

**FORMOSA LABORATORIES, INC. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
JUNE 30, 2023 AND 2022**

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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 Shareholders of FORMOSA LABORATORIES, INC.

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of FORMOSA LABORATORIES, INC. AND SUBSIDIARIES (the "Group") as at June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of Review***

We conducted our reviews in accordance with the Standard on Review Engagements 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## ***Conclusion***

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months then ended and its consolidated 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.

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Yen, Yu-Fang

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Teng, Sheng-Wei

For and on Behalf of PricewaterhouseCoopers, Taiwan

August 10, 2023

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

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

**FORMOSA LABORATORIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	June 30, 2023		December 31, 2022		June 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 1,948,308	15	\$ 1,279,462	10	\$ 598,215	5
1110	Financial assets at fair value through profit or loss - current	6(2) and 8	175,826	1	197,519	2	230,966	2
1136	Current financial assets at amortised cost, net	6(4)	-	-	153,550	1	-	-
1150	Notes receivable, net	6(5)	3,370	-	-	-	-	-
1170	Accounts receivable, net	6(5)	932,978	7	798,849	6	763,182	7
1180	Accounts receivable - related parties	7	20,362	-	13,628	-	21,978	-
1200	Other receivables		153,891	1	14,590	-	17,944	-
1210	Other receivables - related parties	7	48	-	27	-	643	-
1220	Current income tax assets		398	-	33	-	-	-
130X	Inventory	6(6)	1,735,178	13	1,601,672	13	1,647,561	14
1410	Prepayments		118,016	1	89,488	1	76,189	1
1470	Other current assets		7,249	-	2,242	-	2,349	-
11XX	<b>Total current assets</b>		<u>5,095,624</u>	<u>38</u>	<u>4,151,060</u>	<u>33</u>	<u>3,359,027</u>	<u>29</u>
<b>Non-current assets</b>								
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 8	2,008,150	15	2,177,551	17	1,588,557	14
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	79,097	1	61,479	-	113,971	1
1550	Investments accounted for under equity method	6(7)	13,127	-	15,425	-	9,773	-
1600	Property, plant and equipment	6(8) and 8	5,974,742	44	5,875,256	46	5,894,593	52
1755	Right-of-use assets		37,068	-	43,325	-	40,384	-
1780	Intangible assets	6(9)	211,451	1	222,929	2	234,897	2
1840	Deferred income tax assets	6(27)	89,733	1	97,189	1	84,991	1
1900	Other non-current assets	6(8)(10) and 8	48,870	-	106,499	1	59,093	1
15XX	<b>Total non-current assets</b>		<u>8,462,238</u>	<u>62</u>	<u>8,599,653</u>	<u>67</u>	<u>8,026,259</u>	<u>71</u>
1XXX	<b>Total assets</b>		<u>\$ 13,557,862</u>	<u>100</u>	<u>\$ 12,750,713</u>	<u>100</u>	<u>\$ 11,385,286</u>	<u>100</u>

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**FORMOSA LABORATORIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	June 30, 2023		December 31, 2022		June 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>								
2100	Short-term borrowings	6(11) and 8	\$ 1,411,432	10	\$ 1,449,666	11	\$ 933,505	8
2110	Short-term notes and bills payable	6(12)	149,905	1	49,909	-	149,941	1
2130	Current contract liabilities	6(21)	143,443	1	55,775	1	111,426	1
2150	Notes payable		411	-	1,017	-	617	-
2170	Accounts payable		204,220	1	186,473	2	160,951	2
2200	Other payables	6(13)	755,498	6	584,625	5	756,390	7
2220	Other payables to related parties	7	588	-	-	-	246	-
2230	Current income tax liabilities		79,508	1	141,374	1	40,712	-
2280	Current lease liabilities		21,696	-	22,093	-	21,486	-
2320	Long-term liabilities, current portion	6(14) and 8	328,067	2	619,017	5	214,948	2
2399	Other current liabilities	9	76,678	1	31,700	-	53,915	1
21XX	<b>Total current liabilities</b>		<u>3,171,446</u>	<u>23</u>	<u>3,141,649</u>	<u>25</u>	<u>2,444,137</u>	<u>22</u>
<b>Non-current liabilities</b>								
2500	Non-current financial liabilities at fair value through profit or loss	6(2) and 7	62,280	1	61,420	1	58,390	1
2527	Non-current contract liabilities	6(21)	252	-	16,989	-	8,057	-
2540	Long-term borrowings	6(14) and 8	2,019,624	15	1,637,756	13	1,915,792	17
2570	Deferred income tax liabilities	6(27)	27,228	-	24,634	-	25,864	-
2580	Non-current lease liabilities		15,578	-	21,436	-	19,140	-
2600	Other non-current liabilities	9	16,849	-	50,556	-	50,022	-
25XX	<b>Total non-current liabilities</b>		<u>2,141,811</u>	<u>16</u>	<u>1,812,791</u>	<u>14</u>	<u>2,077,265</u>	<u>18</u>
2XXX	<b>Total liabilities</b>		<u>5,313,257</u>	<u>39</u>	<u>4,954,440</u>	<u>39</u>	<u>4,521,402</u>	<u>40</u>
<b>Equity attributable to owners of parent</b>								
3110	Common stock	1 and 6(17)	1,202,560	9	1,202,560	9	1,202,560	10
3200	Capital surplus	6(16)(18)	3,551,433	26	3,514,488	27	3,511,348	31
3310	Retained earnings	6(19)	485,958	4	444,979	4	444,979	4
3320	Legal reserve		54,984	-	20	-	20	-
3350	Special reserve							
3400	Unappropriated retained earnings		2,206,315	16	2,364,300	19	1,545,629	14
3400	Other equity interest	6(20)	(6,930)	-	(5,703)	-	43,863	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>7,494,320</u>	<u>55</u>	<u>7,520,644</u>	<u>59</u>	<u>6,748,399</u>	<u>59</u>
36XX	Non-controlling interest	4(3)	750,285	6	275,629	2	115,485	1
3XXX	<b>Total equity</b>		<u>8,244,605</u>	<u>61</u>	<u>7,796,273</u>	<u>61</u>	<u>6,863,884</u>	<u>60</u>
3X2X	<b>Total liabilities and equity</b>		<u>\$ 13,557,862</u>	<u>100</u>	<u>\$ 12,750,713</u>	<u>100</u>	<u>\$ 11,385,286</u>	<u>100</u>

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

**FORMOSA LABORATORIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amount)

Items	Notes	Three months ended June 30		Three months ended June 30		Six months ended June 30		Six months ended June 30			
		2023	2022	2023	2022	2023	2022	2023	2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%		
4000	Sales revenue	6(21) and 7		\$ 1,086,934	100	\$ 838,218	100	\$ 2,018,903	100	\$ 1,673,162	100
5000	Operating costs	6(6)(25)(26)									
		and 7		( 588,321)	( 54)	( 546,982)	( 65)	( 1,108,496)	( 55)	( 1,126,575)	( 67)
5900	Net operating margin			498,613	46	291,236	35	910,407	45	546,587	33
	Operating expenses	6(25)(26) and									
		7									
6100	Selling expenses			( 49,434)	( 5)	( 44,317)	( 5)	( 88,723)	( 4)	( 81,146)	( 5)
6200	General and administrative expenses			( 86,045)	( 8)	( 50,754)	( 6)	( 136,937)	( 7)	( 99,174)	( 6)
6300	Research and development expenses			( 207,929)	( 19)	( 198,875)	( 24)	( 423,567)	( 21)	( 409,815)	( 24)
6450	Impairment gain and reversal of impairment loss (expected credit loss) determined in accordance with IFRS 9	12(2)		2,395	-	9,029	1	30,597	1	( 693)	-
6000	Total operating expenses			( 341,013)	( 32)	( 284,917)	( 34)	( 618,630)	( 31)	( 590,828)	( 35)
6900	Operating profit (loss)			157,600	14	6,319	1	291,777	14	( 44,241)	( 2)
	Non-operating income and expenses										
7100	Interest income	6(22)		5,221	1	156	-	10,054	1	163	-
7010	Other income			611	-	1,094	-	3,242	-	1,225	-
7020	Other gains and losses	6(2)(23)		( 63,344)	( 6)	( 34,548)	( 4)	( 217,663)	( 11)	( 426,710)	( 26)
7050	Finance costs	6(24)		( 1,718)	-	( 4,141)	( 1)	( 12,001)	( 1)	( 7,192)	-
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(7)		1,457	-	180	-	( 1,199)	-	2,600	-
7000	Total non-operating income and expenses			( 57,773)	( 5)	( 37,259)	( 5)	( 217,567)	( 11)	( 429,914)	( 26)
7900	Profit (loss) before income tax			99,827	9	( 30,940)	( 4)	74,210	3	( 474,155)	( 28)
7950	Income tax expense	6(27)		( 41,606)	( 4)	( 18,793)	( 2)	( 84,562)	( 4)	( 29,830)	( 2)
8200	Profit (loss) for the period			\$ 58,221	5	( \$ 49,733)	( 6)	( \$ 10,352)	( 1)	( \$ 503,985)	( 30)

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**FORMOSA LABORATORIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amount)

Items	Notes	Three months ended June 30				Six months ended June 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>										
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	\$ 1,585	-	(\$ 3,194)	-	\$ 2,723	-	(\$ 991)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		1,585	-	(3,194)	-	2,723	-	(991)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>										
8361	Financial statements translation differences of foreign operations		(7,644)	-	(9,544)	(1)	(9,478)	-	(10,978)	(1)
8399	Income tax relating to the components of other comprehensive income	6(27)	798	-	965	-	988	-	1,102	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(6,846)	-	(8,579)	(1)	(8,490)	-	(9,876)	(1)
8300	<b>Total other comprehensive loss for the period</b>		<u>(\$ 5,261)</u>	<u>-</u>	<u>(\$ 11,773)</u>	<u>(1)</u>	<u>(\$ 5,767)</u>	<u>-</u>	<u>(\$ 10,867)</u>	<u>(1)</u>
8500	<b>Total comprehensive income (loss) for the period</b>		<u>\$ 52,960</u>	<u>5</u>	<u>(\$ 61,506)</u>	<u>(7)</u>	<u>(\$ 16,119)</u>	<u>(1)</u>	<u>(\$ 514,852)</u>	<u>(31)</u>
Profit (loss), attributable to:										
8610	Owners of the parent		\$ 83,376	7	(\$ 8,533)	(1)	\$ 58,214	3	(\$ 408,887)	(24)
8620	Non-controlling interest		(25,155)	(2)	(41,200)	(5)	(68,566)	(4)	(95,098)	(6)
			<u>\$ 58,221</u>	<u>5</u>	<u>(\$ 49,733)</u>	<u>(6)</u>	<u>(\$ 10,352)</u>	<u>(1)</u>	<u>(\$ 503,985)</u>	<u>(30)</u>
Comprehensive income (loss) attributable to:										
8710	Owners of the parent		\$ 81,771	8	(\$ 15,587)	(2)	\$ 56,987	3	(\$ 414,285)	(25)
8720	Non-controlling interest		(28,811)	(3)	(45,919)	(5)	(73,106)	(4)	(100,567)	(6)
			<u>\$ 52,960</u>	<u>5</u>	<u>(\$ 61,506)</u>	<u>(7)</u>	<u>(\$ 16,119)</u>	<u>(1)</u>	<u>(\$ 514,852)</u>	<u>(31)</u>
Earnings (loss) per share (in dollars)										
9750	Basic earnings (loss) per share	6(28)	<u>\$ 0.69</u>		<u>(\$ 0.07)</u>		<u>\$ 0.48</u>		<u>(\$ 3.40)</u>	
9850	Diluted earnings (loss) per share		<u>\$ 0.69</u>		<u>(\$ 0.07)</u>		<u>\$ 0.48</u>		<u>(\$ 3.40)</u>	

