

**FORMOSA LABORATORIES, INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 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 Subsidiaries (the "Group") as at June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of 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 June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Yen, Yu-Fang

Teng, Sheng-Wei

For and on Behalf of PricewaterhouseCoopers, Taiwan

August 9, 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
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets			June 30, 2024		December 31, 2023		June 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 916,320	7	\$ 1,526,013	11	\$ 1,948,308	15
1110	Financial assets at fair value through profit or loss - current	6(2) and 8	149,696	1	153,065	1	175,826	1
1136	Current financial assets at amortised cost, net	6(4)	866,594	7	831,410	6	-	-
1150	Notes receivable, net	6(5)	-	-	-	-	3,370	-
1170	Accounts receivable, net	6(5)	1,147,515	9	948,175	7	932,978	7
1180	Accounts receivable - related parties	7	19,648	-	11,834	-	20,362	-
1200	Other receivables		57,356	-	63,325	-	153,891	1
1210	Other receivables - related parties	7	34	-	28	-	48	-
1220	Current income tax assets		2,033	-	1,090	-	398	-
130X	Inventory	6(6)	1,782,852	13	1,597,467	12	1,735,178	13
1410	Prepayments		142,169	1	109,244	1	118,016	1
1470	Other current assets		2,254	-	2,015	-	7,249	-
11XX	Total current assets		5,086,471	38	5,243,666	38	5,095,624	38
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 8	1,691,170	12	1,808,766	13	2,008,150	15
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	114,910	1	121,269	1	79,097	1
1550	Investments accounted for under equity method	6(7)	18,016	-	19,808	-	13,127	-
1600	Property, plant and equipment	6(8) and 8	6,015,328	45	6,025,139	44	5,974,742	44
1755	Right-of-use assets		111,767	1	42,537	-	37,068	-
1780	Intangible assets	6(9)	225,685	2	204,431	2	211,451	1
1840	Deferred income tax assets		86,210	1	85,154	1	89,733	1
1900	Other non-current assets	6(8)(10) and 8	57,850	-	85,421	1	48,870	-
15XX	Total non-current assets		8,320,936	62	8,392,525	62	8,462,238	62
1XXX	Total assets		\$ 13,407,407	100	\$ 13,636,191	100	\$ 13,557,862	100

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FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(12) and 8	\$ 696,596	5	\$ 1,434,000	11	\$ 1,411,432	10
2110	Short-term notes and bills payable	6(13)	179,897	1	99,959	1	149,905	1
2130	Current contract liabilities	6(22)	72,910	1	174,875	1	143,443	1
2150	Notes payable		303	-	1,017	-	411	-
2170	Accounts payable		228,089	2	202,109	1	204,220	1
2200	Other payables	6(14)	987,802	7	653,159	5	755,498	6
2220	Other payables to related parties	7	147	-	2,636	-	588	-
2230	Current income tax liabilities		89,980	1	98,702	1	79,508	1
2280	Current lease liabilities		25,016	-	23,358	-	21,696	-
2320	Long-term liabilities, current portion	6(15) and 8	455,787	3	448,784	3	328,067	2
2399	Other current liabilities	9	58,281	1	102,792	1	76,678	1
21XX	Total current liabilities		<u>2,794,808</u>	<u>21</u>	<u>3,241,391</u>	<u>24</u>	<u>3,171,446</u>	<u>23</u>
	Non-current liabilities							
2520	Non-current financial liabilities at amortised cost	6(11) and 7	64,900	1	61,410	1	62,280	1
2527	Non-current contract liabilities	6(22)	30,230	-	18,227	-	252	-
2540	Long-term borrowings	6(15) and 8	2,287,462	17	2,037,897	15	2,019,624	15
2570	Deferred income tax liabilities		22,724	-	24,303	-	27,228	-
2580	Non-current lease liabilities		87,066	1	19,391	-	15,578	-
2600	Other non-current liabilities	9	23,273	-	23,371	-	16,849	-
25XX	Total non-current liabilities		<u>2,515,655</u>	<u>19</u>	<u>2,184,599</u>	<u>16</u>	<u>2,141,811</u>	<u>16</u>
2XXX	Total liabilities		<u>5,310,463</u>	<u>40</u>	<u>5,425,990</u>	<u>40</u>	<u>5,313,257</u>	<u>39</u>
	Equity attributable to owners of parent							
	Share capital	1 and 6(18)						
3110	Common stock		1,202,560	9	1,202,560	9	1,202,560	9
	Capital surplus	6(17)(19)						
3200	Capital surplus		3,568,783	26	3,552,070	26	3,551,433	26
	Retained earnings	6(20)						
3310	Legal reserve		498,069	4	485,958	3	485,958	4
3320	Special reserve		20	-	54,984	-	54,984	-
3350	Unappropriated retained earnings		2,259,464	17	2,269,213	17	2,206,315	16
	Other equity interest	6(21)						
3400	Other equity interest		(13,767)	-	6,167	-	(6,930)	-
31XX	Equity attributable to owners of the parent		<u>7,515,129</u>	<u>56</u>	<u>7,570,952</u>	<u>55</u>	<u>7,494,320</u>	<u>55</u>
36XX	Non-controlling interest	4(3)	581,815	4	639,249	5	750,285	6
3XXX	Total equity		<u>8,096,944</u>	<u>60</u>	<u>8,210,201</u>	<u>60</u>	<u>8,244,605</u>	<u>61</u>
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9						
3X2X	Total liabilities and equity		<u>\$ 13,407,407</u>	<u>100</u>	<u>\$ 13,636,191</u>	<u>100</u>	<u>\$ 13,557,862</u>	<u>100</u>

