

**FORMOSA LABORATORIES, INC. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine 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

Teng, Sheng-Wei

For and on Behalf of PricewaterhouseCoopers, Taiwan

November 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**  
**SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 1,235,959	9	\$ 1,279,462	10	\$ 950,910	8
1110	Financial assets at fair value through profit or loss - current	6(2) and 8	153,668	1	197,519	2	215,826	2
1136	Current financial assets at amortised cost, net	6(4)	834,540	6	153,550	1	158,750	1
1150	Notes receivable, net	6(5)	8	-	-	-	-	-
1170	Accounts receivable, net	6(5)	956,923	7	798,849	6	924,767	7
1180	Accounts receivable - related parties	7	10,056	-	13,628	-	14,181	-
1200	Other receivables		61,796	1	14,590	-	14,881	-
1210	Other receivables - related parties	7	38	-	27	-	108	-
1220	Current income tax assets		593	-	33	-	-	-
130X	Inventory	6(6)	1,659,338	13	1,601,672	13	1,560,529	13
1410	Prepayments		113,734	1	89,488	1	83,514	1
1470	Other current assets		13,567	-	2,242	-	3,440	-
11XX	<b>Total current assets</b>		<u>5,040,220</u>	<u>38</u>	<u>4,151,060</u>	<u>33</u>	<u>3,926,906</u>	<u>32</u>
<b>Non-current assets</b>								
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 8	1,756,020	13	2,177,551	17	1,905,031	16
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	101,101	1	61,479	-	114,743	1
1550	Investments accounted for under equity method	6(7)	18,986	-	15,425	-	12,187	-
1600	Property, plant and equipment	6(8) and 8	6,025,868	45	5,875,256	46	5,900,877	48
1755	Right-of-use assets		36,023	-	43,325	-	35,986	-
1780	Intangible assets	6(9)	205,530	2	222,929	2	229,403	2
1840	Deferred income tax assets		87,062	1	97,189	1	85,789	1
1900	Other non-current assets	6(8)(10) and 8	29,628	-	106,499	1	57,460	-
15XX	<b>Total non-current assets</b>		<u>8,260,218</u>	<u>62</u>	<u>8,599,653</u>	<u>67</u>	<u>8,341,476</u>	<u>68</u>
1XXX	<b>Total assets</b>		<u>\$ 13,300,438</u>	<u>100</u>	<u>\$ 12,750,713</u>	<u>100</u>	<u>\$ 12,268,382</u>	<u>100</u>

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

Liabilities and Equity	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(12) and 8	\$ 1,334,000	10	\$ 1,449,666	11	\$ 1,233,721	10
2110	Short-term notes and bills payable	6(13)	109,974	1	49,909	-	209,944	2
2130	Current contract liabilities	6(22)	208,522	2	55,775	1	134,290	1
2150	Notes payable		1,320	-	1,017	-	1,320	-
2170	Accounts payable		193,003	1	186,473	2	163,005	2
2200	Other payables	6(14)	659,460	5	584,625	5	505,186	4
2220	Other payables to related parties	7	1,802	-	-	-	576	-
2230	Current income tax liabilities		52,522	-	141,374	1	78,873	1
2280	Current lease liabilities		21,632	-	22,093	-	20,262	-
2320	Long-term liabilities, current portion	6(15) and 8	438,402	3	619,017	5	275,802	2
2399	Other current liabilities	9	69,125	1	31,700	-	35,698	-
21XX	<b>Total current liabilities</b>		<u>3,089,762</u>	<u>23</u>	<u>3,141,649</u>	<u>25</u>	<u>2,658,677</u>	<u>22</u>
<b>Non-current liabilities</b>								
2520	Non-current financial liabilities at amortised cost	6(11) and 7	64,540	1	61,420	1	63,500	1
2527	Non-current contract liabilities	6(22)	2,626	-	16,989	-	7,579	-
2540	Long-term borrowings	6(15) and 8	2,012,428	15	1,637,756	13	1,869,704	15
2570	Deferred income tax liabilities		29,437	-	24,634	-	32,099	-
2580	Non-current lease liabilities		14,214	-	21,436	-	15,552	-
2600	Other non-current liabilities	9	16,848	-	50,556	-	52,251	-
25XX	<b>Total non-current liabilities</b>		<u>2,140,093</u>	<u>16</u>	<u>1,812,791</u>	<u>14</u>	<u>2,040,685</u>	<u>16</u>
2XXX	<b>Total liabilities</b>		<u>5,229,855</u>	<u>39</u>	<u>4,954,440</u>	<u>39</u>	<u>4,699,362</u>	<u>38</u>
<b>Equity attributable to owners of parent</b>								
Share capital								
3110	Common stock	1 and 6(18)	1,202,560	9	1,202,560	9	1,202,560	10
Capital surplus								
3200	Capital surplus	6(17)(19)	3,551,751	27	3,514,488	27	3,514,132	28
Retained earnings								
3310	Legal reserve	6(20)	485,958	4	444,979	4	444,979	4
3320	Special reserve		54,984	-	20	-	20	-
3350	Unappropriated retained earnings		2,091,761	16	2,364,300	19	2,037,711	17
Other equity interest								
3400	Other equity interest	6(21)	(10,893)	-	(5,703)	-	44,550	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>7,376,121</u>	<u>56</u>	<u>7,520,644</u>	<u>59</u>	<u>7,243,952</u>	<u>59</u>
36XX	Non-controlling interest	4(3)	694,462	5	275,629	2	325,068	3
3XXX	<b>Total equity</b>		<u>8,070,583</u>	<u>61</u>	<u>7,796,273</u>	<u>61</u>	<u>7,569,020</u>	<u>62</u>
Significant Contingent Liabilities and Unrecognised Contract Commitments								
Significant Events after the Balance Sheet Date								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 13,300,438</u>	<u>100</u>	<u>\$ 12,750,713</u>	<u>100</u>	<u>\$ 12,268,382</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**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(22) and 7	\$ 1,129,226	100	\$ 1,024,036	100	\$ 3,148,129	100	\$ 2,697,198	100
5000	Operating costs	6(6)(26)(27)								
		and 7	( 642,265)	( 57)	( 627,300)	( 61)	( 1,750,761)	( 56)	( 1,753,875)	( 65)
5900	Net operating margin		486,961	43	396,736	39	1,397,368	44	943,323	35
	Operating expenses	6(26)(27) and 7								
6100	Selling expenses		( 48,385)	( 4)	( 48,873)	( 5)	( 137,108)	( 4)	( 130,019)	( 5)
6200	General and administrative expenses		( 67,464)	( 6)	( 65,332)	( 7)	( 204,401)	( 7)	( 164,506)	( 6)
6300	Research and development expenses		( 220,435)	( 20)	( 175,593)	( 17)	( 644,002)	( 20)	( 585,408)	( 22)
6450	Expected credit impairment loss	12(2)	( 2,764)	-	( 3,915)	-	27,833	1	( 4,608)	-
6000	Total operating expenses		( 339,048)	( 30)	( 293,713)	( 29)	( 957,678)	( 30)	( 884,541)	( 33)
6900	Operating profit		147,913	13	103,023	10	439,690	14	58,782	2
	Non-operating income and expenses									
7100	Interest income	6(23)	5,297	-	102	-	15,351	1	265	-
7010	Other income		2,786	-	972	-	6,028	-	2,197	-
7020	Other gains and losses	6(2)(24)	( 253,151)	( 22)	391,034	38	( 470,814)	( 15)	( 35,676)	( 1)
7050	Finance costs	6(25)	( 8,622)	( 1)	( 5,821)	-	( 20,623)	( 1)	( 13,013)	-
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(7)	6,007	1	2,447	-	4,808	-	5,047	-
7000	Total non-operating income and expenses		( 247,683)	( 22)	388,734	38	( 465,250)	( 15)	( 41,180)	( 1)
7900	Profit (loss) before income tax		( 99,770)	( 9)	491,757	48	( 25,560)	( 1)	17,602	1
7950	Income tax expense	6(28)	( 65,533)	( 5)	( 43,627)	( 4)	( 150,095)	( 5)	( 73,457)	( 3)
8200	Profit (loss) for the period		<u>(\$ 165,303)</u>	<u>( 14)</u>	<u>\$ 448,130</u>	<u>44</u>	<u>(\$ 175,655)</u>	<u>( 6)</u>	<u>(\$ 55,855)</u>	<u>( 2)</u>

