PHARMAENGINE, INC.

FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

SEPTEMBER 30, 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 September 30, 2023 and 2022, and the related statements of comprehensive income for the three months and nine months then ended, as well as the statements of changes in equity and of cash flows for the nine 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 September 30, 2023 and 2022, and of its financial performance for the three months and nine months then ended and its cash flows for the six 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
October 31, 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
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	September 30, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%	September 30, 2022 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 1,737,285	45	$ 1,768,859	45	$ 1,721,292	44
1110	Current financial assets at fair value through profit or loss	6(2)	-	-	55,591	1	102,363	3
1136	Current financial assets at amortised cost	6(3)	1,818,074	47	1,836,840	46	1,790,000	46
1140	Current contract assets	6(14)	91,643	2	91,424	2	88,582	2
1170	Accounts receivable, net	6(4)	74,995	2	68,914	2	80,345	2
1200	Other receivables		12,427	-	6,752	-	7,862	-
1220	Current tax assets	6(14)	98,361	2	56,756	2	58,686	1
130X	Inventory	6(5)	27,080	1	34,375	1	47,030	1
1410	Prepayments		7,332	-	6,573	-	1,297	-
11XX	**Total current assets**		3,867,197	99	3,926,084	99	3,897,457	99
	Non-current assets							
1600	Property, plant and equipment	6(6)	3,342	-	3,586	-	3,532	-
1755	Right-of-use assets	6(7)	16,588	1	22,330	1	1,256	-
1780	Intangible assets		2,038	-	2,510	-	2,679	-
1840	Deferred income tax assets		8,119	-	9,537	-	9,957	1
1900	Other non-current assets		2,610	-	2,495	-	2,295	-
15XX	**Total non-current assets**		32,697	1	40,458	1	19,719	1
1XXX	**Total assets**		$ 3,899,894	100	$ 3,966,542	100	$ 3,917,176	100
	Liabilities and Equity							
	Current liabilities							
2200	Other payables	6(8)	$ 53,529	2	$ 69,942	2	$ 95,263	3
2280	Current lease liabilities		7,634	-	7,537	-	1,282	-
2300	Other current liabilities		1,292	-	1,258	-	1,209	-
21XX	**Total current liabilities**		62,455	2	78,737	2	97,754	3
	Non-current liabilities							
2570	Deferred income tax liabilities		3,249	-	919	-	2,329	-
2580	Non-current lease liabilities		9,072	-	14,809	-	-	-
25XX	**Total non-current liabilities**		12,321	-	15,728	-	2,329	-
2XXX	**Total liabilities**		74,776	2	94,465	2	100,083	3
	Equity							
	Share capital	6(11)						
3110	Common stock		1,456,788	37	1,456,868	37	1,456,868	37
	Capital surplus	6(12)						
3200	Capital surplus		1,616,073	41	1,616,734	40	1,616,734	41
	Retained earnings	6(13)						
3310	Legal reserve		301,870	8	279,652	7	279,652	7
3350	Unappropriated retained earnings		586,067	15	658,202	17	604,585	15
	Other equity interest							
3400	Other equity interest		(2,270)	-	(5,969)	-	(7,336)	-
3500	Treasury stocks	6(11)	(133,410)	(3)	(133,410)	(3)	(133,410)	(3)
3XXX	**Total equity**		3,825,118	98	3,872,077	98	3,817,093	97
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	**Total liabilities and equity**		$ 3,899,894	100	$ 3,966,542	100	$ 3,917,176	100

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

PHARMAENGINE, INC.
STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE DATA)