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

	Items	Notes	Three months ended June 30				Six months ended June 30			
			2024		2023		2024		2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 1,214,512	100	\$ 1,086,934	100	\$ 2,348,615	100	\$ 2,018,903	100
5000	Operating costs	6(6)(26)(27) and 7	(691,712)	(57)	(588,321)	(54)	(1,283,745)	(55)	(1,108,496)	(55)
5900	Net operating margin		522,800	43	498,613	46	1,064,870	45	910,407	45
	Operating expenses	6(26)(27) and 7								
6100	Selling expenses		(63,454)	(5)	(49,434)	(5)	(109,746)	(5)	(88,723)	(4)
6200	General and administrative expenses		(92,863)	(7)	(86,045)	(8)	(162,070)	(7)	(136,937)	(7)
6300	Research and development expenses		(204,349)	(17)	(207,929)	(19)	(423,464)	(18)	(423,567)	(21)
6450	Impairment gain and reversal of impairment loss (expected credit loss) determined in accordance with IFRS 9	12(2)	4,139	-	2,395	-	(15,591)	-	30,597	1
6000	Total operating expenses		(356,527)	(29)	(341,013)	(32)	(710,871)	(30)	(618,630)	(31)
6900	Operating profit		166,273	14	157,600	14	353,999	15	291,777	14
	Non-operating income and expenses									
7100	Interest income	6(23)	10,097	1	5,221	1	14,945	1	10,054	1
7010	Other income		953	-	611	-	1,754	-	3,242	-
7020	Other gains and losses	6(2)(24)	89,464	8	(63,344)	(6)	(130,147)	(6)	(217,663)	(11)
7050	Finance costs	6(25)	(9,323)	(1)	(1,718)	-	(19,791)	(1)	(12,001)	(1)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(7)	3,072	-	1,457	-	(437)	-	(1,199)	-
7000	Total non-operating income and expenses		94,263	8	(57,773)	(5)	(133,676)	(6)	(217,567)	(11)
7900	Profit before income tax		260,536	22	99,827	9	220,323	9	74,210	3
7950	Income tax expense	6(28)	(24,691)	(2)	(41,606)	(4)	(83,140)	(3)	(84,562)	(4)
8200	Profit (loss) for the period		\$ 235,845	20	\$ 58,221	5	\$ 137,183	6	\$ 10,352	(1)
	Components of other comprehensive income 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)	(\$ 26,906)	(2)	\$ 1,585	-	(\$ 38,359)	(2)	\$ 2,723	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		(26,906)	(2)	1,585	-	(38,359)	(2)	2,723	-
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		(5,997)	(1)	(7,644)	-	(8,962)	-	(9,478)	-
8399	Income tax relating to the components of other comprehensive income	6(28)	636	-	798	-	934	-	988	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(5,361)	(1)	(6,846)	-	(8,028)	-	(8,490)	-
8300	Total other comprehensive loss for the period		(\$ 32,267)	(3)	(\$ 5,261)	-	(\$ 46,387)	(2)	(\$ 5,767)	-
8500	Total comprehensive income (loss) for the period		\$ 203,578	17	\$ 52,960	5	\$ 90,796	4	(\$ 16,119)	(1)
	Profit (loss), attributable to:									
8610	Owners of the parent		\$ 283,929	24	\$ 83,376	7	\$ 187,910	8	\$ 58,214	3
8620	Non-controlling interest		(48,084)	(4)	(25,155)	(2)	(50,727)	(2)	(68,566)	(4)
			\$ 235,845	20	\$ 58,221	5	\$ 137,183	6	(\$ 10,352)	(1)
	Comprehensive income (loss) attributable to:									
8710	Owners of the parent		\$ 269,485	22	\$ 81,771	8	\$ 167,976	7	\$ 56,987	3
8720	Non-controlling interest		(65,907)	(5)	(28,811)	(3)	(77,180)	(3)	(73,106)	(4)
			\$ 203,578	17	\$ 52,960	5	\$ 90,796	4	(\$ 16,119)	(1)
	Earnings per share (in dollars)	6(29)								
9750	Basic earnings per share		\$ 2.36		\$ 0.69		\$ 1.56		\$ 0.48	
9850	Diluted earnings per share		\$ 2.36		\$ 0.69		\$ 1.56		\$ 0.48	

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
		Capital Reserves			Retained Earnings			Other Equity Interest				
				Capital Surplus, changes in ownership interests in subsidiaries				Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
Notes	Share capital - common stock	Capital surplus, additional paid-in capital			Legal reserve	Special reserve	Unappropriated retained earnings			Total	Non-controlling interest	Total equity
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
		-	-	-	-	-	58,214	-	-	58,214	(68,566)	(10,352)
		-	-	-	-	-	-	(3,950)	2,723	(1,227)	(4,540)	(5,767)
		-	-	-	-	-	58,214	(3,950)	2,723	56,987	(73,106)	(16,119)
Appropriations and distribution of retained earnings, 2022	6(20)											
		-	-	-	40,979	-	(40,979)	-	-	-	-	-
		-	-	-	-	54,964	(54,964)	-	-	-	-	-
		-	-	-	-	-	(120,256)	-	-	(120,256)	-	(120,256)
Changes in ownership interests in subsidiaries	6(30)	-	-	36,470	-	-	-	-	-	36,470	547,205	583,675
Amortisation of compensation cost of employee stock options	6(17)	-	-	475	-	-	-	-	-	475	557	1,032
Balance at June 30, 2023		\$ 1,202,560	\$ 3,083,576	\$ 467,857	\$ 485,958	\$ 54,984	\$ 2,206,315	(\$ 13,997)	\$ 7,067	\$ 7,494,320	\$ 750,285	\$ 8,244,605
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
		-	-	-	-	-	187,910	-	-	187,910	(50,727)	137,183
		-	-	-	-	-	-	(3,738)	(16,196)	(19,934)	(26,453)	(46,387)
		-	-	-	-	-	187,910	(3,738)	(16,196)	167,976	(77,180)	90,796
Appropriations and distribution of retained earnings, 2023	6(20)											
		-	-	-	12,111	-	(12,111)	-	-	-	-	-
		-	-	-	-	(54,964)	54,964	-	-	-	-	-
		-	-	-	-	-	(240,512)	-	-	(240,512)	-	(240,512)
Changes in ownership interests in subsidiaries	6(30)	-	-	364	-	-	-	-	-	364	430	794
Amortisation of compensation cost of employee stock options	6(17)	-	-	16,349	-	-	-	-	-	16,349	19,316	35,665
Balance at June 30, 2024		\$ 1,202,560	\$ 3,083,576	\$ 485,207	\$ 498,069	\$ 20	\$ 2,259,464	(\$ 17,423)	\$ 3,656	\$ 7,515,129	\$ 581,815	\$ 8,096,944

