

**FORMOSA LABORATORIES, INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2024 AND 2023**

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 its subsidiaries (the "Group") as at March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of material 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 March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Yen, Yu-Fang

Teng, Sheng-Wei

For and on Behalf of PricewaterhouseCoopers, Taiwan

May 13, 2024

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
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	March 31, 2024 AMOUNT	December 31, 2023 AMOUNT	March 31, 2023 AMOUNT	
Current assets					
1100	Cash and cash equivalents	6(1)	\$ 1,476,784	\$ 1,526,013	\$ 1,353,413
1110	Financial assets at fair value through profit or loss - current	6(2) and 8	138,906	153,065	181,357
1136	Current financial assets at amortised cost, net	6(4)	865,670	831,410	-
1150	Notes receivable, net	6(5)	2,669	-	51
1170	Accounts receivable, net	6(5)	938,492	948,175	740,287
1180	Accounts receivable - related parties	7	23,418	11,834	32,621
1200	Other receivables		43,740	63,325	15,994
1210	Other receivables - related parties	7	33	28	44
1220	Current income tax assets		1,631	1,090	299
130X	Inventory	6(6)	1,689,685	1,597,467	1,610,327
1410	Prepayments		114,986	109,244	121,350
1470	Other current assets		1,962	2,015	5,747
11XX	Total current assets		<u>5,297,976</u>	<u>5,243,666</u>	<u>4,061,490</u>
Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 8	1,624,150	1,808,766	2,087,269
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	109,816	121,269	77,512
1550	Investments accounted for under equity method	6(7)	15,893	19,808	12,552
1600	Property, plant and equipment	6(8) and 8	5,968,262	6,025,139	5,907,427
1755	Right-of-use assets		36,038	42,537	37,594
1780	Intangible assets	6(9)	199,853	204,431	217,508
1840	Deferred income tax assets	6(28)	83,241	85,154	92,475
1900	Other non-current assets	6(8)(10) and 8	61,818	85,421	50,723
15XX	Total non-current assets		<u>8,099,071</u>	<u>8,392,525</u>	<u>8,483,060</u>
1XXX	Total assets		<u>\$ 13,397,047</u>	<u>\$ 13,636,191</u>	<u>\$ 12,544,550</u>

(Continued)

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	March 31, 2024 AMOUNT	December 31, 2023 AMOUNT	March 31, 2023 AMOUNT	
Current liabilities					
2100	Short-term borrowings	6(12) and 8	\$ 1,124,000	\$ 1,434,000	\$ 1,452,057
2110	Short-term notes and bills payable	6(13)	209,921	99,959	49,988
2130	Current contract liabilities	6(22)	96,734	174,875	68,026
2150	Notes payable		606	1,017	714
2170	Accounts payable		235,886	202,109	154,595
2200	Other payables	6(14)	646,649	653,159	515,146
2220	Other payables to related parties	7	189	2,636	468
2230	Current income tax liabilities		131,877	98,702	179,728
2280	Current lease liabilities		20,193	23,358	20,311
2320	Long-term liabilities, current portion	6(15) and 8	479,579	448,784	346,219
2399	Other current liabilities	9	115,561	102,792	65,631
21XX	Total current liabilities		<u>3,061,195</u>	<u>3,241,391</u>	<u>2,852,883</u>
Non-current liabilities					
2520	Financial liabilities at amortised cost - non-current	6(11) and 7	64,000	61,410	60,900
2527	Contract liabilities - non-current	6(22)	28,432	18,227	18,391
2540	Long-term borrowings	6(15) and 8	2,078,367	2,037,897	1,826,821
2570	Deferred income tax liabilities	6(28)	28,105	24,303	24,054
2580	Lease liabilities - non-current		15,675	19,391	17,113
2600	Other non-current liabilities	9	23,274	23,371	16,849
25XX	Total non-current liabilities		<u>2,237,853</u>	<u>2,184,599</u>	<u>1,964,128</u>
2XXX	Total liabilities		<u>5,299,048</u>	<u>5,425,990</u>	<u>4,817,011</u>
Equity attributable to owners of parent					
Share capital					
3110	Common stock	1 and 6(18)	1,202,560	1,202,560	1,202,560
Capital surplus					
3200	Capital surplus	6(17)(19)	3,552,336	3,552,070	3,514,648
Retained earnings					
3310	Legal reserve	6(20)	485,958	485,958	444,979
3320	Special reserve		54,984	54,984	20
3350	Unappropriated retained earnings		2,173,194	2,269,213	2,339,138
Other equity interest					
3400	Other equity interest	6(21)	677	6,167	(5,325)
31XX	Equity attributable to owners of the parent		<u>7,469,709</u>	<u>7,570,952</u>	<u>7,496,020</u>
36XX	Non-controlling interest	4(3)	628,290	639,249	231,519
3XXX	Total equity		<u>8,097,999</u>	<u>8,210,201</u>	<u>7,727,539</u>
Significant Contingent Liabilities and Unrecognised Contract Commitments					
3X2X	Total liabilities and equity		<u>\$ 13,397,047</u>	<u>\$ 13,636,191</u>	<u>\$ 12,544,550</u>

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

	Items	Notes	Three months ended March 31	
			2024	2023
			AMOUNT	AMOUNT
4000	Sales revenue	6(22) and 7	\$ 1,134,103	\$ 931,969
5000	Operating costs	6(6)(26)(27) and 7	(592,033)	(520,175)
5900	Net operating margin		<u>542,070</u>	<u>411,794</u>
	Operating expenses	6(26)(27) and 7		
6100	Selling expenses		(46,292)	(39,289)
6200	General and administrative expenses		(69,207)	(50,892)
6300	Research and development expenses		(219,115)	(215,638)
6450	(Impairment loss) impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	(19,730)	28,202
6000	Total operating expenses		<u>(354,344)</u>	<u>(277,617)</u>
6900	Operating profit		<u>187,726</u>	<u>134,177</u>
	Non-operating income and expenses			
7100	Interest income	6(23)	4,848	4,833
7010	Other income		801	2,631
7020	Other gains and losses	6(2)(24)	(219,611)	(154,319)
7050	Finance costs	6(25)	(10,468)	(10,283)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(7)	(3,509)	(2,656)
7000	Total non-operating income and expenses		<u>(227,939)</u>	<u>(159,794)</u>
7900	Loss before income tax		<u>(40,213)</u>	<u>(25,617)</u>
7950	Income tax expense	6(28)	(58,449)	(42,956)
8200	Loss for the period		<u><u>(\$ 98,662)</u></u>	<u><u>(\$ 68,573)</u></u>
	Other comprehensive income			
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss			
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 11,453)	\$ 1,138
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		<u>(11,453)</u>	<u>1,138</u>
	Components of other comprehensive income (loss) that will be reclassified to profit or loss			
8361	Financial statements translation differences of foreign operations		(2,965)	(1,834)
8399	Income tax relating to the components of other comprehensive income	6(28)	298	190
8360	Other comprehensive loss that will be reclassified to profit or loss		(2,667)	(1,644)
8300	Total other comprehensive loss for the period		<u><u>(\$ 14,120)</u></u>	<u><u>506</u></u>
8500	Total comprehensive loss for the period		<u><u>(\$ 112,782)</u></u>	<u><u>(\$ 69,079)</u></u>
	Loss attributable to:			
8610	Owners of the parent		(\$ 96,019)	(\$ 25,162)
8620	Non-controlling interest		(2,643)	(43,411)
			<u><u>(\$ 98,662)</u></u>	<u><u>(\$ 68,573)</u></u>
	Comprehensive loss attributable to:			
8710	Owners of the parent		(\$ 101,509)	(\$ 24,784)
8720	Non-controlling interest		(11,273)	(44,295)
			<u><u>(\$ 112,782)</u></u>	<u><u>(\$ 69,079)</u></u>
	Loss per share (in dollars)	6(29)		
9750	Basic loss per share		<u><u>(\$ 0.80)</u></u>	<u><u>(\$ 0.21)</u></u>
9850	Diluted loss per share		<u><u>(\$ 0.80)</u></u>	<u><u>(\$ 0.21)</u></u>

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent										Non-controlling interest	Total equity
	Capital Reserves			Retained Earnings			Other Equity Interest			Total		
	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				
<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	
Loss for the period	-	-	-	-	-	(25,162)	-	-	(25,162)	(43,411)	(68,573)	
Other comprehensive income (loss)	-	-	-	-	-	-	(760)	1,138	378	(884)	(506)	
Total comprehensive income (loss)	-	-	-	-	-	(25,162)	(760)	1,138	(24,784)	(44,295)	(69,079)	
Amortisation of compensation cost of employee stock options	-	-	160	-	-	-	-	-	160	185	345	
Balance at March 31, 2023	<u>\$ 1,202,560</u>	<u>\$ 3,083,576</u>	<u>\$ 431,072</u>	<u>\$ 444,979</u>	<u>\$ 20</u>	<u>\$ 2,339,138</u>	<u>(\$ 10,807)</u>	<u>\$ 5,482</u>	<u>\$ 7,496,020</u>	<u>\$ 231,519</u>	<u>\$ 7,727,539</u>	
<u>2024</u>												
Balance at January 1, 2024	\$ 1,202,560	\$ 3,083,576	\$ 468,494	\$ 485,958	\$ 54,984	\$ 2,269,213	(\$ 13,685)	\$ 19,852	\$ 7,570,952	\$ 639,249	\$ 8,210,201	
Loss for the period	-	-	-	-	-	(96,019)	-	-	(96,019)	(2,643)	(98,662)	
Other comprehensive loss	-	-	-	-	-	-	(1,192)	(4,298)	(5,490)	(8,630)	(14,120)	
Total comprehensive loss	-	-	-	-	-	(96,019)	(1,192)	(4,298)	(101,509)	(11,273)	(112,782)	
Amortisation of compensation cost of employee stock options	-	-	266	-	-	-	-	-	266	314	580	
Balance at March 31, 2024	<u>\$ 1,202,560</u>	<u>\$ 3,083,576</u>	<u>\$ 468,760</u>	<u>\$ 485,958</u>	<u>\$ 54,984</u>	<u>\$ 2,173,194</u>	<u>(\$ 14,877)</u>	<u>\$ 15,554</u>	<u>\$ 7,469,709</u>	<u>\$ 628,290</u>	<u>\$ 8,097,999</u>	