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
SIX MONTHS ENDED JUNE 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent										
		Capital Reserves			Retained Earnings			Other Equity Interest				
		Share capital - common stock	Total capital surplus, additional paid-in capital	Capital Surplus, changes in ownership interests in subsidiaries	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
<u>2022</u>												
Balance at January 1, 2022		\$ 1,202,560	\$ 3,083,576	\$ 419,806	\$ 319,935	\$ 20	\$ 2,320,072	(\$ 8,566)	\$ 57,827	\$ 7,395,230	\$ 206,935	\$ 7,602,165
Loss for the period		-	-	-	-	-	( 408,887 )	-	-	( 408,887 )	( 95,098 )	( 503,985 )
Other comprehensive loss		-	-	-	-	-	-	( 4,407 )	( 991 )	( 5,398 )	( 5,469 )	( 10,867 )
Total comprehensive loss		-	-	-	-	-	( 408,887 )	( 4,407 )	( 991 )	( 414,285 )	( 100,567 )	( 514,852 )
Appropriations and distribution of retained earnings, 2021	6(19)											
Legal reserve		-	-	-	125,044	-	( 125,044 )	-	-	-	-	-
Cash dividends		-	-	-	-	-	( 240,512 )	-	-	( 240,512 )	-	( 240,512 )
Changes in ownership interest in subsidiaries	6(29)	-	-	7,474	-	-	-	-	-	7,474	8,554	16,028
Amortisation of compensation cost of employee stock options	6(16)	-	-	492	-	-	-	-	-	492	563	1,055
Balance at June 30, 2022		\$ 1,202,560	\$ 3,083,576	\$ 427,772	\$ 444,979	\$ 20	\$ 1,545,629	(\$ 12,973)	\$ 56,836	\$ 6,748,399	\$ 115,485	\$ 6,863,884
<u>2023</u>												
Balance at January 1, 2023		\$ 1,202,560	\$ 3,083,576	\$ 430,912	\$ 444,979	\$ 20	\$ 2,364,300	(\$ 10,047)	\$ 4,344	\$ 7,520,644	\$ 275,629	\$ 7,796,273
Profit for the period		-	-	-	-	-	58,214	-	-	58,214	( 68,566 )	( 10,352 )
Other comprehensive income (loss)		-	-	-	-	-	-	( 3,950 )	2,723	( 1,227 )	( 4,540 )	( 5,767 )
Total comprehensive income (loss)		-	-	-	-	-	58,214	( 3,950 )	2,723	56,987	( 73,106 )	( 16,119 )
Appropriations and distribution of retained earnings, 2022	6(19)											
Legal reserve		-	-	-	40,979	-	( 40,979 )	-	-	-	-	-
Special reserve		-	-	-	-	54,964	( 54,964 )	-	-	-	-	-
Cash dividends		-	-	-	-	-	( 120,256 )	-	-	( 120,256 )	-	( 120,256 )
Changes in ownership interests in subsidiaries	6(29)	-	-	36,470	-	-	-	-	-	36,470	547,205	583,675
Amortisation of compensation cost of employee stock options	6(16)	-	-	475	-	-	-	-	-	475	557	1,032
Balance at June 30, 2023		\$ 1,202,560	\$ 3,083,576	\$ 467,857	\$ 485,958	\$ 54,984	\$ 2,206,315	(\$ 13,997)	\$ 7,067	\$ 7,494,320	\$ 750,285	\$ 8,244,605

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



FORMOSA LABORATORIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED JUNE 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit (loss) before tax		\$ 74,210	(\$ 474,155 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	222,776	221,014
Amortisation	6(25)	13,291	14,422
Expected credit impairment (gain) loss	12(2)	( 30,597 )	693
Net losses on financial assets at fair value through profit or loss	6(23)	209,543	450,583
Interest expense	6(24)	12,001	7,192
Compensation cost of employee stock options	6(17)	1,032	1,055
Interest income	6(22)	( 10,054 )	( 163 )
Share of profit or loss of associates accounted for using equity method	6(7)	1,199	( 2,600 )
Gain from lease modification	6(23)	-	( 24 )
Expenses transferred from prepayment for equipment (shown as other non-current assets)	6(8)	571	2,085
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 897 )	( 9,853 )
Notes receivable		( 3,370 )	2,586
Accounts receivable		( 103,530 )	( 5,017 )
Accounts receivable - related parties		( 6,736 )	( 9,649 )
Other receivables		( 139,894 )	11,438
Other receivables - related parties		( 21 )	( 605 )
Inventory		( 133,506 )	( 8,364 )
Prepayments		( 28,528 )	3,620
Other current assets		( 5,007 )	1,461
Other non-current assets		( 204 )	( 227 )
Changes in operating liabilities			
Current contract liabilities		70,931	9,797
Notes payable		( 606 )	( 1,019 )
Accounts payable		17,747	( 41,467 )
Other payables		( 10,900 )	( 13,484 )
Other payables - related parties		588	246
Other current liabilities		44,978	4,373
Other non-current liabilities		( 33,235 )	( 1,626 )
Cash inflow generated from operations		161,782	162,312
Interest received		10,054	163
Interest paid		( 12,498 )	( 7,248 )
Income taxes paid		( 135,162 )	( 21,677 )
Net cash flows from operating activities		<u>24,176</u>	<u>133,550</u>

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**FORMOSA LABORATORIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30	
		2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through profit or loss		\$ -	(\$ 14,976 )
Proceeds from disposal of financial assets at fair value through profit or loss		6,672	79,052
Dividends received from investee accounted for using equity method		65	44
Proceeds from disposal of financial assets at amortised cost		158,750	-
Acquisition of property, plant and equipment	6(30)	( 204,285 )	( 209,222 )
Acquisition of intangible assets	6(9)	( 475 )	( 97 )
Decrease (increase) in refundable deposits		856	( 1,018 )
Prepayments for equipment (shown as other non-current assets)	6(8)	( 26,242 )	( 18,930 )
Net cash flows used in investing activities		( 64,659 )	( 165,147 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through profit or loss		-	58,390
Increase (decrease) in short-term loans	6(31)	( 38,234 )	( 83,883 )
Increase (decrease) in short-term notes and bills payable	6(31)	99,996	( 9,998 )
Proceeds from long-term debt	6(31)	1,737,800	1,790,000
Repayments of long-term debt (including current portion)	6(31)	( 1,646,882 )	( 1,851,113 )
Payments of lease liabilities		( 13,611 )	( 15,024 )
Subsidiary cash increase and employee stock options	6(30)	583,675	16,028
Net cash flows from (used in) financing activities		722,744	( 95,600 )
Effect of exchange rate changes on cash and cash equivalents		( 13,415 )	( 4,123 )
Net increase (decrease) in cash and cash equivalents		668,846	( 131,320 )
Cash and cash equivalents at beginning of period		1,279,462	729,535
Cash and cash equivalents at end of period		\$ 1,948,308	\$ 598,215

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
SIX MONTHS ENDED JUNE 30, 2023 AND 2022

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

1. HISTORY AND ORGANIZATION

Formosa Laboratories, Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) in December 1995 and started its operations in the same year. The Company and its subsidiaries (the "Group") are primarily engaged in the wholesale and manufacturing of active pharmaceutical ingredients.

On June 6, 2008, in order to strengthen operational efficiency, enlarge operation scale and minimize management costs, the Company's shareholders resolved to merge with L. C. United Chemical Corporation, effective July 1, 2008, with the Company as the surviving company. L. C. United Chemical Corporation was incorporated in Luzhu Dist., Taoyuan County in July 1984 and is primarily engaged in the manufacturing and sales of ultraviolet absorbers.

After the merger, the Company is primarily engaged in the manufacturing and sales of active pharmaceutical ingredients, including medical active pharmaceutical ingredients and ultraviolet absorbers. The Company's shares were listed in the Taiwan Stock Exchange starting from March 1, 2011. As of June 30, 2023, the Company's authorised capital and paid-in capital were \$1,600,000 and \$1,202,560, respectively, with a par value of \$10 (in dollars) per share.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on August 10, 2023.

### 3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024
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 Group’s financial condition

and financial performance based on the Group's assessment.

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

##### (1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers". The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

##### (2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income financial assets measured at fair value.
  - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with 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 Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is the same as that for the 2022 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	Research and development of new biotechnology medicine	45.84	46.55	46.63	Note 1 and Note 2
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Research and development of new	100	100	100	
Formosa Laboratories, Inc.	Epione Investment Cayman	Medicine, chemical trade and investment business	100	100	100	
Epione Investment Cayman Limited	Epione Investment HK Limited	Medicine, chemical trade and investment business	100	100	100	
Epione Investment HK Limited	Shanghai Epione Eenterprise Co., Ltd.	Wholesale and import and export of chemical raw materials and products and commission agency	100	100	100	
Formosa Pharmaceuticals Inc.	Activus Pharma.Co., Ltd.	Research and development of new biotechnology medicine	99.23	99.23	99.23	

Note 1: In the second half of 2022, as Formosa Pharmaceuticals Inc.'s employees gradually exercised share options, the Group's shareholding ratio in Formosa Pharmaceuticals Inc. decreased to 46.55%. In the second quarter of 2023, as Formosa Pharmaceuticals Inc. issued new shares and its employees gradually exercised share options, the Group's shareholding ratio in Formosa Pharmaceuticals Inc. decreased to 45.84%. Refer to Note 6(29).

Note 2: On June 30, 2023, although the Company's equity interest held in Formosa Pharmaceuticals Inc. did not exceed 50%, the Company was its single major shareholder and has significant influence over its business activities, which met the controlling factor in paragraph 7 of IFRS 10, 'Consolidated Financial Statements', Accordingly, Formosa Pharmaceuticals Inc. was included in the consolidated financial statements.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of June 30, 2023, December 31, 2022 and June 30, 2022, the non-controlling interest amounted to \$750,285, \$275,629 and \$115,485, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		June 30, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
Formosa Pharmaceuticals Inc.	Taiwan	\$ 750,285	54.16%	\$ 275,629	53.45%

Name of subsidiary	Principal place of business	Non-controlling interest	
		June 30, 2022	
		Amount	Ownership (%)
Formosa Pharmaceuticals Inc.	Taiwan	\$ 115,485	53.37%

Summarised financial information of the subsidiaries:

Balance sheets

	Formosa Pharmaceuticals Inc.		
	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 1,378,331	\$ 456,314	\$ 149,882
Non-current assets	428,402	421,593	435,529
Current liabilities	( 122,168)	( 43,057)	( 62,222)
Non-current liabilities	( 333,304)	( 340,941)	( 326,002)
Total net assets	\$ 1,351,261	\$ 493,909	\$ 197,187

Statements of comprehensive income

	Formosa Pharmaceuticals Inc.	
	<u>Three months ended June 30, 2023</u>	<u>Three months ended June 30, 2022</u>
Revenue	\$ 30,599	\$ 336
Loss before income tax	(\$ 53,157)	(\$ 90,650)
Income tax benefit (expense)	( 2,937)	54
Loss for the period	( 56,094)	( 90,596)
Other comprehensive loss, net of tax	( 6,760)	( 8,784)
Total comprehensive loss for the period	<u>(\$ 62,854)</u>	<u>(\$ 99,380)</u>
Comprehensive loss attributable to non- controlling interest	<u>(\$ 28,811)</u>	<u>(\$ 45,919)</u>

	Formosa Pharmaceuticals Inc.	
	<u>Six months ended June 30, 2023</u>	<u>Six months ended June 30, 2022</u>
Revenue	\$ 30,599	\$ 336
Loss before income tax	(\$ 136,901)	( 203,126)
Income tax benefit (expense)	( 2,880)	177
Loss for the period	( 139,781)	( 202,949)
Other comprehensive loss, net of tax	( 8,399)	( 10,179)
Total comprehensive loss for the period	<u>(\$ 148,180)</u>	<u>(\$ 213,128)</u>
Comprehensive loss attributable to non- controlling interest	<u>(\$ 73,106)</u>	<u>(\$ 100,567)</u>



Statements of cash flows

Formosa Pharmaceuticals Inc.

	<u>Six months ended June 30, 2023</u>	<u>Six months ended June 30, 2022</u>
Net cash used in operating activities	(\$ 206,202)	(\$ 167,578)
Net cash provided by investing activities	158,056	-
Net cash provided by financing activities	1,002,650	72,907
Effect of exchange rates on cash and cash equivalents	( 9,750)	9,837
Increase (decrease) in cash and cash equivalents	944,754	( 84,834)
Cash and cash equivalents, beginning of period	<u>267,338</u>	<u>208,917</u>
Cash and cash equivalents, end of period	<u>\$ 1,212,092</u>	<u>\$ 124,083</u>

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income tax

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

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

There have been no significant changes as of June 30, 2023. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Petty cash and cash on hand	\$ 446	\$ 554	\$ 554
Demand deposits	1,561,642	655,866	357,203
Foreign currency demand deposits	386,220	511,622	240,458
Time deposits	-	111,420	-
	<u>\$ 1,948,308</u>	<u>\$ 1,279,462</u>	<u>\$ 598,215</u>

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

B. The Group has no cash and cash equivalents pledged to others.

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks			
EirGenix, Inc.	\$ 28,285	\$ 29,158	\$ 36,528
TOT Biopharm International Company Limited	51,661	52,940	52,940
Sercomm Corporation	-	-	6,916
Emerging stocks			
TaiRx, Inc.	15,387	16,484	37,193
Derivatives			
- the redemption rights of convertible bonds	2,430	2,010	5,045
	<u>97,763</u>	<u>100,592</u>	<u>138,622</u>
Valuation adjustment	78,063	96,927	92,344
	<u>\$ 175,826</u>	<u>\$ 197,519</u>	<u>\$ 230,966</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks			
EirGenix, Inc.	\$ 588,756	\$ 588,756	\$ 588,756
Unlisted stocks			
Hcmed Innovations Co., Ltd.	14,976	14,976	14,976
AG Global Inc.	35,340	35,340	35,340
Forward BioT Venture Capital	24,000	-	-
	<u>663,072</u>	<u>639,072</u>	<u>639,072</u>
Valuation adjustment	1,345,078	1,538,479	949,485
	<u>\$ 2,008,150</u>	<u>\$ 2,177,551</u>	<u>\$ 1,588,557</u>
Non-current financial liabilities items:			
Financial liabilities designated as at fair value through profit or loss			
New medicine development revenue share agreement			
	\$ 58,390	\$ 58,390	\$ 58,390
Valuation adjustment	3,890	3,030	-
	<u>\$ 62,280</u>	<u>\$ 61,420</u>	<u>\$ 58,390</u>

A. On April 18, 2022, the Group and EirGenix Inc. entered into a new medicine development revenue share agreement for TSY-0110 (EG12043) (the ‘product’) to replace the previous signed

development and manufacturing related collaboration contract. During the development stage, the raw material of the product shall be provided at a reasonable market price by EirGenix Inc.. The Group shall be responsible for the research and development of the product and the implementation of production and manufacturing after the development of the product has been completed. Both parties can launch the product in the global market and shall be entitled to a 50% authorisation income on any revenue or income generated from the development and commercialisation of the product. Under the agreement, the Group is entitled to an authorisation income of US\$30,000 thousand which will be received in accordance with the schedule as specified in the contract. As of June 30, 2023, the Group has received US\$2,000 thousand.