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

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income</b>										
<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)	(\$ 9,897)	( 1)	\$ 772	-	(\$ 7,174)	-	(\$ 219)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		( 9,897)	( 1)	772	-	( 7,174)	-	( 219)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>										
8361	Financial statements translation differences of foreign operations		524	-	( 231)	-	( 8,954)	-	( 11,209)	-
8399	Income tax relating to the components of other comprehensive income	6(28)	( 42)	-	20	-	946	-	1,122	-
8360	Other comprehensive income that will be reclassified to profit or loss		482	-	( 211)	-	( 8,008)	-	( 10,087)	-
8300	<b>Total other comprehensive income (loss) for the period</b>		(\$ 9,415)	( 1)	\$ 561	-	(\$ 15,182)	-	(\$ 10,306)	-
8500	<b>Total comprehensive income (loss) for the period</b>		(\$ 174,718)	( 15)	\$ 448,691	44	(\$ 190,837)	( 6)	(\$ 66,161)	( 2)
Profit (loss) attributable to:										
8610	Owners of the parent		(\$ 114,554)	( 10)	\$ 492,082	48	(\$ 56,340)	( 2)	\$ 83,195	3
8620	Non-controlling interest		( 50,749)	( 4)	( 43,952)	( 4)	( 119,315)	( 4)	( 139,050)	( 5)
			(\$ 165,303)	( 14)	\$ 448,130	44	(\$ 175,655)	( 6)	(\$ 55,855)	( 2)
Comprehensive income (loss) attributable to:										
8710	Owners of the parent		(\$ 118,517)	( 10)	\$ 492,769	48	(\$ 61,530)	( 2)	\$ 78,484	3
8720	Non-controlling interest		( 56,201)	( 5)	( 44,078)	( 4)	( 129,307)	( 4)	( 144,645)	( 5)
			(\$ 174,718)	( 15)	\$ 448,691	44	(\$ 190,837)	( 6)	(\$ 66,161)	( 2)
Earnings (loss) per share (in dollars)										
9750	Basic earnings (loss) per share	6(29)	(\$ 0.95)		\$ 4.09		(\$ 0.47)		\$ 0.69	
9850	Diluted earnings (loss) per share		(\$ 0.95)		\$ 4.09		(\$ 0.47)		\$ 0.69	

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

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

		Equity attributable to owners of the parent										
		Capital Reserves			Retained Earnings			Other Equity Interest				
		Share capital - common stock	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
Notes												
<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	-	-	-	-	-	83,195	-	-	83,195	( 139,050)	( 55,855)
	Other comprehensive loss	-	-	-	-	-	-	( 4,492)	( 219)	( 4,711)	( 5,595)	( 10,306)
	Total comprehensive income (loss)	-	-	-	-	-	83,195	( 4,492)	( 219)	78,484	( 144,645)	( 66,161)
	Appropriations and distribution of retained earnings, 2021	-	-	-	-	-	-	-	-	-	-	-
	Legal reserve	-	-	-	125,044	-	( 125,044)	-	-	-	-	-
	Cash dividends	-	-	-	-	-	( 240,512)	-	-	( 240,512)	-	( 240,512)
	Changes in ownership interest in subsidiaries	-	-	9,902	-	-	-	-	-	9,902	261,806	271,708
	Amortisation of compensation cost of employee stock options	-	-	848	-	-	-	-	-	848	972	1,820
	Balance at September 30, 2022	\$ 1,202,560	\$ 3,083,576	\$ 430,556	\$ 444,979	\$ 20	\$ 2,037,711	(\$ 13,058)	\$ 57,608	\$ 7,243,952	\$ 325,068	\$ 7,569,020
<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	-	-	-	-	-	( 56,340)	-	-	( 56,340)	( 119,315)	( 175,655)
	Other comprehensive loss	-	-	-	-	-	-	( 3,784)	( 1,406)	( 5,190)	( 9,992)	( 15,182)
	Total comprehensive loss	-	-	-	-	-	( 56,340)	( 3,784)	( 1,406)	( 61,530)	( 129,307)	( 190,837)
	Appropriations and distribution of retained earnings, 2022	-	-	-	-	-	-	-	-	-	-	-
	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	-	-	36,470	-	-	-	-	-	36,470	547,205	583,675
	Amortisation of compensation cost of employee stock options	-	-	793	-	-	-	-	-	793	935	1,728
	Balance at September 30, 2023	\$ 1,202,560	\$ 3,083,576	\$ 468,175	\$ 485,958	\$ 54,984	\$ 2,091,761	(\$ 13,831)	\$ 2,938	\$ 7,376,121	\$ 694,462	\$ 8,070,583

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

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

	Notes	Nine months ended September 30	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
(Loss) profit before tax		(\$ 25,560 )	\$ 17,602
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	340,862	331,343
Amortisation	6(26)	19,478	21,500
Expected credit impairment (gain) loss	12(2)	( 27,833 )	4,608
Net gains on financial assets at fair value through profit	6(24)	481,285	88,917
Interest expense	6(25)	20,623	13,013
Interest income	6(23)	( 15,351 )	( 265 )
Compensation cost of employee stock options	6(17)	1,728	1,820
Share of profit of associates accounted for using equity method	6(7)	( 4,808 )	( 5,047 )
Proceeds from disposal of property, plant and equipment	6(24)	( 88 )	( 42 )
Gain from lease modification	6(24)	-	( 24 )
Expenses transferred from prepayment for equipment (shown as other non-current assets)	6(8)	5,049	12,791
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		764	262
Notes receivable		( 8 )	2,586
Accounts receivable		( 130,242 )	( 170,520 )
Accounts receivable - related parties		3,573	( 1,849 )
Other receivables		( 63,763 )	14,501
Other receivables - related parties		( 11 )	( 70 )
Inventory		( 57,666 )	78,668
Prepayments		( 24,246 )	( 3,705 )
Other current assets		( 11,325 )	370
Other non-current assets		( 1,252 )	( 230 )
Changes in operating liabilities			
Current contract liabilities		117,133	32,183
Notes payable		303	( 316 )
Accounts payable		6,530	( 39,413 )
Other payables		19,083	( 29,859 )
Other payables - related parties		1,802	576
Other current liabilities		37,425	14,946
Other non-current liabilities		( 31,994 )	14,127
Cash inflow generated from operations		661,491	398,473
Interest received		12,706	265
Interest paid		( 20,684 )	( 12,957 )
Income taxes paid		( 204,429 )	( 21,686 )
Net cash flows from operating activities		<u>449,084</u>	<u>364,095</u>

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

	Notes	Nine months ended September 30	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
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		7,333	124,159
Acquisition of financial assets at amortised cost		( 832,732 )	( 158,750 )
Proceeds from disposal of financial assets at amortised cost		158,750	-
Acquisition of property, plant and equipment	6(31)	( 343,437 )	( 297,155 )
Proceeds from disposal of property, plant and equipment		88	42
Acquisition of intangible assets	6(9)	( 475 )	( 1,388 )
Prepayment for equipment (shown as other non-current assets)	6(8)	( 39,247 )	( 29,341 )
Prepayment for investments (shown as other non-current assets)		( 2,740 )	( 14,895 )
Decrease (increase) in guarantee deposits paid		2,820	( 1,338 )
Dividends received from associates		65	44
Acquisition of subsidiaries		-	( 29,870 )
Net cash flows used in investing activities		<u>( 1,049,575 )</u>	<u>( 423,468 )</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans	6(32)	( 115,666 )	216,333
Increase in short-term notes and bills payable	6(32)	60,065	50,005
Proceeds from long-term debt	6(32)	2,787,800	2,346,000
Repayments of long-term debt (including current portion)	6(32)	( 2,593,743 )	( 2,392,347 )
Payments of lease liabilities	6(32)	( 20,925 )	( 22,276 )
Proceeds from disposal of financial liabilities at amortised cost	6(11)	-	58,390
Dividends received	6(20)	( 120,256 )	( 240,511 )
Subsidiary cash increase and employee stock options	6(30)	583,675	271,708
Net cash flows from financing activities		<u>580,950</u>	<u>287,302</u>
Effect of exchange rate changes on cash and cash equivalents		( 23,962 )	( 6,554 )
Net (decrease) increase in cash and cash equivalents		( 43,503 )	221,375
Cash and cash equivalents at beginning of period		1,279,462	729,535
Cash and cash equivalents at end of period		<u>\$ 1,235,959</u>	<u>\$ 950,910</u>

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

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

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

1. HISTORY AND ORGANIZATION

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 September 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 November 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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform-pillar two model rules'	May 23, 2023

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
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 21, 'Lack of exchangeability'	January 1, 2025

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
			September 30, 2023	December 31, 2022	September 30, 2022	
Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	Research and development of new biotechnology medicine	45.84	46.55	46.55	Note 1 and Note 2
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Research and development of new biotechnology medicine	100	100	100	
Formosa Laboratories, Inc.	Epione Investment Cayman Limited	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 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 September 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 September 30, 2023, December 31, 2022 and September 30, 2022, the non-controlling

interest amounted to \$694,462, \$275,629 and \$325,068, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		September 30, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
Formosa Pharmaceuticals Inc.	Taiwan	\$ 694,462	54.16%	\$ 275,629	53.45%

Name of subsidiary	Principal place of business	Non-controlling interest	
		September 30, 2022	
		Amount	Ownership (%)
Formosa Pharmaceuticals Inc.	Taiwan	\$ 325,068	53.45%

Summarised financial information of the subsidiaries:

Balance sheets

	Formosa Pharmaceuticals Inc.		
	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 1,329,973	\$ 456,314	\$ 547,043
Non-current assets	441,380	421,593	425,757
Current liabilities	( 193,390)	( 43,057)	( 41,165)
Non-current liabilities	( 343,010)	( 340,941)	( 348,788)
Total net assets	\$ 1,234,953	\$ 493,909	\$ 582,847