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31	
		2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 40,213)	(\$ 25,617)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	120,071	112,272
Amortisation	6(26)	6,320	6,978
Expected credit impairment loss (gain)	12(2)	19,730	(28,202)
Net loss on financial assets (liabilities) at fair value through profit or loss	6(24)	250,220	127,029
Interest expense	6(25)	10,468	10,283
Interest income	6(23)	(4,848)	(4,833)
Compensation cost of employee stock options	6(17)	580	345
Share of loss of associates accounted for using equity method	6(7)	3,509	2,656
Proceeds from disposal of property, plant and equipment	6(24)	667	-
Loss arising from contingent consideration	6(24)	6,961	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	1,045
Notes receivable		(2,669)	(51)
Accounts receivable		(10,044)	86,770
Accounts receivable - related parties		(11,587)	(18,999)
Other receivables		18,424	(1,670)
Other receivables - related parties		(5)	(17)
Inventory		(92,218)	(8,655)
Prepayments		(5,742)	(31,862)
Other current assets		53	(3,505)
Other non-current assets		-	(204)
Changes in operating liabilities			
Current contract liabilities		(67,936)	13,653
Notes payable		(411)	(303)
Accounts payable		33,777	(31,878)
Other payables		28,342	(101,899)
Other payables - related parties		(2,447)	468
Other current liabilities		2,700	33,931
Other non-current liabilities		(98)	(34,408)
Cash inflow generated from operations		263,604	103,327
Interest received		6,048	4,833
Interest paid		(11,064)	(10,914)
Income taxes paid		(61)	-
Net cash flows from operating activities		<u>258,527</u>	<u>97,246</u>

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FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through profit		\$ -	\$ 2,370
Acquisition of financial assets at amortised cost		(364,779)	-
Proceeds from disposal of financial assets at amortised cost		332,732	158,750
Acquisition of property, plant and equipment	6(31)	(104,779)	(72,374)
Proceeds from disposal of property, plant and equipment		36,431	-
Acquisition of intangible assets	6(9)	(360)	(394)
Prepayments for equipment (shown as other non-current assets)	6(8)	(32,387)	(18,641)
Decrease in refundable deposits		<u>805</u>	<u>2,416</u>
Net cash flows (used in) from investing activities		<u>(132,337)</u>	<u>72,127</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans	6(32)	(310,000)	2,391
Increase in short-term notes and bills payable	6(32)	109,962	79
Proceeds from long-term debt	6(32)	750,000	757,800
Repayments of long-term debt (including current portion)	6(32)	(678,735)	(841,533)
Payments of lease liabilities	6(32)	<u>(7,440)</u>	<u>(7,260)</u>
Net cash flows used in financing activities		<u>(136,213)</u>	<u>(88,523)</u>
Effect of exchange rate changes on cash and cash equivalents		<u>(39,206)</u>	<u>(6,899)</u>
Net (decrease) increase in cash and cash equivalents		(49,229)	73,951
Cash and cash equivalents at beginning of period		<u>1,526,013</u>	<u>1,279,462</u>
Cash and cash equivalents at end of period		<u>\$ 1,476,784</u>	<u>\$ 1,353,413</u>

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(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 December 31, 2021, 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 May 9, 2024.

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[®]") Accounting Standards 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 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

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

None.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards 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
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

IFRS 18, ‘Presentation and disclosure in financial statements’

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

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, 2023, 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” 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, 2023.

(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 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 this consolidated financial report is the same as that of the 2023 consolidated financial report.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	Research and development of new biotechnology medicine	45.84	45.84	46.55	Notes 1 and 2

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
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 half of 2023, as Formosa Pharmaceuticals Inc.'s employees gradually exercised share options, the Group's shareholding ratio in Formosa Pharmaceuticals Inc. decreased to 45.84%. Refer to Note 6(30).

Note 2: On March 31, 2024, 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 March 31, 2024, December 31, 2023 and March 31, 2023, the non-controlling interest amounted to \$628,290, \$639,249 and \$231,519, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		March 31, 2024		December 31, 2023	
		Amount	Ownership (%)	Amount	Ownership (%)
Formosa Pharmaceuticals Inc.	Taiwan	\$ 628,290	54.16%	\$ 639,249	54.16%

Name of subsidiary	Principal place of business	Non-controlling interest	
		March 31, 2023	
		Amount	Ownership (%)
Formosa Pharmaceuticals Inc.	Taiwan	\$ 231,519	53.45%

Summarised financial information of the subsidiaries:

Balance sheets

	Formosa Pharmaceuticals Inc.		
	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 1,322,294	\$ 1,288,330	\$ 388,528
Non-current assets	414,957	438,451	412,269
Current liabilities	(288,792)	(257,979)	(87,805)
Non-current liabilities	(342,647)	(328,232)	(304,064)
Total net assets	\$ 1,105,812	\$ 1,140,570	\$ 408,928

	Formosa Pharmaceuticals Inc.	
	Three months ended March 31,	
	2024	2023
Revenue	\$ 127,800	\$ -
Loss before income tax	(342)	(83,744)
Income tax (expense) benefit	(19,077)	57
Loss for the period	(19,419)	(83,687)
Other comprehensive loss, net of tax	(15,919)	(1,639)
Total comprehensive loss for the period	(\$ 35,338)	(\$ 85,326)
Comprehensive income (loss) attributable to non-controlling interest	\$ 31	(\$ 13)

	Formosa Pharmaceuticals Inc.	
	Three months ended March 31,	
	2024	2023
Net cash used in operating activities	(\$ 53,728)	(\$ 62,516)
Net cash (used in) provided by investing activities	(32,572)	153,084
Net cash used in financing activities	(1,494)	(769)
Effect of exchange rates on cash and cash equivalents	12,524	(4,829)
(Decrease) increase in cash and cash equivalents	(75,270)	84,970
Cash and cash equivalents, beginning of period	384,705	267,338
Cash and cash equivalents, end of period	<u>\$ 309,435</u>	<u>\$ 352,308</u>

(4) Employee benefits

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

(5) Income tax

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

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

There have been no significant changes as of March 31, 2024. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Petty cash and cash on hand	\$ 355	\$ 346	\$ 524
Demand deposits	1,466,429	1,300,732	1,352,889
Time deposits	10,000	224,935	-
	<u>\$ 1,476,784</u>	<u>\$ 1,526,013</u>	<u>\$ 1,353,413</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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks			
EirGenix, Inc.	\$ 28,285	\$ 28,285	\$ 28,867
TOT Biopharm			
International	51,262	51,262	52,940
Emerging stocks			
TaiRx, Inc.	14,646	15,085	15,716
Derivatives			
- the redemption rights of convertible bonds	<u>1,305</u>	<u>1,305</u>	<u>1,000</u>
	95,498	95,937	98,523
Valuation adjustment	<u>43,408</u>	<u>57,128</u>	<u>82,834</u>
	<u>\$ 138,906</u>	<u>\$ 153,065</u>	<u>\$ 181,357</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.	17,716	14,976	14,976
AG Global Inc.	35,340	35,340	35,340
AmMax Bio, Inc.	31,285	-	-
Forward BioT Venture Capital	<u>42,000</u>	<u>24,000</u>	<u>24,000</u>
	715,097	663,072	663,072
Valuation adjustment	<u>909,053</u>	<u>1,145,694</u>	<u>1,424,197</u>
	<u>\$ 1,624,150</u>	<u>\$ 1,808,766</u>	<u>\$ 2,087,269</u>

A. The Group recognised net gain amounting to \$250,220 and \$127,029 on financial assets at fair value through profit or loss for the three months then ended, 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

Items	March 31, 2024	December 31, 2023	March 31, 2023
Non-current items:			
Equity instruments			
Listed stocks			
Eyenovia, Inc.	\$ 31,900	\$ 31,900	\$ -
Unlisted stocks			
Oncomatryx Biopharma, S.L.	57,135	57,135	57,135
PHARMASTAR INC.	14,895	14,895	14,895
	103,930	103,930	72,030
Valuation adjustment	5,886	17,339	5,482
	\$ 109,816	\$ 121,269	\$ 77,512

- 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 \$109,816, \$121,269 and \$77,512 as at March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- B. Amounts recognised in comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended March 31,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 11,453)	\$ 1,138