B. The Group recognised net loss amounting to \$82,514, \$53,250, \$209,543 and \$450,583 on financial assets at fair value through profit or loss for the three months and six months ended June 30, 2023 and 2022, respectively.

C. Details of the Group's financial assets at fair value through profit or loss pledged to others as collateral are provided in Note 8.

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

Items	June 30, 2023	December 31, 2022	June 30, 2022
Non-current items:			
Equity instruments			
Unlisted stocks			
Oncomatrix Biopharma, S.L.	\$ 57,135	\$ 57,135	\$ 57,135
PHARMASTAR INC.	14,895	-	-
	72,030	57,135	57,135
Valuation adjustment	7,067	4,344	56,836
	\$ 79,097	\$ 61,479	\$ 113,971

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$79,097, \$61,479 and \$113,971 as at June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

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

	Three Months Ended	
	June 30, 2023	June 30, 2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 1,585	(\$ 3,194)
	Six Months Ended	
	June 30, 2023	June 30, 2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 2,723	(\$ 991)

C. As at June 30, 2023, December 31, 2022 and June 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 financial assets at fair value through other comprehensive income held by the Group was \$79,097, \$61,479 and \$113,971, respectively.

D. The Group had no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

Items	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Time deposits with a maturity of more than three months	\$ -	\$ 153,550	\$ -

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three Months Ended	
	June 30, 2023	June 30, 2022
Interest income	\$ -	\$ -
	Six Months Ended	
	June 30, 2023	June 30, 2022
Interest income	\$ 2,503	\$ -

B. As at June 30, 2023, December 31, 2022 and June 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 financial assets at amortized cost held by the Company were \$0, \$153,550 and \$0, respectively.

C. The Company has no financial assets at amortized cost pledged to others as collateral.

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

(5) Notes and accounts receivable, net

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Notes receivable	\$ 3,370	\$ -	\$ -
Accounts receivable	\$ 936,153	\$ 832,623	\$ 769,298
Less: Allowance for uncollectible accounts	( 3,175)	( 33,774)	( 6,116)
	<u>\$ 932,978</u>	<u>\$ 798,849</u>	<u>\$ 763,182</u>

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

	<u>June 30, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 787,801	\$ 3,370	\$ 711,139	\$ -
Up to 30 days past due	101,493	-	68,145	-
31~ 90 days past due	46,080	-	46,849	-
91~ 180 days past due	-	-	-	-
181 days past due	779	-	6,490	-
	<u>\$ 936,153</u>	<u>\$ 3,370</u>	<u>\$ 832,623</u>	<u>\$ -</u>

  

	<u>June 30, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 612,756	\$ -
Up to 30 days past due	100,547	-
31~ 90 days past due	25,876	-
91~ 180 days past due	24,739	-
181 days past due	5,380	-
	<u>\$ 769,298</u>	<u>\$ -</u>

The above ageing analysis was based on past due date.

- B. As of June 30, 2023, December 31, 2022 and June 30, 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$761,441.
- C. The Group did not hold any collateral for the security of notes and accounts receivable.
- D. As at June 30, 2023, December 31, 2022 and June 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 Group's notes and accounts receivable were \$3,370, \$0, \$0, and \$932,978, \$798,849, \$763,182, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	June 30, 2023		
	Cost	Allowance for valuation losses and loss for obsolete and slow-moving inventories	Carrying amount
Goods	\$ 3,120	(\$ 272)	\$ 2,848
Raw materials	721,405	( 109,659)	611,746
Work in progress	521,591	( 102,008)	419,583
Finished goods	892,097	( 191,096)	701,001
	<u>\$ 2,138,213</u>	<u>(\$ 403,035)</u>	<u>\$ 1,735,178</u>

  

	December 31, 2022		
	Cost	Allowance for valuation losses and loss for obsolete and slow-moving inventories	Carrying amount
Goods	\$ 3,582	(\$ 1)	\$ 3,581
Raw materials	623,027	( 90,907)	532,120
Work in progress	501,221	( 115,057)	386,164
Finished goods	856,099	( 176,292)	679,807
	<u>\$ 1,983,929</u>	<u>(\$ 382,257)</u>	<u>\$ 1,601,672</u>

  

	June 30, 2022		
	Cost	Allowance for valuation losses and loss for obsolete and slow-moving inventories	Carrying amount
Goods	\$ 3,188	(\$ 16)	\$ 3,172
Raw materials	646,806	( 87,817)	558,989
Work in progress	464,277	( 97,111)	367,166
Finished goods	897,097	( 178,863)	718,234
	<u>\$ 2,011,368</u>	<u>(\$ 363,807)</u>	<u>\$ 1,647,561</u>

Current expenses related to inventories are as follows:

	Three Months Ended	
	June 30, 2023	June 30, 2022
Cost of goods sold	\$ 576,986	\$ 497,868
(Gain from price recovery of inventory) loss on valuation decline and scrapped inventory	( 7,285)	39,547
Cost of services	18,983	9,780
Others	( 363)	( 213)
	<u>\$ 588,321</u>	<u>\$ 546,982</u>
	Six Months Ended	
	June 30, 2023	June 30, 2022
Cost of goods sold	\$ 1,058,617	\$ 1,057,345
Loss on valuation decline and scrapped inventory	20,778	56,322
Cost of services	29,681	13,337
Others	( 580)	( 429)
	<u>\$ 1,108,496</u>	<u>\$ 1,126,575</u>

(7) Investments accounted for using equity method

Accounted as assets (shown as “investments accounted for using equity method”)

	June 30, 2023	December 31, 2022	June 30, 2022
A. R. Z Taiwan Limited	\$ 261	\$ 614	\$ 1,005
Formosa Laboratories Japan, Inc.	12,866	14,811	8,768
	<u>\$ 13,127</u>	<u>\$ 15,425</u>	<u>\$ 9,773</u>

A. The Group’s share of profit or loss of associates accounted for using the equity method for the three months and six months ended June 30, 2023 and 2022 were \$1,457, \$180, (\$1,199) and \$2,600, respectively.

B. The percentage of A. R. Z Taiwan Limited’s and Formosa Laboratories Japan, Inc.’s assets, liabilities, income and profit or loss presented in the Group was minimal, and the two companies were not significant associates. Accordingly, the related accounts are not disclosed separately.

(8) Property, plant and equipment

	Land	Buildings and structures (Note 3)	Machinery and equipment	Utilities equipment	Testing equipment	Pollution-prevention equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (Note 1)
At January 1, 2023												
Cost	\$ 655,950	\$ 1,598,236	\$ 2,985,520	\$ 97,668	\$ 402,763	\$ 217,964	\$ 110,861	\$ 16,782	\$ 300,818	\$ 2,526,641	\$ 8,913,203	\$ 59,705
Accumulated depreciation	-	( 510,962)	( 1,804,112)	( 80,181)	( 224,497)	( 129,545)	( 81,544)	( 12,702)	( 194,404)	-	( 3,037,947)	-
	<u>\$ 655,950</u>	<u>\$ 1,087,274</u>	<u>\$ 1,181,408</u>	<u>\$ 17,487</u>	<u>\$ 178,266</u>	<u>\$ 88,419</u>	<u>\$ 29,317</u>	<u>\$ 4,080</u>	<u>\$ 106,414</u>	<u>\$ 2,526,641</u>	<u>\$ 5,875,256</u>	<u>\$ 59,705</u>
Six months ended June 30, 2023												
Opening net book amount as at January 1												
	\$ 655,950	\$ 1,087,274	\$ 1,181,408	\$ 17,487	\$ 178,266	\$ 88,419	\$ 29,317	\$ 4,080	\$ 106,414	\$ 2,526,641	\$ 5,875,256	\$ 59,705
Additions (Note 2)	-	3,474	6,915	-	7,830	1,275	899	-	1,151	244,755	266,299	26,242
Transfers (Note 4)	-	81,326	109,233	-	19,560	3,377	2,377	-	15,846	( 189,369)	42,350	( 43,842)
Reclassifications	-	-	248	-	( 248)	-	-	-	-	-	-	-
Depreciation charge	-	( 31,913)	( 126,685)	( 1,000)	( 21,877)	( 8,195)	( 4,667)	( 371)	( 14,455)	-	( 209,163)	-
Closing net book amount as at June 30	<u>\$ 655,950</u>	<u>\$ 1,140,161</u>	<u>\$ 1,171,119</u>	<u>\$ 16,487</u>	<u>\$ 183,531</u>	<u>\$ 84,876</u>	<u>\$ 27,926</u>	<u>\$ 3,709</u>	<u>\$ 108,956</u>	<u>\$ 2,582,027</u>	<u>\$ 5,974,742</u>	<u>\$ 42,105</u>
At June 30, 2023												
Cost	\$ 655,950	\$ 1,682,308	\$ 3,103,781	\$ 97,668	\$ 424,184	\$ 222,616	\$ 114,042	\$ 15,243	\$ 317,815	\$ 2,582,027	\$ 9,215,634	\$ 42,105
Accumulated depreciation	-	( 542,147)	( 1,932,662)	( 81,181)	( 240,653)	( 137,740)	( 86,116)	( 11,534)	( 208,859)	-	( 3,240,892)	-
	<u>\$ 655,950</u>	<u>\$ 1,140,161</u>	<u>\$ 1,171,119</u>	<u>\$ 16,487</u>	<u>\$ 183,531</u>	<u>\$ 84,876</u>	<u>\$ 27,926</u>	<u>\$ 3,709</u>	<u>\$ 108,956</u>	<u>\$ 2,582,027</u>	<u>\$ 5,974,742</u>	<u>\$ 42,105</u>

Note 1: Prepayments for equipment were shown as "other non-current assets".

Note 2: Including capitalised interests.

Note 3: The significant components of buildings include main plants and ancillary works and improvements, which is/are depreciated over 15~50 and 2~15 years, respectively.

Note 4: The difference of transfer during the year arose from prepayments for equipment transferred to intangible assets and operating expenses.



	Land	Buildings and structures (Note 3)	Machinery and equipment	Utilities equipment	Testing equipment	Pollution-prevention equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (Note 1)
At January 1, 2022												
Cost	\$ 655,950	\$ 1,575,057	\$ 2,889,266	\$ 97,668	\$ 371,564	\$ 206,603	\$ 96,356	\$ 16,782	\$ 277,673	\$ 2,293,504	\$ 8,480,423	\$ 85,433
Accumulated depreciation	-	(452,426)	(1,551,685)	(78,172)	(183,872)	(112,373)	(72,326)	(11,829)	(168,009)	-	(2,630,692)	-
	<u>\$ 655,950</u>	<u>\$ 1,122,631</u>	<u>\$ 1,337,581</u>	<u>\$ 19,496</u>	<u>\$ 187,692</u>	<u>\$ 94,230</u>	<u>\$ 24,030</u>	<u>\$ 4,953</u>	<u>\$ 109,664</u>	<u>\$ 2,293,504</u>	<u>\$ 5,849,731</u>	<u>\$ 85,433</u>
Six months ended June 30, 2022												
Opening net book amount as at January 1												
	\$ 655,950	\$ 1,122,631	\$ 1,337,581	\$ 19,496	\$ 187,692	\$ 94,230	\$ 24,030	\$ 4,953	\$ 109,664	\$ 2,293,504	\$ 5,849,731	\$ 85,433
Additions (Note 2)	-	-	12,427	-	16,964	30	411	-	2,606	167,716	200,154	18,930
Transfers (Note 4)	-	-	21,569	-	1,841	10,011	5,242	-	3,224	8,825	50,712	(53,644)
Reclassifications	-	-	(261)	-	58	(49)	-	-	252	-	-	-
Depreciation charge	-	(29,235)	(128,774)	(1,010)	(20,425)	(8,284)	(4,464)	(436)	(13,376)	-	(206,004)	-
Closing net book amount as at June 30	<u>\$ 655,950</u>	<u>\$ 1,093,396</u>	<u>\$ 1,242,542</u>	<u>\$ 18,486</u>	<u>\$ 186,130</u>	<u>\$ 95,938</u>	<u>\$ 25,219</u>	<u>\$ 4,517</u>	<u>\$ 102,370</u>	<u>\$ 2,470,045</u>	<u>\$ 5,894,593</u>	<u>\$ 50,719</u>
At June 30, 2022												
Cost	\$ 655,950	\$ 1,575,057	\$ 2,923,068	\$ 97,668	\$ 389,815	\$ 216,644	\$ 102,009	\$ 16,782	\$ 283,752	\$ 2,470,045	\$ 8,730,790	\$ 50,719
Accumulated depreciation	-	(481,661)	(1,680,526)	(79,182)	(203,685)	(120,706)	(76,790)	(12,265)	(181,382)	-	(2,836,197)	-
	<u>\$ 655,950</u>	<u>\$ 1,093,396</u>	<u>\$ 1,242,542</u>	<u>\$ 18,486</u>	<u>\$ 186,130</u>	<u>\$ 95,938</u>	<u>\$ 25,219</u>	<u>\$ 4,517</u>	<u>\$ 102,370</u>	<u>\$ 2,470,045</u>	<u>\$ 5,894,593</u>	<u>\$ 50,719</u>

Note 1: Prepayments for equipment were shown as "other non-current assets".