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		\$ 220,323	\$ 74,210
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	241,013	222,776
Amortisation	6(26)	12,542	13,291
Expected credit impairment loss (gain)	12(2)	15,591	(30,597)
Net loss on financial assets (liabilities) at fair value through profit or loss	6(24)	164,883	209,543
Interest expense	6(25)	19,791	12,001
Interest income	6(23)	(14,945)	(10,054)
Compensation cost of employee stock options	6(17)	35,665	1,032
Share of loss of associates accounted for using equity method	6(7)	437	1,199
Proceeds from disposal of property, plant and equipment	6(24)	655	-
Gains arising from lease modifications	6(24)	(60)	-
Expenses transferred from prepayments for equipment (shown as other non-current assets)	6(8)	-	571
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		-	(897)
Notes receivable		-	(3,370)
Accounts receivable		(212,834)	103,530
Accounts receivable - related parties		(7,817)	(6,736)
Other receivables		3,955	(139,894)
Other receivables - related parties		(6)	(21)
Inventory		(185,385)	(133,506)
Prepayments		(32,714)	(28,528)
Other current assets		(239)	(5,007)
Other non-current assets		-	(204)
Changes in operating liabilities			
Current contract liabilities		(121,962)	70,931
Notes payable		(714)	(606)
Accounts payable		25,783	17,747
Other payables		45,810	(10,900)
Other payables - related parties		(2,489)	588
Other current liabilities		25,420	44,978
Other non-current liabilities		(100)	(33,235)
Cash inflow generated from operations		239,564	161,782
Interest received		16,017	10,054
Interest paid		(20,635)	(12,498)
Income taxes paid		(74,748)	(135,162)
Net cash flows from operating activities		160,198	24,176

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FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30 2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss		\$ 8,106	\$ 6,672
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(32)	(211,774)	(204,285)
Proceeds from disposal of property, plant and equipment		36,625	-
Acquisition of intangible assets	6(9)	(677)	(475)
Prepayments for equipment (shown as other non-current assets)	6(8)	(45,144)	(26,242)
Decrease in refundable deposits		1,568	856
Investments accounted for under equity method		60	65
Net cash flow from acquisition of subsidiaries	6(31)	(27,487)	-
Acquisition of subsidiaries	6(32)	(79,289)	-
Net cash flows used in investing activities		(350,059)	(64,659)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	6(31)	(740,000)	(38,234)
Increase in short-term notes and bills payable	6(32)	79,938	99,996
Proceeds from long-term debt	6(33)	2,350,000	1,737,800
Repayments of long-term debt (including current portion)	6(33)	(2,093,432)	(1,646,882)
Payments of lease liabilities	6(33)	(14,255)	(13,611)
Subsidiary cash increase and employee stock options	6(30)	794	583,675
Net cash flows (used in) from financing activities		(416,955)	722,744
Effect of exchange rate changes on cash and cash equivalents		(2,877)	(13,415)
Net (decrease) increase in cash and cash equivalents		(609,693)	668,846
Cash and cash equivalents at beginning of period		1,526,013	1,279,462
Cash and cash equivalents at end of period		\$ 916,320	\$ 1,948,308

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	

(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 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
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
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

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
			June 30, 2024	December 31, 2023	June 30, 2023	
Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	Research and development of new biotechnology medicine	45.83	45.84	45.84	Notes 1 and 2
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Research and development of new biotechnology medicine	100	100	100	
Formosa Laboratories, Inc.	Epione Investment Cayman Limited	Medicine, chemical trade and investment business	100	100	100	
Epione Investment Cayman Limited	Epione Investment HK Limited	Medicine, chemical trade and investment business	100	100	100	
Epione Investment HK Limited	Shanghai Epione Eenterprise Co., Ltd.	Wholesale and import and export of chemical raw materials and products and commission agency	100	100	100	
Formosa Pharmaceuticals Inc.	Activus Pharma.Co., Ltd.	Research and development of new biotechnology medicine	99.23	99.23	99.23	
Formosa Laboratories, Inc.	SynChem - Formosa, Inc.	Research of organic synthesis, process development and medicinal chemistry contracts	100	-	-	Note 3

Note 1: As Formosa Pharmaceuticals Inc.'s employees gradually exercised share options in the second half of 2024 and Formosa Pharmaceuticals Inc. increased its capital in the second half of 2023, the Group's shareholding ratio in Formosa Pharmaceuticals Inc. decreased to 45.83% and 45.84%, respectively. Refer to Note 6(30).

Note 2: On June 30, 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.

Note 3: The Board of Directors of the Company resolved to acquire 100% equity interest in SynChem-Formosa, Inc., and the acquisition date was set on June 1, 2024.

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

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

E. Significant restrictions: None.

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

As of June 30, 2024, December 31, 2023 and June 30, 2023, the non-controlling interest amounted to \$581,815, \$639,249 and \$750,285, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		June 30, 2024		December 31, 2023	
		Amount	Ownership (%)	Amount	Ownership (%)
Formosa Pharmaceuticals Inc.	Taiwan	\$ 581,815	54.17%	\$ 639,249	54.16%

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

Summarised financial information of the subsidiaries:

Balance sheets

	Formosa Pharmaceuticals Inc.		
	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 1,108,755	\$ 1,288,330	\$ 1,378,331
Non-current assets	416,175	438,451	428,402
Current liabilities	(166,190)	(257,979)	(122,168)
Non-current liabilities	(346,728)	(328,232)	(333,304)
Total net assets	<u>\$ 1,012,012</u>	<u>\$ 1,140,570</u>	<u>\$ 1,351,261</u>