			Three months ended September 30				Nine months ended September 30			
			2023		2022		2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(14)	$ 245,942	100	$ 154,882	100	$ 580,345	100	$ 495,910	100
5000	Operating costs	6(5)(15)	(11,604)	(4)	(13,468)	(9)	(37,860)	(6)	(37,416)	(8)
5900	Gross profit		234,338	96	141,414	91	542,485	94	458,494	92
	Operating expenses	6(20)(21) and 9								
6100	Selling expenses		(8,880)	(4)	(13,304)	(8)	(28,650)	(5)	(29,111)	(6)
6200	General and administrative expenses		(23,534)	(9)	(28,818)	(19)	(70,468)	(12)	(74,216)	(15)
6300	Research and development expenses		(124,405)	(51)	(80,013)	(52)	(231,346)	(40)	(122,037)	(24)
6450	Expected credit impairment loss	12(2)	(1)	-	(3)	-	(2)	-	(10)	-
6000	Total operating expenses		(156,820)	(64)	(122,138)	(79)	(330,466)	(57)	(225,374)	(45)
6900	Operating profit		77,518	32	19,276	12	212,019	37	233,120	47
	Non-operating income and expenses									
7100	Interest income	6(16)	14,481	6	6,868	5	39,244	7	16,198	3
7010	Other income	6(17)	-	-	31,642	20	3,386	-	31,656	6
7020	Other gains and losses	6(2)(18)	11,137	4	43,927	28	23,324	4	47,177	10
7050	Finance costs	6(7)(19)	(74)	-	(7)	-	(245)	-	(44)	-
7000	Total non-operating income and expenses		25,544	10	82,430	53	65,709	11	94,987	19
7900	**Profit before income tax**		103,062	42	101,706	65	277,728	48	328,107	66
7950	Income tax expense	6(22)	(22,281)	(9)	(14,244)	(9)	(40,451)	(7)	(62,941)	(13)
8200	**Profit for the period**		$ 80,781	33	$ 87,462	56	$ 237,277	41	$ 265,166	53
8500	**Total comprehensive income for the period**		$ 80,781	33	$ 87,462	56	$ 237,277	41	$ 265,166	53
	Earnings per share (in dollars)	6(23)								
9750	Basic earnings per share		$	0.56	$	0.61	$	1.65	$	1.85
9850	Diluted earnings per share		$	0.56	$	0.61	$	1.65	$	1.85

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

PHARMAENGINE, INC.
STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			Capital Reserves			Retained Earnings		Other Equity Interest		
	Notes	Common stock	Additional paid-in capital	Employee stock warrants	Employee restricted stock	Legal reserve	Unappropriated retained earnings	Unearned compensation	Treasury stocks	Total equity
Nine months ended September 30, 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 nine months ended September 30, 2022		-	-	-	-	-	265,166	-	-	265,166
Total comprehensive income		-	-	-	-	-	265,166	-	-	265,166
Retirement of treasury shares		(10,000)	(10,635)	-	-	-	(94,196)	-	114,831	-
Employee stock options expired		-	18,773	(18,773)	-	-	-	-	-	-
Issuance of employee restricted stocks	6(10)	900	-	-	7,436	-	-	(8,336)	-	-
Compensation cost of employee restricted stocks	6(10)	-	-	-	-	-	-	1,000	-	1,000
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 September 30, 2022		$ 1,456,868	$ 1,567,141	$ 42,157	$ 7,436	$ 279,652	$ 604,585	($ 7,336)	($ 133,410)	$ 3,817,093
Nine months ended September 30, 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 nine months ended September 30, 2023		-	-	-	-	-	237,277	-	-	237,277
Total comprehensive income		-	-	-	-	-	237,277	-	-	237,277
Employee stock options expired		-	17,852	(17,852)	-	-	-	-	-	-
Compensation cost of employee restricted stocks	6(10)	-	-	-	-	-	-	2,958	-	2,958
Forfeited employee restricted shares pending for retirement due to resignation of employees		(80)	-	-	(661)	-	-	741	-	-
Lifting the restrictions on the new restricted employee shares		-	1,665	-	(1,665)	-	-	-	-	-
Appropriations and distribution of 2022 retained earnings	6(13)									
Legal reserve		-	-	-	-	22,218	(22,218)	-	-	-
Cash dividends distributed to shareholders		-	-	-	-	-	(287,194)	-	-	(287,194)
Balance at September 30, 2023		$ 1,456,788	$ 1,590,048	$ 20,915	$ 5,110	$ 301,870	$ 586,067	($ 2,270)	($ 133,410)	$ 3,825,118