Note 2: Including capitalised interests.

Note 3: The significant components of buildings include main plants and ancillary works and improvements, which is/are depreciated over 15~50 and 2~15 years, respectively.

Note 4: The difference of transfer during the year arose from prepayments for equipment transferred to intangible assets and operating expenses.

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

	<u>Three Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Amount capitalised	\$ 16,381	\$ 7,266
Range of the interest rates for capitalisation	<u>1.8435%</u>	<u>1.1585%</u>
	<u>Six Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Amount capitalised	\$ 23,823	\$ 14,728
Range of the interest rates for capitalisation	<u>1.8400%~1.8435%</u>	<u>1.1585%~1.2548%</u>

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

(9) Intangible assets

	2023				
	Professional expertise				
	APP13007	APP13002	Computer	Total	
	Ophthalmic anti-	Antibiotic medicament	software		
	inflammatory agents	for eyes			
	<u>Goodwill</u>				
At January 1					
Cost	\$ 82,166	\$ 231,912	\$ 1,408	\$ 94,091	\$ 409,577
Accumulated amortisation and impairment	( 51,622)	( 68,209)	( 484)	( 66,333)	( 186,648)
	<u>\$ 30,544</u>	<u>\$ 163,703</u>	<u>\$ 924</u>	<u>\$ 27,758</u>	<u>\$ 222,929</u>
Opening net book amount as at January 1	\$ 30,544	\$ 163,703	\$ 924	\$ 27,758	\$ 222,929
Additions	-	-	-	475	475
Reclassifications (Note)	-	-	-	921	921
Amortisation charge	-	( 8,185)	( 43)	( 4,580)	( 12,808)
Net exchange differences	-	-	( 66)	-	( 66)
Closing net book amount as at June 30	<u>\$ 30,544</u>	<u>\$ 155,518</u>	<u>\$ 815</u>	<u>\$ 24,574</u>	<u>\$ 211,451</u>
At June 30					
Cost	\$ 82,166	\$ 231,912	\$ 1,342	\$ 95,293	\$ 410,713
Accumulated amortisation and impairment	( 51,622)	( 76,394)	( 527)	( 70,719)	( 199,262)
	<u>\$ 30,544</u>	<u>\$ 155,518</u>	<u>\$ 815</u>	<u>\$ 24,574</u>	<u>\$ 211,451</u>

Note: It was transferred from prepayments for equipment (shown as 'other non-current assets').

	2022				
	Professional expertise				
	APP13007	APP13002			
	Ophthalmic anti-inflammatory agents	Antibiotic medicament for eyes	Computer software		Total
	Goodwill				
At January 1					
Cost	\$ 82,166	\$ 231,912	\$ 1,443	\$ 91,690	\$ 407,211
Accumulated amortisation and impairment	( 51,622)	( 51,839)	( 396)	( 55,754)	( 159,611)
	<u>\$ 30,544</u>	<u>\$ 180,073</u>	<u>\$ 1,047</u>	<u>\$ 35,936</u>	<u>\$ 247,600</u>
Opening net book amount as at January 1	\$ 30,544	\$ 180,073	\$ 1,047	\$ 35,936	\$ 247,600
Additions	-	-	-	97	97
Reclassifications (Note)	-	-	-	847	847
Amortisation charge	-	( 8,185)	( 45)	( 5,324)	( 13,554)
Net exchange differences	-	-	( 93)	-	( 93)
Closing net book amount as at June 30	<u>\$ 30,544</u>	<u>\$ 171,888</u>	<u>\$ 909</u>	<u>\$ 31,556</u>	<u>\$ 234,897</u>
At June 30					
Cost	\$ 82,166	\$ 231,912	\$ 1,309	\$ 92,635	\$ 408,022
Accumulated amortisation and impairment	( 51,622)	( 60,024)	( 400)	( 61,079)	( 173,125)
	<u>\$ 30,544</u>	<u>\$ 171,888</u>	<u>\$ 909</u>	<u>\$ 31,556</u>	<u>\$ 234,897</u>

Note: It was transferred from prepayments for equipment (shown as 'other non-current assets').

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

	Three months ended June 30, 2023	Three months ended June 30, 2022
Operating costs	\$ 1,077	\$ 1,055
Administrative expenses	755	789
Research and development expenses	4,254	4,899
	<u>\$ 6,086</u>	<u>\$ 6,743</u>
	Six months ended June 30, 2023	Six months ended June 30, 2022
Operating costs	\$ 2,607	\$ 2,677
Administrative expenses	1,509	1,656
Research and development expenses	8,692	9,221
	<u>\$ 12,808</u>	<u>\$ 13,554</u>

B. On June 30, 2023 and 2022, goodwill is allocated to the Group's cash-generating units - the subsidiary, Formosa Pharmaceuticals Inc., which was identified according to the operating segment.

C. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on the value in use which was calculated from the expected economic income of related research and development projects. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are operating profit margin, growth rate and discount rate. Management determined budgeted net operating profit margin based on its expectations of market development. The assumptions used for growth rates are based on expectations of industry; the assumption used for discount rate is the weighted average capital cost of the same industry. For the three months and six months ended June 30, 2023 and 2022, the discounts rates were 17.90% and 21.38%, respectively.

(10) Other non-current assets

	June 30, 2023	December 31, 2022	June 30, 2022
Prepayments for business facilities	\$ 42,105	\$ 59,705	\$ 50,719
Prepayments for investment (Note 1)	-	38,895	-
Guarantee deposits paid (Note 2)	5,528	6,384	6,304
Others	1,237	1,515	2,070
	<u>\$ 48,870</u>	<u>\$ 106,499</u>	<u>\$ 59,093</u>

Note 1: As the capital increase procedure has not yet been completed, the capital contribution was recognised as prepayments for investment.

Note 2: Refer to Note 8 for the performance guarantees provided.

(11) Short-term borrowings

	<u>June 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 404,000	1.75%~1.83%	Refer to Note 8
Unsecured borrowings	930,000	1.75%~1.85%	None
Import and export financing	77,432	1.85%	"
	<u>\$ 1,411,432</u>		
	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 524,000	1.52%~1.92%	Refer to Note 8
Unsecured borrowings	860,000	1.6%~1.95%	None
Import and export financing	65,666	1.6%~1.92%	"
	<u>\$ 1,449,666</u>		
	<u>June 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 305,000	1.16%~1.20%	Refer to Note 8
Unsecured borrowings	510,000	1.15%~1.25%	None
Import and export financing	118,505	1.20%~1.25%	"
	<u>\$ 933,505</u>		

Note: Under the contract, there was no need to pay interest if the principal was paid before the maturity date.

Interest expense recognised in profit or loss amounted to \$6,752, \$2,893, \$13,872 and \$6,120 for the three months and six months ended June 30, 2023 and 2022, respectively.

(12) Short-term notes and bills payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Commercial paper payable	\$ 150,000	\$ 50,000	\$ 150,000
Less: Unamortized commercial paper payable	( 95)	( 91)	( 59)
	<u>\$ 149,905</u>	<u>\$ 49,909</u>	<u>\$ 149,941</u>
Range of the interest rates	<u>1.84%</u>	<u>2.1%</u>	<u>1.14%~1.19%</u>

(13) Other payables

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Salaries and bonus payable	\$ 165,128	\$ 216,335	\$ 150,572
Dividends payable	120,256	-	240,512
Payable on machinery and equipment	116,674	54,660	56,879
Service expenses payable	69,655	51,490	25,335
Employees' compensation and directors' and supervisors' remuneration payable	64,763	36,498	67,440
Accrued commission	37,151	36,160	28,146
Consumables payable	35,961	56,303	58,444
Repairs and maintenance expense payable	28,752	37,067	31,901
Utilities expense payable	20,943	17,401	17,691
Others	96,215	78,711	79,470
	<u>\$ 755,498</u>	<u>\$ 584,625</u>	<u>\$ 756,390</u>

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2023
Mid-term and long-term bank borrowings				
Mega International Commercial Bank (Note 1)	2023.2.25 ~ 2026.2.24 The principal will be repaid upon maturity. 2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2021.	2.08%	Note 2	\$ 190,000
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2019.12.19 ~ 2023.12.19 Quarterly and average repayment starting from March 2021.	2.20%	"	41,298
	2020.9.15 ~ 2024.9.15 Quarterly and average repayment starting from December 2021.	2.00%	"	16,333
	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021.	2.00%	"	25,833
	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021.	2.25%	"	42,875
	2022.7.28 ~ 2025.7.28 Quarterly and average repayment starting from April 2023.	2.25%	"	36,900
CTBC Bank Co., Ltd. Tao-Yuan Branch. (Note 1)	2023.2.28 ~ 2025.2.28 The principal will be repaid upon maturity.	2.13%	None	140,000
O-Bank Co., Ltd. (Note 1)	2022.7.4 ~ 2024.7.3 The principal will be repaid upon maturity.	2.15%	"	100,000
DBS Bank Limited (Note 1)	2023.6.30 ~ 2025.6.30 The principal will be repaid upon maturity.	1.90%	"	100,000
Taishin International Bank (Note 1)	2022.7.31 ~ 2025.1.31 The principal will be repaid upon maturity.	2.21%	"	200,000
Entie Commercial Bank, Ltd. He Ping Branch (Note 1)	2022.3.16 ~ 2025.3.16 The principal will be repaid upon maturity.	2.10%	"	100,000
TAICHUNG COMMERCIAL BANK Co., Ltd.	2021.9.17 ~ 2024.9.17 Quarterly and average repayment starting from December 2021.	2.20%	"	41,667
Taipei Fubon Commercial Bank Co., Ltd. (Note 1)	2021.8.20 ~ 2024.8.12 The principal will be repaid upon maturity.	2.09%	"	100,000
CHANG HWA COMMERCIAL BANK, LTD.	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	2.03%	"	62,500
	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from June 2023.	2.03%	"	87,500
SUNNY BANK	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	2.08%	Note 2	500,000
	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	2.08%	None	264,985
	2023.3.10 ~ 2026.3.10 (Note 1) The principal will be repaid upon maturity.	2.08%	"	297,800
				2,347,691
Less: Current portion (shown as other current liabilities)				( 328,067)
				\$ 2,019,624



Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2022
Mid-term and long-term bank borrowings				
Mega International Commercial Bank (Note 1)	2022.11.3 ~ 2025.2.24 The principal will be repaid upon maturity.	1.90%	Note 2	\$ 110,000
	2022.11.15 ~ 2025.2.24 The principal will be repaid upon maturity.	1.90%	"	110,000
	2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2021.	1.95%	"	48,182
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2019.12.19 ~ 2023.12.19 Quarterly and average repayment starting from March 2021.	1.75%	"	32,667
	2020.9.15 ~ 2024.9.15 Quarterly and average repayment starting from December 2021.	1.75%	"	36,166
	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021.	2.13%	"	55,125
	2021.7.28 ~ 2025.7.28 Quarterly and average repayment starting from June 2024.	2.13%	"	41,000
CTBC Bank Co., Ltd. Tao-Yuan Branch (Note 1)	2022.2.28 ~ 2024.2.28 The principal will be repaid upon maturity.	2.15%	None	100,000
O-Bank Co., Ltd. (Note 1)	2022.7.4 ~ 2024.7.3 The principal will be repaid upon maturity.	1.98%	"	100,000
Taishin International Bank (Note 1)	2022.7.31 ~ 2025.1.31 The principal will be repaid upon maturity.	2.16%	"	200,000
TAICHUNG COMMERCIAL BANK Co., Ltd.	2021.9.17 ~ 2024.9.17 Quarterly and average repayment starting from December 2021.	1.95%	"	58,333
JihSun International Commercial Bank Co., Ltd. (Note 1)	2021.8.20 ~ 2024.8.12 The principal will be repaid upon maturity.	1.84%	"	100,000
CHANG HWA COMMERCIAL BANK, LTD.	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	1.91%	"	87,500
	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from June 2023.	1.91%	"	100,000
SUNNY BANK	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	1.83%	Note 2	500,000
	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	1.83%	None	280,000
	2021.12.28 ~ 2023.12.28 (Note 1) The principal will be repaid upon maturity.	1.83%	"	297,800
				<u>2,256,773</u>
Less: Current portion (shown as other current liabilities)				( 619,017)
				<u>\$ 1,637,756</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2022
Mid-term and long-term bank borrowings				
Mega International Commercial Bank (Note 1)	2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2022.	1.73%	Note 2	\$ 55,065
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2022.2.25 ~ 2025.2.24 The principal will be repaid upon maturity.	1.68%	"	110,000
	2019.12.19 ~ 2023.12.19 Quarterly and average repayment starting from March 2021.	1.63%	"	49,000
	2020.9.15 ~ 2024.9.15 Quarterly and average repayment starting from December 2021.	1.63%	"	46,500
	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021.	1.88%	"	67,375
Yuanta Commercial Bank Co., Ltd. (Note 1)	2021.10.28 ~ 2023.10.27 The principal will be repaid upon maturity.	1.67%	None	150,000
CTBC Bank Co., Ltd. (Note 1)	2022.2.28 ~ 2024.2.28 The principal will be repaid upon maturity.	1.61%	"	100,000
Entie Commercial Bank, Ltd. (Note 1)	2022.3.16 ~ 2024.3.16 The principal will be repaid upon maturity.	1.57%	"	100,000
TAICHUNG COMMERCIAL BANK Co., Ltd.	2021.9.17 ~ 2024.9.17 Quarterly and average repayment starting from December 2021.	1.67%	"	75,000
JihSun International Commercial Bank Co., Ltd. (Note 1)	2021.8.20 ~ 2024.8.12 The principal will be repaid upon maturity.	1.59%	"	100,000
CHANG HWA COMMERCIAL BANK, LTD.	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	1.66%	"	100,000
	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from June 2023.	1.66%	"	100,000
SUNNY BANK.	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	1.59%	Note 2	500,000
	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	1.59%	None	280,000
	2021.12.28 ~ 2023.12.28 (Note 1) The principal will be repaid upon maturity.	1.66%	"	297,800
				2,130,740
Less: Current portion (shown as other current liabilities)				( 214,948)
				<u>\$ 1,915,792</u>