	Formosa Pharmaceuticals Inc.	
	Three months ended June 30,	
	2024	2023
Revenue	\$ 5,328	\$ 30,599
Loss before income tax	(96,867)	(53,157)
Income tax (expense) benefit	63	(2,937)
Loss for the period	(96,804)	(56,094)
Other comprehensive loss, net of tax	(32,875)	(6,760)
Total comprehensive loss for the period	(\$ 129,679)	(\$ 62,854)
Comprehensive income (loss) attributable to non-controlling interest	\$ 5	\$ 17

	Formosa Pharmaceuticals Inc.	
	Six months ended June 30,	
	2024	2023
Revenue	\$ 133,128	\$ 30,599
Loss before income tax	(97,209)	(136,901)
Income tax benefit	(19,014)	(2,880)
Loss for the period	(116,223)	(139,781)
Other comprehensive loss, net of tax	(48,794)	(8,399)
Total comprehensive loss for the period	(\$ 165,017)	(\$ 148,180)
Comprehensive income (loss) attributable to non-controlling interest	\$ 36	\$ 4

	Formosa Pharmaceuticals Inc.	
	Six months ended June 30,	
	2024	2023
Net cash used in operating activities	(\$ 108,283)	(\$ 206,202)
Net cash (used in) provided by investing activities	(117,482)	158,056
Net cash (used in) provided by financing activities	(2,221)	1,002,650
Effect of exchange rates on cash and cash equivalents	10,343	(9,750)
(Decrease) increase in cash and cash equivalents	(217,643)	944,754
Cash and cash equivalents, beginning of period	384,705	267,338
Cash and cash equivalents, end of period	\$ 167,062	\$ 1,212,092

(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.

(6) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.
- C. If the measurement of identifiable assets acquired and liabilities assumed in a business combination by the company is not yet complete, provisional amounts are recognized as of the balance sheet date, and retrospective adjustments or additional assets or liabilities are recognized during the measurement period to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

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

There have been no significant changes as of June 30, 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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Petty cash and cash on hand	\$ 376	\$ 346	\$ 446
Demand deposits	851,044	1,300,732	1,947,862
Time deposits	64,900	224,935	-
	<u>\$ 916,320</u>	<u>\$ 1,526,013</u>	<u>\$ 1,948,308</u>

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

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

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks			
EirGenix, Inc.	\$ 28,285	\$ 28,285	\$ 28,285
TOT Biopharm			
International	51,165	51,262	51,661
Emerging stocks			
TaiRx, Inc.	9,490	15,085	15,387
Derivatives			
- the redemption rights of convertible bonds	1,305	1,305	2,430
	90,245	95,937	97,763
Valuation adjustment	59,451	57,128	78,063
	<u>\$ 149,696</u>	<u>\$ 153,065</u>	<u>\$ 175,826</u>

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</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	42,000	24,000	24,000
	<u>715,097</u>	<u>663,072</u>	<u>663,072</u>
Valuation adjustment	<u>976,073</u>	<u>1,145,694</u>	<u>1,345,078</u>
	<u>\$ 1,691,170</u>	<u>\$ 1,808,766</u>	<u>\$ 2,008,150</u>

A. The Group recognised net gain (loss) amounting to \$85,337, (\$82,514), (\$164,883) and (\$209,543) on financial assets at fair value through profit or gain (loss) for the three months and six months ended June 30, 2024 and 2023, respectively.

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

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

<u>Items</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Non-current items:			
Equity instruments			
Listed stocks			
Eyenovia, Inc.	\$ 63,900	\$ 31,900	\$ -
Unlisted stocks			
Oncomatryx Biopharma, S.L.	57,135	57,135	57,135
PHARMASTAR INC.	14,895	14,895	14,895
	<u>135,930</u>	<u>103,930</u>	<u>72,030</u>
Valuation adjustment	<u>(21,020)</u>	<u>17,339</u>	<u>7,067</u>
	<u>\$ 114,910</u>	<u>\$ 121,269</u>	<u>\$ 79,097</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$114,910, \$121,269 and \$79,097 as at June 30, 2024, December 31, 2023 and June 30, 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 June 30,	
		2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>			
Fair value change recognised in other comprehensive income	(\$	26,906)	\$ 1,585
		Six months ended June 30,	
		2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>			
Fair value change recognised in other comprehensive income	(\$	38,359)	\$ 2,723

- C. As at June 30, 2024, December 31, 2023 and June 30, 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 \$114,910, \$121,269 and \$79,097, respectively.

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

(4) Financial assets at amortised cost

Items	June 30, 2024	December 31, 2023	June 30, 2023
Current items:			
Time deposits with a maturity of more than three months	\$ 866,594	\$ 831,410	\$ -

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

		Three months ended June 30,	
		2024	2023
Interest income	\$	2,978	\$ -
		Six months ended June 30,	
		2024	2023
Interest income	\$	6,828	\$ 2,503

- B. As at June 30, 2024, December 31, 2023 and June 30, 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 \$866,594, \$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

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	\$ -	\$ -	\$ 3,370
Accounts receivable	\$ 1,170,415	\$ 955,487	\$ 936,153
Less: Allowance for uncollectible accounts	(22,900)	(7,312)	(3,175)
	<u>\$ 1,147,515</u>	<u>\$ 948,175</u>	<u>\$ 932,978</u>

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

	June 30, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 963,242	\$ -	\$ 871,497	\$ -
Up to 30 days past due	170,839	-	53,919	-
31~ 90 days past due	21,843	-	13,474	-
91~ 180 days past due	9,059	-	15,381	-
181 days past due	<u>5,432</u>	<u>-</u>	<u>1,216</u>	<u>-</u>
	<u>\$ 1,170,415</u>	<u>\$ -</u>	<u>\$ 955,487</u>	<u>\$ -</u>

	June 30, 2023	
	Accounts receivable	Notes receivable
Not past due	\$ 787,801	\$ 3,370
Up to 30 days past due	101,493	-
31~ 90 days past due	46,080	-
91~ 180 days past due	-	-
181 days past due	<u>779</u>	<u>-</u>
	<u>\$ 936,153</u>	<u>\$ 3,370</u>

The above ageing analysis was based on past due date.