Statements of comprehensive income

	Formosa Pharmaceuticals Inc.	
	Three-month periods ended September 30,	
	2023	2022
Revenue	\$ 573	\$ 979
Loss before income tax	(\$ 87,833)	(\$ 102,506)
Income tax (expense) benefit	( 19,105)	123
Loss for the period	( 106,938)	( 102,383)
Other comprehensive (loss) income, net of tax	( 10,066)	10,179
Total comprehensive loss for the period	(\$ 117,004)	(\$ 92,204)
Comprehensive income (loss) attributable to non-controlling interest	\$ 11	\$ 55

	<u>Formosa Pharmaceuticals Inc.</u>	
	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 31,172	\$ 1,315
Loss before income tax	(\$ 224,734)	( 305,632)
Income tax (expense) benefit	( 21,985)	300
Loss for the period	( 246,719)	( 305,332)
Other comprehensive loss, net of tax	( 18,465)	-
Total comprehensive loss for the period	(\$ 265,184)	(\$ 305,332)
Comprehensive income attributable to non-controlling interest	\$ 15	\$ 104

#### Statements of cash flows

	<u>Formosa Pharmaceuticals Inc.</u>	
	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Net cash used in operating activities	(\$ 133,983)	(\$ 265,416)
Net cash used in investing activities	( 675,735)	( 188,621)
Net cash provided by financing activities	1,001,286	559,651
Effect of exchange rates on cash and cash equivalents	( 33,340)	33,644
Increase in cash and cash equivalents	158,228	139,258
Cash and cash equivalents, beginning of period	267,338	208,917
Cash and cash equivalents, end of period	\$ 425,566	\$ 348,175

#### (4) Financial liabilities at amortised cost

The Group initially measures financial liabilities at amortised cost at issue prices and subsequently amortises the interest expense in profit or loss over the period of circulation using the interest method. Where changes in estimates of payments occur, the Group recalculates the amortised cost of the financial liability by discounting the revised estimated cash flow at its original effective interest rate. The resulting adjustment is recognised in profit or loss.

#### (5) 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.

#### (6) 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 September 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Petty cash and cash on hand	\$ 462	\$ 554	\$ 613
Demand deposits	827,557	655,866	626,647
Foreign currency demand deposits	359,535	511,622	223,650
Time deposits	48,405	111,420	100,000
	<u>\$ 1,235,959</u>	<u>\$ 1,279,462</u>	<u>\$ 950,910</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks			
EirGenix, Inc.	\$ 28,285	\$ 29,158	\$ 32,654
TOT Biopharm International Company Limited	51,262	52,940	52,940
Emerging stocks			
TaiRx, Inc.	15,085	16,484	17,829
Derivatives			
- the redemption rights of convertible bonds	1,508	2,010	2,010
	<u>96,140</u>	<u>100,592</u>	<u>105,433</u>
Valuation adjustment	57,528	96,927	110,393
	<u>\$ 153,668</u>	<u>\$ 197,519</u>	<u>\$ 215,826</u>

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</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	1,092,948	1,538,479	1,265,959
	<u>\$ 1,756,020</u>	<u>\$ 2,177,551</u>	<u>\$ 1,905,031</u>

A. The Group recognised net (loss) gain amounting to (\$271,742), \$361,666, (\$481,285) and (\$88,917) on financial assets at fair value through profit or loss for the three months and nine months ended September 30, 2023 and 2022, respectively.

B. 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

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current items:			
Equity instruments			
Listed stocks			
Eyenovia, Inc.	\$ 31,900	\$ -	\$ -
Unlisted stocks			
Oncomatrix Biopharma, S.L.	57,135	57,135	57,135
PHARMASTAR INC.	14,895	-	-
	<u>103,930</u>	<u>57,135</u>	<u>57,135</u>
Valuation adjustment	(2,829)	4,344	57,608
	<u>\$ 101,101</u>	<u>\$ 61,479</u>	<u>\$ 114,743</u>

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 \$101,101, \$61,479 and \$114,743 as at September 30, 2023, December 31, 2022 and September 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:

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 9,897)	\$ 772
	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 7,174)	(\$ 219)

C. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$101,101, \$61,479 and \$114,743, 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

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Time deposits with a maturity of more than three months	\$ 834,540	\$ 153,550	\$ 158,750

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

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income	\$ 4,206	\$ -
	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income	\$ 6,709	\$ -

B. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company were \$834,540, \$153,550 and \$158,750, respectively.

- C. The Company has no financial assets at amortized cost pledged to others as collateral.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable, net

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ 8	\$ -	\$ -
Accounts receivable	\$ 962,865	\$ 832,623	\$ 934,801
Less: Allowance for uncollectible accounts	( 5,942)	( 33,774)	( 10,034)
	<u>\$ 956,923</u>	<u>\$ 798,849</u>	<u>\$ 924,767</u>

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

	<u>September 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	\$ 857,791	\$ 8	\$ 711,139	\$ -
Up to 30 days past due	72,511	-	68,145	-
31~ 90 days past due	31,243	-	46,849	-
91~ 180 days past due	1,320	-	-	-
181 days past due	-	-	6,490	-
	<u>\$ 962,865</u>	<u>\$ 8</u>	<u>\$ 832,623</u>	<u>\$ -</u>

  

	<u>September 30, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 700,890	\$ -
Up to 30 days past due	132,893	-
31~ 90 days past due	84,678	-
91~ 180 days past due	11,074	-
181 days past due	5,266	-
	<u>\$ 934,801</u>	<u>\$ -</u>

The above ageing analysis was based on past due date.

- B. As of September 30, 2023, December 31, 2022 and September 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 September 30, 2023, December 31, 2022 and September 30, 2022, without taking into

account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$8, \$0, \$0, and \$956,923, \$798,849, \$924,767, respectively.

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

(6) Inventories

		September 30, 2023		
		Allowance for valuation losses and loss for obsolete and slow-moving inventories		Carrying amount
	Cost			
Goods	\$ 2,205	(\$ 140)		\$ 2,065
Raw materials	612,685	( 79,679)		533,006
Work in progress	534,865	( 99,729)		435,136
Finished goods	883,741	( 194,610)		689,131
	<u>\$ 2,033,496</u>	<u>(\$ 374,158)</u>		<u>\$ 1,659,338</u>
		December 31, 2022		
		Allowance for valuation losses and loss for obsolete and slow-moving inventories		Carrying amount
	Cost			
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>
		September 30, 2022		
		Allowance for valuation losses and loss for obsolete and slow-moving inventories		Carrying amount
	Cost			
Goods	\$ 2,930	(\$ 1)		\$ 2,929
Raw materials	592,034	( 87,514)		504,520
Work in progress	465,908	( 95,511)		370,397
Finished goods	865,654	( 182,971)		682,683
	<u>\$ 1,926,526</u>	<u>(\$ 365,997)</u>		<u>\$ 1,560,529</u>

Current expenses related to inventories are as follows:

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 639,944	\$ 610,042
(Gain from price recovery of inventory) loss on valuation decline and scrapped inventory	( 28,877)	2,189
Cost of services	31,510	15,357
Others	( 312)	( 288)
	<u>\$ 642,265</u>	<u>\$ 627,300</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 1,698,561	\$ 1,667,387
(Gain from price recovery of inventory) loss on valuation decline and scrapped inventory	( 8,099)	58,511
Cost of services	61,191	28,694
Others	( 892)	( 717)
	<u>\$ 1,750,761</u>	<u>\$ 1,753,875</u>

For the period ended September 30, 2023, the Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold as certain inventories which were previously provided with allowance were subsequently sold.

(7) Investments accounted for using equity method

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
A. R. Z Taiwan Limited	\$ 241	\$ 614	\$ 741
Formosa Laboratories Japan, Inc.	18,745	14,811	11,446
	<u>\$ 18,986</u>	<u>\$ 15,425</u>	<u>\$ 12,187</u>