- C. As at March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$109,816, \$121,269 and \$77,512, respectively.
- D. The Group had no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

Items	March 31, 2024	December 31, 2023	March 31, 2023
Current items:			
Time deposits with a maturity of more than three months	\$ 865,670	\$ 831,410	\$ -

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

	Three months ended March 31,	
	2024	2023
Interest income	\$ 3,850	\$ 2,503

B. As at March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$865,670, \$831,410 and \$0, respectively.

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

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

(5) Notes and accounts receivable, net

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 2,669	\$ -	\$ 51
Accounts receivable	\$ 965,531	\$ 955,487	\$ 745,853
Less: Allowance for uncollectible accounts	(27,039)	(7,312)	(5,566)
	<u>\$ 938,492</u>	<u>\$ 948,175</u>	<u>\$ 740,287</u>

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

	March 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 843,060	\$ 2,669	\$ 871,497	\$ -
Up to 30 days past due	70,385	-	53,919	-
31~ 90 days past due	46,728	-	13,474	-
91~ 180 days past due	-	-	15,381	-
181 days past due	5,358	-	1,216	-
	<u>\$ 965,531</u>	<u>\$ 2,669</u>	<u>\$ 955,487</u>	<u>\$ -</u>
			March 31, 2023	
			Accounts receivable	Notes receivable
Not past due			\$ 677,976	\$ 51
Up to 30 days past due			26,828	-
31~ 90 days past due			40,281	-
91~ 180 days past due			-	-
181 days past due			768	-
			<u>\$ 745,853</u>	<u>\$ 51</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2024, December 31, 2023 and March 31, 2023, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$798,849.
- C. The Group did not hold any collateral for the security of notes and accounts receivable.
- D. As at March 31, 2024, December 31, 2023 and March 31, 2023, 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 was \$2,669, \$0, \$51, and \$938,492, \$948,175, \$740,287, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	March 31, 2024		
	Cost	Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
Goods	\$ 21,812	(\$ 512)	\$ 21,300
Raw materials	595,817	(70,710)	525,107
Work in progress	476,130	(85,800)	390,330
Finished goods	924,334	(171,386)	752,948
	<u>\$ 2,018,093</u>	<u>(\$ 328,408)</u>	<u>\$ 1,689,685</u>
	December 31, 2023		
	Cost	Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
Goods	\$ 2,120	(\$ 213)	\$ 1,907
Raw materials	570,238	(71,937)	498,301
Work in progress	436,191	(56,765)	379,426
Finished goods	902,780	(184,947)	717,833
	<u>\$ 1,911,329</u>	<u>(\$ 313,862)</u>	<u>\$ 1,597,467</u>

	March 31, 2023		
	Cost	Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
Goods	\$ 3,568	(\$ 282)	\$ 3,286
Raw materials	630,334	(99,183)	531,151
Work in progress	500,231	(119,383)	380,848
Finished goods	886,514	(191,472)	695,042
	<u>\$ 2,020,647</u>	<u>(\$ 410,320)</u>	<u>\$ 1,610,327</u>

Current expenses related to inventories are as follows:

	Three months ended March 31,	
	2024	2023
Cost of goods sold	\$ 557,337	\$ 481,631
Loss on valuation decline and scrapped inventory	14,547	28,063
Cost of services	20,456	10,698
Others	(307)	(217)
	<u>\$ 592,033</u>	<u>\$ 520,175</u>

(7) Investments accounted for using equity method

	March 31, 2024	December 31, 2023	March 31, 2023
A. R. Z Taiwan Limited	\$ 112	\$ 169	\$ 324
Formosa Laboratories Japan, Inc.	<u>15,781</u>	<u>19,639</u>	<u>12,228</u>
	<u>\$ 15,893</u>	<u>\$ 19,808</u>	<u>\$ 12,552</u>

- A. The Group's share of profit or loss of associates accounted for using the equity method for the three months ended March 31, 2024 and 2023 was (\$3,509) and (\$2,656), 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, 2024												
Cost	\$ 655,950	\$ 2,377,114	\$ 3,248,782	\$ 97,668	\$ 450,144	\$ 225,567	\$ 118,906	\$ 15,696	\$ 337,484	\$ 1,956,822	\$ 9,484,133	\$ 26,870
Accumulated depreciation	-	(583,992)	(2,058,926)	(82,179)	(262,106)	(145,105)	(90,827)	(11,933)	(223,926)	-	(3,458,994)	-
	<u>\$ 655,950</u>	<u>\$ 1,793,122</u>	<u>\$ 1,189,856</u>	<u>\$ 15,489</u>	<u>\$ 188,038</u>	<u>\$ 80,462</u>	<u>\$ 28,079</u>	<u>\$ 3,763</u>	<u>\$ 113,558</u>	<u>\$ 1,956,822</u>	<u>\$ 6,025,139</u>	<u>\$ 26,870</u>
At January 1, 2024												
Opening net book amount as at January 1	\$ 655,950	\$ 1,793,122	\$ 1,189,856	\$ 15,489	\$ 188,038	\$ 80,462	\$ 28,079	\$ 3,763	\$ 113,558	\$ 1,956,822	\$ 6,025,139	\$ 26,870
Additions (Note 2)	-	868	4,642	-	5,860	-	1,800	248	271	77,787	91,476	32,387
Disposals	-	-	(1,020)	-	-	-	-	-	(30)	(36,048)	(37,098)	-
Transfers (Note 4)	-	5,802	18,481	-	12,024	-	12,861	-	1,042	(48,452)	1,758	(2,911)
Depreciation charge	-	(22,264)	(65,161)	(499)	(10,452)	(4,219)	(2,771)	(205)	(7,442)	-	(113,013)	-
Closing net book amount as at March 31	<u>\$ 655,950</u>	<u>\$ 1,777,528</u>	<u>\$ 1,146,975</u>	<u>\$ 14,990</u>	<u>\$ 195,293</u>	<u>\$ 76,243</u>	<u>\$ 39,969</u>	<u>\$ 3,806</u>	<u>\$ 107,399</u>	<u>\$ 1,950,109</u>	<u>\$ 5,968,262</u>	<u>\$ 56,346</u>
At March 31, 2024												
Cost	\$ 655,950	\$ 2,383,587	\$ 3,267,587	\$ 97,668	\$ 468,052	\$ 225,567	\$ 133,567	\$ 15,944	\$ 338,367	\$ 1,950,109	\$ 9,536,398	\$ 56,346
Accumulated depreciation	-	(606,059)	(2,120,612)	(82,678)	(272,759)	(149,324)	(93,598)	(12,138)	(230,968)	-	(3,568,136)	-
	<u>\$ -</u>	<u>\$ 1,777,528</u>	<u>\$ 1,146,975</u>	<u>\$ 14,990</u>	<u>\$ 195,293</u>	<u>\$ 76,243</u>	<u>\$ 39,969</u>	<u>\$ 3,806</u>	<u>\$ 107,399</u>	<u>\$ 1,950,109</u>	<u>\$ 5,968,262</u>	<u>\$ 56,346</u>

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

Note 2: Including capitalised interests.

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

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

	Land	Buildings and structures (Note 3)	Machinery and equipment	Utilities equipment	Testing equipment	Pollution-prevention equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (Note 1)
At January 1, 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>
At January 1, 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)	-	-	1,913	-	5,238	-	420	-	432	97,422	105,425	18,641
Transfers (Note 4)	-	21,677	25,343	-	8,359	2,410	1,585	-	12,564	(39,806)	32,132	(33,053)
Reclassifications	-	-	248	-	(248)	-	-	-	-	-	-	-
Depreciation charge	-	(15,217)	(64,664)	(500)	(10,852)	(4,453)	(2,315)	(181)	(7,204)	-	(105,386)	-
Closing net book amount as at March 31	<u>\$ 655,950</u>	<u>\$ 1,093,734</u>	<u>\$ 1,144,248</u>	<u>\$ 16,987</u>	<u>\$ 180,763</u>	<u>\$ 86,376</u>	<u>\$ 29,007</u>	<u>\$ 3,899</u>	<u>\$ 112,206</u>	<u>\$ 2,584,257</u>	<u>\$ 5,907,427</u>	<u>\$ 45,293</u>
At March 31, 2023												
Cost	\$ 655,950	\$ 1,619,913	\$ 3,016,989	\$ 97,668	\$ 411,685	\$ 220,374	\$ 112,866	\$ 16,782	\$ 313,814	\$ 2,584,257	\$ 9,050,298	\$ 45,293
Accumulated depreciation	-	(526,179)	(1,872,741)	(80,681)	(230,922)	(133,998)	(83,859)	(12,883)	(201,608)	-	(3,142,871)	-
	<u>\$ -</u>	<u>\$ 1,093,734</u>	<u>\$ 1,144,248</u>	<u>\$ 16,987</u>	<u>\$ 180,763</u>	<u>\$ 86,376</u>	<u>\$ 29,007</u>	<u>\$ 3,899</u>	<u>\$ 112,206</u>	<u>\$ 2,584,257</u>	<u>\$ 5,907,427</u>	<u>\$ 45,293</u>

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

Note 2: Including capitalised interests.