B. As of June 30, 2024, December 31, 2023 and June 30, 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 June 30, 2024, December 31, 2023 and June 30, 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 \$0, \$0, \$3,370, and \$1,147,515, \$948,175, \$932,978, respectively.

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

(6) Inventories

June 30, 2024			
	Cost	Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
Goods	\$ 2,180	(\$ 499)	\$ 1,681
Raw materials	697,664	(65,677)	631,987
Work in progress	529,597	(118,523)	411,074
Finished goods	900,198	(162,088)	738,110
	<u>\$ 2,129,639</u>	<u>(\$ 346,787)</u>	<u>\$ 1,782,852</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>
June 30, 2023			
	Cost	Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
Goods	\$ 3,120	(\$ 272)	\$ 2,848
Raw materials	721,405	(109,659)	611,746
Work in progress	521,591	(102,008)	419,583
Finished goods	892,097	(191,096)	701,001
	<u>\$ 2,138,213</u>	<u>(\$ 403,035)</u>	<u>\$ 1,735,178</u>

Current expenses related to inventories are as follows:

	Three months ended June 30,	
	2024	2023
Cost of goods sold	\$ 637,404	\$ 576,986
Loss on valuation decline and scrapped inventory (gain from price recovery of inventory)	40,747 (	7,285)
Cost of services	13,866	18,983
Others	(305)	(363)
	<u>\$ 691,712</u>	<u>\$ 588,321</u>
	Six months ended June 30,	
	2024	2023
Cost of goods sold	\$ 1,194,741	\$ 1,058,617
Loss on valuation decline and scrapped inventory	55,294	20,778
Cost of services	34,322	29,681
Others	(612)	(580)
	<u>\$ 1,283,745</u>	<u>\$ 1,108,496</u>

(7) Investments accounted for using equity method

	June 30, 2024	December 31, 2023	June 30, 2023
A. R. Z Taiwan Limited	\$ 172	\$ 169	\$ 261
Formosa Laboratories Japan, Inc.	17,844	19,639	12,866
	<u>\$ 18,016</u>	<u>\$ 19,808</u>	<u>\$ 13,127</u>

- A. The Group's share of profit or loss of associates accounted for using the equity method for the three months and six months ended June 30, 2024 and 2023 were \$3,072, \$1,457, (\$437) and (\$1,199), 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)	-	3,347	15,608	-	10,503	670	11,552	248	2,009	192,611	236,548	45,144
Acquired from business combinations	-	-	-	-	-	-	-	178	-	-	178	-
Disposals	-	-	(1,202)	-	-	-	-	-	(30)	(36,048)	(37,280)	-
Transfers (Note 4)	-	7,775	24,540	-	12,374	291	13,111	-	4,997	(45,747)	17,341	(18,855)
Reclassifications	-	-	177	-	(177)	-	-	-	-	-	-	-
Depreciation charge	-	(44,627)	(130,549)	(1,005)	(20,965)	(8,335)	(5,778)	(433)	(14,906)	-	(226,598)	-
Closing net book amount as at June 30	<u>\$ 655,950</u>	<u>\$ 1,759,617</u>	<u>\$ 1,098,430</u>	<u>\$ 14,484</u>	<u>\$ 189,773</u>	<u>\$ 73,088</u>	<u>\$ 46,964</u>	<u>\$ 3,756</u>	<u>\$ 105,628</u>	<u>\$ 2,067,638</u>	<u>\$ 6,015,328</u>	<u>\$ 53,159</u>
At June 30, 2024												
Cost	\$ 655,950	\$ 2,388,039	\$ 3,279,662	\$ 97,668	\$ 477,720	\$ 226,528	\$ 143,985	\$ 21,331	\$ 343,458	\$ 2,067,638	\$ 9,701,979	\$ 53,159
Accumulated depreciation	-	(628,422)	(2,181,232)	(83,184)	(287,947)	(153,440)	(97,021)	(17,575)	(237,830)	-	(3,686,651)	-
	<u>\$ 655,950</u>	<u>\$ 1,759,617</u>	<u>\$ 1,098,430</u>	<u>\$ 14,484</u>	<u>\$ 189,773</u>	<u>\$ 73,088</u>	<u>\$ 46,964</u>	<u>\$ 3,756</u>	<u>\$ 105,628</u>	<u>\$ 2,067,638</u>	<u>\$ 6,015,328</u>	<u>\$ 53,159</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 transfers during the period arose from prepayments for equipment transferred to intangible assets and operating expenses.