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

PHARMAENGINE, INC.
STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash flows from operating activities			
Profit before income tax for the period		$ 277,728	$ 328,107
Adjustments to reconcile net profit to net cash provided by operating activities:			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	2	10
Depreciation	6(6)(7)	6,289	6,115
Amortization	6(20)	472	271
Amortization of compensation cost of share-based payments	6(10)	2,958	1,000
Interest income	6(16)	(39,244)	(16,198)
Interest expense	6(19)	245	44
Gain on lease modification	6(7)(18)	-	(4)
Net gain of financial assets at fair value through profit or loss	6(2)(18)	(5,529)	(31,493)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Current contract assets		(219)	25,210
Accounts receivable, net		(6,083)	(33,670)
Other receivables		19	2,900
Inventories		7,295	(41,598)
Prepayments		(759)	4,935
Other current assets		-	76
Net changes in liabilities relating to operating activities			
Other payables		(16,413)	23,269
Other current liabilities		34	9
Cash provided by operations		226,795	268,983
Interest received		33,550	11,704
Income taxes refund		-	16,436
Income taxes paid		(78,308)	(131,059)
Interest paid		(245)	(44)
Net cash provided by operating activities		181,792	166,020
Cash flows from investing activities			
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)	61,120	14,130
Increase in current financial assets at amortized cost	6(3)	(440,798)	(127,000)
Decrease in current financial assets at amortized cost	6(3)	459,564	-
Acquisition of property, plant and equipment	6(24)	(206)	(3,226)
Increase in intangible assets	6(24)	-	(502)
(Decrease) increase in refundable deposits (shown as ‘other non-current assets’)		(40)	5
Increase in other non-current assets		(172)	-
Net cash provided by (used in) investing activities		79,468	(201,593)
Cash flows from financing activities			
Payments of lease liability	6(25)	(5,640)	(6,092)
Cash dividends paid	6(13)	(287,194)	(387,711)
Net cash used in financing activities		(292,834)	(393,803)
Net decrease in cash and cash equivalents		(31,574)	(429,376)
Cash and cash equivalents at beginning of period		1,768,859	2,150,668
Cash and cash equivalents at end of period		$ 1,737,285	$ 1,721,292

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

PHARMAENGINE, INC.
NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

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 October 31, 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 that 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
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

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

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

New Standards, Interpretations and Amendments	Effective date by 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
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 IFRS9 - comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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 September 30, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and revolving funds	$ 100	$ 100	$ 100
Checking accounts and demand deposits	22,227	26,901	115,292
Cash equivalents			
Time deposits	1,684,980	1,651,965	1,605,900
Callable warrants	29,978	89,893	-
	$ 1,737,285	$ 1,768,859	$ 1,721,292

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	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Emerging stocks	$ -	$ 36,278	$ 75,990
Valuation adjustment	-	19,313	26,373
	$ -	$ 55,591	$ 102,363

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 September 30,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	($ 2,511)	$ 31,493

	Nine months ended September 30,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 5,529	$ 31,493

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

(3) Financial assets at amortised cost-current

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits maturing between three months and a year	$ 1,818,074	$ 1,836,840	$ 1,790,000

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

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	$ 75,018	$ 68,935	$ 80,369
Less: Loss allowance for bad debts	(23)	(21)	(24)
	$ 74,995	$ 68,914	$ 80,345

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Not past due	$ 75,018	$ 68,935	$ 80,369

The above ageing analysis was based on past due date.

C. As of September 30, 2023, December 31, 2022 and September 30, 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 September 30, 2023, December 31, 2022 and September 30, 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 $74,995, $68,914 and $80,345, respectively.

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

(5) Inventories

	September 30, 2023		
	Cost	Allowance for valuation loss	Book value
Goods	$ 27,080	$ -	$ 27,080

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

	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Goods	$ 47,674	($ 644)	$ 47,030

The cost of inventories recognized as expense for the period:

	Three months ended September 30,	
	2023	2022
Cost of goods sold	$ 11,604	$ 13,468
Loss on inventory write-off	-	-
	$ 11,604	$ 13,468

	Nine months ended September 30,	
	2023	2022
Cost of goods sold	$ 37,860	$ 36,772
Loss on inventory write-off	-	644
	$ 37,860	$ 36,416

(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	-	303	-	-	-	303
Depreciation charge	(149)	(48)	(12)	-	(338)	(547)
Closing net book amount	$ 762	$ 300	$ 28	$ -	$ 2,252	$ 3,342
At September 30, 2023						
Cost	$ 1,138	$ 397	$ 93	$ 7,694	$ 2,703	$ 12,025
Accumulated depreciation	(376)	(97)	(65)	(7,694)	(451)	(8,683)
	$ 762	$ 300	$ 28	$ -	$ 2,252	$ 3,342