Note 1: Such borrowings can be redrawn during the contract period.

Note 2: Information on guarantees is provided in Note 8.

A. Under the loan agreements, the Group is required to compute and maintain certain financial covenants based on the annual and semi-annual consolidated financial statements. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group has met all the required covenants.

B. As at June 30, 2023, December 31, 2022 and June 30, 2022, the Group had total undrawn borrowing facilities of \$1,690,317, \$1,551,084 and \$2,176,560, respectively.

(15) Pensions

A. Defined benefit plans

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$178, \$177, \$356 and \$349 for the three months and six months ended June 30, 2023 and 2022, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$712.

B. Defined contribution plans

- (a) The Group have 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 Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Group for the three months and six months ended June 30, 2023 and 2022 were \$8,822, \$8,464, \$17,593 and \$16,973, respectively.

(16) Share-based payment

A. For the three months and six months ended June 30, 2023 and 2022, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Formosa Pharmaceuticals Inc.- Employee stock options	2022.03.09	600 shares (in thousands)	5 years	2~4 years' service

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

	<u>2023</u>		<u>2022</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at January 1	540,000	\$ 40.80	-	\$ -
Options granted	-	-	600,000	41.70
Options expired	( 50,000)	40.80	-	-
Options outstanding at June 30	<u>490,000</u>	<u>\$ 39.70</u>	<u>600,000</u>	<u>41.70</u>
Options exercisable at June 30	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

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

		<u>June 30, 2023</u>	
<u>Issue date approved</u>	<u>Expiry date</u>	<u>No. of shares</u>	<u>Exercise price (in dollars)</u>
2022.03.09	2027.03.08	490,000	\$ 39.70

  

		<u>December 31, 2022</u>	
<u>Issue date approved</u>	<u>Expiry date</u>	<u>No. of shares</u>	<u>Exercise price (in dollars)</u>
2022.03.09	2027.03.08	540,000	\$ 40.80

  

		<u>June 30, 2022</u>	
<u>Issue date approved</u>	<u>Expiry date</u>	<u>No. of shares</u>	<u>Exercise price (in dollars)</u>
2022.03.09	2027.03.08	600,000	\$ 41.70

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

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Formosa Pharmaceuticals Inc.- Employee stock options	2022.03.09	\$ 39.50 (Note 3)	\$ 39.70	49.67% (Note 2)	3.5 ~ 4.5 years	0%	0.56%	\$13.8687 ~ 15.0536

Note 1: There was no public market price, thus, the Group measured the price with the stock price of similar listed companies, using price-book ratio as the multiplier and considering the factor of discounts on the liquidity.

Note 2: The expected price volatility was estimated based on the closing price of stocks of comparable companies with a period which approximates the expected duration.

Note 3: It was set based on the closing price of target shares in Taipei Exchange on the grant date.

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

	Three months ended June 30, 2023	Three months ended June 30, 2022
Equity-settled	\$ 687	\$ 1,055
	Six months ended June 30, 2023	Six months ended June 30, 2022
Equity-settled	\$ 1,032	\$ 1,055

F. Formosa Pharmaceuticals Inc. - employee share options - 111 adjusted the performance price of employee share options to NT\$40.8 in accordance with the regulations on employee share options on July 29, 2022. The aforementioned adjustment of performance price did not significantly affect the fair value of employee share options.

G. Formosa Pharmaceuticals Inc. - employee share options - 111 adjusted the performance price of employee share options to NT\$39.7 in accordance with the regulations on employee share options on June 29, 2023. The aforementioned adjustment of performance price did not significantly affect the fair value of employee share options.

#### (17) Share capital

As of June 30, 2023, the Group's authorised capital was \$1,600,000, consisting of 160,000 thousand shares of ordinary stock (including 8,000 thousand shares reserved for employee stock options issued by the Group), and the paid-in capital was \$1,202,560 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

#### (18) Capital surplus

A. 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 Group has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Refer to 6(16) for details of capital surplus, share options.

(19) Retained earnings

- A. Under the Company's Articles of Incorporation, current year's earnings, if any, shall first be used to pay all taxes and offset prior years' deficit and then 10% of the remaining amount shall be set aside as legal reserve (until the legal reserve equals the paid-in capital), and the Group shall appropriate or reverse special reserve in accordance with laws or regulations of the authority. The remainder, if any, along with prior years' accumulated undistributed earnings shall be distributed as shareholders' bonus or retained for operating requirements which shall be proposed by the Board of Directors and resolved by the shareholders.
- B. The Group's dividend distribution policy was based on the Group's financial structure, operation status and capital budget, etc., along with the consideration of shareholders' interest and balancing dividends. The distribution of earnings shall be in the form of stock or cash or both, and the cash dividends shall account for at least 10% of total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Group's paid-in capital.
- D.(a) In accordance with the regulations, the Group 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.
- (b) The amounts previously set aside by the Group as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. On June 27, 2023 , the Group’s shareholders resolved the appropriations of 2022 earnings, while on June 23, 2022, the Group’s shareholders resolved the appropriations of 2021 earnings.

	Year ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 40,979		\$ 125,044	
Special reserve	54,964		-	
Cash dividends	120,256	\$ 1.00	240,511	\$ 2.00
	<u>\$ 216,199</u>		<u>\$ 365,555</u>	

(20) Other equity items

	2023		
	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Currency translation differences	Total
At January 1	\$ 4,344	(\$ 10,047)	(\$ 5,703)
Valuation adjustment	2,723	-	2,723
Currency translation differences:			
–Subsidiaries and associates	-	( 4,938)	( 4,938)
–Tax on subsidiaries and associates	-	988	988
At June 30	<u>\$ 7,067</u>	<u>(\$ 13,997)</u>	<u>(\$ 6,930)</u>

2022

	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Currency translation differences	Total
At January 1	\$ 57,827	(\$ 8,566)	\$ 49,261
Valuation adjustment	( 991)	-	( 991)
Currency translation differences:			
–Subsidiaries and associates	-	( 5,509)	( 5,509)
–Tax on subsidiaries and associates	-	1,102	1,102
At June 30	<u>\$ 56,836</u>	<u>(\$ 12,973)</u>	<u>\$ 43,863</u>

(21) Operating revenue

	Three Months Ended	
	June 30, 2023	June 30, 2022
Revenue from contracts with customers		
Sales revenue	\$ 1,028,849	\$ 815,532
Service revenue	27,486	22,686
Authorized revenue	30,599	-
	<u>\$ 1,086,934</u>	<u>\$ 838,218</u>
	Six Months Ended	
	June 30, 2023	June 30, 2022
Revenue from contracts with customers		
Sales revenue	\$ 1,917,163	\$ 1,629,957
Service revenue	71,141	43,205
Authorized revenue	30,599	-
	<u>\$ 2,018,903</u>	<u>\$ 1,673,162</u>



A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following geographical regions:

	Three months ended June 30, 2023			
	At a point in time		Over time	
	Sales revenue	Authorized revenue	Service revenue	Total
India	\$ 271,970	\$ -	\$ -	271,970
Netherlands	146,873	-	-	146,873
Japan	77,452	-	-	77,452
Germany	77,785	-	-	77,785
United States	68,320	-	925	69,245
Taiwan	58,277	-	15,083	73,360
Switzerland	82,475	-	-	82,475
China	34,708	30,599	-	65,307
Canada	36,329	-	-	36,329
Others	174,660	-	11,478	186,138
	<u>\$ 1,028,849</u>	<u>\$ 30,599</u>	<u>\$ 27,486</u>	<u>\$1,086,934</u>
	Three months ended June 30, 2022			
	At a point in time		Over time	
	Sales revenue	Authorized revenue	Service revenue	Total
India	\$ 204,204	\$ -	\$ -	\$ 204,204
Netherlands	105,867	-	-	105,867
Japan	48,664	-	236	48,900
Germany	20,515	-	-	20,515
United States	59,091	-	1,754	60,845
Taiwan	55,009	-	15,936	70,945
Switzerland	51,739	-	58	51,797
China	38,012	-	-	38,012
Canada	69,272	-	-	69,272
Others	163,159	-	4,702	167,861
	<u>\$ 815,532</u>	<u>\$ -</u>	<u>\$ 22,686</u>	<u>\$ 838,218</u>

Six months ended June 30, 2023				
	At a point in time		Over time	
	Sales revenue	Authorized revenue	Service revenue	Total
India	\$ 480,199	\$ -	\$ -	480,199
Netherlands	272,594	-	-	272,594
Japan	174,387	-	-	174,387
Germany	134,792	-	-	134,792
United States	131,313	-	2,447	133,760
Taiwan	83,168	-	47,539	130,707
Switzerland	119,379	-	-	119,379
China	63,864	30,599	808	95,271
Canada	77,110	-	798	77,908
Others	380,357	-	19,549	399,906
	<u>\$ 1,917,163</u>	<u>\$ 30,599</u>	<u>\$ 71,141</u>	<u>\$2,018,903</u>

Six months ended June 30, 2022				
	At a point in time		Over time	
	Sales revenue	Authorized revenue	Service revenue	Total
India	\$ 390,425	\$ -	\$ -	\$ 390,425
Netherlands	155,172	-	-	155,172
Japan	114,439	-	236	114,675
Germany	90,094	-	-	90,094
United States	89,421	-	4,038	93,459
Taiwan	195,288	-	34,171	229,459
Switzerland	122,433	-	58	122,491
China	60,975	-	-	60,975
Canada	128,149	-	-	128,149
Others	283,561	-	4,702	288,263
	<u>\$ 1,629,957</u>	<u>\$ -</u>	<u>\$ 43,205</u>	<u>\$1,673,162</u>

For the aforementioned technology license, the Group and Grandpharma (China) Co., Ltd. entered into a contract for collaborative development and authorisation agreement on new medicines in China, Hong Kong, Macao, etc.

The Group transferred professional knowledge and provided related data to Grandpharma (China) Co., Ltd. who was responsible for clinical development. When Grandpharma (China) Co., Ltd. successfully develops new medicines, it will obtain the right of production and sales in China, Hong Kong and Macao. Under the contract, the Group can charge signing bonus, milestone payment and royalties proportionately to the sales amount in the future. For the six months ended June 30, 2023, the Group recognised the licensing revenue as \$30,599, and from the date of signing the contract to June 30, 2023, the accumulated recognised revenue was \$58,450.

B. Contract assets and liabilities

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>	<u>January 1, 2022</u>
Contract liabilities	\$ 143,695	\$ 72,764	\$ 119,483	\$ 109,686

The Group recognised the revenue-related contract assets arising from research and development of medicine and related services and contract liabilities arising from advance sales receipts.