	Land	Buildings and structures (Note 3)	Machinery and equipment	Utilities equipment	Testing equipment	Pollution-prevention equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (Note 1)
At January 1, 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	<u>-</u>	<u>(510,962)</u>	<u>(1,804,112)</u>	<u>(80,181)</u>	<u>(224,497)</u>	<u>(129,545)</u>	<u>(81,544)</u>	<u>(12,702)</u>	<u>(194,404)</u>	<u>-</u>	<u>(3,037,947)</u>	<u>-</u>
	<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)	-	3,474	6,915	-	7,830	1,275	899	-	1,151	244,755	266,299	26,242
Transfers (Note 4)	-	81,326	109,233	-	19,560	3,377	2,377	-	15,846	(189,369)	42,350	(43,842)
Reclassifications	-	-	248	-	(248)	-	-	-	-	-	-	-
Depreciation charge	<u>-</u>	<u>(31,913)</u>	<u>(126,685)</u>	<u>(1,000)</u>	<u>(21,877)</u>	<u>(8,195)</u>	<u>(4,667)</u>	<u>(371)</u>	<u>(14,455)</u>	<u>-</u>	<u>(209,163)</u>	<u>-</u>
Closing net book amount as at June 30	<u>\$ 655,950</u>	<u>\$ 1,140,161</u>	<u>\$ 1,171,119</u>	<u>\$ 16,487</u>	<u>\$ 183,531</u>	<u>\$ 84,876</u>	<u>\$ 27,926</u>	<u>\$ 3,709</u>	<u>\$ 108,956</u>	<u>\$ 2,582,027</u>	<u>\$ 5,974,742</u>	<u>\$ 42,105</u>
At June 30, 2023												
Cost	\$ 655,950	\$ 1,682,308	\$ 3,103,781	\$ 97,668	\$ 424,184	\$ 222,616	\$ 114,042	\$ 15,243	\$ 317,815	\$ 2,584,257	\$ 9,217,864	\$ 42,105
Accumulated depreciation	<u>-</u>	<u>(542,147)</u>	<u>(1,932,662)</u>	<u>(81,181)</u>	<u>(240,653)</u>	<u>(137,740)</u>	<u>(86,116)</u>	<u>(11,534)</u>	<u>(208,859)</u>	<u>-</u>	<u>(3,240,892)</u>	<u>-</u>
	<u>\$ 655,950</u>	<u>\$ 1,140,161</u>	<u>\$ 1,171,119</u>	<u>\$ 16,487</u>	<u>\$ 183,531</u>	<u>\$ 84,876</u>	<u>\$ 27,926</u>	<u>\$ 3,709</u>	<u>\$ 108,956</u>	<u>\$ 2,584,257</u>	<u>\$ 5,976,972</u>	<u>\$ 42,105</u>

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

Note 2: Including capitalised interests.

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

Note 4: The transfers during the period arose from prepayments for equipment transferred to intangible assets and operating expenses.

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

	Three months ended June 30,	
	2024	2023
Amount capitalised	\$ 9,586	\$ 16,381
Range of the interest rates for capitalisation	1.9075%	1.8435%
	Six months ended June 30,	
	2024	2023
Amount capitalised	\$ 18,580	\$ 23,823
Range of the interest rates for capitalisation	1.8775%~1.9075%	1.8400%~1.8435%

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

(9) Intangible assets

	2024					
	Professional expertise					
	Goodwill	APP13007 Ophthalmic anti- inflammatory agents	APP13002 Ophthalmic anti- inflammatory for eyes	Computer software	Other intangible assets	Total
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>\$ -</u>	<u>\$ 204,431</u>
Opening net book amount as at January 1	\$ 30,544	\$ 147,333	\$ 783	\$ 25,771	\$ -	\$ 204,431
Additions	-	-	-	677	-	677
Acquired from business combinations	29,859	-	-	-	1,351	31,210
Reclassifications (Note)	-	-	-	1,514	-	1,514
Amortisation charge	-	(8,185)	(40)	(3,850)	(22)	(12,097)
Net exchange differences	-	-	(54)	-	4	(50)
Closing net book amount as at June 30	<u>\$ 60,403</u>	<u>\$ 139,148</u>	<u>\$ 689</u>	<u>\$ 24,112</u>	<u>\$ 1,333</u>	<u>\$ 225,685</u>
At June 30						
Cost	\$ 112,025	\$ 231,912	\$ 1,210	\$ 102,473	\$ 1,356	\$ 448,976
Accumulated amortisation and impairment	(51,622)	(92,764)	(521)	(78,361)	(23)	(223,291)
	<u>\$ 60,403</u>	<u>\$ 139,148</u>	<u>\$ 689</u>	<u>\$ 24,112</u>	<u>\$ 1,333</u>	<u>\$ 225,685</u>

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

2023					
	Goodwill	Professional expertise		Computer software	Total
		APP13007 Ophthalmic anti-inflammatory agents	APP13002 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	-	-	-	475	475
Reclassifications (Note)	-	-	-	921	921
Amortisation charge	-	(8,185)	(43)	(4,580)	(12,808)
Net exchange differences	-	-	(66)	-	(66)
Closing net book amount as at June 30	<u>\$ 30,544</u>	<u>\$ 155,518</u>	<u>\$ 815</u>	<u>\$ 24,574</u>	<u>\$ 211,451</u>
At June 30					
Cost	\$ 82,166	\$ 231,912	\$ 1,342	\$ 95,293	\$ 410,713
Accumulated amortisation and impairment	(51,622)	(76,394)	(527)	(70,719)	(199,262)
	<u>\$ 30,544</u>	<u>\$ 155,518</u>	<u>\$ 815</u>	<u>\$ 24,574</u>	<u>\$ 211,451</u>

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

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

	Three months ended June 30,	
	2024	2023
Operating costs	\$ 1,284	\$ 1,077
Administrative expenses	648	755
Research and development expenses	4,094	4,254
	<u>\$ 6,026</u>	<u>\$ 6,086</u>
	Six months ended June 30,	
	2024	2023
Operating costs	\$ 2,414	\$ 2,607
Administrative expenses	1,327	1,509
Research and development expenses	8,356	8,692
	<u>\$ 12,097</u>	<u>\$ 12,808</u>

B. On June 30, 2024 and 2023, goodwill is allocated to the Group’s cash-generating units - the subsidiary, Formosa Pharmaceuticals Inc. and SynChem, 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 six months ended June 30, 2024 and 2023, the discount rates were 18.51% and 17.90%, respectively.

(10) Other non-current assets

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Prepayments for business facilities	\$ 53,159	\$ 26,870	\$ 42,105
Prepayments for investment (Note 1)	-	52,025	-
Guarantee deposits paid (Note 2)	3,393	4,783	5,528
Others	1,298	1,743	1,237
	<u>\$ 57,850</u>	<u>\$ 85,421</u>	<u>\$ 48,870</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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Non-current items:			
New medicine development revenue share agreement	<u>\$ 64,900</u>	<u>\$ 61,410</u>	<u>\$ 62,280</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 June 30, 2024, the Group has received US\$2,000 thousand.

