are to be read in conjunction with the financial statements for the year ended December 31, 2022.

(2) Basis of preparation

A. Except for financial assets at fair value through profit or loss, the financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

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

There was no significant change as of March 31, 2023. Refer to Note 5 in the financial statements for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and revolving funds	$ 100	$ 100	$ 100
Demand deposits	21,309	26,901	162,296
Cash equivalents			
Time deposits	1,858,150	1,651,965	2,050,000
Callable warrants	67,922	89,893	-
	$ 1,947,481	$ 1,768,859	$ 2,212,396

A. The Company 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. The Company has no cash and cash equivalents pledged to others.

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

Items	March 31, 2023	December 31, 2022	March 31, 2022
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Emerging stocks	$ 26,860	$ 36,278	$ -
Valuation adjustment	21,093	19,313	-
	$ 47,953	$ 55,591	$ -

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three months ended March 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 9,125	$ -

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

(3) Financial assets at amortised cost-current

	March 31, 2023	December 31, 2022	March 31, 2022
Time deposits maturing between three months and a year	$ 1,763,440	$ 1,836,840	$ 1,663,000

A. The Company has no financial assets at amortised cost pledged to others as collateral.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable	$ 76,876	$ 68,935	$ 70,527
Less: Loss allowance for bad debts	(23)	(21)	(21)
	$ 76,853	$ 68,914	$ 70,506

A. The Company has no accounts receivable pledged to others as collateral.

B. The ageing analysis of accounts receivable is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Not past due	$ 76,876	$ 68,935	$ 70,527

The above ageing analysis was based on past due date.

C. As of March 31, 2023, December 31, 2022 and March 31, 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $46,699.

D. As at March 31, 2023, December 31, 2022 and March 31, 2022, 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 Company's accounts receivable was $76,853, $68,914 and $70,506, respectively.

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

(5) Inventories

	March 31, 2023		
	Cost	Allowance for valuation loss	Book value
Goods	$ 20,632	$ -	$ 20,632

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Goods	$ 34,375	$ -	$ 34,375

	March 31, 2022		
	Cost	Allowance for valuation loss	Book value
Goods	$ 34,359	($ 427)	$ 33,932

The cost of inventories recognized as expense for the period:

	Three months ended March 31,	
	2023	2022
Cost of goods sold	$ 13,628	$ 11,211
Loss on inventory write-off	-	427
	$ 13,628	$ 11,638

(6) Property, plant and equipment

	Computer and communication equipment	Testing equipment	Office equipment	Leasehold improvements	Transportation equipment	Total
At January 1, 2023						
Cost	$ 1,138	$ 94	$ 93	$ 7,694	$ 2,703	$ 11,722
Accumulated depreciation	(227)	(49)	(53)	(7,694)	(113)	(8,136)
	$ 911	$ 45	$ 40	$ -	$ 2,590	$ 3,586
2023						
Opening net book amount	$ 911	$ 45	$ 40	$ -	$ 2,590	$ 3,586
Additions	-	200	-	-	-	200
Depreciation charge	(50)	(12)	(4)	-	(113)	(179)
Closing net book amount	$ 861	$ 233	$ 36	$ -	$ 2,477	$ 3,607
At March 31, 2023						
Cost	$ 1,138	$ 294	$ 93	$ 7,694	$ 2,703	$ 11,922
Accumulated depreciation	(277)	(61)	(57)	(7,694)	(226)	(8,315)
	$ 861	$ 233	$ 36	$ -	$ 2,477	$ 3,607

	Computer and communication equipment	Testing equipment	Office equipment	Leasehold improvements	Total
At January 1, 2022					
Cost	$ 616	$ 94	$ 93	$ 7,694	$ 8,497
Accumulated depreciation	(321)	(34)	(38)	(7,694)	(8,087)
	$ 295	$ 60	$ 55	$ -	$ 410
2022					
Opening net book amount	$ 295	$ 60	$ 55	$ -	$ 410
Depreciation charge	(26)	(4)	(3)	-	(33)
Closing net book amount	$ 269	$ 56	$ 52	$ -	$ 377
At March 31, 2022					
Cost	$ 616	$ 94	$ 93	$ 7,694	$ 8,497
Accumulated depreciation	(347)	(38)	(41)	(7,694)	(8,120)
	$ 269	$ 56	$ 52	$ -	$ 377

(7) Leasing arrangements－lessee

A. The Company leases various assets including buildings, business vehicles and multifunction printers. Rental contracts are made for periods of 1 to 3 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, including guarantee, pledge or sublease.