	Computer and communication equipment	Testing equipment	Office equipment	Leasehold improvements	Transportation equipment	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
Additions	523	-	-	-	2,703	3,226
Depreciation charge	(81)	(12)	(11)	-	-	(104)
Closing net book amount	$ 737	$ 48	$ 44	$ -	$ 2,703	$ 3,532
At September 30, 2022						
Cost	$ 922	$ 94	$ 93	$ 7,694	$ 2,703	$ 11,506
Accumulated depreciation	(185)	(46)	(49)	(7,694)	-	(7,974)
	$ 737	$ 48	$ 44	$ -	$ 2,703	$ 3,532

(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					
	September 30, 2023		December 31, 2022		September 30, 2022	
Buildings	$	16,588	$	22,330	$	1,256
Transportation equipment (Business vehicles)		-		-		-
	$	16,588	$	22,330	$	1,256

	Depreciation charge			
	Three months ended September 30,			
	2023		2022	
Buildings	$	1,914	$	1,884
Transportation equipment (Business vehicles)		-		-
	$	1,914	$	1,884

	Depreciation charge			
	Nine months ended September 30,			
	2023		2022	
Buildings	$	5,742	$	5,654
Transportation equipment (Business vehicles)		-		357
	$	5,742	$	6,011

C. For the nine months ended September 30, 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 September 30,			
	2023		2022	
Items affecting profit or loss				
Interest expense on lease liabilities	$	74	$	7
Expense on short-term lease contracts		265		192
Expense on leases of low-value assets		23		22

	Nine months ended September 30,			
	2023		2022	
Items affecting profit or loss				
Interest expense on lease liabilities	$	245	$	44
Expense on short-term lease contracts		794		599
Expense on leases of low-value assets		77		60
Gain on lease modifications		-		4

E. For the nine months ended September 30, 2023 and 2022, the Company's total cash outflow for leases were $6,756 and $6,795, respectively.

(8) Other payables

	September 30, 2023	December 31, 2022	September 30, 2022
Payable for employees' salary and bonus	$ 17,110	$ 28,856	$ 20,025
Accrued directors' remuneration and employees' compensation	13,235	16,839	18,815
Payable for contracted research expenses	17,445	15,610	13,499
Payable for royalty (Note)	-	-	31,750
Others	5,739	8,637	11,174
	$ 53,529	$ 69,942	$ 95,263

Note: Refer to Note 9(2) for the explanation.

(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.

B. The pension costs under the defined contribution pension plan of the Company for the three months ended September 30, 2023 and 2022 and nine months ended September 30, 2023 and 2022 were $654, $640, $1,988 and $1,847, respectively.

(10) Share-based payment

A. For the nine months ended September 30, 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
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	(495)	187.48	(421)	205.20
Options outstanding at September 30	594	172.57	1,157	179.89
Options exercisable at September 30	594		1,157	

(b) Restricted stocks (shares in thousands)

	2023	2022
At January 1	90	-
Stocks expired during the period (Note)	(8)	-
Stocks lifted during the period	(33)	-
Stocks issued during the period	-	90
At September 30	49	90

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

C. For the nine months ended September 30, 2023 and 2022, no employee stock options were exercised.

D. As of September 30, 2023, December 31, 2022 and September 30, 2022, the range of exercise prices of stock options outstanding was \$167.5~\$175.42 (in dollars), \$167.5~\$197.9 (in dollars) and \$167.5~\$197.9 (in dollars), and the weighted-average remaining contractual period was 1.17 years, 0.21~1.92 years and 0.43~2.18 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
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 September 30, 2023 and 2022 and nine months ended September 30, 2023 and 2022, expenses incurred on share-based payment transactions were accrued at $677, $1,000, $2,958 and $1,000, respectively.

(11) Share capital

A. As of September 30, 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 $1,456,788, 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
Issuance of employee restricted stocks	-	90
Capital reduction-forfeited restricted stocks (Note)	(8)	-
At September 30	143,678	143,686

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. The registration for the capital reduction has been completed as of September 30, 2023.