(12) Short-term borrowings

	<u>June 30, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 64,000	1.81%	Refer to Note 8
Unsecured borrowings	630,000	1.75~1.82%	None
Other short-term borrowings	2,596	-	"
	<u>\$ 696,596</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	1,210,000	1.75%	None
	<u>\$ 1,434,000</u>		
	<u>June 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 404,000	1.75%~1.83%	Refer to Note 8
Unsecured borrowings	930,000	1.75%~1.85%	None
Import and export financing	77,432	1.85%	"
	<u>\$ 1,411,432</u>		

Interest expense recognised in profit or loss amounted to \$5,860, \$6,752, \$12,339 and \$13,872 for the three months and six months ended June 30, 2024 and 2023, respectively.

(13) Short-term notes and bills payable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Commercial paper payable	\$ 180,000	\$ 100,000	\$ 150,000
Less: Unamortized commercial paper payable	(103)	(41)	(95)
	<u>\$ 179,897</u>	<u>\$ 99,959</u>	<u>\$ 149,905</u>
Interest rate	<u>1.93%</u>	<u>1.83%</u>	<u>1.84%</u>

(14) Other payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Salaries and bonus payable	\$ 169,666	\$ 219,269	\$ 165,128
Payables for dividends	240,512	-	120,256
Payable on machinery and equipment	103,673	78,899	116,674
Service expenses payable	96,239	77,624	69,655
Accrued commission	56,026	42,785	37,151
Consumables payable	41,205	41,462	35,961
Withholding tax payable	38,940	18,423	-
Repairs and maintenance expense payable	32,319	31,718	28,752
Employees' compensation and directors' and supervisors' remuneration payable	51,031	19,844	64,763
Utilities expense payable	25,951	20,970	20,943
Revenue share payable	16,225	3,838	-
Import and export charges payable	18,393	14,222	10,762
Others	97,622	84,105	85,453
	<u>\$ 987,802</u>	<u>\$ 653,159</u>	<u>\$ 755,498</u>

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 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.	2.11%	Note 2	\$ 350,000
		2.33%	"	27,532
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2020.9.15 ~ 2024.9.15 Quarterly and average repayment starting from December 2021. 2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021. 2021.7.28 ~ 2025.7.28 Quarterly and average repayment starting from June 2024. 2022.8.4 ~ 2026.8.4 Quarterly and average repayment starting from May 2025.	2.13% 2.38% 2.38% 2.38%	" " " None	5,167 24,500 20,500 90,000
CTBC Bank Co., Ltd. Tao-Yuan Branch.	2024.2.28 ~ 2026.2.28 The principal will be repaid upon maturity.	2.21%	"	150,000
E.SUN Bank Taoyuan Corporate Banking Center	2024.2.6 ~ 2027.2.6 The principal will be repaid upon maturity.	2.12%	"	200,000
O-Bank Co., Ltd. (Note 1)	2024.6.5 ~ 2026.6.4 The principal will be repaid upon maturity.	2.28%	"	200,000
DBS Bank Limited (Note 1)	2024.6.30 ~ 2026.6.30 The principal will be repaid upon maturity.	1.97%	"	100,000
Taishin International Bank (Note 1)	2023.7.31 ~ 2025.7.31 The principal will be repaid upon maturity.	2.23%	"	200,000
Entie Commercial Bank, Ltd. He Ping Branch (Note 1)	2024.4.30 ~ 2026.4.30 The principal will be repaid upon maturity.	2.12%	"	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.	2.33%	"	83,333
CHANG HWA COMMERCIAL BANK, LTD.	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022. 2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	2.16% 2.16%	" "	25,000 37,500
SUNNY BANK.	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024. 2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023. 2023.3.10 ~ 2026.3.10 (Note 1) The principal will be repaid upon maturity.	2.20% 2.20% 2.20%	Note 2 None "	461,539 200,378 297,800
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.	2.36%	"	70,000
				2,743,249
Less: Current portion (shown as other current liabilities)				(455,787)
				<u>\$ 2,287,462</u>

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)
				<u>\$ 2,037,897</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2023
Mid-term and long-term bank borrowings				
Mega International Commercial Bank (Note 1)	2023.2.25 ~ 2026.2.24 The principal will be repaid upon maturity.	2.03%	Note 2	\$ 190,000
	2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2021.	2.08%	"	41,298
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2019.12.19 ~ 2023.12.19 Quarterly and average repayment starting from March 2021.	1.88%	"	16,333
	2020.9.15 ~ 2024.9.15 Quarterly and average repayment starting from December 2021.	1.88%	"	25,833
	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021.	2.13%	"	42,875
	2021.7.28 ~ 2025.7.28 Quarterly and average repayment starting from June 2024.	2.13%	"	36,900
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	140,000
O-Bank Co., Ltd. (Note 1)	2022.7.4 ~ 2024.7.3 The principal will be repaid upon maturity.	2.17%	"	100,000
DBS Bank Limited (Note 1)	2023.6.30 ~ 2025.6.30 The principal will be repaid upon maturity.	2.03%	"	100,000
Taishin International Bank. (Note 1)	2022.7.31 ~ 2025.1.31 The principal will be repaid upon maturity.	2.19%	"	200,000
Entie Commercial Bank, Ltd. He Ping Branch (Note 1)	2022.3.16 ~ 2024.3.16 The principal will be repaid upon maturity.	2.19%	"	100,000
TAICHUNG COMMERCIAL BANK Co., Ltd.	2021.9.17 ~ 2024.9.17 Quarterly and average repayment starting from December 2021.	2.08%	"	41,667
Taipei Fubon Bank (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%	"	62,500
	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	1.91%	"	87,500
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	264,985
	2023.3.10 ~ 2026.3.10 (Note 1) The principal will be repaid upon maturity.	1.95%	"	297,800
				2,347,691
Less: Current portion (shown as other current liabilities)				(328,067)
				\$ 2,019,624

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

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

- A. Under the loan agreements, the Group is required to compute and maintain certain financial covenants based on the annual and semi-annual consolidated financial statements. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group has met all the required covenants.
- B. As at June 30, 2024, December 31, 2023 and June 30, 2023, the Group had total undrawn borrowing facilities of \$2,115,730, \$1,605,730 and \$1,690,317, 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, \$178, \$420 and \$356 for the three months and six months ended June 30, 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 and six months ended June 30, 2024 and 2023 were \$9,464, \$8,822, \$19,205 and \$17,593, respectively.