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

	Book value		
	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	$ 20,416	$ 22,330	$ 5,026
Transportation equipment (Business vehicles)	-	-	358
	$ 20,416	$ 22,330	$ 5,384

	Depreciation charge	
	Three months ended March 31,	
	2023	2022
Buildings	$ 1,914	$ 1,885
Transportation equipment (Business vehicles)	-	214
	$ 1,914	$ 2,099

C. For the three months ended March 31, 2023 and 2022, the Company had no additions to right-of-use assets.

D. The information on profit or loss in relation to lease contracts is as follows:

	Three months ended March 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 90	$ 23
Expense on short-term lease contracts	264	212
Expense on leases of low-value assets	31	22

E. For the three months ended March 31, 2023 and 2022, the Company's total cash outflow for leases were $2,257 and $2,377, respectively.

(8) Other payables

	March 31, 2023	December 31, 2022	March 31, 2022
Payable for employees' salary and bonus	$ 17,939	$ 28,856	$ 13,023
Accrued directors' remuneration and employees' compensation	21,107	16,839	34,271
Payable for contracted research expenses	16,759	15,610	595
Others	7,569	8,637	5,287
	$ 63,374	$ 69,942	$ 53,176

(9) Pensions

Defined contribution plan

A. Effective July 1, 2005, 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 plan of the Company for the three months ended March 31, 2023 and 2022 were $671 and $609, respectively.

(10) Share-based payment

A. For the three months ended March 31, 2023 and 2022, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Fifth employee stock options plan	2014.06.18	450	8 years	2~4 years' service
Fifth employee stock options plan	2014.12.26	60	8 years	2~4 years' service
Fifth employee stock options plan	2015.03.19	490	8 years	2~4 years' service
Sixth employee stock options plan	2016.08.11	1,000	8 years	2~4 years' service
Treasury stock transferred to employees	2016.08.11	540	N/A	Vested immediately
Sixth employee stock options plan	2017.06.22	500	8 years	2~4 years' service
First restricted stocks plan	2022.07.26	90	3 years	1~3 years' service

(a) The abovementioned share-based payment arrangements are equity-settled.

(b) Restricted stocks issued by the Company are considered as not meeting the vesting conditions from the effective date of resignation. Those restricted stocks will be redeemed and retired by the Company without consideration according to the law and have no rights to dividends, bonuses, distributions from capital surplus, participate in cash capital increase and attend, propose, speak or vote at the shareholders' meeting. The rights of stocks vested before meeting the vesting conditions are restricted. Except for inheritance, the restricted stocks shall not be sold, pledged, transferred, gifted or disposed in any other method.

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

(a) Employee stock options (shares in thousands)

	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,089	$ 179.35	1,578	$ 186.64
Options forfeited and expired	(290)	197.92	(91)	188.50
Options outstanding at March 31	799	172.60	1,487	186.53
Options exercisable at March 31	799		1,487	

(b) Restricted stocks (shares in thousands)

	2023	2022
At January 1	90	-
Stocks issued during the first quarter (Note)	(1)	-
At March 31	89	-

Note: Refer to Note 6(11)A. for the explanation.

C. For the three months ended March 31, 2023 and 2022, no employee stock options were exercised.

D. As of March 31, 2023, December 31, 2022 and March 31, 2022, the range of exercise prices of stock options outstanding was \$167.5~\$175.42 (in dollars), \$167.5~\$197.9 (in dollars) \$167.5~\$218.8 (in dollars), and the weighted-average remaining contractual period was 1.67 years, 0.21~1.92 years and 0.65~2.67 years, respectively.