B. Treasury stocks

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

		September 30, 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

		September 30, 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 2022 and 2021 were resolved at the stockholders' meeting on May 24, 2023 and May 27, 2022, respectively. Details are summarized below:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 22,218	$ -	$ 42,603	$ -
Cash dividends	287,194	2.0	387,711	2.7
	$ 309,412	$ 2.0	$ 430,314	$ 2.7

The appropriations of 2022 and 2021 earnings as resolved by the shareholders were in agreement with the appropriations as resolved by the Board of Directors.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items (excluding the portion arising from employee restricted stocks) 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 September 30,	
	2023	2022
Revenue from contracts with customers	$ 245,942	$ 154,882

	Nine months ended September 30,	
	2023	2022
Revenue from contracts with customers	$ 580,345	$ 495,910

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 September 30, 2023

	Royalty revenue	Sales revenue	Total
Total segment revenue	$ 174,497	$ 71,445	$ 245,942
Revenue from external customer contracts	$ 174,497	$ 71,445	$ 245,942

Three months ended September 30, 2022

	Royalty revenue	Sales revenue	Total
Total segment revenue	$ 78,339	$ 76,543	$ 154,882
Revenue from external customer contracts	$ 78,339	$ 76,543	$ 154,882

Nine months ended September 30, 2023

	Royalty revenue	Sales revenue	Total
Total segment revenue	$ 364,261	$ 216,084	$ 580,345
Revenue from external customer contracts	$ 364,261	$ 216,084	$ 580,345

Nine months ended September 30, 2022

	Royalty revenue	Sales revenue	Total
Total segment revenue	$ 283,968	$ 211,942	$ 495,910
Revenue from external customer contracts	$ 283,968	$ 211,942	$ 495,910

Royalty revenue for the nine months ended September 30, 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 nine months ended September 30, 2023 and 2022, the Company recognized royalty income from sales in the amount of US$9,645 thousand and US$9,463 thousand in accordance with the contract, respectively. For the nine months ended September 30, 2023 and 2022, royalty income which has not yet been collected amounted to US$3,155 thousand and US$3,100 thousand (of which US$2,840 thousand and US$2,790 were recognized in current contract assets as of September 30, 2023 and 2022, respectively, and remaining balance was recognized as current income tax assets as of September 30, 2023 and 2022), respectively.

Additionally, pursuant to the aforementioned supplementary agreement, when fulfilling related conditions as regulated in the contract, the Company could recognize the sublicense revenue in the amount of US$2,000 thousand. The Company has recognized the revenue in full amount in July 2023 which had been fully collected in September 2023.

B. Contract assets

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

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Contract assets	$ 91,643	$ 91,424	$ 88,582	$ 113,792

(15) Operating costs

	Three months ended September 30,	
	2023	2022
Cost of sales		
- Cost of goods sold	$ 11,604	$ 13,468
- Loss on inventory write-off	-	-
	$ 11,604	$ 13,468

	Nine months ended September 30,	
	2023	2022
Cost of sales		
- Cost of goods sold	$ 37,860	$ 36,772
- Loss on inventory write-off	-	644
	$ 37,860	$ 36,416

(16) Interest income

	Three months ended September 30,	
	2023	2022
Interest income from bank deposits	$ 14,481	$ 6,868

	Nine months ended September 30,	
	2023	2022
Interest income from bank deposits	$ 39,244	$ 16,198

(17) Other income

	Three months ended September 30,	
	2023	2022
Income from compensation (Note)	$ -	$ 29,950
Other income	-	1,692
	$ -	$ 31,642

	Nine months ended September 30,	
	2023	2022
Income from compensation (Note)	$ -	$ 29,950
Other income	3,386	1,706
	$ 3,386	$ 31,656

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 quarter of 2023, amounting to US$3,386 thousand.

(18) Other gains and losses

	Three months ended September 30,	
	2023	2022
Net currency exchange gains	$ 13,648	$ 12,434
(Losses) gains on financial assets at fair value through profit or loss	(2,511)	31,493
	$ 11,137	$ 43,927

	Nine months ended September 30,	
	2023	2022
Net currency exchange gains	$ 17,795	$ 15,680
Gains on financial assets at fair value through profit or loss	5,529	31,493
Gain on lease modifications	-	4
	$ 23,324	$ 47,177

(19) Finance costs

	Three months ended September 30,	
	2023	2022
Interest expense on lease liabilities	$ 74	$ 7