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

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

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

	Three months ended March 31,	
	2024	2023
Amount capitalised	\$ 8,994	\$ 7,442
Range of the interest rates for capitalisation	1.8775%	1.1700%

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

(9) Intangible assets

	2024				
	Goodwill	Professional expertise		Computer software	Total
		Ophthalmic anti-inflammatory agents	Ophthalmic anti-inflammatory for eyes		
At January 1					
Cost	\$ 82,166	\$ 231,912	\$ 1,303	\$ 100,282	\$ 415,663
Accumulated amortisation and impairment	(51,622)	(84,579)	(520)	(74,511)	(211,232)
	<u>\$ 30,544</u>	<u>\$ 147,333</u>	<u>\$ 783</u>	<u>\$ 25,771</u>	<u>\$ 204,431</u>
Opening net book amount as at January 1	\$ 30,544	\$ 147,333	\$ 783	\$ 25,771	\$ 204,431
Additions	-	-	-	360	360
Reclassifications (Note)	-	-	-	1,153	1,153
Amortisation charge	-	(4,093)	(20)	(1,958)	(6,071)
Net exchange differences	-	-	(20)	-	(20)
Closing net book amount as at March 31	<u>\$ 30,544</u>	<u>\$ 143,240</u>	<u>\$ 743</u>	<u>\$ 25,326</u>	<u>\$ 199,853</u>
At March 31					
Cost	\$ 82,166	\$ 231,912	\$ 1,269	\$ 101,795	\$ 417,142
Accumulated amortisation and impairment	(51,622)	(88,672)	(526)	(76,469)	(217,289)
	<u>\$ 30,544</u>	<u>\$ 143,240</u>	<u>\$ 743</u>	<u>\$ 25,326</u>	<u>\$ 199,853</u>

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

	2023				
	Goodwill	Professional expertise		Computer software	Total
		Ophthalmic anti-inflammatory agents	Ophthalmic anti-inflammatory 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	-	-	-	394	394
Reclassifications (Note)	-	-	-	921	921
Amortisation charge	-	(4,093)	(22)	(2,607)	(6,722)
Net exchange differences	-	-	(14)	-	(14)
Closing net book amount as at March 31	<u>\$ 30,544</u>	<u>\$ 159,610</u>	<u>\$ 888</u>	<u>\$ 26,466</u>	<u>\$ 217,508</u>
At March 31					
Cost	\$ 82,166	\$ 231,912	\$ 1,373	\$ 95,406	\$ 410,857
Accumulated amortisation and impairment	(51,622)	(72,302)	(485)	(68,940)	(193,349)
	<u>\$ 30,544</u>	<u>\$ 159,610</u>	<u>\$ 888</u>	<u>\$ 26,466</u>	<u>\$ 217,508</u>

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

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

	Three months ended March 31,	
	2024	2023
Operating costs	\$ 1,130	\$ 1,530
Administrative expenses	679	754
Research and development expenses	4,262	4,438
	<u>\$ 6,071</u>	<u>\$ 6,722</u>

B. On March 31, 2024 and 2023, 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 ended March 31, 2024 and 2023, the discount rates were 18.51% and 17.90%, respectively.

(10) Other non-current assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Prepayments for business facilities	\$ 56,346	\$ 26,870	\$ 45,293
Prepayments for investment (Note 1)	-	52,025	-
Guarantee deposits paid (Note 2)	3,979	4,783	3,968
Others	1,493	1,743	1,462
	<u>\$ 61,818</u>	<u>\$ 85,421</u>	<u>\$ 50,723</u>

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

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

(11) Financial liabilities at amortised cost

<u>Items</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Non-current items:			
New medicine development revenue share agreement	<u>\$ 64,000</u>	<u>\$ 61,410</u>	<u>\$ 60,900</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 commercialization of the product. Under the agreement, the Group will share the future authorization 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 March 31, 2024, the Group has received US\$2,000 thousand.

(12) Short-term borrowings

	<u>March 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 364,000	1.75~1.805%	Refer to Note 8
Unsecured borrowings	<u>760,000</u>	1.75~1.805%	None
	<u>\$ 1,124,000</u>		
	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 224,000	1.75%	Refer to Note 8
Unsecured borrowings	<u>1,210,000</u>	1.75%	None
	<u>\$ 1,434,000</u>		
	<u>March 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 464,000	1.69%~1.75%	Refer to Note 8
Unsecured borrowings	<u>960,000</u>	1.69%~1.79%	None
Import and export financing	<u>28,057</u>	1.73%	"
	<u>\$ 1,452,057</u>		

Interest expense recognised in profit or loss amounted to \$6,478 and \$7,120 for the three months ended March 31, 2024 and 2023, respectively.

(13) Short-term notes and bills payable

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Commercial paper payable	\$ 210,000	\$ 100,000	\$ 50,000
Less: Unamortized commercial paper payable	<u>(79)</u>	<u>(41)</u>	<u>(12)</u>
	<u>\$ 209,921</u>	<u>\$ 99,959</u>	<u>\$ 49,988</u>
Interest rate	<u>1.83%</u>	<u>1.83%</u>	<u>1.76%</u>

(14) Other payables

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Salaries and bonus payable	\$ 127,661	\$ 219,269	\$ 115,841
Service expenses payable	131,893	77,624	74,890
Payable on machinery and equipment	65,596	78,899	87,711
Accrued commission	53,268	42,785	37,101
Consumables payable	40,353	41,462	33,489
Withholding tax payable	38,400	18,423	-
Repairs and maintenance expense payable	34,759	31,718	43,419
Employees' compensation and directors' and supervisors' remuneration payable	32,444	19,844	37,841
Utilities expense payable	20,255	20,970	16,191
Revenue share payable	20,000	3,838	-
Import and export charges payable	11,316	14,222	4,831
Others	70,704	84,105	68,663
	<u>\$ 646,649</u>	<u>\$ 653,159</u>	<u>\$ 519,977</u>

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	March 31, 2024
Mid-term and long-term bank borrowings				
Mega International Commercial Bank (Note 1)	2024.2.25 ~ 2027.2.24 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	\$ 350,000
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2020.9.15 ~ 2024.9.15 Quarterly and average repayment starting from December 2021.	2.20%	"	30,974
	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021.	2.00%	"	10,333
	2021.7.28 ~ 2025.7.28 Quarterly and average repayment starting from June 2024.	2.25%	"	30,625
	2022.8.4 ~ 2026.8.4 Quarterly and average repayment starting from May 2025.	2.25%	"	24,600
E.SUN Bank Taoyuan Corporate Banking Center	2023.2.6 ~ 2026.2.6 The principal will be repaid upon maturity.	2.25%	None	100,000
O-Bank Co., Ltd. (Note 1)	2023.6.15 ~ 2025.6.14 The principal will be repaid upon maturity.	2.00%	"	150,000
DBS Bank Limited (Note 1)	2023.6.30 ~ 2025.6.30 The principal will be repaid upon maturity.	2.15%	"	200,000
Taishin International Bank (Note 1)	2023.7.31 ~ 2025.7.31 The principal will be repaid upon maturity.	1.90%	"	100,000
Entie Commercial Bank, Ltd. He Ping Branch (Note 1)	2023.5.31 ~ 2025.5.31 The principal will be repaid upon maturity.	2.10%	"	200,000
TAICHUNG COMMERCIAL BANK Co., Ltd. LINKOU BRANCH (Note 1)	2023.11.30 ~ 2026.11.30 Quarterly and average repayment starting from February 2024.	1.99%	"	100,000
CHANG HWA COMMERCIAL BANK, LTD.	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	2.20%	"	91,667
	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	2.03%	"	25,000
SUNNY BANK.	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	2.03%	"	50,000
	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	2.08%	Note 2	500,000
	2023.3.10 ~ 2026.3.10 (Note 1) The principal will be repaid upon maturity.	2.08%	None	216,947
Bank of Panhsin	2023.9.1 ~ 2025.9.1 Starting from December 2023, \$10 million will be repaid every quarter. The remaining balance shall be paid off in lump sum upon maturity.	2.08%	"	297,800
		2.24%	"	80,000
				2,557,946
Less: Current portion (shown as other current liabilities)				(479,579)
				\$ 2,078,367

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2023
Mid-term and long-term bank borrowings				
Mega International Commercial Bank (Note 1)	2023.2.25 ~ 2026.2.24 The principal will be repaid upon maturity.	2.08%	Note 2	\$ 350,000
	2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2021.	2.20%	"	34,415
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2020.9.15 ~ 2024.9.15 Quarterly and average repayment starting from December 2021.	2.00%	"	15,500
	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021.	2.25%	"	36,750
	2021.7.28 ~ 2025.7.28 Quarterly and average repayment starting from June 2024.	2.25%	"	28,700
	2023.8.4 ~ 2026.8.4 Quarterly and average repayment starting from May 2025.	2.25%	None	100,000
O-Bank Co., Ltd. (Note 1)	2023.6.15 ~ 2025.6.14 The principal will be repaid upon maturity.	2.15%	"	200,000
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)	2023.7.31 ~ 2025.7.31 The principal will be repaid upon maturity.	2.20%	"	200,000
CTBC Bank Co., Ltd. Tao-Yuan Branch (Note 1)	2023.2.28 ~ 2025.2.28 The principal will be repaid upon maturity.	2.18%	"	100,000
TAICHUNG COMMERCIAL BANK Co., Ltd. LINKOU BRANCH (Note 1)	2023.11.30 ~ 2025.11.30 Quarterly and average repayment starting from February 2024.	2.20%	"	100,000
CHANG HWA COMMERCIAL BANK, LTD.	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	2.03%	"	37,500
	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	2.03%	"	62,500
SUNNY BANK.	2020.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	2.08%	Note 2	500,000
	2020.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	2.08%	None	233,516
	2021.12.28 ~ 2023.12.28 (Note 1) The principal will be repaid upon maturity.	2.08%	"	297,800
Bank of Panhsin	2023.9.1 ~ 2025.9.1 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%	"	90,000
				2,486,681
Less: Current portion (shown as other current liabilities)				(448,784)
				\$ 2,037,897