E. The fair values of the Company's stock options are all measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends (in dollars)	Risk-free interest rate	Fair value per unit (in dollars)
Fifth employee stock options plan	2014.06.18	$ 218.75	$ 218.8	33.9%	8 years	$ -	1.43%	$ 42.73
Fifth employee stock options plan	2014.12.26	191.32	191.3	40.9%	8 years	-	1.43%	44.63
Fifth employee stock options plan	2015.03.19	197.92	197.9	30.1%	8 years	-	1.35%	34.58
Sixth employee stock options plan	2016.08.11	175.42	175.4	31.6%	8 years	-	0.62%	31.75
Treasury stock transferred to employees	2016.08.11	210.5	135	N/A	N/A	N/A	N/A	N/A
Sixth employee stock options plan	2017.06.22	167.5	167.5	22.7%	8 years	-	0.94%	22.13
First restricted stocks plan	2022.07.26	97.20	-	44.9%	3 years	2.5	0.47%~ 0.98%	90.00~ 94.75

F. Expenses incurred on share-based payment transactions are shown below:
For the three months ended March 31, 2023 and 2022, expenses incurred on share-based payment transactions were accrued at $1,331 and $0, respectively.

(11) Share capital

A. As of March 31, 2023, the Company's authorized capital was $1,800,000, consisting of 180 million shares of ordinary stock (including 15 million shares reserved for employee stock options), and the paid-in capital was $1,456,868, with a par value of $10 (in dollars) per share. All shares issued by the Company have been registered.
Movements in the number of the Company's ordinary shares outstanding are as follows (shares in thousands):

	2023	2022
At January 1	143,686	143,596
Forfeited employee restricted stocks pending for retirement due to resignation of employee (Note)	(1)	-
At March 31	143,685	143,596

Note: In accordance with the Company's regulations for employee restricted stocks, employees are deemed to have failed to meet the vesting conditions from the effective date of their resignation. The restricted stocks will be taken back by the Company without compensation and retired. As of March 31, 2023, no application for retirement of capital reduction has been made.

B. Treasury stocks

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

		March 31, 2023	
Name of company holding the shares	Reason for reacquisition	No. of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	2,000	$ 133,410

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	No. of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	2,000	$ 133,410

		March 31, 2022	
Name of company holding the shares	Reason for reacquisition	No. of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	2,000	$ 133,410

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(12) 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 Law requires that the amount of capital surplus to be capitalized 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. Movements in capital surplus - additional paid-in capital, employee stock options and restricted stocks are provided in the statements of changes in equity.

(13) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve; if necessary, an amount drawn from the special reserve can be added to the remaining amount. The Board of Directors is authorized to propose the appropriation of all or a portion of the remainder, if any, as dividends or retained earnings, which shall be approved by the stockholders at the stockholders' meeting.

B. 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.

C. The appropriations of earnings for 2021 and 2020 were resolved at the stockholders' meeting on May 27, 2022 and August 26, 2021, respectively at the stockholders' meeting on May 27, 2022. Details are summarized below:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 42,603	$ -	$ 60,429	$ -
Reversal of special reserve	-	-	(375)	-
Cash dividends	387,711	2.7	363,992	2.5
	$ 430,314	$ 2.7	$ 424,046	$ 2.5

The appropriations of 2021 and 2020 earnings as resolved by the shareholders were in agreement with the appropriations as resolved by the Board of Directors.

D. The appropriations of earnings for 2022 as proposed by the Board of Directors on March 2, 2023 are as follows:

	Year ended December 31, 2022	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 22,218	$ -
Cash dividends	287,194	2.0
	$ 309,412	$ 2.0

As of April 27, 2023, the appropriations of 2022 earnings have not yet been approved by the shareholders.

E. 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.

(14) Operating revenue

	Three months ended March 31,	
	2023	2022
Revenue from contracts with customers	$ 168,333	$ 174,129

A. Disaggregation of revenue from contracts with customers:

The Company derives revenue from the transfer of goods and services at a point in time in the following contract categories:

Three months ended March 31, 2023

	Royalty revenue	Sales revenue	Total
Total segment revenue	$ 95,117	$ 73,216	$ 168,333
Revenue from external customer contracts	$ 95,117	$ 73,216	$ 168,333

Three months ended March 31, 2022

	Royalty revenue	Sales revenue	Total
Total segment revenue	$ 106,960	$ 67,169	$ 174,129
Revenue from external customer contracts	$ 106,960	$ 67,169	$ 174,129

Royalty revenue for the three months ended March 31, 2023 and 2022 was accrued as the Company was entitled to collect a certain percentage of sales from Merrimack Pharmaceuticals, Inc. from its sales in the Eurasia region (except for Taiwan) pursuant to the supplementary agreement of Cooperation Contract in 2011, and Ipsen S.A. has generally assumed all the rights and obligations in relation to the Cooperation Contract since April 3, 2017.