A. The Group's share of profit or loss of associates accounted for using the equity method for the three months and nine months ended September 30, 2023 and 2022 were \$6,007, \$2,447, \$4,808 and \$5,047, 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>
Nine months ended September 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)	-	17,246	22,702	-	11,769	1,275	2,642	-	9,843	333,773	399,250	39,247
Transfers (Note 4)	-	727,317	230,293	-	19,560	3,377	5,082	-	24,771	( 938,720)	71,680	( 77,650)
Reclassifications	-	-	248	( 248)	-	-	-	-	-	-	-	-
Depreciation charge	-	( 51,673)	( 192,990)	( 1,499)	( 32,756)	( 11,575)	( 7,149)	( 562)	( 22,114)	-	( 320,318)	-
Closing net book amount as at September 30	<u>\$ 655,950</u>	<u>\$ 1,780,164</u>	<u>\$ 1,241,661</u>	<u>\$ 15,988</u>	<u>\$ 176,591</u>	<u>\$ 81,496</u>	<u>\$ 29,892</u>	<u>\$ 3,518</u>	<u>\$ 118,914</u>	<u>\$ 1,921,694</u>	<u>\$ 6,025,868</u>	<u>\$ 21,302</u>
At September 30, 2023												
Cost	\$ 655,950	\$ 2,342,071	\$ 3,234,747	\$ 97,668	\$ 427,664	\$ 222,616	\$ 118,440	\$ 15,243	\$ 335,340	\$ 1,921,694	\$ 9,371,433	\$ 21,302
Accumulated depreciation	-	( 561,907)	( 1,993,086)	( 81,680)	( 251,073)	( 141,120)	( 88,548)	( 11,725)	( 216,426)	-	( 3,345,565)	-
	<u>\$ 655,950</u>	<u>\$ 1,780,164</u>	<u>\$ 1,241,661</u>	<u>\$ 15,988</u>	<u>\$ 176,591</u>	<u>\$ 81,496</u>	<u>\$ 29,892</u>	<u>\$ 3,518</u>	<u>\$ 118,914</u>	<u>\$ 1,921,694</u>	<u>\$ 6,025,868</u>	<u>\$ 21,302</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 period 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 September 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)	-	990	22,742	-	20,805	30	2,173	-	4,971	241,948	293,659	29,341
Transfers (Note 4)	-	2,008	32,898	-	1,841	10,011	11,608	-	3,935	4,682	66,983	(80,621)
Reclassifications	-	-	(262)	-	58	(49)	-	-	253	-	-	-
Depreciation charge	-	(43,785)	(193,486)	(1,510)	(30,764)	(12,704)	(6,798)	(654)	(19,795)	-	(309,496)	-
Closing net book amount as at September 30	<u>\$ 655,950</u>	<u>\$ 1,081,844</u>	<u>\$ 1,199,473</u>	<u>\$ 17,986</u>	<u>\$ 179,632</u>	<u>\$ 91,518</u>	<u>\$ 31,013</u>	<u>\$ 4,299</u>	<u>\$ 99,028</u>	<u>\$ 2,540,134</u>	<u>\$ 5,900,877</u>	<u>\$ 34,153</u>
At September 30, 2022												
Cost	\$ 655,950	\$ 1,578,055	\$ 2,940,164	\$ 97,668	\$ 393,458	\$ 216,643	\$ 110,137	\$ 16,782	\$ 286,772	\$ 2,540,134	\$ 8,835,763	\$ 34,153
Accumulated depreciation	-	(496,211)	(1,740,691)	(79,682)	(213,826)	(125,125)	(79,124)	(12,483)	(187,744)	-	(2,934,886)	-
	<u>\$ 655,950</u>	<u>\$ 1,081,844</u>	<u>\$ 1,199,473</u>	<u>\$ 17,986</u>	<u>\$ 179,632</u>	<u>\$ 91,518</u>	<u>\$ 31,013</u>	<u>\$ 4,299</u>	<u>\$ 99,028</u>	<u>\$ 2,540,134</u>	<u>\$ 5,900,877</u>	<u>\$ 34,153</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 period 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:

	Three-month periods ended September 30,	
	2023	2022
Amount capitalised	\$ 10,368	\$ 8,544
Range of the interest rates for capitalisation	1.815%	1.310%
	Nine-month periods ended September 30,	
	2023	2022
Amount capitalised	\$ 34,191	\$ 23,272
Range of the interest rates for capitalisation	1.815%~1.8435%	1.159%~1.310%

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

(9) Intangible assets

	2023				
	Goodwill	Professional expertise		Computer software	Total
		APP13007 Ophthalmic anti-inflammatory agents	APP13002 Antibiotic medicament for eyes		
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	-	( 12,279)	( 64)	( 6,391)	( 18,734)
Net exchange differences	-	-	( 61)	-	( 61)
Closing net book amount as at September 30	<u>\$ 30,544</u>	<u>\$ 151,424</u>	<u>\$ 799</u>	<u>\$ 22,763</u>	<u>\$ 205,530</u>
At September 30					
Cost	\$ 82,166	\$ 231,912	\$ 1,297	\$ 95,293	\$ 410,668
Accumulated amortisation and impairment	( 51,622)	( 80,488)	( 498)	( 72,530)	( 205,138)
	<u>\$ 30,544</u>	<u>\$ 151,424</u>	<u>\$ 799</u>	<u>\$ 22,763</u>	<u>\$ 205,530</u>

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

	2022				
	Professional expertise				
	Goodwill	APP13007 Ophthalmic anti- inflammatory agents	APP13002 Antibiotic medicament for eyes	Computer software	Total
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	-	-	-	1,388	1,388
Reclassifications (Note)	-	-	-	847	847
Amortisation charge	-	( 12,278)	( 66)	( 8,004)	( 20,348)
Net exchange differences	-	-	( 84)	-	( 84)
Closing net book amount as at September 30	<u>\$ 30,544</u>	<u>\$ 167,795</u>	<u>\$ 897</u>	<u>\$ 30,167</u>	<u>\$ 229,403</u>
At September 30					
Cost	\$ 82,166	\$ 231,912	\$ 1,321	\$ 93,926	\$ 409,325
Accumulated amortisation and impairment	( 51,622)	( 64,117)	( 424)	( 63,759)	( 179,922)
	<u>\$ 30,544</u>	<u>\$ 167,795</u>	<u>\$ 897</u>	<u>\$ 30,167</u>	<u>\$ 229,403</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-month periods ended September 30,	
	2023	2022
Operating costs	\$ 1,003	\$ 1,542
Administrative expenses	686	842
Research and development expenses	4,237	4,410
	<u>\$ 5,926</u>	<u>\$ 6,794</u>
	Nine-month periods ended September 30,	
	2023	2022
Operating costs	\$ 3,610	\$ 4,219
Administrative expenses	2,195	2,498
Research and development expenses	12,929	13,631
	<u>\$ 18,734</u>	<u>\$ 20,348</u>

B. On September 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 nine months ended September 30, 2023 and 2022, the discounts rates were 17.89% and 21.38%, respectively.

(10) Other non-current assets

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Prepayments for business facilities	\$ 21,301	\$ 59,705	\$ 34,153
Prepayments for investment (Note 1)	2,740	38,895	14,895
Guarantee deposits paid (Note 2)	3,564	6,384	6,624
Others	<u>2,023</u>	<u>1,515</u>	<u>1,788</u>
	<u>\$ 29,628</u>	<u>\$ 106,499</u>	<u>\$ 57,460</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) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current items:			
New medicine development revenue share agreement	<u>\$ 64,540</u>	<u>\$ 61,420</u>	<u>\$ 63,500</u>

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 will share the future authorisation income with EirGenix Inc. and is entitled to a consideration of US\$30,000 thousand, which will be received in accordance with the schedule as specified in the contract. As of September 30, 2023, the Group has received US\$2,000 thousand.

(12) Short-term borrowings

	<u>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 564,000	1.75%	Refer to Note 8
Unsecured borrowings	<u>770,000</u>	1.75%~1.78%	None
	<u>\$ 1,334,000</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	<u>65,666</u>	1.6%~1.92%	"
	<u>\$ 1,449,666</u>		
	<u>September 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 464,000	1.29%~1.48%	Refer to Note 8
Unsecured borrowings	680,000	1.25%~1.44%	None
Import and export financing	<u>89,721</u>	1.25%~1.41%	"
	<u>\$ 1,233,721</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 \$8,168, \$4,419, \$22,040 and \$10,539 for the three months and nine months ended September 30, 2023 and 2022, respectively.

(13) Short-term notes and bills payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Commercial paper payable	\$ 110,000	\$ 50,000	\$ 210,000
Less: Unamortized discount	( 26)	( 91)	( 56)
	<u>\$ 109,974</u>	<u>\$ 49,909</u>	<u>\$ 209,944</u>
Range of the interest rates	<u>1.84%</u>	<u>2.1%</u>	<u>1.35%~1.41%</u>

(14) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Salaries and bonus payable	\$ 194,481	\$ 216,335	\$ 189,454
Payable on machinery and equipment	110,473	54,660	62,451
Service expenses payable	54,401	51,490	29,341
Employees' compensation and directors' and supervisors' remuneration payable	39,827	36,498	23,906
Accrued commission	37,871	36,160	25,276
Consumables payable	35,930	56,303	43,849
Repairs and maintenance expense payable	37,567	37,067	30,508
Utilities expense payable	23,082	17,401	19,308
Withholding tax payable	19,362	-	-
Others	106,466	78,711	81,093
	<u>\$ 659,460</u>	<u>\$ 584,625</u>	<u>\$ 505,186</u>

(15) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>September 30, 2023</u>
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	\$ 290,000
		2.20%	"	37,856
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2019.12.19 ~ 2023.12.19 Quarterly and average repayment starting from March 2021. 2020.9.15 ~ 2024.9.15 Quarterly and average repayment starting from December 2021.	2.00%	Note 2	8,167
		2.00%	"	20,667
		2.25%	"	42,875
		2.25%	"	32,800
O-Bank Co., Ltd. (Note 1)	2023.6.15 ~ 2025.6.14 The principal will be repaid upon maturity.	2.15%	None	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.	2.10%	"	200,000
Entie Commercial Bank, Ltd. He Ping Branch (Note 1)	2022.3.16 ~ 2025.3.16 The principal will be repaid upon maturity.	2.04%	"	100,000