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	March 31, 2023
Mid-term and long-term bank borrowings				
Mega International Commercial Bank (Note 1)	2023.2.25 ~ 2026.2.24 The principal will be repaid upon maturity.	2.03%	Note 2	\$ 280,000
	2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2021.	2.08%	"	44,740
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2019.12.19 ~ 2023.12.19 Quarterly and average repayment starting from March 2021.	1.88%	"	24,500
	2020.9.15 ~ 2024.9.15 Quarterly and average repayment starting from December 2021.	1.88%	"	31,000
	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021.	2.13%	"	49,000
	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.	2.03%	None	50,000
O-Bank Co., Ltd. (Note 1)	2022.7.4 ~ 2024.7.3 The principal will be repaid upon maturity.	2.17%	"	50,000
Taishin International Bank. (Note 1)	2022.7.31 ~ 2025.1.31 The principal will be repaid upon maturity.	2.19%	"	150,000
Entie Commercial Bank, Ltd. He Ping Branch (Note 1)	2022.3.16 ~ 2024.3.16 The principal will be repaid upon maturity.	2.19%	"	50,000
TAICHUNG COMMERCIAL BANK Co., Ltd.	2021.9.17 ~ 2024.9.17 Quarterly and average repayment starting from December 2021.	2.08%	"	50,000
JihSun International Commercial Bank Co., Ltd.(Note 1)	2021.8.20 ~ 2024.8.12 The principal will be repaid upon maturity.	1.97%	"	100,000
CHANG HWA COMMERCIAL BANK, LTD.	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	1.91%	"	75,000
	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	1.91%	"	100,000
SUNNY BANK.	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	1.95%	Note 2	500,000
	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	1.95%	None	280,000
	2023.3.10 ~ 2026.3.10 (Note 1) The principal will be repaid upon maturity.	1.95%	"	297,800
				<u>2,173,040</u>
Less: Current portion (shown as other current liabilities)				<u>(346,219)</u>
				<u>\$ 1,826,821</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 March 31, 2024, December 31, 2023 and March 31, 2023, the Group has met all the required covenants.
- B. As at March 31, 2024, December 31, 2023 and March 31, 2023, the Group had total undrawn borrowing facilities of \$1,895,730, \$1,605,730 and \$1,738,693, 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 \$210 and \$178 for the three months ended March 31, 2024 and 2023, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$840.

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 ended March 31, 2024 and 2023 were \$9,741 and \$8,771, respectively.

(17) Share-based payment

A. For the three months ended March 31, 2024 and 2023, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Formosa Pharmaceuticals Inc.- Employee stock options	2022.03.09	6 hundred thousand shares	5 years	2~4 years' service

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

	2024		2023	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	490,000	\$ 39.70	540,000	\$ 40.80
Options expired	-	-	(50,000)	40.80
Options outstanding at March 31	<u>490,000</u>	<u>\$ 39.70</u>	<u>490,000</u>	<u>\$ 40.80</u>
Options exercisable at March 31	<u>245,000</u>	<u>\$ 39.70</u>	<u>-</u>	<u>\$ -</u>

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

		March 31, 2024	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
2022.03.09	2027.03.08	490,000	\$ 39.70

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

		March 31, 2023	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
2022.03.09	2027.03.08	490,000	\$ 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 (in dollars)	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 1)	\$ 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 months ended March 31,	
	2024	2023
Equity-settled	\$ 580	\$ 345

F. 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 March 31, 2024, 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. Group 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(17) 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. The appropriations of 2023 earnings had been proposed by the Board of Directors on March 12, 2024, and the appropriations of 2022 earnings had been resolved at the shareholders' meeting on June 27, 2023. Details are summarized below:

	Year ended December 31,			
	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 12,111		\$ 40,979	
Special reserve	(54,964)		54,964	
Cash dividends	240,512	\$ 2.00	120,256	\$ 1.00
	<u>\$ 197,659</u>		<u>\$ 216,199</u>	

As of May 9, 2024, the aforementioned appropriations of 2023 earnings have not yet been resolved by the shareholders.

(21) Other equity items

	Three months ended March 31, 2024		
	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Currency translation differences	Total
At January 1	\$ 19,852	(\$ 13,685)	\$ 6,167
Valuation adjustment	(4,298)	-	(4,298)
Currency translation differences:			
–Subsidiaries and associates	-	(1,490)	(1,490)
–Tax on subsidiaries and associates	-	298	298
At March 31	<u>\$ 15,554</u>	<u>(\$ 14,877)</u>	<u>\$ 677</u>
	Three months ended March 31, 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	1,138	-	1,138
Currency translation differences:			
–Subsidiaries and associates	-	(950)	(950)
–Tax on subsidiaries and associates	-	190	190
At March 31	<u>\$ 5,482</u>	<u>(\$ 10,807)</u>	<u>(\$ 5,325)</u>

(22) Operating revenue

	Three months ended March 31,	
	2024	2023
Revenue from contracts customers		
Sales revenue	\$ 992,704	\$ 888,314
Service revenue	13,599	43,655
Authorization	127,800	-
	<u>\$ 1,134,103</u>	<u>\$ 931,969</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 March 31, 2023			
	At a point in time		Over time	
	Sales revenue	Technology licensing	Service revenue	Total
India	\$ 222,302	\$ -	\$ -	222,302
United States	70,736	127,800	3,230	201,766
Netherlands	122,751	-	-	122,751
Taiwan	93,172	-	13,573	106,745
Germany	75,460	-	-	75,460
Japan	52,012	-	8,754	60,766
China	59,965	-	-	59,965
Switzerland	55,099	-	(15,543)	39,556
Others	241,207	-	3,585	244,792
	<u>\$ 992,704</u>	<u>\$ 127,800</u>	<u>\$ 13,599</u>	<u>\$ 1,134,103</u>

	Three months ended March 31, 2022			
	At a point in time		Over time	
	Sales revenue	Technology licensing	Service revenue	Total
India	\$ 208,229	\$ -	\$ -	208,229
Netherlands	125,721	-	-	125,721
Japan	96,935	-	-	96,935
United States	62,993	-	1,522	64,515
Taiwan	24,891	-	32,456	57,347
Germany	57,007	-	-	57,007
Canada	40,781	-	798	41,579
Switzerland	36,904	-	-	36,904
China	29,156	-	808	29,964
Others	205,697	-	8,071	213,768
	<u>\$ 888,314</u>	<u>\$ -</u>	<u>\$ 43,655</u>	<u>\$ 931,969</u>

B. Contract assets and liabilities

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>January 1, 2022</u>
Contract liabilities	\$ <u>125,166</u>	\$ <u>193,102</u>	\$ <u>86,417</u>	\$ <u>72,764</u>

The Group recognised the revenue-related contract liabilities arising from advance sales receipts and licensing fee.

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

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ <u>103,888</u>	\$ <u>7,136</u>

C. For the aforementioned technology license, the Group and Grandpharma (China) Co., Ltd. entered into a contract for collaborative development and authorisation agreement on new medicines in China, Hong Kong, Macao, etc. The Group transferred professional knowledge and provided related data to Grandpharma (China) Co., Ltd. who was responsible for clinical development. When Grandpharma (China) Co., Ltd. successfully develops new medicines, it will obtain the right of production and sales in China, Hong Kong and Macao. Under the contract, the Group can charge signing bonus, milestone payment and royalties proportionately to the sales amount in the future. From the contract signing date to March 31, 2024, the accumulated revenue was \$59,023.

D. The Group and Eyenovia, Inc. (EYEN) entered into a contract for authorisation on new medicines in the 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 March 31, 2024, 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'. From the contract signing date to March 31, 2024, the Group has recognised revenue of \$127,800.

(23) Interest income

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ 998	\$ 2,330
Financial assets at amortised cost		
Interest income	<u>3,850</u>	<u>2,503</u>
	<u>\$ 4,848</u>	<u>\$ 4,833</u>

(24) Other gains and losses

	Three months ended March 31,	
	2024	2023
Loss arising from lease modifications	(\$ 667)	\$ -
Net currency exchange gains (losses)	38,337	(27,290)
Net losses on financial assets at fair value through profit or loss	(250,220)	(127,029)
Loss arising from contingent consideration (Note)	(6,961)	-
Others	(100)	-
	<u>(\$ 219,611)</u>	<u>(\$ 154,319)</u>

Note: The Group acquired a 100% equity interest in Activus Pharma Co., Ltd., and the contingent consideration was estimated based on the progress of the applications for clinical test, patent and new medicine. Refer to Note 9(2) for details. Loss was recognised based on the difference when the consideration was actually paid.