For the three months ended March 31, 2023 and 2022, the Company recognized royalty income from sales in the amount of US$3,124 thousand and US$3,737 thousand in accordance with the contract, respectively. For the three months ended March 31, 2023 and 2022, royalty income which has not yet been collected amounted to US$3,124 thousand and US$3,737 thousand (of which US$2,811 thousand and US$3,363 were recognized in current contract assets as of March 31, 2023 and 2022, respectively, and remaining balance was recognized as reduction of current income tax liabilities as of March 31, 2023 and 2022), respectively.

B. Contract assets

The Company has recognized the following contract assets in relation to the above licensing contract:

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Contract assets	$ 85,606	$ 91,424	$ 96,264	$ 113,792

(15) Operating costs

	Three months ended March 31,	
	2023	2022
Cost of sales		
- Cost of goods sold	$ 13,628	$ 11,211
- Loss on inventory write-off	-	427
	$ 13,628	$ 11,638

(16) Interest income

	Three months ended March 31,	
	2023	2022
Interest income from bank deposits	$ 11,474	$ 4,012

(17) Other income

	Three months ended March 31,	
	2023	2022
Other income (Note)	$ 3,386	$ 14

Note: The Company entered into a license and collaboration contract for the exclusive sales of PEP503 (NBTXR3) in the Asia-Pacific region with Nanobiotix S.A. in August 2012. On March 4, 2021, both parties agreed to enter into a termination contract to terminate the rights under the aforementioned license and collaboration contract. Under the termination contract, the Company agreed to return all exclusive rights of the development and commercialization of NBTXR3 in the Asia-Pacific region to Nanobiotix S.A.. Nanobiotix S.A. agreed to pay milestone compensation to the Company amounting to US$12,500 thousand in stages based on the achievement of each milestone. Also, Nanobiotix S.A. will pay royalty at different percentages to the Company based on the net sales of NBTXR3 in the Asia-Pacific region in the future.

In accordance with the above-mentioned termination agreement, Nanobiotix S.A. has paid milestone compensation of US$6,500 thousand to the Company in 2021, paid milestone compensation of US$1,000 thousand in the third quarter of 2022, and reimbursed the Company half of the agreed-upon expenses incurred during the above mentioned termination process in the first qusrter of 2023, amounting to US$3,386 thousand.

(18) Other gains and losses

	Three months ended March 31,	
	2023	2022
Net currency exchange (losses) gains	($ 2,535)	$ 1,497
Gains on financial assets at fair value through profit or loss	9,125	-
Others	-	(1)
	$ 6,590	$ 1,496

(19) Finance costs

	Three months ended March 31,	
	2023	2022
Interest expense on lease liabilities	$ 90	$ 23

(20) Expenses by nature

	Three months ended March 31,	
	2023	2022
Employee benefit expense	$ 29,057	$ 25,692
Depreciation charges on property, plant and equipment (including right-of-use assets)	$ 2,093	$ 2,132
Amortization charges on intangible assets	$ 160	$ 51

(21) Employee benefit expense (All are operating expenses)

	Three months ended March 31, 2023	Three months ended March 31, 2022
Wages and salaries	$ 19,807	$ 18,193
Share-based payment expenses	1,331	-
Labour and health insurance fees	1,445	1,290
Pension costs	671	609
Directors' remuneration	4,568	4,890
Other personnel expenses	1,235	710
	$ 29,057	$ 25,692

A. In accordance with the Articles of Incorporation of the Company, if there is distributable profit of the current year, the Board of Directors shall resolve to allocate between 2% and 8% of profit to employees and an amount to directors which shall not exceed 2% of the profit. However, if the Company has accumulated losses, the distributable profit should cover such losses first, and this should be reported in the stockholders' meeting. In addition, as resolved by the stockholders during their meeting on May 27, 2022, the Articles of Incorporation of the Company were amended whereby the distribution of profit to employees shall be between 1% and 10% of distributable profit for the current year.