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	<u>Three Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 5,947	\$ 12,333
	<u>Six Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 13,083	\$ 61,990

(22) Interest income

	<u>Three Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Interest income from bank deposits	\$ 5,213	\$ 156
Financial assets at amortised cost		
Interest income	-	-
Other interest income	8	-
	<u>\$ 5,221</u>	<u>\$ 156</u>
	<u>Six Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Interest income from bank deposits	\$ 7,543	\$ 163
Financial assets at amortised cost		
Interest income	2,503	-
Other interest income	8	-
	<u>\$ 10,054</u>	<u>\$ 163</u>

(23) Other gains and losses

	Three Months Ended	
	June 30, 2023	June 30, 2022
Gains arising from lease modifications	\$ -	\$ 20
Net currency exchange gains	19,351	18,779
Net losses on financial assets at fair value through profit or loss	( 82,514)	( 53,250)
Others	( 181)	( 97)
	<u>(\$ 63,344)</u>	<u>(\$ 34,548)</u>

  

	Six Months Ended	
	June 30, 2023	June 30, 2022
Gains arising from lease modifications	\$ -	\$ 24
Net currency exchange (losses) gains	( 7,939)	25,648
Net losses on financial assets at fair value through profit or loss	( 209,543)	( 450,583)
Others	( 181)	( 1,799)
	<u>(\$ 217,663)</u>	<u>(\$ 426,710)</u>

(24) Finance costs

	Three Months Ended	
	June 30, 2023	June 30, 2022
Interest expense:		
Bank borrowings	\$ 17,630	\$ 11,247
Others	469	160
	<u>18,099</u>	<u>11,407</u>
Less: Capitalisation of qualifying assets	( 16,381)	( 7,266)
Finance costs	<u>\$ 1,718</u>	<u>\$ 4,141</u>

  

	Six Months Ended	
	June 30, 2023	June 30, 2022
Interest expense:		
Bank borrowings	\$ 35,206	\$ 21,580
Others	618	340
	<u>35,824</u>	<u>21,920</u>
Less: Capitalisation of qualifying assets	( 23,823)	( 14,728)
Finance costs	<u>\$ 12,001</u>	<u>\$ 7,192</u>

(25) Expenses by nature

	Three Months Ended	
	June 30, 2023	June 30, 2022
Employee benefit expense	\$ 287,026	\$ 238,274
Depreciation charges on right-of-use assets, property, plant and equipment	\$ 110,504	\$ 110,194
Amortisation charges on intangible assets and other non-current assets	\$ 6,313	\$ 7,026
Six Months Ended		
	June 30, 2023	June 30, 2022
Employee benefit expense	\$ 518,179	\$ 463,280
Depreciation charges on right-of-use assets, property, plant and equipment	\$ 222,776	\$ 221,014
Amortisation charges on intangible assets and other non-current assets	\$ 13,291	\$ 14,422

(26) Employee benefit expense

	Three Months Ended	
	June 30, 2023	June 30, 2022
Wages and salaries	\$ 253,218	\$ 208,247
Labour and health insurance fees	17,730	16,135
Pension costs	9,000	8,641
Other personnel expenses	6,391	5,251
Employee stock options	687	-
	<u>\$ 287,026</u>	<u>\$ 238,274</u>
Six Months Ended		
	June 30, 2023	June 30, 2022
Wages and salaries	\$ 449,544	\$ 401,066
Labour and health insurance fees	37,753	34,505
Pension costs	17,949	17,322
Other personnel expenses	11,901	10,387
Employee stock options	1,032	-
	<u>\$ 518,179</u>	<u>\$ 463,280</u>

- A. In accordance with the Articles of Incorporation, an amount equal to at least 5% of the Company's distributable profit of the current year shall be appropriated as employees' compensation and not higher than 2% as directors' and supervisors' remuneration.
- B. For the three months and six months ended June 30, 2023, employees' compensation was accrued at \$24,040 and \$25,000, respectively; while directors' and supervisors' remuneration was accrued at \$2,882 and \$3,265, respectively. The aforementioned amounts were recognised in salary expenses. For the three months and six months ended June 30, 2022 are losses before tax, and there is no need to estimate employee remuneration and director's remuneration.

C. On March 9, 2023, the employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$28,500 and \$7,998, respectively, and the amount is consistent with the amount recognized in the financial report of 2022.

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

(27) Income tax

A. Income tax expense

(a) Components of income tax:

	<u>Three Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Current tax:		
Current tax on profits for the period	\$ 44,630	\$ 28,374
Prior year income tax overestimation	( 9,737)	( 1,286)
Total current tax	34,893	27,088
Deferred tax:		
Origination and reversal of temporary differences	6,713	( 8,295)
Income tax expense	<u>\$ 41,606</u>	<u>\$ 18,793</u>
	<u>Six Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Current tax:		
Current tax on profits for the period	\$ 83,262	\$ 40,784
Prior year income tax overestimation	( 9,737)	( 1,286)
Total current tax	73,525	39,498
Deferred tax:		
Origination and reversal of temporary differences	11,037	( 9,668)
Income tax expense	<u>\$ 84,562</u>	<u>\$ 29,830</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	<u>Three Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Currency translation differences	(\$ 798)	(\$ 965)
	<u>Six Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Currency translation differences	(\$ 988)	(\$ 1,102)

B. The income tax returns of the Company and Epione Pharmaceuticals, Inc. through 2021 and Formosa Pharmaceuticals Inc. through 2020 have been assessed and approved by the Tax Authority.

(28) Earnings (loss) per share

	<u>Three months ended June 30, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 83,376	120,256	\$ 0.69
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 83,376	120,256	
Employees' compensation	-	271	
Profit attributable to ordinary shareholders of the parent	\$ 83,376	120,527	\$ 0.69
	<u>Three months ended June 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 8,533)	120,256	(\$ 0.07)
	<u>Six months ended June 30, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 58,214	120,256	\$ 0.48
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 58,214	120,256	
Employees' compensation	-	422	
Profit attributable to ordinary shareholders of the parent	\$ 58,214	120,678	\$ 0.48

	<u>Six months ended June 30, 2022</u>		
	<u>Amount</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
	<u>after tax</u>		
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 408,887)	<u>120,256</u>	(\$ 3.40)

Note: Since the Group incurred operating losses for the three months and six months ended June 30, 2022, the inclusion of potential common shares would have an anti-dilutive effect, so it was not included in the calculation of diluted loss per share.

(29) Transactions with non-controlling interest

- A. On May, 4 2023, the Board of Directors of the subsidiary, Formosa Pharmaceuticals. Inc., approved the cash capital increase by issuing 25,000 thousand new shares. As the employees continuously exercised its stock options, the Group's shareholding ratio in this subsidiary decreased from 46.55% to 45.84%. The transaction increased non-controlling interest by \$547,205 and increased the equity attributable to owners of parent by \$36,470. For the six months ended June 30, 2023, the effects from changes in owner's equity of Formosa Pharmaceuticals. Inc. to owner's equity attributable to parent company were as follows:

	<u>Six months ended June 30, 2023</u>
Cash	\$ 583,675
Increase in the carrying amount of non-controlling interest	( 547,205)
Capital surplus	
- recognition of changes in ownership interest in subsidiaries	<u>\$ 36,470</u>

- B. On March 9, 2022, the Board of Directors of the subsidiary, Formosa Pharmaceuticals. Inc., approved the cash capital increase by issuing 14,810 thousand new shares. As the employees continuously exercised its stock options, the Group's shareholding ratio in this subsidiary decreased from 46.63% to 46.55%. The transaction increased non-controlling interest by \$261,806 and increased the equity attributable to owners of parent by \$9,902. For the year ended December 31, 2022, the effects from changes in owner's equity of Formosa Pharmaceuticals. Inc. to owner's equity attributable to parent company were as follows:

	<u>Year ended December 31, 2022</u>
Cash	\$ 271,708
Increase in the carrying amount of non-controlling interest	( 261,806)
Capital surplus	
- recognition of changes in ownership interest in subsidiaries	<u>\$ 9,902</u>



(30) Supplemental cash flow information

A. Investing activities with partial cash payments

	Six Months Ended	
	June 30, 2023	June 30, 2022
Purchase of property, plant and equipment	\$ 266,299	\$ 200,154
Add: Opening balance of payable on equipment	54,660	65,947
Less: Ending balance of payable on equipment	( 116,674)	( 56,879)
Cash paid during the period	<u>\$ 204,285</u>	<u>\$ 209,222</u>

B. Financing activities with no cash flow effects

	Six months ended	Six months ended
	June 30, 2023	June 30, 2022
Cash dividends declared but not paid	<u>\$ 120,256</u>	<u>\$ 240,512</u>

(31) Changes in liabilities from financing activities

	2023				
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liability	Liabilities from financing activities-gross
At January 1	\$ 1,449,666	\$ 49,909	\$ 2,256,773	\$ 43,529	\$ 3,799,877
Changes in cash flow from financing activities	( 38,234)	99,996	90,918	( 13,611)	139,069
Changes in other non-cash items	-	-	-	7,356	7,356
At June 30	<u>\$ 1,411,432</u>	<u>\$ 149,905</u>	<u>\$ 2,347,691</u>	<u>\$ 37,274</u>	<u>\$ 3,946,302</u>

  

	2022				
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liability	Liabilities from financing activities-gross
At January 1	\$ 1,017,388	\$ 159,939	\$ 2,191,853	\$ 51,239	\$ 3,420,419
Changes in cash flow from financing activities	( 83,883)	( 9,998)	( 61,113)	( 15,024)	( 170,018)
Changes in other non-cash items	-	-	-	4,411	4,411
At June 30	<u>\$ 933,505</u>	<u>\$ 149,941</u>	<u>\$ 2,130,740</u>	<u>\$ 40,626</u>	<u>\$ 3,254,812</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

As the Group's shares were widely held by the public, the Group had no ultimate parent company and ultimate controlling party.

(2) Names of related parties and the relationship with the Group

<u>Names of related parties</u>	<u>Relationship with the Company</u>
TaiRx, Inc.	Other related party
EirGenix Inc.	Other related party
Formosa Laboratories Japan, Inc.	Associate
A. R. Z Taiwan Limited	Associate

(3) Significant related party transactions

A. Operating revenue

	<u>Three Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Sales of goods:		
Associates	<u>\$ 21,229</u>	<u>\$ 20,892</u>
	<u>Six Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Sales of goods:		
Associates	<u>\$ 50,120</u>	<u>\$ 32,788</u>

Goods are sold based on the price lists in force and terms that would be available to third parties.

	<u>Three Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Sales of services:		
Other related parties	<u>\$ 1,582</u>	<u>\$ 2,349</u>
	<u>Six Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Sales of services:		
Other related parties	<u>\$ 7,134</u>	<u>\$ 9,729</u>

The Group was appointed to develop the manufacturing process and research method of active pharmaceutical ingredients. As there were no similar transactions for reference, the price cannot be compared with general customers and was based on mutual agreement. The payment term was not significantly different from regular transactions.

B. Purchases

	<u>Three Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Purchases of goods:		
Other related parties	\$ <u>                    -</u>	\$ <u>                    5,198</u>

	<u>Six Months Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Purchases of goods:		
Other related parties	\$ <u>                    -</u>	\$ <u>                    5,198</u>

Goods and services are purchased from associates and an entity controlled by key management personnel on normal commercial terms and conditions.

C. Service expenses (shown as research and development expenses)

	<u>Three months ended June 30, 2023</u>	<u>Three months ended June 30, 2022</u>
Other related parties	\$ <u>                    1,113</u>	\$ <u>                    395</u>
	<u>Six months ended June 30, 2023</u>	<u>Six months ended June 30, 2022</u>
Other related parties	\$ <u>                    1,873</u>	\$ <u>                    2,085</u>

D. Accounts receivable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Associates	\$ 18,982	\$ 12,086	\$ 21,134
Other related parties	1,386	1,546	851
Loss allowance	( 6)	( 4)	( 7)
	<u>\$ 20,362</u>	<u>\$ 13,628</u>	<u>\$ 21,978</u>

Receivables from related parties arose from sales of goods and service transactions, except for some service revenue which were recognised based on the percentage-of-completion method. The credit terms were 30-90 days from the date of sale. The receivables are unsecured in nature and bear no interest.

E. Other income and other receivables

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other receivables			
Associates	\$ 48	\$ 27	\$ 26
Other related parties	-	-	617
	<u>\$ 48</u>	<u>\$ 27</u>	<u>\$ 643</u>

F. Other payables

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other related parties	\$ 588	\$ -	\$ 246

It is the payable for entrusting other related parties to carry out clinical development and research.

G. Acquisition of financial liabilities (shown as 'financial liabilities at fair value through profit or loss')

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other receivables	\$ -	\$ 58,390	\$ 58,390

The above represents consideration due from other related parties under a new medicine development revenue share agreement of TSY-110. Refer to Note 6(2).