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2023
TAICHUNG COMMERCIAL BANK Co., Ltd. LINKOU BRANCH (Note 1)	2021.9.17 ~ 2024.9.17 Quarterly and average repayment starting from December 2021.	2.20%	None	\$ 33,333
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%	"	75,000
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	249,832
Bank of Panhsin	2023.3.10 ~ 2026.3.10 (Note 1) The principal will be repaid upon maturity.	2.08%	"	297,800
	Starting from December 2023, \$10 million will be repaid every quarter. The remaining balance shall be paid off in lump sum upon maturity.	2.24%	"	100,000
				2,450,830
Less: Current portion (shown as other current liabilities)				(438,402)
				\$ 2,012,428

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

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2022
CHANG HWA COMMERCIAL BANK, LTD.	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	1.91%	None	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
				2,256,773
Less: Current portion (shown as other current liabilities)				(619,017)
				\$ 1,637,756

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 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	\$ 51,623
	2022.2.25 ~ 2025.2.24 The principal will be repaid upon maturity.	1.68%	"	165,000
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2019.12.19 ~ 2023.12.19 Quarterly and average repayment starting from March 2021.	1.63%	"	40,833
	2020.9.15 ~ 2024.9.15 Quarterly and average repayment starting from December 2021.	1.63%	"	41,333
	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021.	2.00%	"	61,250
	2022.7.28 ~ 2025.7.28 Quarterly and average repayment starting from June 2021.	1.88%	"	41,000
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
O-Bank Co., Ltd. (Note 1)	2022.2.28 ~ 2024.2.28 The principal will be repaid upon maturity.	1.67%	"	100,000
Entie Commercial Bank, Ltd. (Note 1)	2022.3.16 ~ 2024.3.16 The principal will be repaid upon maturity.	1.90%	"	50,000
TAICHUNG COMMERCIAL BANK Co., Ltd.	2021.9.17 ~ 2024.9.17 Quarterly and average repayment starting from December 2021.	1.83%	"	66,667
JihSun International Commercial Bank Co., Ltd. (Note 1)	2021.8.20 ~ 2024.8.12 The principal will be repaid upon maturity.	1.72%	"	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

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>September 30, 2022</u>
SUNNY BANK.	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	1.69%	Note 2	\$ 500,000
	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	1.69%	None	280,000
	2021.12.28 ~ 2023.12.28 (Note 1) The principal will be repaid upon maturity.	1.69%	"	<u>297,800</u>
				2,145,506
Less: Current portion (shown as other current liabilities)				( <u>275,802</u> )
				<u>\$ 1,869,704</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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group has met all the required covenants.
- B. As at September 30, 2023, December 31, 2022 and September 30, 2022, the Group had total undrawn borrowing facilities of \$1,775,730, \$1,551,084 and \$2,012,964, respectively.

## (16) 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, \$534 and \$526 for the three months and nine months ended September 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 has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the 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 nine months ended September 30, 2023 and 2022 were \$9,144, \$8,500, \$26,737 and \$25,473, respectively.

(17) Share-based payment

- A. For the three months and nine months ended September 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	40.80
Options expired	( 50,000)	40.80	-	-
Options outstanding at September 30	<u>490,000</u>	<u>\$ 39.70</u>	<u>600,000</u>	<u>40.80</u>
Options exercisable at September 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:

		September 30, 2023	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
2022.03.09	2027.03.08	490,000	\$ 39.70
		December 31, 2022	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
2022.03.09	2027.03.08	540,000	\$ 40.80
		September 30, 2022	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
2022.03.09	2027.03.08	600,000	\$ 40.80

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

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.

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

		Three-month periods ended September 30,	
		2023	2022
Equity-settled		\$ 696	\$ 765
		Nine-month periods ended September 30,	
		2023	2022
Equity-settled		\$ 1,728	\$ 1,820

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.

(18) Share capital

As of September 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.

(19) 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.

(20) 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 and June 23, 2022, the Group's shareholders resolved the appropriations of 2022 and 2021 earnings, respectively, as follows:

	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>	

(21) 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	( 1,406)	-	( 1,406)
Currency translation differences:			
–Subsidiaries and associates	-	( 4,730)	( 4,730)
–Tax on subsidiaries and associates	-	946	946
At September 30	<u>\$ 2,938</u>	<u>(\$ 13,831)</u>	<u>(\$ 10,893)</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	( 219)	-	( 219)
Currency translation differences:			
–Subsidiaries and associates	-	( 5,614)	( 5,614)
–Tax on subsidiaries and associates	-	1,122	1,122
At September 30	<u>\$ 57,608</u>	<u>(\$ 13,058)</u>	<u>\$ 44,550</u>

(22) Operating revenue

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Sales revenue	\$ 1,063,403	\$ 937,000
Service revenue	65,250	87,036
Authorization revenue	573	-
	<u>\$ 1,129,226</u>	<u>\$ 1,024,036</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Sales revenue	\$ 2,980,566	\$ 2,566,957
Service revenue	136,391	130,241
Authorization revenue	31,172	-
	<u>\$ 3,148,129</u>	<u>\$ 2,697,198</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 September 30, 2023			
	At a point in time		Over time	
	Sales revenue	Authorization revenue	Service revenue	Total
India	\$ 275,577	\$ -	\$ -	275,577
Netherlands	141,330	-	-	141,330
Japan	66,234	-	-	66,234
Switzerland	99,089	-	-	99,089
Germany	80,969	-	-	80,969
Taiwan	52,598	-	31,665	84,263
United States	53,774	-	24,692	78,466
China	93,626	573	-	94,199
Canada	16,303	-	-	16,303
Others	183,903	-	8,893	192,796
	<u>\$ 1,063,403</u>	<u>\$ 573</u>	<u>\$ 65,250</u>	<u>\$ 1,129,226</u>

	Three months ended September 30, 2022			
	At a point in time		Over time	
	Sales revenue	Authorization revenue	Service revenue	Total
India	\$ 239,554	\$ -	\$ -	\$ 239,554
Netherlands	172,249	-	-	172,249
Japan	54,657	-	-	54,657
United States	36,805	-	3,105	39,910
Switzerland	19,885	-	52,350	72,235
Germany	67,254	-	-	67,254
Taiwan	35,304	-	22,969	58,273
China	95,055	-	-	95,055
Canada	37,546	-	-	37,546
Others	178,691	-	8,612	187,303
	<u>\$ 937,000</u>	<u>\$ -</u>	<u>\$ 87,036</u>	<u>\$ 1,024,036</u>

Nine months ended September 30, 2023				
At a point in time		Over time		
	Sales revenue	Authorization revenue	Service revenue	Total
India	\$ 755,776	\$ -	\$ -	755,776
Netherlands	413,924	-	-	413,924
Japan	240,621	-	-	240,621
Switzerland	218,468	-	-	218,468
Germany	215,761	-	-	215,761
Taiwan	135,766	-	79,204	214,970
United States	185,087	-	27,139	212,226
China	157,490	31,172	808	189,470
Canada	93,413	-	798	94,211
Others	564,260	-	28,442	592,702
	<u>\$ 2,980,566</u>	<u>\$ 31,172</u>	<u>\$ 136,391</u>	<u>\$ 3,148,129</u>

  

Nine months ended September 30, 2022				
At a point in time		Over time		
	Sales revenue	Authorization revenue	Service revenue	Total
India	\$ 629,979	\$ -	\$ -	\$ 629,979
Netherlands	327,421	-	-	327,421
Japan	169,096	-	236	169,332
Switzerland	142,318	-	52,408	194,726
Germany	157,348	-	-	157,348
Taiwan	230,592	-	57,140	287,732
United States	126,226	-	7,143	133,369
China	156,030	-	-	156,030
Canada	165,695	-	-	165,695
Others	462,252	-	13,314	475,566
	<u>\$ 2,566,957</u>	<u>\$ -</u>	<u>\$ 130,241</u>	<u>\$ 2,697,198</u>

#### B. Contract assets and liabilities

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

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Contract liabilities	<u>\$ 211,148</u>	<u>\$ 72,764</u>	<u>\$ 141,869</u>	<u>\$ 109,686</u>

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-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ <u>9,322</u>	\$ <u>28,137</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ <u>22,405</u>	\$ <u>90,127</u>

- C. The Group and Grandpharma (China) Co., Ltd. entered into a contract for collaborative development and authorization 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 nine months ended September 30, 2023, the Group recognised the licensing revenue of \$31,172, and from the date of signing the contract to September 30, 2023, the accumulated recognised revenue was \$59,023.
- D. The Group and Eyenovia, Inc. (EYEN) entered into a contract for authorisation on new medicines in U.S. The Group will transfer the drug license and the right of production and sales in the US. Under the contract, the Group can charge EYEN for signing bonus, development milestones and sales milestones. As of September 30, 2023, the Group has received US\$1,000 and 487 thousand ordinary shares of EYEN, shown as ‘non-current financial assets at fair value through other comprehensive income’ and from the date of signing the contract to September 30, 2023, the Group has not yet recognised any revenue.