B. For the three months ended March 31, 2023 and 2022, employees' compensation were accrued at $2,134 and $2,544, respectively; while directors' remuneration were accrued at $2,134 and $2,544, respectively. The aforementioned amounts were recognized in salary expenses and other expenses. The employees' compensation and directors' remuneration were both estimated and accrued based on 2% of distributable profit for the three months ended March 31, 2023 and 2022.

Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors on March 2, 2023 were in agreement with those amounts recognized in the 2022 financial statements. The employees' compensation for 2022 will be distributed in the form of cash.

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

(22) Income tax

A. Income tax expense

Components of income tax expense:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Current tax:		
Current tax on profits for the period	$ 21,015	$ 24,615
Deferred tax:		
Origination and reversal of temporary differences	57	475
Total deferred tax	57	475
Income tax expense	$ 21,072	$ 25,090

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

(23) Earnings per share

	Three months ended March 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net profit	$ 81,380	143,596	$ 0.57
Diluted earnings per share			
Net profit	$ 81,380	143,596	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	-	
Restricted stocks	-	50	
Employees' compensation	-	68	
	$ 81,380	143,714	$ 0.57

	Three months ended March 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net profit	$ 97,034	143,596	$ 0.68
Diluted earnings per share			
Net profit	$ 97,034	143,596	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	-	
Employees' compensation	-	134	
	$ 97,034	143,730	$ 0.68

(24) Supplemental cash flow information

Investing activities with partial cash payments

	Three months ended March 31,	
	2023	2022
Purchase of property, plant and equipment	$ 200	$ -
Less: Opening balance of prepaid equipment (shown as "non-current assets")	(200)	-
Cash paid during the period	$ -	$ -

(25) Changes in liabilities from financing activities

		Lease liability
At January 1, 2023	$	22,346
Changes in cash flow from financing activities	(	1,872)
At March 31, 2023	$	20,474

		Lease liability
At January 1, 2022	$	7,593
Changes in cash flow from financing activities	(	2,120)
At March 31, 2022	$	5,473

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

For the three months ended March 31, 2023 and 2022, the Company has no significant transactions made with related parties.

(2) Key management compensation

	Three months ended March 31,			
	2023		2022	
Salaries and other short-term employee benefits	$	7,848	$	8,065
Post-employment benefits		27		27
Share-based payments		608		-
	$	8,483	$	8,092

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

A. As of March 31, 2023 and 2022, the Company has entered into drug research commissioned and software license contracts amounting to $341,367 and $232,411, of which $174,782 and $166,604 had been paid, respectively.

B. On September 25, 2022, the Company has entered into a worldwide exclusive license agreement (in-license) with UK-based Sentinel Oncology Limited for PEP07 (Chk1inhibitor). The total contract price is USD 140,500 thousand. Under the agreement, the Company will pay milestone payments and sales milestone payments based on the stage of completion of the research and development and the sales of the products as well as royalties based on a certain percentage of product sales. The Company has recognized royalty expense of USD 1,000 thousand (shown as "research and development expenses") when the agreement was signed, and the payment had been made in October 2022.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There was no significant change in the reporting period. Refer to Note 12 in the financial statements for the year ended December 31, 2022.

(2) Financial instruments

A. Financial instruments by category

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 47,953	$ 55,591	$ -
Financial assets at amortised cost			
Cash and cash equivalents	$ 1,947,481	$ 1,768,859	$ 2,212,396
Financial assets at amortised cost	1,763,440	1,836,840	1,663,000
Accounts receivable, net	76,853	68,914	70,506
Other receivables	10,922	6,752	4,872
Refundable deposits (shown as other non-current assets)	2,335	2,295	2,300
	$ 3,801,031	$ 3,683,660	$ 3,953,074
Financial liabilities			
Financial liabilities at amortised cost			
Notes payable	$ -	$ -	$ 50
Other payables	63,374	69,942	53,176
	$ 63,374	$ 69,942	$ 53,226
Lease liability	$ 20,474	$ 22,346	$ 5,473

B. Financial risk management policies

There was no significant change in the reporting period. Refer to Note 12 in the financial statements for the year ended December 31, 2022.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currentcies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 11,401	30.45	$ 347,175
Financial liabilities			
Monetary items			
USD:NTD	369	30.45	11,244

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 9,132	30.71	$ 280,456
Financial liabilities			
Monetary items			
USD:NTD	371	30.71	11,391
EUR:NTD	34	32.72	1,112

	March 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 3,363	28.625	$ 96,264
EUR:NTD	36	31.92	1,156

As of March 31, 2023, there was no significant monetary financial liability denominated in foreign currency.

ii. Total exchange gain (loss), arising from foreign exchange variation on the monetary items held by the Company for the three months ended March 31, 2023 and 2022 amounted to ($2,535) and $1,497, respectively.