(4) Key management compensation

	Three Months Ended	
	June 30, 2023	June 30, 2022
Salaries and other short-term employee benefits	\$ 23,945	\$ 19,719
Post-employment benefits	374	347
Share-based payments	84	105
	<u>\$ 24,403</u>	<u>\$ 20,171</u>

  

	Six Months Ended	
	June 30, 2023	June 30, 2022
Salaries and other short-term employee benefits	\$ 40,479	\$ 37,042
Post-employment benefits	745	689
Share-based payments	167	105
	<u>\$ 41,391</u>	<u>\$ 37,836</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2023	December 31, 2022	June 30, 2022	
Financial assets at fair value through profit or loss	\$ 1,120,000	\$ 1,230,000	\$ 447,500	Guarantee for short-term borrowings
Land	655,950	655,950	655,950	Guarantee for short-term borrowings and mid-term and long-term borrowings facility
Buildings and structures	957,777	981,515	997,943	"
Machinery and equipment	157,759	167,727	177,695	Guarantee for mid-term and long-term borrowings facility
Pollution-prevention equipment	5,102	5,540	5,977	"
Unfinished construction and equipment under acceptance	981,559	974,278	907,960	"
Guarantee deposits paid (shown as "other non-current assets")	2,477	3,225	3,263	Performance guarantee
	<u>\$ 3,880,624</u>	<u>\$ 4,018,235</u>	<u>\$ 3,196,288</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Property, plant and equipment	\$ 249,855	\$ 303,174	\$ 285,155

(2) On August 10, 2017, the Group acquired a 100% equity interest in Activus Pharma. Co., Ltd. by cash of \$107,294 plus a contingent consideration of \$170,097 (US\$5,621 thousand). Activus Pharma Co., Ltd. is primarily engaged in the research and development of medicine of nano grinding technology and is a micromolecule nanotechnology platform company. The above acquisition can strengthen the Group's nanomanufacturing process, and expand market with this technology and existing collaboration.

The aforementioned contingent price will be paid in accordance with the progress for application of clinical testing, patent and new medicine. The maximum amount is US\$8,500 thousand, which will be paid based on a certain percentage of the sales amount as specified in the contract when the product is launched in the market. As of June 30, 2023, December 31, 2022 and June 30, 2022, accumulated payments of the contact price were US\$6,000 thousand, US\$6,000 thousand and US\$5,000 thousand, respectively. The unpaid consideration on June 30, 2023, December 31, 2022 and June 30, 2022 were \$34,181 (US\$1,098 thousand), \$33,709 (US\$1,098 thousand) and \$32,621 (US\$1,098 thousand), where the considerations for "Other Current Liabilities" are \$34,181 (US\$1,098 thousand), \$0, \$28,790 (US\$969 thousand), respectively, and the rest are listed as "Other Non-Current Liabilities".

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

#### 12. OTHERS

##### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or convertible bonds. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net liabilities is calculated as total borrowings (including short-term borrowings, short-term notes and bills payable, corporate bonds payable and long-term borrowings (including current portion)) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the six months ended June 30, 2023, the Group's strategy, which was unchanged from 2022, was to maintain the gearing ratio within a certain range. The gearing ratios at June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Total borrowings	\$ 3,909,028	\$ 3,756,348	\$ 3,214,186
Less: Cash and cash equivalents	( 1,948,308)	( 1,279,462)	( 598,215)
Net debt	1,960,720	2,476,886	2,615,971
Total equity	8,244,605	7,796,273	6,863,884
Total capital	<u>\$ 10,205,325</u>	<u>\$ 10,273,159</u>	<u>\$ 9,479,855</u>
Gearing ratio	<u>19.21%</u>	<u>24.11%</u>	<u>27.60%</u>

## (2) Financial instruments

### A. Financial instruments by category

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 2,183,976</u>	<u>\$ 2,375,070</u>	<u>\$ 1,819,523</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 79,097</u>	<u>\$ 61,479</u>	<u>\$ 113,971</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,948,308	\$ 1,279,462	\$ 598,215
Financial assets at amortised cost	-	153,550	-
Notes and accounts receivable (including related parties)	956,710	812,477	785,160
Other receivables due from related parties	153,939	14,617	18,587
Guarantee deposits paid (shown as "other non-current assets")	<u>5,528</u>	<u>6,384</u>	<u>6,304</u>
	<u>\$ 3,064,485</u>	<u>\$ 2,266,490</u>	<u>\$ 1,408,266</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities mandatorily measured at fair value through profit or loss	<u>\$ 62,280</u>	<u>\$ 61,420</u>	<u>\$ 58,390</u>
Financial liabilities at amortised cost			
Short-term borrowings	\$ 1,411,432	\$ 1,449,666	\$ 933,505
Short-term notes and bills payable	149,905	49,909	149,941
Notes and accounts payable	204,631	187,490	161,568
Other payables	756,086	584,625	756,636
Long-term borrowings (including current portion)	2,347,691	2,256,773	2,130,740
Contingent consideration (shown as other liabilities)	<u>34,181</u>	<u>33,709</u>	<u>61,411</u>
	<u>\$ 4,903,926</u>	<u>\$ 4,562,172</u>	<u>\$ 4,193,801</u>
Lease liability (including current portion)	<u>\$ 37,274</u>	<u>\$ 43,529</u>	<u>\$ 40,626</u>

## B. Financial risk management policies

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

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Group used in various functional currency, primarily with respect to the USD, JPY and EUR. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require each entity of the Group to manage their foreign exchange risk against their functional currency. Each entity of the Group is required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and EUR expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	<u>June 30, 2023</u>		
	<u>Foreign currency amount (in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount (NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 40,703	31.14	\$ 1,267,491
USD:JPY	3,400	144.84	105,876
<u>Non-monetary items</u>			
JPY:NTD	552,312	0.215	118,747
USD:NTD	2,103	31.14	65,480
EUR:NTD	1,879	33.81	63,527
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	17,289	31.14	504,184



December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 47,813	30.71	\$ 1,468,337
USD:JPY	3,400	132.14	104,414
<u>Non-monetary items</u>			
JPY:NTD	512,041	0.23	120,160
USD:NTD	1,632	30.71	50,129
EUR:NTD	1,879	32.72	61,479
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	17,104	30.71	535,270

June 30, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 31,513	\$ 29.72	\$ 936,566
USD:JPY	3,400	136.21	101,048
<u>Non-monetary items</u>			
JPY:NTD	501,889	0.22	110,659
USD:NTD	2,349	29.72	69,823
EUR:NTD	3,671	31.05	113,972
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	17,220	29.72	511,778

- iv. The exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2023 and 2022, amounted to \$19,351, \$18,779, (\$7,939), and \$25,648, respectively.

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

		Six months ended June 30, 2023		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 12,675	\$ -
	USD:JPY	1%	1,059	-
<u>Non-monetary items</u>				
	JPY:NTD	1%	-	1,187
	USD:NTD	1%	655	-
	EUR:NTD	1%	-	635
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	5,042	-

		Six months ended June 30, 2022		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 9,366	\$ -
	USD:JPY	1%	1,010	-
<u>Non-monetary items</u>				
	JPY:NTD	1%	-	1,107
	USD:NTD	1%	698	-
	EUR:NTD	1%	-	1,140
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	5,118	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity

securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

- ii. The Group's investments in equity securities comprise equity instruments issued by domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the six months ended June 30, 2023 and 2022 would have increased/decreased by \$21,840 and \$17,981, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased by \$791 and \$1,140, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arose from short-term notes and bills payable, short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which was partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the six months ended June 30, 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
- ii. At June 30, 2023 and 2022, if the borrowing interest rate increased by 0.1% (such as 1% increased to 1.1%) with all other variables held constant, the profit, net of tax for the six months ended June 30, 2023 and 2022 would have decreased by \$939 and \$852, respectively. The main factor is that increases in interest expense result from floating rate borrowings.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and financial assets stated at amortised cost.
- ii. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision roll rate matrix based on the loss rate methodology to estimate the expected credit loss.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. The Group distinguished customers into optimal customers and non-optimal customers based on the customers' rating. Related information is as follows:
- (i) The loss allowance for optimal customers' accounts was estimated to be 0.03% by using expected loss rate method. As of June 30, 2023, December 31, 2022 and June 30, 2022, the balances of loss allowance were \$231, \$174 and \$184, respectively.
- (ii) The loss allowance for non-optimal customers' accounts was estimated by using provision roll rate matrix. As of June 30, 2023, December 31, 2022 and June 30, 2022, related information is as follows:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>June 30, 2023</u>			
Not past due	0.35%	\$ 182,190	\$ 633
Up to 30 days past due	48.46%	3,173	1,538
31~ 90 days past due	100.00%	-	-
91~ 180 days past due	100.00%	-	-
181 days past due	100.00%	779	779
Total		<u>\$ 186,142</u>	<u>\$ 2,950</u>
	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2022</u>			
Not past due	0.35%	\$ 211,197	\$ 734
Up to 30 days past due	48.46%	44,400	21,518
31~ 90 days past due	100.00%	11,352	11,352
91~ 180 days past due	100.00%	-	-
181 days past due	100.00%	-	-
Total		<u>\$ 266,949</u>	<u>\$ 33,604</u>

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>June 30, 2022</u>			
Not past due	0.19%	\$ 150,348	\$ 284
Up to 30 days past due	20.22%	23,474	4,747
31~ 90 days past due	46.35%~65.39%	-	-
91~ 180 days past due	22.77%~45.38%	-	-
181 days past due	22.77%	3,988	908
Total		<u>\$ 177,810</u>	<u>\$ 5,939</u>

viii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>2023</u>		
	<u>Non-related parties</u>	<u>Related parties</u>	<u>Total</u>
Balance at January 1	\$ 33,774	\$ 4	\$ 33,778
Reversal of impairment loss	( 30,599)	2	( 30,597)
Balance at June 30	<u>\$ 3,175</u>	<u>\$ 6</u>	<u>\$ 3,181</u>
	<u>2022</u>		
	<u>Non-related parties</u>	<u>Related parties</u>	<u>Total</u>
Balance at January 1	\$ 5,426	\$ 4	\$ 5,430
Reversal of impairment loss	690	3	693
Balance at June 30	<u>\$ 6,116</u>	<u>\$ 7</u>	<u>\$ 6,123</u>

For provisioned loss on June 30, 2023 and 2022, the impairment losses (reversal) arising from customers' contracts are (\$30,597) and \$693, respectively.

(c) Liquidity risk

- i. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational requirements.

- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

June 30, 2023	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
Financial liabilities at fair value through profit or loss	\$ -	\$ 62,280	\$ -	\$ -
Short-term borrowings	1,456,152	-	-	-
Short-term notes and bills payable	149,905	-	-	-
Notes payable	411	-	-	-
Accounts payable	204,220	-	-	-
Other payables	756,086	-	-	-
Lease liability (including current portion)	23,133	10,746	3,082	1,954
Long-term borrowings (including current portion)	<u>374,455</u>	<u>1,102,845</u>	<u>739,788</u>	<u>224,057</u>
	<u>\$ 2,964,362</u>	<u>\$ 1,175,871</u>	<u>\$ 742,870</u>	<u>\$ 226,011</u>

Non-derivative financial liabilities:

December 31, 2022	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
Financial liabilities at fair value through profit or loss	\$ -	\$ -	\$ 61,420	\$ -
Short-term borrowings	1,458,236	-	-	-
Short-term notes and bills payable	49,909	-	-	-
Notes payable	1,017	-	-	-
Accounts payable	186,473	-	-	-
Other payables	584,625	-	-	-
Lease liability (including current portion)	22,549	13,801	5,295	2,653
Long-term borrowings (including current portion)	<u>659,573</u>	<u>651,979</u>	<u>681,355</u>	<u>343,298</u>
	<u>\$ 2,962,382</u>	<u>\$ 665,780</u>	<u>\$ 748,070</u>	<u>\$ 345,951</u>

Non-derivative financial liabilities:

June 30, 2022	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
Financial liabilities at fair value through profit or loss	\$ -	\$ -	\$ 58,390	\$ -
Short-term borrowings	933,752	-	-	-
Short-term notes and bills payable	149,941	-	-	-
Notes payable	617	-	-	-
Accounts payable	160,951	-	-	-
Other payables	756,636	-	-	-
Lease liability (including current portion)	21,908	13,728	4,561	1,084
Long-term borrowings (including current portion)	248,565	995,492	498,967	462,808
Other non-current liabilities (including current portion)	28,790	32,621	-	-
	<u>\$ 2,301,160</u>	<u>\$ 1,041,841</u>	<u>\$ 561,918</u>	<u>\$ 463,892</u>

(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. The carrying amounts of the Group's financial instruments not measured at fair value comprise cash and cash equivalents, contract assets, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, corporate bonds payable and long-term borrowings (including current portion) are approximate to their fair values.

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

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

June 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss - equity securities				
	\$ 2,142,536	\$ -	\$ 14,976	\$ 2,157,512
Venture Fund				
	-	-	24,000	24,000
Convertible bonds				
	2,464	-	-	2,464
Financial assets at fair value through other comprehensive income - equity securities				
	-	-	79,097	79,097
Total	<u>\$ 2,145,000</u>	<u>\$ -</u>	<u>\$ 118,073</u>	<u>\$ 2,263,073</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value through profit or loss				
	\$ -	\$ -	\$ 62,280	\$ 62,280
December 31, 2022				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss - equity securities				
	\$ 2,358,167	\$ -	\$ 14,976	\$ 2,373,143
Convertible bonds				
	1,927	-	-	1,927
Financial assets at fair value through other comprehensive income - equity securities				
	-	-	61,479	61,479
Total	<u>\$ 2,360,094</u>	<u>\$ -</u>	<u>\$ 76,455</u>	<u>\$ 2,436,549</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value through profit or loss				
	\$ -	\$ -	\$ 61,420	\$ 61,420



June 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair				
value through profit or				
loss - equity securities	\$ 1,799,584	\$ -	\$ 14,976	\$ 1,814,560
Convertible bonds	4,963	-	-	4,963
Financial assets at fair				
value through other				
comprehensive income -				
equity securities	-	-	113,971	113,971
Total	<u>\$ 1,804,547</u>	<u>\$ -</u>	<u>\$ 128,947</u>	<u>\$ 1,933,494</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair				
value through profit				
or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,390</u>	<u>\$ 58,390</u>

- (b) The methods and assumptions the Group used to measure fair value are as follows:
- i. For the instruments the Group used market quoted prices as their fair values (that is, Level 1), the Group uses the closing price of market quoted price to measure the listed and emerging shares.
  - ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. Some of the listed stocks which were invested by the Group were restricted by lock-up period. Their fair values were determined based on the quoted prices of the same and unrestricted instruments in the active market, adjusted by the restricted effects, and calculated by inputting available market information in the model at the balance sheet date.
- D. Some of the listed stocks which were invested by the Group were restricted due to lock-up period, thus the Group transferred the adopted fair value from Level 1 into Level 2 at the end of the month when the event incurred. As of June 30, 2023, the aforementioned stocks which were restricted due to lock-up period were transferred from Level 2 into Level 1 as the lock-up period has expired.