(25) Finance costs

	Three months ended March 31,	
	2024	2023
Interest expense:		
Bank borrowings	\$ 19,291	\$ 17,576
Others	171	149
	<u>19,462</u>	<u>17,725</u>
Less: Capitalisation of qualifying assets	(8,994)	(7,442)
Finance costs	<u>\$ 10,468</u>	<u>\$ 10,283</u>

(26) Expenses by nature

	Three months ended March 31,	
	2024	2023
Employee benefit expense	<u>\$ 286,709</u>	<u>\$ 231,153</u>
Depreciation charges on right-of-use assets, property, plant and equipment	<u>\$ 120,071</u>	<u>\$ 112,272</u>
Amortisation charges on intangible assets and other non-current assets	<u>\$ 6,320</u>	<u>\$ 6,978</u>

(27) Employee benefit expense

	Three months ended March 31,	
	2024	2023
Wages and salaries	\$ 247,295	\$ 196,671
Labour and health insurance fees	22,067	20,023
Pension costs	9,951	8,949
Other personnel expenses	6,816	5,510
Employee stock options	580	345
	<u>\$ 286,709</u>	<u>\$ 231,498</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' remuneration.
- B. For the three months ended March 31, 2024 and 2023, employees' compensation was accrued at \$0 and \$960, respectively; while directors' remuneration was accrued at \$0 and \$383, respectively. The aforementioned amounts were recognised in salary expenses. For the three months ended March 31, 2024, the Group has accrued the compensation and remuneration according to the profit of current year and the percentage range as regulated in the Company's Articles of Incorporation.
- C. On March 12, 2024, the employees' compensation and directors' remuneration resolved by the Board of Directors were \$15,944 and \$3,900, respectively, and the amount is consistent with the amount recognized in the financial report of 2023.
- D. Information about employees' compensation and directors' 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:

	Three months ended March 31,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 52,436	\$ 38,632
Deferred tax:		
Origination and reversal of temporary differences	6,013	4,324
Income tax expense	<u>\$ 58,449</u>	<u>\$ 42,956</u>

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

	Three months ended March 31,	
	2024	2023
Currency translation differences	(\$ 298)	\$ 190

B. The income tax returns of the Company, Epione Pharmaceuticals, Inc. and Formosa Pharmaceuticals Inc. through 2022 have been assessed and approved by the Tax Authority.

(29) Loss per share

	Three months ended March 31, 2024		
	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	(\$ 96,019)	120,256	(\$ 0.80)

	Three months ended March 31, 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	(\$ 25,162)	120,256	(\$ 0.21)

(30) Transactions with non-controlling interest

On May 4, 2023, the Board of Directors of the subsidiary, Formosa Pharmaceuticals. Inc., approved the cash capital increase by issuing 20,500 thousand new shares. As the Group did not subscribe to the capital increase in proportion to its ownership percentage and 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 year ended December 31, 2023, the effects from changes in owner's equity of Formosa Pharmaceuticals. Inc. to owner's equity attributable to parent company were as follows:

	<u>Year ended December 31, 2023</u>	
Cash	\$	583,675
Increase in the carrying amount of non-controlling interest	(547,205)
Capital surplus		
- recognition of changes in ownership interest in subsidiaries	\$	<u>36,470</u>

(31) Supplemental cash flow information

Investing activities with partial cash payments

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Purchase of property, plant and equipment	\$ 91,476	\$ 105,425
Add: Opening balance of payable on equipment	78,899	54,660
Less: Ending balance of payable on equipment	(65,596)	(87,711)
Cash paid during the period	<u>\$ 104,779</u>	<u>\$ 72,374</u>

(32) Changes in liabilities from financing activities

	<u>2024</u>					
	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Long-term borrowings (including current portion)</u>	<u>Lease liability</u>	<u>New medicine development revenue share agreement</u>	<u>Liabilities from financing activities-gross</u>
At January 1	\$ 1,434,000	\$ 99,959	\$ 2,486,681	\$ 42,750	\$ 61,410	\$ 4,124,800
Changes in cash flow from financing activities	(310,000)	109,962	71,265	(7,440)	-	(136,213)
Changes in other non-cash items	-	-	-	558	2,590	3,148
At March 31	<u>\$ 1,124,000</u>	<u>\$ 209,921</u>	<u>\$ 2,557,946</u>	<u>\$ 35,868</u>	<u>\$ 64,000</u>	<u>\$ 3,991,735</u>
	<u>2023</u>					
	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Long-term borrowings (including current portion)</u>	<u>Lease liability</u>	<u>New medicine development revenue share agreement</u>	<u>Liabilities from financing activities-gross</u>
At January 1	\$ 1,449,666	\$ 49,909	\$ 2,256,773	\$ 43,529	\$ 61,420	\$ 3,861,297
Changes in cash flow from financing activities	2,391	79	(83,733)	(7,260)	-	(88,523)
Changes in other non-cash items	-	-	-	1,155	(520)	635
At March 31	<u>\$ 1,452,057</u>	<u>\$ 49,988</u>	<u>\$ 2,173,040</u>	<u>\$ 37,424</u>	<u>\$ 60,900</u>	<u>\$ 3,773,409</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

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

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

(3) Significant related party transactions

A. Operating revenue

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Sales of goods:		
Associates	\$ 17,030	\$ 28,891
Other related parties	13,077	-
	<u>\$ 30,107</u>	<u>\$ 28,891</u>

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

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Sales of services:		
Other related parties	<u>\$ 1,662</u>	<u>\$ 5,552</u>

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

B. Purchases

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Purchases of goods:		
Other related parties	<u>\$ 2,135</u>	<u>\$ -</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)

	Three months ended March 31,	
	2024	2023
Other related parties	\$ 1,657	\$ 760

D. Accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Associates	\$ 17,428	\$ 7,701	\$ 28,488
Other related parties	5,996	4,136	4,143
Loss allowance	(6)	(3)	(10)
	<u>\$ 23,418</u>	<u>\$ 11,834</u>	<u>\$ 32,621</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

	March 31, 2024	December 31, 2023	March 31, 2023
Other receivables			
Associates	<u>\$ 33</u>	<u>\$ 28</u>	<u>\$ 44</u>

F. Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Other related parties	<u>\$ 189</u>	<u>\$ 2,636</u>	<u>\$ -</u>

The above represents the payable for entrusting other related parties to carry out clinical development and research.

G. Financial liabilities at amortised cost

	March 31, 2024	December 31, 2023	March 31, 2023
Other related parties	<u>\$ 64,000</u>	<u>\$ 61,410</u>	<u>\$ 60,900</u>

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

	Three months ended March 31,	
	2024	2023
Salaries and other short-term employee benefits	\$ 21,581	\$ 16,534
Post-employment benefits	371	371
Share-based payments	190	83
	<u>\$ 22,142</u>	<u>\$ 16,988</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	March 31, 2024	December 31, 2023	March 31, 2023	
Financial assets at fair value through profit or loss	\$ 826,500	\$ 954,750	\$ 1,165,000	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	1,629,043	1,644,340	968,176	"
Machinery and equipment	143,059	147,802	162,743	Guarantee for mid-term and long-term borrowings facility
Pollution-prevention equipment	4,446	4,665	5,321	"
Unfinished construction and equipment under acceptance	435,239	433,466	975,882	"
Guarantee deposits paid (shown as "other non-current assets")	745	1,659	917	Performance guarantee
	<u>\$ 3,694,982</u>	<u>\$ 3,842,632</u>	<u>\$ 3,933,989</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant and equipment	<u>\$ 330,187</u>	<u>\$ 356,208</u>	<u>\$ 342,694</u>

(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 March 31, 2024 and 2023, accumulated payments of the contact price were US\$6,000 thousand and US\$6,000 thousand, respectively. As of March 31, 2024 and 2023, the outstanding payment of \$ 80,000 (US\$2,500 thousand) and \$ 33,006 (US\$1,098 thousand) was

shown as other non-current liabilities, respectively.

C. As of March 31, 2024, the Group has signed laboratory service contracts with future payment obligations amounting to \$201,245.

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 three months ended March 31, 2024, the Group's strategy, which was unchanged from 2023, was to maintain the gearing ratio within a certain range. The gearing ratios at March 31, 2024, December 31, 2023 and March 31, 2023 were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Total borrowings	\$ 3,891,867	\$ 4,020,640	\$ 3,675,085
Less: Cash and cash equivalents	(1,476,784)	(1,526,013)	(1,353,413)
Net debt	2,415,083	2,494,627	2,321,672
Total equity	8,097,999	8,210,201	7,727,539
Total capital	<u>\$ 10,513,082</u>	<u>\$ 10,704,828</u>	<u>\$ 10,049,211</u>
Gearing ratio	<u>22.97%</u>	<u>23.30%</u>	<u>23.10%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 1,763,056</u>	<u>\$ 1,961,831</u>	<u>\$ 2,268,626</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 109,816</u>	<u>\$ 121,269</u>	<u>\$ 77,512</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,476,784	\$ 1,526,013	\$ 1,353,413
Financial assets at amortised cost	865,670	831,410	-
Notes and accounts receivable (including related parties)	964,579	960,009	772,959
Other receivables due from related parties	43,773	63,353	16,038
Guarantee deposits paid (shown as “other non-current assets”)	3,979	4,783	3,968
	<u>\$ 3,354,785</u>	<u>\$ 3,385,568</u>	<u>\$ 2,146,378</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 1,124,000	\$ 1,434,000	\$ 1,452,057
Short-term notes and bills payable	209,921	99,959	49,988
Notes and accounts payable	236,492	203,126	155,309
Other payables	646,838	655,795	515,614
Long-term borrowings (including current portion)	64,000	61,410	60,900
Contingent consideration (shown as other liabilities)	2,557,946	2,486,681	2,173,040
	<u>\$ 4,839,197</u>	<u>\$ 4,940,971</u>	<u>\$ 4,406,908</u>
Lease liability (including current portion)	<u>\$ 35,868</u>	<u>\$ 42,749</u>	<u>\$ 37,424</u>

B. Financial risk management policies

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s entire risk management policies focus on unpredictable matters in financial market and reducing the potential negative effects on the Group’s financial status and financial performance.