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

	Three months ended March 31, 2023		
	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%	$ 3,472	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	112	-

	Three months ended March 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%	$ 963	$ -
EUR:NTD	1%	12	-

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company 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 debt instruments stated at amortised cost.

ii. The Company manages its credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of optimal are accepted. According to the

Company's credit policy, the Company is responsible for managing and analyzing 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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

iii. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

iv. 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 reorganization 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.

v. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach using the provision matrix to estimate expected credit loss.

vi. The Company used the forecastability of business indicators issued by the National Development Council to adjust historical and timely information to assess the default possibility of accounts receivable. On March 31, 2023, December 31, 2022 and March 31, 2022, the provision matrix is as follows:

	Not past due	Total
March 31, 2023		
Expected loss rate	0.03%	
Total book value	$ 76,876	$ 76,876
Loss allowance	$ 23	$ 23

	Not past due	Total
December 31, 2022		
Expected loss rate	0.03%	
Total book value	$ 68,935	$ 68,935
Loss allowance	$ 21	$ 21

	Not past due	Total
March 31, 2022		
Expected loss rate	0.03%	
Total book value	$ 70,527	$ 70,527
Loss allowance	$ 21	$ 21

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

	2023	2022
At January 1	$ 21	$ 14
Provision for impairment	2	7
At March 31	$ 23	$ 21

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury along with the Finance & Accounting Department. Company treasury along with the Finance & Accounting Department monitor rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The Company's other payables are due within 12 months, therefore, the Company expects no significant liquidity risk.

iii. The table below analyzes the Company'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.

March 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Other payables	63,374	$ -	$ -	$ -
Lease liability	7,847	7,847	5,231	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Other payables	$ 69,942	$ -	$ -	$ -
Lease liability	7,847	7,847	7,193	-

March 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Notes payable	$ 50	$ -	$ -	$ -
Other payables	53,176	-	-	-
Lease liability	5,494	-	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Management considered that the carrying amounts of financial assets and financial liabilities not measured at fair value, including cash and cash equivalents (including financial assets at amortised cost), contract assets, accounts receivable, other receivables, notes payable and other payables, 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 at March 31, 2023 and 2022 are as follows:

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

March 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 47,953	$ -	$ -	$ 47,953

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 55,591	$ -	$ -	$ 55,591

As of March 31, 2022, there was no financial instrument measured at fair value.

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 reaching $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 financial instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: There was no transaction amounting to $10 million or exceeding 20% of paid-in capital.

(2) Information on investees

None.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Refer to table 2.

14. OPERATING SEGMENT INFORMATION

(1) General information

The Company is mainly engaged in the research of new drugs. The Company operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Segment information

The Company has one reportable operating segment, thus, the reportable information was in agreement with the financial statements.

(3) Reconciliation for segment income (loss)

Segment operating income (loss) reported to the chief operating decision-maker is measured in a manner consistent with revenue and expense in the statement of comprehensive income. The report provided to the chief operating decision-maker for deciding management of segments is in agreement with the statement of comprehensive income. No reconciliation is needed.

PharmaEngine, Inc.

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

March 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2023				Footnote
				Number of	Book value	Ownership	Fair value	
PharmaEngine, Inc.	Formosa Pharmaceuticals Inc. - stocks	-	Current financial assets at fair value through profit or loss	790	$ 47,953	0.70%	$ 47,953	

Note 1: Marketable securities in the table refer to IFRS 9 'Financial instruments' of stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

PharmaEngine, Inc.

Major shareholders information

March 31, 2023

Table 2

Name of major shareholders	Number of shares held	Ownership (%)
TTY BIOPHARM COMPANY LIMITED	25,866,808	17.75%
National Development Fund, Executive Yuan	22,585,654	15.50%