	Nine months ended September 30,	
	2023	2022
Interest expense on lease liabilities	$ 245	$ 44

(20) Expenses by nature

	Three months ended September 30,	
	2023	2022
Employee benefit expense	$ 28,839	$ 27,846
Depreciation charges on property, plant and equipment (including right-of-use assets)	$ 2,098	$ 1,925
Amortization charges on intangible assets	$ 154	$ 169

	Nine months ended September 30,	
	2023	2022
Employee benefit expense	$ 85,874	$ 81,169
Depreciation charges on property, plant and equipment (including right-of-use assets)	$ 6,289	$ 6,115
Amortization charges on intangible assets	$ 472	$ 271

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

	Three months ended September 30,	
	2023	2022
Wages and salaries	$ 20,620	$ 19,614
Share-based payment expenses	677	1,000
Labour and health insurance fees	1,709	1,199
Pension costs	682	640
Directors' remuneration	4,727	4,948
Other personnel expenses	424	445
	$ 28,839	$ 27,846

	Nine months ended September 30,	
	2023	2022
Wages and salaries	$ 60,725	$ 58,374
Share-based payment expenses	2,958	1,000
Labour and health insurance fees	4,524	3,648
Pension costs	2,016	1,847
Directors' remuneration	13,356	14,609
Other personnel expenses	2,295	1,691
	$ 85,874	$ 81,169

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 September 30, 2023 and 2022 and nine months ended September 30, 2023 and 2022, employees' compensation were accrued at $2,147, $2,119, $5,786 and $6,836, respectively; while directors' remuneration were accrued at $2,147, $2,119, $5,786 and $6,836, 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 nine months ended September 30, 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 (benefit) expense

Components of income tax (benefit) expense:

	Three months ended September 30, 2023	Three months ended September 30, 2022
Current tax:		
Current tax on profits for the period	$ 20,204	$ 18,217
Tax on undistributed surplus earnings	-	-
Prior year income tax over estimation	-	-
Total current tax	20,204	18,217
Deferred tax:		
Origination and reversal of temporary differences	2,077	(3,973)
Total deferred tax	2,077	(3,973)
Income tax expense	$ 22,281	$ 14,244

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Current tax:		
Current tax on profits for the period	$ 54,266	$ 65,739
Tax on undistributed surplus earnings	469	-
Prior year income tax over estimation	(18,032)	(154)
Total current tax	36,703	65,585
Deferred tax:		
Origination and reversal of temporary differences	3,748	(2,644)
Total deferred tax	3,748	(2,644)
Income tax expense	$ 40,451	$ 62,941

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 September 30, 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	$ 80,781	143,618	$	0.56
Diluted earnings per share				
Net profit	$ 80,781	143,618		
Assumed conversion of all dilutive potential ordinary shares				
Employee stock options	-	-		
Restricted stocks	-	37		
Employees' compensation	-	25		
	$ 80,781	143,680	$	0.56

	Three months ended September 30, 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	$ 87,462	143,596	$	0.61
Diluted earnings per share				
Net profit	$ 87,462	143,596		
Assumed conversion of all dilutive potential ordinary shares				
Employee stock options	-	-		
Restricted stocks	-	2		
Employees' compensation	-	18		
	$ 87,462	143,616	$	0.61

	Nine months ended September 30, 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	$ 237,277	143,604	$ 1.65
Diluted earnings per share			
Net profit	$ 237,277	143,604	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	-	
Restricted stocks	-	53	
Employees' compensation	-	83	
	$ 237,277	143,740	$ 1.65

	Nine months ended September 30, 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	$ 265,166	143,596	$ 1.85
Diluted earnings per share			
Net profit	$ 265,166	143,596	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	-	
Restricted stocks	-	2	
Employees' compensation	-	92	
	$ 265,166	143,690	$ 1.85

(24) Supplemental cash flow information

Investing activities with partial cash payments

	Nine months ended September 30,	
	2023	2022
Purchase of property, plant and equipment	$ 303	$ 3,226
Add: Ending balance of prepaid equipment (Note)	103	-
Less: Opening balance of prepaid equipment (Note)	(200)	-
Cash paid during the period	$ 206	$ 3,226

Note: Prepaid equipment - shown as 'non-current assets'.