(23) Interest income

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 1,067	\$ 102
Financial assets at amortised cost		
Interest income	4,206	-
Other interest income	24	-
	\$ <u>5,297</u>	\$ <u>102</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 8,610	\$ 265
Financial assets at amortised cost		
Interest income	6,709	-
Other interest income	<u>32</u>	<u>-</u>
	<u>\$ 15,351</u>	<u>\$ 265</u>

(24) Other gains and losses

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Loss on disposal of property, plant and equipment	\$ 88	\$ 42
Net currency exchange gains	18,685	39,926
Net losses on financial assets at fair value through profit or loss	( 271,742)	361,666
Others	<u>( 182)</u>	<u>( 10,600)</u>
	<u>(\$ 253,151)</u>	<u>\$ 391,034</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Loss on disposal of property, plant and equipment	\$ 88	\$ 42
Gains arising from lease modifications	-	24
Net currency exchange gains	10,746	65,574
Net losses on financial assets at fair value through profit or loss	( 481,285)	( 88,917)
Others	<u>( 363)</u>	<u>( 12,399)</u>
	<u>(\$ 470,814)</u>	<u>(\$ 35,676)</u>

(25) Finance costs

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest expense:		
Bank borrowings	\$ 18,818	\$ 13,279
Others	<u>172</u>	<u>1,086</u>
	18,990	14,365
Less: Capitalisation of qualifying assets	<u>( 10,368)</u>	<u>( 8,544)</u>
Finance costs	<u>\$ 8,622</u>	<u>\$ 5,821</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest expense:		
Bank borrowings	\$ 54,024	\$ 34,859
Others	790	1,426
	<u>54,814</u>	<u>36,285</u>
Less: Capitalisation of qualifying assets	(34,191)	(23,272)
Finance costs	<u>\$ 20,623</u>	<u>\$ 13,013</u>

(26) Expenses by nature

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Employee benefit expense	\$ 267,902	\$ 249,821
Depreciation charges on right-of-use assets, property, plant and equipment	\$ 118,086	\$ 110,329
Amortisation charges on intangible assets and other non-current assets	\$ 6,187	\$ 7,078

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Employee benefit expense	\$ 786,081	\$ 713,101
Depreciation charges on right-of-use assets, property, plant and equipment	\$ 340,862	\$ 331,343
Amortisation charges on intangible assets and other non-current assets	\$ 19,478	\$ 21,500

(27) Employee benefit expense

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Wages and salaries	\$ 233,002	\$ 216,772
Labour and health insurance fees	18,456	17,400
Pension costs	9,322	8,677
Other personnel expenses	6,426	6,206
Employee stock options	696	766
	<u>\$ 267,902</u>	<u>\$ 249,821</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Wages and salaries	\$ 682,546	\$ 616,783
Labour and health insurance fees	56,209	51,905
Pension costs	27,271	25,999
Other personnel expenses	18,327	16,593
Employee stock options	1,728	1,821
	<u>\$ 786,081</u>	<u>\$ 713,101</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 nine months ended September 30, 2023, employees' compensation was accrued at \$12,600 and \$37,600, respectively; while directors' remuneration was accrued at (\$1,038) and \$2,227, respectively. For the three months and nine months ended September 30, 2022, employees' compensation was both accrued at \$8,973; while directors' and supervisors' remuneration was both accrued at \$3,589. The aforementioned amounts were recognised in salary expenses.
- 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 recognised 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.

(28) Income tax

A. Income tax expense

(a) Components of income tax:

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	\$ 60,694	\$ 38,030
Prior year income tax overestimation	-	-
Total current tax	<u>60,694</u>	<u>38,030</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>4,839</u>	<u>5,597</u>
Income tax expense	<u>\$ 65,533</u>	<u>\$ 43,627</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	\$ 143,956	\$ 78,814
Prior year income tax overestimation	( 9,737)	( 1,286)
Total current tax	<u>134,219</u>	<u>77,528</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>15,876</u>	<u>( 4,071)</u>
Income tax expense	<u>\$ 150,095</u>	<u>\$ 73,457</u>

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

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Currency translation differences	\$ <u>42</u>	(\$ <u>20</u> )
	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Currency translation differences	(\$ <u>946</u> )	(\$ <u>1,122</u> )

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.

(29) Earnings (loss) per share

	<u>Three months ended September 30, 2023</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Loss</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>per share</u>
		<u>shares outstanding</u>	<u>(in dollars)</u>
		<u>(shares in thousands)</u>	
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ <u>114,554</u> )	<u>120,256</u>	(\$ <u>0.95</u> )
	<u>Three months ended September 30, 2022</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>per share</u>
		<u>shares outstanding</u>	<u>(in dollars)</u>
		<u>(shares in thousands)</u>	
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ <u>492,082</u>	<u>120,256</u>	\$ <u>4.09</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ <u>492,082</u>	<u>120,256</u>	
Employees' compensation	<u>-</u>	<u>183</u>	
Profit attributable to ordinary shareholders of the parent	\$ <u>492,082</u>	<u>120,439</u>	\$ <u>4.09</u>

	Nine months ended September 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 56,340)	120,256	(\$ 0.47)
	Nine months ended September 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 83,195	120,256	\$ 0.69
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 83,195	120,256	
Employees' compensation	-	487	
Profit attributable to ordinary shareholders of the parent	\$ 83,195	120,743	\$ 0.69

(30) 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 nine months ended September 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:

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

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:

	Year ended December 31, 2022	
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>

(31) Supplemental cash flow information

Investing activities with partial cash payments

	Nine-month periods ended September 30,	
	2023	2022
Purchase of property, plant and equipment	\$ 399,250	\$ 293,659
Add: Opening balance of payable on equipment	54,660	65,947
Less: Ending balance of payable on equipment	(110,473)	(62,451)
Cash paid during the period	<u>\$ 343,437</u>	<u>\$ 297,155</u>

(32) Changes in liabilities from financing activities

	2023						
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liability	New medicine development revenue share agreement	Liabilities from financing activities-gross	
At January 1	\$ 1,449,666	\$ 49,909	\$ 2,256,773	\$ 43,529	\$ 58,390	\$ 3,858,267	
Changes in cash flow from financing activities	( 115,666)	60,065	194,056	( 20,925)	-	117,530	
Changes in other non-cash items	-	-	-	13,243	6,150	19,393	
At September 30	<u>\$ 1,334,000</u>	<u>\$ 109,974</u>	<u>\$ 2,450,829</u>	<u>\$ 35,847</u>	<u>\$ 64,540</u>	<u>\$ 3,995,190</u>	

	2022					
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liability	New medicine development revenue share agreement	Liabilities from financing activities-gross
At January 1	\$ 1,017,388	\$ 159,939	\$ 2,191,853	\$ 51,239	\$ 58,390	\$ 3,478,809
Changes in cash flow from financing activities	216,333	50,005	( 46,347)	( 22,276)	-	197,715
Changes in other non-cash items	-	-	-	6,851	5,110	11,961
At September 30	<u>\$ 1,233,721</u>	<u>\$ 209,944</u>	<u>\$ 2,145,506</u>	<u>\$ 35,814</u>	<u>\$ 63,500</u>	<u>\$ 3,688,485</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

Names of related parties	Relationship with the Company
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

	Three-month periods ended September 30,	
	2023	2022
Sales of goods:		
Associates	\$ 9,582	\$ 15,402
Other related parties	21	-
	<u>\$ 9,603</u>	<u>\$ 15,402</u>
	Nine-month periods ended September 30,	
	2023	2022
Sales of goods:		
Associates	\$ 59,702	\$ 48,190
Other related parties	21	-
	<u>\$ 59,723</u>	<u>\$ 48,190</u>

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

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Sales of services:		
Other related parties	\$ <u>3,568</u>	\$ <u>8,398</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Sales of services:		
Other related parties	\$ <u>10,702</u>	\$ <u>18,127</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-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Purchases of goods:		
Other related parties	\$ <u>-</u>	\$ <u>4,911</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Purchases of goods:		
Other related parties	\$ <u>-</u>	\$ <u>10,109</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-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>1,636</u>	\$ <u>1,815</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>3,509</u>	\$ <u>3,900</u>

D. Accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Associates	\$ 9,767	\$ 12,086	\$ 11,002
Other related parties	292	1,546	3,183
Loss allowance	( 3)	( 4)	( 4)
	<u>\$ 10,056</u>	<u>\$ 13,628</u>	<u>\$ 14,181</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other receivables			
Associates	\$ 38	\$ 27	\$ 27
Other related parties	-	-	81
	<u>\$ 38</u>	<u>\$ 27</u>	<u>\$ 108</u>

F. Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other related parties	\$ 1,802	\$ -	\$ 576

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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 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(11).