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 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:

	March 31, 2024		
	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 53,512	32	\$ 1,712,384
USD:JPY	3,400	151.40	108,872
<u>Non-monetary items</u>			
JPY:NTD	576,125	0.2115	121,851
USD:NTD	2,197	32	71,040
EUR:NTD	2,315	34.46	79,767
HKD:NTD	8,470	4.089	34,635
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	23,786	32	761,152

December 31, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 52,916	30.705	\$ 1,624,786
USD:JPY	3,400	141.37	104,731
<u>Non-monetary items</u>			
JPY:NTD	555,360	0.2172	121,646
USD:NTD	1,692	30.705	51,947
EUR:NTD	2,315	33.98	78,656
HKD:NTD	10,108	3.929	39,715
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	18,346	30.705	563,314

March 31, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 45,466	30.45	\$ 1,384,440
USD:JPY	3,400	133.09	103,530
<u>Non-monetary items</u>			
JPY:NTD	506,100	0.229	115,795
USD:NTD	2,288	30.45	63,835
EUR:NTD	1,879	33.15	62,287
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	15,650	30.45	476,543

- iv. The exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2024 and 2023, amounted to \$38,337 and (\$27,290), respectively.

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

Three months ended March 31, 2024			
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%	\$ 17,124	\$ -
USD:JPY	1%	1,089	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	7,612	-
Three months ended March 31, 2023			
Sensitivity analysis			
Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 13,844	\$ -
USD:JPY	1%	1,035	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	4,765	-

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 three months ended March 31, 2024 and 2023 would have increased/decreased by \$17,631 and \$22,686, 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 \$1,098 and \$775, respectively, as a result of other comprehensive income on equity investments classified as 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 three months ended March 31, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
- ii. At March 31, 2024, December 31, 2023 and March 31, 2023, 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 three months ended March 31, 2024 and 2023 would have decreased by \$512 and \$435, 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 assumption 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 March 31, 2024, December 31, 2023 and March 31, 2023, the balances of loss allowance were \$201, \$195 and \$190, respectively.
- (ii) The loss allowance for non-optimal customers' accounts was estimated by using provision roll rate matrix. As of March 31, 2024, December 31, 2023 and March 31, 2023, related information is as follows:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>March 31, 2024</u>			
Not past due	1.18%	\$ 249,465	\$ 2,936
Up to 30 days past due	16.65%	37,473	6,238
31~ 90 days past due	55.92~100%	29,332	16,403
91~ 180 days past due	100.00%	-	-
181 days past due	100.00%	1,267	1,267
Total		<u>\$ 317,537</u>	<u>\$ 26,844</u>
<u>December 31, 2023</u>			
Not past due	1.18%	\$ 304,175	\$ 3,581
Up to 30 days past due	16.65%	8,978	1,494
31~ 90 days past due	55.92~100%	-	-
91~ 180 days past due	100.00%	829	829
181 days past due	100.00%	1,216	1,216
Total		<u>\$ 315,198</u>	<u>\$ 7,120</u>
<u>March 31, 2023</u>			
Not past due	0.35%	\$ 136,043	\$ 473
Up to 30 days past due	48.46%	5,996	2,906
31~ 90 days past due	100.00%	2,007	2,007
91~ 180 days past due	100.00%	-	-
181 days past due	100.00%	-	-
Total		<u>\$ 144,046</u>	<u>\$ 5,386</u>

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

	Three months ended March 31, 2024		
	Non-related		Total
	parties	Related parties	
Balance at January 1	\$ 7,312	\$ 3	\$ 7,315
Provision for impairment loss	19,727	3	19,730
Balance at March 31	<u>\$ 27,039</u>	<u>\$ 6</u>	<u>\$ 27,045</u>

	Three months ended March 31, 2023		
	Non-related		Total
	parties	Related parties	
Balance at January 1	\$ 33,774	\$ 4	\$ 33,778
Reversal of impairment loss	(28,208)	6	(28,202)
Balance at March 31	<u>\$ 5,566</u>	<u>\$ 10</u>	<u>\$ 5,576</u>

For provisioned loss on March 31, 2024 and 2023, the impairment (reversal) losses arising from customers' contracts were \$19,730 and (\$28,202), 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:

March 31, 2024	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
New medicine development revenue share agreement	\$ -	\$ -	\$ 64,000	\$ -
Short-term borrowings	1,125,428	-	-	-
Short-term notes and bills payable	209,921	-	-	-
Notes payable	606	-	-	-
Accounts payable	235,886	-	-	-
Other payables	646,838	-	-	-
Lease liability (including current portion)	20,624	9,420	5,047	1,462
Long-term borrowings (including current portion)	<u>528,020</u>	<u>1,282,445</u>	<u>781,496</u>	<u>56,757</u>
	<u>\$ 2,767,323</u>	<u>\$ 1,291,865</u>	<u>\$ 850,543</u>	<u>\$ 58,219</u>

Non-derivative financial liabilities:

December 31, 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>
New medicine development revenue share agreement	\$ -	\$ -	\$ 61,410	\$ -
Short-term borrowings	1,436,188	-	-	-
Short-term notes and bills payable	99,959	-	-	-
Notes payable	1,017	-	-	-
Accounts payable	202,109	-	-	-
Other payables	655,795	-	-	-
Lease liability (including current portion)	24,300	12,035	7,848	2,413
Long-term borrowings (including current portion)	<u>497,079</u>	<u>1,019,545</u>	<u>945,651</u>	<u>112,238</u>
	<u>\$ 2,916,447</u>	<u>\$ 1,031,580</u>	<u>\$ 1,014,909</u>	<u>\$ 114,651</u>

Non-derivative financial liabilities:

March 31, 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>
New medicine development revenue share agreement	\$ -	\$ -	\$ 60,900	\$ -
Short-term borrowings	1,456,152	-	-	-
Short-term notes and bills payable	49,988	-	-	-
Notes payable	714	-	-	-
Accounts payable	154,595	-	-	-
Other payables	515,614	-	-	-
Lease liability (including current portion)	23,318	13,879	6,720	22,654
Long-term borrowings (including current portion)	<u>386,993</u>	<u>756,648</u>	<u>838,080</u>	<u>283,613</u>
	<u>\$ 2,587,374</u>	<u>\$ 770,527</u>	<u>\$ 905,700</u>	<u>\$ 306,267</u>

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

- B. The carrying amounts of the Group’s financial instruments not measured at fair value comprise cash and cash equivalents, contract assets, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, corporate bonds payable and long-term borrowings (including current portion) are approximate to their fair values.
- C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:
- (a) The related information on the nature of the assets and liabilities is as follows:

March 31, 2024	<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	\$ 1,667,217	\$ -	\$ 52,524	\$ 1,719,741
Venture fund	-	-	42,000	42,000
Convertible bonds	1,315	-	-	1,315
Financial assets at fair value through other comprehensive income - equity securities	-	14,049	95,767	109,816
Total	<u>\$ 1,668,532</u>	<u>\$ 14,049</u>	<u>\$ 190,291</u>	<u>\$ 1,872,872</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>

December 31, 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	\$ 1,918,749	\$ -	\$ 17,784	\$ 1,936,533
Venture fund	-	-	24,000	24,000
Convertible bonds	1,298	-	-	1,298
Financial assets at fair value through other comprehensive income - equity securities	-	27,260	94,009	121,269
Total	<u>\$ 1,920,047</u>	<u>\$ 27,260</u>	<u>\$ 135,793</u>	<u>\$ 2,083,100</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,931</u>	<u>\$ 69,931</u>
March 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss - equity securities	\$ 2,228,690	\$ -	\$ 38,976	\$ 2,267,666
Convertible bonds	960	-	-	960
Financial assets at fair value through other comprehensive income - equity securities	-	-	77,512	77,512
Total	<u>\$ 2,229,650</u>	<u>\$ -</u>	<u>\$ 116,488</u>	<u>\$ 2,346,138</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,006</u>	<u>\$ 33,006</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. For the instruments the Group used market quoted prices as their fair values (that is, Level 1), the Group uses the closing price of market quoted price to measure the listed and emerging shares.

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. Some of the listed stocks which were invested by the Group were restricted by lock-up period. Their fair values were determined based on the quoted prices of the same and unrestricted instruments in the active market, adjusted by the restricted effects, and calculated by inputting available market information in the model at the balance sheet date.