	Nine months ended September 30,	
	2023	2022
Purchase of intangible assets	$ -	$ 2,352
Less: Opening balance of prepaid intangible assets	-	(1,850)
Cash paid during the period	$ -	$ 502

Note: Prepaid intangible assets - shown as ‘non-current assets’.

(25) Changes in liabilities from financing activities

	Lease liability
At January 1, 2023	$ 22,346
Changes in cash flow from financing activities	(5,640)
At September 30, 2023	$ 16,706

	Lease liability
At January 1, 2022	$ 7,593
Changes in cash flow from financing activities	(6,092)
Changes in other non-cash items	
Termination of right-of-use assets (Note)	(219)
At September 30, 2022	$ 1,282

Note: It pertains to the early termination of the lease, resulting in decreases in right-of-use assets and lease liabilities.

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

For the nine months ended September 30, 2023 and 2022, the Company had no significant transactions made with related parties.

(2) Key management compensation

	Three months ended September 30,	
	2023	2022
Salaries and other short-term employee benefits	$ 8,315	$ 8,328
Post-employment benefits	27	27
Share-based payments	331	444
	$ 8,673	$ 8,799

	Nine months ended September 30,	
	2023	2022
Salaries and other short-term employee benefits	$ 25,402	$ 26,966
Post-employment benefits	81	81
Share-based payments	1,546	444
	$ 27,029	$ 27,491

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

A. As of September 30, 2023 and 2022, the Company has entered into drug research commissioned and software license contracts amounting to $506,578 and $203,885, of which $266,805 and $123,258 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 and USD 2,000 thousand (shown as "research and development expenses") when the agreement was signed and the conditions of the first stage of milestone were fulfilled in the third quarter of 2023, and the payment had been made.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ -	$ 55,591	$ 102,363

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets at amortised cost			
Cash and cash equivalents	$ 1,737,285	$ 1,768,859	$ 1,721,292
Financial assets at amortised cost	1,818,074	1,836,840	1,790,000
Accounts receivable, net	74,995	68,914	80,345
Other receivables	12,427	6,752	7,862
Refundable deposits (shown as other non-current assets)	2,335	2,295	2,295
	$ 3,645,116	$ 3,683,660	$ 3,601,794
Financial liabilities			
Financial liabilities at amortised cost			
Other payables	$ 53,529	$ 69,942	$ 95,263
Lease liability	$ 16,706	$ 22,346	$ 1,282

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:

	September 30, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 13,703	32.27	$ 442,206
Financial liabilities			
Monetary items			
USD:NTD	380	32.27	12,252

	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

	September 30, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 5,900	31.75	$ 187,322
GBP:NTD	118	35.53	4,201
Financial liabilities			
Monetary items			
USD:NTD	1,172	31.75	37,219
GBP:NTD	110	35.53	3,916

ii. Total exchange gain, arising from foreign exchange variation on the monetary items held by the Company for the three months ended September 30, 2023 and 2022 and nine months ended September 30, 2023 and 2022 amounted to $13,648, $12,434, $17,795 and $15,680, respectively.

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

	Nine months ended September 30, 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%	$	4,422	$	-
Financial liabilities					
Monetary items					
USD:NTD	1%		123		-

	Nine months ended September 30, 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%	$	1,873	$	-
GBP:NTD	1%		42		-
Financial liabilities					
Monetary items					
USD:NTD	1%		372		-
GBP:NTD	1%		39		-

(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 September 30, 2023, December 31, 2022 and September 30, 2022, the provision matrix is as follows:

	Not past due	Total
September 30, 2023		
Expected loss rate	0.03%	
Total book value	$ 75,018	$ 75,018
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
September 30, 2022		
Expected loss rate	0.03%	
Total book value	$ 80,369	$ 80,369
Loss allowance	$ 24	$ 24

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	10
At September 30	$ 23	$ 24

(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.

September 30, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Other payables	$ 53,529	$ -	$ -	$ -
Lease liability	7,847	7,847	1,308	-

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	-

September 30, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Other payables	$ 95,263	$ -	$ -	$ -
Lease liability	1,282	-	-	-

(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 September 30, 2023 and 2022 are as follows:

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

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

September 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 102,363	$ -	$ -	$102,363

As of September 30, 2023, 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): None.

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 1.

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.

Major shareholders information

September 30, 2023

Table 1

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%