(4) Key management compensation

	<u>Three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 12,052	\$ 16,433
Post-employment benefits	345	365
Share-based payments	86	86
	<u>\$ 12,483</u>	<u>\$ 16,884</u>

	Nine-month periods ended September 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 52,531	\$ 53,475
Post-employment benefits	1,090	1,054
Share-based payments	253	191
	<u>\$ 53,874</u>	<u>\$ 54,720</u>

## 8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Financial assets at fair value through profit or loss	\$ 926,250	\$ 1,230,000	\$ 1,075,000	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	1,594,013	981,515	984,760	"
Machinery and equipment	152,786	167,727	172,711	Guarantee for mid-term and long-term borrowings facility
Pollution-prevention equipment	4,884	5,540	5,758	"
Unfinished construction and equipment under	431,684	974,278	963,898	"
Guarantee deposits paid (shown as "other non-current assets")	549	3,225	3,543	Performance guarantee
	<u>\$ 3,766,116</u>	<u>\$ 4,018,235</u>	<u>\$ 3,861,620</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment	\$ 374,812	\$ 303,174	\$ 283,681

(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 September 30, 2023, December 31, 2022 and September 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 September 30, 2023, December 31, 2022 and September 30, 2022 were \$35,422 (US\$1,098 thousand), \$33,709 (US\$1,098 thousand) and \$34,850 (US\$1,098 thousand), where the considerations for “Other Current Liabilities” are \$35,422 (US\$1,098 thousand), \$0, \$0, 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 nine months ended September 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 September 30, 2023, December 31, 2022 and September 30, 2022 were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Total borrowings	\$ 3,894,804	\$ 3,756,348	\$ 3,589,171
Less: Cash and cash equivalents	( 1,235,959)	( 1,279,462)	( 950,910)
Net debt	2,658,845	2,476,886	2,638,261
Total equity	<u>8,070,583</u>	<u>7,796,273</u>	<u>7,569,020</u>
Total capital	<u>\$ 10,729,428</u>	<u>\$ 10,273,159</u>	<u>\$ 10,207,281</u>
Gearing ratio	<u>24.78%</u>	<u>24.11%</u>	<u>25.84%</u>

## (2) Financial instruments

### A. Financial instruments by category

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 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	\$ 1,909,688	\$ 2,375,070	\$ 2,120,857
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 101,101	\$ 61,479	\$ 114,743
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,235,959	\$ 1,279,462	\$ 950,910
Financial assets at amortised cost	834,540	153,550	158,750
Notes and accounts receivable (including related parties)	966,987	812,477	938,948
Other receivables due from related parties	61,834	14,617	14,989
Guarantee deposits paid (shown as “other non-current assets”)	3,564	6,384	6,624
	<u>\$ 3,102,884</u>	<u>\$ 2,266,490</u>	<u>\$ 2,070,221</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 1,334,000	\$ 1,449,666	\$ 1,233,721
Short-term notes and bills payable	109,974	49,909	209,944
Notes and accounts payable	194,323	187,490	164,325
Other payables	661,262	584,625	505,762
New medicine development revenue share agreement	64,540	61,420	63,500
Long-term borrowings (shown as other liabilities)	2,450,830	2,256,773	2,145,506
	<u>\$ 4,814,929</u>	<u>\$ 4,589,883</u>	<u>\$ 4,322,758</u>
Lease liability (including current portion)	<u>\$ 35,846</u>	<u>\$ 43,529</u>	<u>\$ 35,814</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:

				September 30, 2023		
				Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
	\$	41,879		32.27	\$	1,351,435
		3,400		149.58		109,953
<u>Non-monetary items</u>						
		583,001		0.216		126,045
		2,456		32.27		79,256
		1,879		33.91		63,715
<u>Financial liabilities</u>						
<u>Monetary items</u>						
		16,755		32.27		540,678
				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>						
	\$	47,813		30.71	\$	1,468,337
		3,400		132.14		104,414
<u>Non-monetary items</u>						
		512,041		0.23		120,160
		1,632		30.71		50,129
		1,879		32.72		61,479
<u>Financial liabilities</u>						
<u>Monetary items</u>						
		17,104		30.71		535,270

				September 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	\$	38,653	\$	31.75	\$ 1,227,233
	USD:JPY		3,413		144.25	108,367
<u>Non-monetary items</u>						
	JPY:NTD		547,520		0.22	120,509
	USD:NTD		2,185		31.75	69,389
	EUR:NTD		3,671		31.26	114,742
<u>Financial liabilities</u>						
<u>Monetary items</u>						
	USD:NTD		16,553		31.75	525,558

- iv. The exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2023 and 2022, amounted to \$18,685, \$39,926, \$10,746, and \$65,574, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

				Nine months ended September 30, 2023		
				Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
	USD:NTD	1%	\$	13,514	\$	-
	USD:JPY	1%		1,100		-
<u>Non-monetary items</u>						
	JPY:NTD	1%		-		1,260
	USD:NTD	1%		419		374
	EUR:NTD	1%		-		637
<u>Financial liabilities</u>						
<u>Monetary items</u>						
	USD:NTD	1%		5,053		-

	Nine months ended September 30, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 12,272	\$ -
USD:JPY	1%	1,084	-
<u>Non-monetary items</u>			
JPY:NTD	1%	-	1,205
USD:NTD	1%	694	-
EUR:NTD	1%	-	1,147
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	5,256	-

#### 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 nine months ended September 30, 2023 and 2022 would have increased/decreased by \$19,097 and \$21,209, 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 \$1,011 and \$1,147, 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 nine months ended September 30, 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.

- ii. At September 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 nine months ended September 30, 2023 and 2022 would have decreased by \$1,470 and \$1,287, 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 September 30, 2023, December 31, 2022 and September 30, 2022, the balances of loss allowance were \$221, \$174 and \$218, respectively.

(ii) The loss allowance for non-optimal customers' accounts was estimated by using provision roll rate matrix. As of September 30, 2023, December 31, 2022 and September 30, 2022, related information is as follows:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>September 30, 2023</u>			
Not past due	0.35%	\$ 224,486	\$ 781
Up to 30 days past due	48.46%	10,114	4,901
31~ 90 days past due	100.00%	-	-
91~ 180 days past due	100.00%	42	42
181 days past due	100.00%	-	-
Total		<u>\$ 234,642</u>	<u>\$ 5,724</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>September 30, 2022</u>			
Not past due	0.19%	\$ 175,679	\$ 332
Up to 30 days past due	20.22%	42,699	8,635
31~ 90 days past due	46.35%~65.39%	-	-
91~ 180 days past due	22.77%~45.38%	-	-
181 days past due	22.77%	3,748	853
Total		<u>\$ 222,126</u>	<u>\$ 9,820</u>

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

	2023		
	<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	( 27,832)	( 1)	( 27,833)
Balance at September 30	<u>\$ 5,942</u>	<u>\$ 3</u>	<u>\$ 5,945</u>
	2022		
	<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	4,608	-	4,608
Balance at September 30	<u>\$ 10,034</u>	<u>\$ 4</u>	<u>\$ 10,038</u>

For provisioned loss on September 30, 2023 and 2022, the impairment losses (reversal) arising from customers' contracts are (\$27,833) and \$4,608, 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:

September 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	\$ -	\$ -	\$ 64,540	\$ -
Short-term borrowings	1,335,856	-	-	-
Short-term notes and bills payable	109,974	-	-	-
Notes payable	1,320	-	-	-
Accounts payable	193,003	-	-	-
Other payables	661,262	-	-	-
Lease liability (including current portion)	22,032	9,342	3,547	1,527
Long-term borrowings (including current portion)	485,821	1,021,918	869,722	168,004
	<u>\$ 2,809,268</u>	<u>\$ 1,031,260</u>	<u>\$ 937,809</u>	<u>\$ 169,531</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)	659,573	651,979	681,355	343,298
	<u>\$ 2,962,382</u>	<u>\$ 665,780</u>	<u>\$ 748,070</u>	<u>\$ 345,951</u>

Non-derivative financial liabilities:

September 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	\$ -	\$ -	\$ 63,500	\$ -
Short-term borrowings	1,235,280	-	-	-
Short-term notes and bills payable	209,944	-	-	-
Notes payable	1,320	-	-	-
Accounts payable	163,005	-	-	-
Other payables	505,762	-	-	-
Lease liability (including current portion)	20,634	12,354	2,606	774
Long-term borrowings (including current portion)	310,978	1,067,209	437,428	402,974
Other non-current liabilities (including current portion)	-	34,849	-	-
	<u>\$ 2,446,923</u>	<u>\$ 1,114,412</u>	<u>\$ 503,534</u>	<u>\$ 403,748</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, including 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 (including related parties), financial liabilities at amortised cost, 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:

September 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	\$ 1,866,384	\$ -	\$ 17,784	\$ 1,884,168
Venture Fund	-	-	24,000	24,000
Convertible bonds	1,520	-	-	1,520
Financial assets at fair value through other comprehensive income - equity securities	-	21,251	79,850	101,101
Total	<u>\$ 1,867,904</u>	<u>\$ 21,251</u>	<u>\$ 121,634</u>	<u>\$ 2,010,789</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,422</u>	<u>\$ 35,422</u>
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,709</u>	<u>\$ 33,709</u>

September 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	\$ 2,105,881	\$ -	\$ 14,976	\$ 2,120,857
Financial assets at fair value through other comprehensive income - equity securities	-	-	114,743	114,743
Total	<u>\$ 2,105,881</u>	<u>\$ -</u>	<u>\$ 129,719</u>	<u>\$ 2,235,600</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,850</u>	<u>\$ 34,850</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. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance and discounted cash flow method.