D. The following chart is the movement of Level 3 for the three months ended March 31, 2024 and 2023:

	Equity securities and derivative instruments		New medicine development revenue share agreement	
	2024	2023	2024	2023
At January 1	\$ 135,793	\$ 76,455	\$ 69,931	\$ 33,709
Recognised in profit or loss	714	-	6,961	-
Gains and losses recognised in other comprehensive income	1,759	1,138	-	-
Acquired during the period	52,025	38,895	-	-
Effect due to changes in exchange rates	-	-	3,108	(703)
At March 31	<u>\$ 190,291</u>	<u>\$ 116,488</u>	<u>\$ 80,000</u>	<u>\$ 33,006</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 March 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 148,291</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Venture fund	<u>\$ 42,000</u>	Net asset value	Not applicable	-	Not applicable
Non-derivative debt instrument:					
Payable for the acquisition of a company	<u>\$ 80,000</u>	Income method of royalty saving method	Discount rate	100%	The higher the discount rate, the lower the fair value

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>111,793</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Venture fund	\$ <u>24,000</u>	Net asset value	Not applicable	-	Not applicable
Non-derivative debt instrument:					
Payable for the acquisition of a company	\$ <u>69,931</u>	Income method of royalty saving method	Discount rate	91.10%	The higher the discount rate, the lower the fair value
	Fair value at March 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>116,488</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Non-derivative debt instrument:					
Payable for the acquisition of a company	\$ <u>33,006</u>	Income method of royalty saving method	Discount rate	48.30%	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: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to table 6(2).

J. Significant inter-Group transactions during the reporting periods: Refer to table 4.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

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

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

Three months ended March 31, 2024

	<u>API</u>	<u>Other operating departments</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	\$ 1,006,303	\$ 127,800	\$ -	\$ 1,134,103
Inter-segment revenue	<u>10,024</u>	<u>-</u>	<u>(10,024)</u>	<u>-</u>
Total segment revenue	<u>\$ 1,016,327</u>	<u>\$ 127,800</u>	<u>(\$ 10,024)</u>	<u>\$ 1,134,103</u>
Segment income	<u>(\$ 96,019)</u>	<u>(\$ 19,946)</u>	<u>\$ 17,303</u>	<u>(\$ 98,662)</u>
Segment income (loss), including				
Depreciation and amortisation	<u>(\$ 121,122)</u>	<u>(\$ 10,511)</u>	<u>\$ 5,242</u>	<u>(\$ 126,391)</u>
Expense of income tax	<u>(\$ 39,372)</u>	<u>(\$ 19,077)</u>	<u>\$ -</u>	<u>(\$ 58,449)</u>
Recognised investment profit or loss accounted for using equity method	<u>(\$ 3,509)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 3,509)</u>

Three months ended March 31, 2023

	<u>API</u>	<u>Other operating departments</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	\$ 931,969	\$ -	\$ -	\$ 931,969
Inter-segment revenue	<u>1,667</u>	<u>-</u>	<u>(1,667)</u>	<u>-</u>
Total segment revenue	<u>\$ 933,636</u>	<u>\$ -</u>	<u>(\$ 1,667)</u>	<u>\$ 931,969</u>
Segment income	<u>(\$ 25,162)</u>	<u>(\$ 83,633)</u>	<u>\$ 40,222</u>	<u>(\$ 68,573)</u>
Segment income (loss), including				
Depreciation and amortisation	<u>(\$ 113,946)</u>	<u>(\$ 9,776)</u>	<u>\$ 4,472</u>	<u>(\$ 119,250)</u>
Expense of income tax	<u>(\$ 43,013)</u>	<u>\$ 57</u>	<u>\$ -</u>	<u>(\$ 42,956)</u>
Recognised investment profit or loss accounted for using equity method	<u>(\$ 2,656)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 2,656)</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

Three months ended March 31, 2024

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 three months ended March 31, 2024	Balance at March 31, 2024	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Formosa Pharmaceuticals, Inc.	Activus Pharma Co., Ltd.	Other receivables-related parties	Y	\$ 5,000	\$ 5,000	\$ 3,499	0.03%	2	\$ -	Revolving funds	\$ -	None	-	\$ 331,572	\$ 386,834	Note 2

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 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 creditor's net asset of latest financial statements.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2024				Footnote
				Number of shares	Carrying amount	Ownership (%)	Fair value	
Formosa Laboratories, Inc.	EirGenix, Inc. common stocks	Other related party	Current/non-current financial assets at fair value through profit or loss	18,552,818	\$ 1,614,095	6.06	\$ 1,614,095	
Formosa Laboratories, Inc.	TOT Biopharm International Company Limited common stocks	None	Financial assets at fair value through profit or loss - current	5,131,100	34,635	0.66	34,635	
Formosa Laboratories, Inc.	TaiRx, Inc. common stocks	Other related party	Financial assets at fair value through profit or loss - current	534,000	18,487	0.48	18,487	
Formosa Laboratories, Inc.	AG Global Inc Unlisted stocks	None	Financial assets at fair value through profit or loss - non-current	1,041,666	-	1.33	-	
Formosa Laboratories, Inc.	Oncomatryx Biopharma, S.L.common stocks	None	Non-current financial assets at fair value through other comprehensive income	303,713	79,767	3.58	79,767	
Formosa Laboratories, Inc.	PHARMASTAR INC.common stocks	None	Non-current financial assets at fair value through other comprehensive income	500,000	16,000	20.00	16,000	
Formosa Laboratories, Inc.	Hcmed, Innovations Co., Ltd. common stocks	None	Financial assets at fair value through profit or loss - non-current	360,062	20,524	1.20	20,524	
Formosa Laboratories, Inc.	Forward BioT Venture Capital	None	Financial assets at fair value through profit or loss - non-current	-	42,000	14.05	42,000	
Formosa Laboratories, Inc.	AmMax Bio, Inc. Unlisted stocks	None	Financial assets at fair value through profit or loss - non-current	746,268	32,000	1.29	32,000	
Epione Pharmaceuticals, Inc.	RiTdisplay Corporation II unsecured convertible bonds	None	Financial assets at fair value through profit or loss - current	10,000	994	-	994	
Epione Pharmaceuticals, Inc.	AcBel Polytech Inc. II unsecured convertible bonds	None	Financial assets at fair value through profit or loss - current	3,000	321	-	321	
Formosa Pharmaceuticals, Inc.	Eyenovia, Inc. (EYEN) shares	None	Non-current financial assets at fair value through other comprehensive income	487,805	14,049	1.07	14,049	

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 March 31, 2024

Table 3

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2024 (Note)	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	\$ 108,872	0.00	\$ -	-	\$ -	-

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Three months ended March 31, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
0	Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	1	Operating revenue	\$ 10,024	Note 5	1%
0	Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	1	Contract liabilities	7,989	Note 5	1%
1	Activus Pharma. Co., Ltd.	Formosa Pharmaceuticals Inc.	3	Other receivables	108,872	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: Represents 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
Three months ended March 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2024			Net income of investee for the three months ended March 31, 2024	Investment income (loss) recognised by the Company for the three months ended March 31, 2024	Footnote
				Balance as at March 31, 2024	Balance as at March 31, 2023	Number of shares	Ownership (%)	Book value			
Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	Taiwan	Research and development of new biotechnology medicine	\$ 1,231,638	\$ 1,231,638	61,487,653	45.84%	\$ 531,288	\$ 19,471	(\$ 3,057)	
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Taiwan	Research and development of new biotechnology medicine	40,000	40,000	4,000,000	100.00%	13,083	(36)	(36)	
Formosa Laboratories, Inc.	A.R.Z Taiwan Limited	Taiwan	Agency sales of raw materials and intermediates	2,716	2,716	271,620	45.00%	112	(127)	(57)	
Formosa Laboratories, Inc.	Formosa Laboratories Japan, Inc.	Japan	Agency sales of medicine and intermediates	1,105	1,105	400	40.00%	15,781	(8,631)	(3,452)	
Formosa Laboratories, Inc.	Epione Investment Cayman Limited	Cayman Islands	Medicine, chemical trade and investment business	18,482	18,482	619,000	100.00%	8,991	(490)	(490)	
Epione Investment Cayman Limited	Epione Investment HK Limited	Hong Kong	Medicine, chemical trade and investment business	16,287	16,287	544,500	100.00%	8,231	(432)	(432)	
Formosa Pharmaceuticals Inc.	Activus Pharma. Co., Ltd.	Japan	Research and development of new biotechnology medicine	274,633	274,633	1,942	99.23%	106,070	6,821	6,749	

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Three months ended March 31, 2024

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	Net income of investee for the three months ended March 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2024	Book value of investments in Mainland China as of March 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2024	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	\$ 16,000	Note 1	\$ 16,000	\$ -	\$ -	\$ 16,000	(\$ 431)	100%	(\$ 431)	\$ 7,819	\$ -	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 three months ended March 31, 2024 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 March 31, 2024 (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.	\$ 58,665	\$ 162,637	\$ 4,481,825

Note 3: The total investment amount approved by the Investment Commission, MOEA, was USD 5,082 thousand at the exchange rate of 32 and translated into \$162,637.

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 March 31, 2024 was \$42,665, including investment in TOT Biopharm International Company Limited.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Major shareholders information

March 31, 2024

Table 7

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