E. The following chart is the movement of Level 3 for the six months ended June 30, 2023 and 2022:

	Equity securities and derivative instruments		New medicine development revenue share agreement	
	2023	2022	2023	2022
At January 1	\$ 76,455	\$ 114,962	\$ 61,420	\$ -
Recognised in profit or loss	-	-	-	-
Gains and losses recognised in other comprehensive income	2,723	( 991)	-	-
Acquired during the period	38,895	14,976	860	58,390
At June 30	<u>\$ 118,073</u>	<u>\$ 128,947</u>	<u>\$ 62,280</u>	<u>\$ 58,390</u>

F. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and periodically reviewed.

G. The following is the qualitative information of significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at June 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 94,073</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Venture Fund	<u>\$ 24,000</u>	Net assets value method	Not applicable	-	Not applicable
New medicine development revenue share agreement	<u>\$ 62,280</u>	Income method of royalty saving method	Discount rate	24.58%	The higher the discount rate, the lower the fair value
			Market share rate	1.0% ~ 5.4%	The higher the market share rate, the higher the fair value

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>76,455</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
New medicine development revenue share agreement	\$ <u>61,420</u>	Income method of royalty saving method	Discount rate	24.58%	The higher the discount rate, the lower the fair value
			Market share rate	1.0% ~ 5.4%	The higher the market share rate, the higher the fair value
	Fair value at June 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>128,947</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
New medicine development revenue share agreement	\$ <u>58,390</u>	Income method of royalty saving method	Discount rate	22.92%	The higher the discount rate, the lower the fair value
			Market share rate	2.3% ~3.8%	The higher the market share rate, the higher the fair value

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

June 30, 2022: None.

		June 30, 2023			
		Recognised in		Gains and losses	
		profit or loss		recognised in other	
		Favorable	Adverse	Favorable	Adverse
Input	Variation	change	change	change	change
Financial liabilities					
Revenue share agreement	Discount rate / Market share rate	±1%	\$ <u>623</u>	(\$ <u>623</u> )	\$ <u>-</u> \$ <u>-</u>

		December 31, 2022					
				Recognised in		Gains and losses	
				profit or loss		recognised in other	
				Favorable	Adverse	Favorable	Adverse
		Input	Variation	change	change	change	change
Financial liabilities							
Revenue share agreement	Discount rate / Market share rate	±1%	\$ 614	(\$ 614)	\$ -	\$ -	

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Refer to table 1.
- 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 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Groups' paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-Group transactions during the reporting periods: Refer to table 4.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Refer to table 5.

#### (3) Information on investments in Mainland China

- A. Basic information: Refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. SEGMENT INFORMATION

(1) General information

The Group considers the business from a product type perspective and distinguishes the business into active pharmaceutical ingredients segment and other segments.

(2) Measurement of segment information

The Group measured the performance of operating segment with the post-tax profit of continuing operations. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4.

(3) Information about segment profit or loss, assets and liabilities

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

<u>Six months ended June 30, 2023</u>	<u>API</u>	<u>Other operating departments</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	\$ 1,988,304	\$ 30,599	\$ -	\$ 2,018,903
Inter-segment revenue	5,578	-	(5,578)	-
Total segment revenue	<u>\$ 1,993,882</u>	<u>\$ 30,599</u>	<u>(\$ 5,578)</u>	<u>\$ 2,018,903</u>
Segment income	<u>\$ 58,214</u>	<u>(\$ 142,914)</u>	<u>\$ 74,348</u>	<u>(\$ 10,352)</u>
Segment income (loss), including				
Depreciation and amortisation	<u>\$ 225,646</u>	<u>\$ 19,800</u>	<u>(\$ 9,379)</u>	<u>\$ 236,067</u>
Income tax expense	<u>(\$ 81,682)</u>	<u>(\$ 2,880)</u>	<u>\$ -</u>	<u>(\$ 84,562)</u>
Recognised investment profit or loss accounted for using equity method	<u>(\$ 1,199)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 1,199)</u>
<u>Six months ended June 30, 2022</u>	<u>API</u>	<u>Other operating departments</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	\$ 1,672,826	\$ 336	\$ -	\$ 1,673,162
Inter-segment revenue	15,965	-	(15,965)	-
Total segment revenue	<u>\$ 1,688,791</u>	<u>\$ 336</u>	<u>(\$ 15,965)</u>	<u>\$ 1,673,162</u>
Segment income	<u>(\$ 408,887)</u>	<u>(\$ 204,028)</u>	<u>\$ 108,930</u>	<u>(\$ 503,985)</u>
Segment income (loss), including				
Depreciation and amortisation	<u>(\$ 224,566)</u>	<u>(\$ 19,815)</u>	<u>\$ 8,945</u>	<u>(\$ 235,436)</u>
Income tax expense	<u>(\$ 29,719)</u>	<u>(\$ 111)</u>	<u>\$ -</u>	<u>(\$ 29,830)</u>
Recognised investment profit or loss accounted for using equity method	<u>\$ 2,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,600</u>

(4) Reconciliation for segment income (loss)

The post-tax profit of continuing operations reported to the chief operating decision-maker is measured in a manner consistent with the revenue and expenses in the statement of comprehensive income. Amounts of total assets and total liabilities of segments are not provided to the chief operating decision-maker to make strategic decisions. There is no difference between the presentation of segment report and income statement which were provided to the chief operating decision-maker and accordingly, no reconciliation is required to be disclosed.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Loans to others

Six months ended June 30, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six months ended June 30, 2023	Balance at June 30, 2023	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Formosa Laboratories, Inc.	Formosa Pharmaceuticals, Inc.	Other receivables due from related parties	Y	\$ 50,000	\$ -	\$ -	-	2	\$ -	Revolving funds	\$ -	None	\$ -	\$ 749,432	\$ 1,498,864	

Note 1: The column of 'Nature of loan' shall fill in 1: 'Business transaction or 2: 'Short-term financing'.

Note 2: The Company loans to others:

(1) Ceiling of loans to individual (short-term financing) is 10% of the creditor's net asset of latest financial statements.

(2) Total ceiling of loans to individual (short-term financing) is 20% of the creditor's net asset of latest financial statements.



FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

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

June 30, 2023

Table 2

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 June 30, 2023				Footnote (Note 4)
				Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value	
Formosa Laboratories, Inc.	EirGenix, Inc. common stocks	None	Current/non-current financial assets at fair value through profit or loss	18,552,818	\$ 2,077,916	6.09	\$ 2,077,916	None
Formosa Laboratories, Inc.	TOT Biopharm International Company Limited common stocks	None	Financial assets at fair value through profit or loss - current	5,171,100	45,764	0.84	45,764	None
Formosa Laboratories, Inc.	TaiRx, Inc. common stocks	None	Financial assets at fair value through profit or loss - current	561,000	18,855	0.62	18,855	None
Formosa Laboratories, Inc.	AG Global Inc Unlisted stocks	None	Financial assets at fair value through profit or loss - non-current	1,041,666	-	1.99	-	None
Formosa Laboratories, Inc.	Oncomatryx Biopharma, S.L.common stocks	None	Non-current financial assets at fair value through other comprehensive income	303,713	63,527	3.69	63,527	None
Formosa Laboratories, Inc.	Hcmed Innovations Co., Ltd common stocks	None	Financial assets at fair value through profit or loss - non-current	312,000	14,976	1.22	14,976	None
Formosa Laboratories, Inc.	PharmaSTAR Inc.	None	Non-current financial assets at fair value through other comprehensive income	500,000	15,570	20.00	15,570	None
Formosa Laboratories, Inc.	Forward BioT Venture Capital	None	Financial assets at fair value through profit or loss - current	-	24,000	-	24,000	None
Epione Pharmaceuticals, Inc.	RiTdisplay Corporation II unsecured convertible bonds	None	Financial assets at fair value through profit or loss - current	10,000	950	-	950	None
Epione Pharmaceuticals, Inc.	Yulon Motor Co.,Ltd III unsecured convertible bonds	None	Financial assets at fair value through profit or loss - current	9,000	990	-	990	None
Epione Pharmaceuticals, Inc.	AcBel Polytech Inc. II unsecured convertible bonds	None	Financial assets at fair value through profit or loss - current	5,000	525	-	525	None

Note 1: Marketable securities in the table refer to 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.

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

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

June 30, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2023 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Activus Pharma. Co., Ltd.	Formosa Pharmaceuticals Inc.	Same ultimate parent company	\$ 105,876	0.00	\$ -	-	\$ -	\$ -

Note : The turnover rate is listed as 0.00 because the long-term receivables are listed in the table, so the turnover rate is not applicable.

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
Six months ended June 30, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship	General ledger account	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
					Amount	Transaction terms	
0	Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	1	Operating revenue	\$ 5,578	Note 5	0%
0	Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	1	Contract liabilities	17,764	Note 5	0%
1	Activus Pharma. Co., Ltd.	Formosa Pharmaceuticals Inc.	3	Other receivables	105,876	Note 6	1%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

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

Note 4: The aforementioned threshold of disclosure was NT\$10 million above. Aforementioned related party transactions were written-off when preparing the consolidated financial statements.

Note 5: The transaction price and terms were based on mutual agreement.

Note 6: It was receivables from authorised transaction in 2018 and was based on terms from mutual agreement, and the transaction price was \$196,928. Because it was a business transfer in the Group, the profit or loss was not recognised.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Information on investees

Six months ended June 30, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2023			Net income of investee for the six months ended June 30, 2023	Investment income (loss) recognised by the Company for the six months ended June 30, 2023	Footnote
				Balance as at June 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	Taiwan	Research and development of new biotechnology medicine	\$ 1,231,638	\$ 810,811	61,487,653	45.84%	\$ 635,133	(\$ 139,850)	(\$ 60,472)	
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Taiwan	Research and development of new biotechnology medicine	40,000	40,000	4,000,000	100.00%	13,114	194	194	
Formosa Laboratories, Inc.	A. R. Z Taiwan Limited	Taiwan	Agency sales of raw materials and intermediates	2,716	2,716	271,620	45.00%	261	( 783)	( 352)	
Formosa Laboratories, Inc.	Formosa Laboratories Japan, Inc.	Japan	Agency sales of medicine and intermediates	1,105	1,105	400	40.00%	12,866	( 2,116)	( 847)	
Formosa Laboratories, Inc.	Epione Investment Cayman Limited	Cayman Islands	Medicine, chemical trade and investment business	9,568	9,568	334,000	100.00%	2,420	( 3,326)	( 3,326)	
Epione Investment Cayman Limited	Epione Investment HK Limited	Hong Kong	Medicine, chemical trade and investment business	7,591	7,591	266,500	100.00%	1,728	( 3,250)	( 3,250)	
Formosa Pharmaceuticals Inc.	Activus Pharma. Co., Ltd.	Japan	Research and development of new biotechnology medicine	274,633	274,633	1,942	99.23%	105,882	8,977	8,866	

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Six months ended June 30, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Net income of investee for the six months ended June 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2023	Book value of investments in Mainland China as of June 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai Epione Enterprise Co., Ltd.	Wholesale and import and export of chemical raw materials and products and commission agency	\$ 7,038	Note 1	\$ 7,038	\$ -	\$ -	\$ 7,038	(\$ 3,278)	100%	(\$ 3,278)	\$ 1,380	\$ -	Note 2

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

Note 2: The investment loss for the six months June 30, 2023 is calculated based on the Company's financial statements which were audited by independent auditors.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023 (Note 5)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Formosa Laboratories, Inc.	\$ 48,556	\$ 149,733	\$ 4,946,763

Note 3: The total investment amount approved by the Investment Commission, MOEA, was USD 4,808 thousand at the exchange rate of 27.68 and translated into \$149,733.

Note 4: Ceiling on investments in Mainland China was calculated by the higher of the Company's net assets and 60% of consolidated net assets.

Note 5: The Company's accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023 was \$39,624, including investment in TOT Biopharm International Company Limited.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Major shareholders information

June 30, 2023

Table 7

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
CHENG, CHEN-YU	7,743,848	6.43%