D. The following chart is the movement of Level 3 for the nine months ended September 30, 2023 and 2022:

	<u>Equity securities and derivative instruments</u>		<u>New medicine development revenue share agreement</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
At January 1	\$ 76,455	\$ 114,962	\$ 33,709	\$ 57,196
Recognised in profit or loss	2,808	-	-	( 28,924)
Gains and losses recognised in other comprehensive income	3,476	( 219)	-	-
Acquired during the period	38,895	14,976	-	-
Effect due to changes in exchange rates	-	-	1,713	6,578
At September 30	<u>\$ 121,634</u>	<u>\$ 129,719</u>	<u>\$ 35,422</u>	<u>\$ 34,850</u>

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

	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 97,634	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Venture Fund	\$ 24,000	Net assets value method	Not applicable	-	Not applicable
Non-derivative debt instrument:					
Company acquisition payable	\$ 35,422	Depends on individual contracts	Achievement rate	48.3%	The higher the discount rate, the lower 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	\$ 76,455	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Company acquisition payable	\$ 33,709	Depends on individual contracts	Achievement rate	48.3%	The higher the discount rate, the lower the fair value
	Fair value at September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 129,719	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Non-derivative debt instrument:					
Company acquisition payable	\$ 34,850	Depends on individual contracts	Achievement rate	48.3%	The higher the discount rate, the lower the fair value

### 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: Refer to table 3.
- 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 4.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-Group transactions during the reporting periods: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

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 8.

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:

Nine months ended September 30, 2023

	<u>API</u>	<u>Other operating departments</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	\$ 3,116,957	\$ 31,172	\$ -	\$ 3,148,129
Inter-segment revenue	<u>6,429</u>	<u>-</u>	<u>( 6,429)</u>	<u>-</u>
Total segment revenue	<u>\$ 3,123,386</u>	<u>\$ 31,172</u>	<u>(\$ 6,429)</u>	<u>\$ 3,148,129</u>
Segment income	<u>(\$ 56,340)</u>	<u>(\$ 249,846)</u>	<u>\$ 130,531</u>	<u>(\$ 175,655)</u>
Segment income (loss), including:				
Depreciation and amortisation	<u>\$ 344,694</u>	<u>\$ 30,146</u>	<u>(\$ 14,500)</u>	<u>\$ 360,340</u>
Income tax expense	<u>(\$ 128,111)</u>	<u>(\$ 21,984)</u>	<u>\$ -</u>	<u>(\$ 150,095)</u>
Recognised investment profit or loss accounted for using equity method	<u>\$ 4,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,808</u>

Nine months ended September 30, 2022

	<u>API</u>	<u>Other operating departments</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	\$ 2,695,883	\$ 1,315	\$ -	\$ 2,697,198
Inter-segment revenue	<u>18,192</u>	<u>-</u>	<u>( 18,192)</u>	<u>-</u>
Total segment revenue	<u>\$ 2,714,075</u>	<u>\$ 1,315</u>	<u>(\$ 18,192)</u>	<u>\$ 2,697,198</u>
Segment income	<u>\$ 83,195</u>	<u>(\$ 305,867)</u>	<u>\$ 166,817</u>	<u>(\$ 55,855)</u>
Segment income (loss), including:				
Depreciation and amortisation	<u>(\$ 336,665)</u>	<u>(\$ 29,596)</u>	<u>\$ 13,418</u>	<u>(\$ 352,843)</u>
Income tax expense	<u>(\$ 73,470)</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>(\$ 73,457)</u>
Recognised investment profit or loss accounted for using equity method	<u>\$ 5,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,047</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

Nine months ended September 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 nine months ended	Balance at	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
					September 30, 2023	September 30, 2023							Item	Value			
0	Formosa Laboratories, Inc.	Formosa Pharmaceuticals, Inc.	Other receivables due from related parties	Y	\$ 50,000	\$ -	\$ -	-	2	\$ -	Revolving funds	\$ -	None	\$ -	\$ 737,612	\$ 1,475,224	Note 2
1	Formosa Pharmaceuticals, Inc.	Activus Pharma Co., Ltd.	Other receivables - related parties	Y	5,000	5,000	2,984	3.119%	2	-	Revolving funds	-	None	-	370,311	432,030	Note 3

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.

Note 3: Formosa Pharmaceuticals, Inc. loans to others:

(1) Ceiling of loans to individual (short-term financing) is 30% of the creditor's net asset of latest financial statements.

(2) Total ceiling of loans to individual (short-term financing) is 35% of the reditor'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)

September 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 September 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	\$ 1,808,899	6.09	\$ 1,808,899	
Formosa Laboratories, Inc.	TOT Biopharm International Company Limited common stocks	None	Financial assets at fair value through profit or loss - current	5,131,100	41,870	0.83	41,870	
Formosa Laboratories, Inc.	TaiRx, Inc. common stocks	None	Financial assets at fair value through profit or loss - current	550,000	15,615	0.61	15,615	
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	-	
Formosa Laboratories, Inc.	Oncomatryx Biopharma, S.L. common stocks	None	Non-current financial assets at fair value through other comprehensive income	303,713	63,715	3.69	63,715	
Formosa Laboratories, Inc.	Hcmed Innovations Co., Ltd common stocks	None	Financial assets at fair value through profit or loss - non-current	312,000	17,784	1.22	17,784	
Formosa Laboratories, Inc.	PharmaSTAR Inc.	None	Non-current financial assets at fair value through other comprehensive income	500,000	16,135	20.00	16,135	
Formosa Laboratories, Inc.	Forward BioT Venture Capital	None	Financial assets at fair value through profit or loss - current	-	24,000	14.05	24,000	
Formosa Pharmaceuticals, Inc.	Eyenovia, Inc. (EYEN) shares	None	Non-current financial assets at fair value through other comprehensive income	487,805	21,251	1.28	21,251	
Epione Pharmaceuticals, Inc.	RiTdisplay Corporation II unsecured convertible bonds	None	Financial assets at fair value through profit or loss - current	10,000	960	-	960	
Epione Pharmaceuticals, Inc.	AcBel Polytech Inc. II unsecured convertible bonds	None	Financial assets at fair value through profit or loss - current	5,000	560	-	560	

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  
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more  
Nine month period ended September 30, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:			Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments	
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction				Amount
Formosa Laboratories, Inc.	Buildings and structures	It has been obtained successively since 2023	\$ 562,086	Obtained in cash	Quanhong Construction Co., Ltd. etc.	None	-	-	-	\$ -	Price comparison and price negotiation	Expansion production line	None

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 September 30, 2023

Table 4

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 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	\$ 109,953	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  
Nine months ended September 30, 2023

Table 5

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	\$ 6,429	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	109,953	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

Nine months ended September 30, 2023

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net income of investee for the nine months ended September 30, 2023	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023	Footnote
				Balance as at September 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			
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Taiwan	Research and development of new biotechnology medicine	40,000	40,000	4,000,000	100.00%	13,141	221	221	
Formosa Laboratories, Inc.	A. R. Z Taiwan Limited	Taiwan	Agency sales of raw materials and intermediates	2,716	2,716	271,620	45.00%	241	( 829)	( 373)	
Formosa Laboratories, Inc.	Formosa Laboratories Japan, Inc.	Japan	Agency sales of medicine and intermediates	1,105	1,105	400	40.00%	18,745	12,952	5,181	
Formosa Laboratories, Inc.	Epione Investment Cayman Limited	Cayman Islands	Medicine, chemical trade and investment business	18,482	9,568	619,000	100.00%	11,403	( 3,349)	( 3,349)	
Epione Investment Cayman Limited	Epione Investment HK Limited	Hong Kong	Medicine, chemical trade and investment business	16,287	7,591	544,500	100.00%	10,503	( 3,262)	( 3,262)	
Formosa Pharmaceuticals Inc.	Activus Pharma. Co., Ltd.	Japan	Research and development of new biotechnology medicine	274,633	274,633	1,942	99.23%	107,300	8,977	9,707	

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2023

Table 7

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 nine months ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee for the nine months ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 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	\$ 16,135	Note 1	\$ 7,293	\$ 8,842	\$ -	\$ 16,135	(\$ 3,275)	100%	(\$ 3,275)	\$ 10,045	\$ -	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 nine months September 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 September 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.	\$ 50,318	\$ 155,167	\$ 4,842,350

Note 3: The total investment amount approved by the Investment Commission, MOEA, was USD 4,808 thousand at the exchange rate of 32.27 and translated into \$155,167.

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 September 30, 2023 was \$39,624, including investment in TOT Biopharm International Company Limited.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Major shareholders information

September 30, 2023

Table 8

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