(17) Share-based payment

A. For the six months ended June 30, 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
Formosa Pharmaceuticals Inc. cash capital increase reserved for employee preemption	2024.06.20	1680 million shares	Not applicable	Immediately rested

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 exercised (20,000)	(20,000)	39.70	-	-
Options expired	-	-	(50,000)	40.80
Options outstanding at June 30	<u>470,000</u>	<u>\$ 39.70</u>	<u>490,000</u>	<u>\$ 39.70</u>
Options exercisable at June 30	<u>225,000</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:

June 30, 2024			
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
2022.03.09	2027.03.08	470,000	\$ 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

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

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

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (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. The fair value of stock options granted on cash capital increase reserved for employee preemption 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.-Cash capital increase reserved for employee preemption	2024.06.20	\$56.70 (Note 1)	\$ 36.00	19.98% (Note 2)	0.06 years	0%	1.22%	\$ 20.7263

Note 1: It was set based on the closing price of target shares in Taipei Exchange on the grant date.

Note 2: The estimation was based on the closing prices of the subject company's stock from the given date backward, with durations approximating the expected life of the stock options.

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

	Three months ended June 30,	
	2024	2023
Equity-settled	\$ 35,085	\$ 687

	Six months ended June 30,	
	2024	2023
Equity-settled	\$ 35,665	\$ 1,032

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

(18) Share capital

As of June 30, 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 earnings for 2023 and 2022 had been resolved at the shareholders' meeting on June 25, 2024 and June 27, 2023, respectively. 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>	

(21) Other equity items

	Six months ended June 30, 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	(16,196)	-	(16,196)
Currency translation differences:			
–Subsidiaries and associates	-	(4,672)	(4,672)
–Tax on subsidiaries and associates	-	934	934
At June 30	<u>\$ 3,656</u>	<u>(\$ 17,423)</u>	<u>(\$ 13,767)</u>

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

(22) Operating revenue

	Three months ended June 30,	
	2024	2023
Revenue from contracts with customers		
Sales revenue	\$ 1,214,219	\$ 1,028,849
Service revenue	92	27,486
Authorization	201	30,599
	<u>\$ 1,214,512</u>	<u>\$ 1,086,934</u>
	Six months ended June 30,	
	2024	2023
Revenue from contracts with customers		
Sales revenue	\$ 2,206,923	\$ 1,917,163
Service revenue	13,691	71,141
Authorization	128,001	30,599
	<u>\$ 2,348,615</u>	<u>\$ 2,018,903</u>

A. Disaggregation of revenue from contracts with customers

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

Three months ended June 30, 2024				
	At a point in time		Over time	
	Sales revenue	Technology licensing	Service revenue	Total
India	\$ 261,208	\$ -	\$ -	\$ 261,208
United States	194,058	-	3,824	197,882
Netherlands	167,891	-	-	167,891
Taiwan	79,329	-	9,739	89,068
Japan	68,684	-	-	68,684
China	54,133	-	4,757	58,890
Switzerland	89,600	-	(18,651)	70,949
Germany	28,847	-	-	28,847
Others	270,469	201	423	271,093
	<u>\$ 1,214,219</u>	<u>\$ 201</u>	<u>\$ 92</u>	<u>\$ 1,214,512</u>
Three months ended June 30, 2023				
	At a point in time		Over time	
	Sales revenue	Technology licensing	Service revenue	Total
India	\$ 271,970	\$ -	\$ -	\$ 271,970
Netherlands	146,873	-	-	146,873
Japan	77,452	-	-	77,452
Germany	77,785	-	-	77,785
United States	68,320	-	925	69,245
Taiwan	58,277	-	15,083	73,360
Switzerland	82,475	-	-	82,475
China	34,708	30,599	-	65,307
Canada	36,329	-	-	36,329
Others	174,660	-	11,478	186,138
	<u>\$ 1,028,849</u>	<u>\$ 30,599</u>	<u>\$ 27,486</u>	<u>\$ 1,086,934</u>
Six months ended June 30, 2024				
	At a point in time		Over time	
	Sales revenue	Technology licensing	Service revenue	Total
India	\$ 483,510	\$ -	\$ -	\$ 483,510
United States	264,794	127,800	7,054	399,648
Netherlands	290,642	-	-	290,642
Taiwan	172,501	-	23,312	195,813
Japan	120,696	-	8,754	129,450
China	114,098	-	4,757	118,855
Switzerland	144,699	-	(34,194)	110,505
Germany	104,307	-	-	104,307
Others	511,676	201	4,008	515,885
	<u>\$ 2,206,923</u>	<u>\$ 128,001</u>	<u>\$ 13,691</u>	<u>\$ 2,348,615</u>

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

B. Contract assets and liabilities

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

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Contract liabilities	<u>\$ 103,140</u>	<u>\$ 193,102</u>	<u>\$ 143,695</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:

	Three months ended June 30,	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the period	<u>\$ 23,571</u>	<u>\$ 5,947</u>
	Six months ended June 30,	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the period	<u>\$ 127,459</u>	<u>\$ 13,083</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 June 30, 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 June 30, 2024, the Group has received US\$2,000 and 1,101 thousand ordinary shares of EYEN, shown as ‘non-current financial assets at fair value through other comprehensive income’. From the contract signing date to June 30, 2024, the Group has recognised revenue of \$127,800.

(23) Interest income

	Three months ended June 30,	
	2024	2023
Interest income from bank deposits	\$ 7,119	\$ 5,221
Financial assets at amortised cost		
Interest income	2,978	-
	<u>\$ 10,097</u>	<u>\$ 5,221</u>
	Six months ended June 30,	
	2024	2023
Interest income from bank deposits	\$ 8,117	\$ 7,551
Financial assets at amortised cost		
Interest income	6,828	2,503
	<u>\$ 14,945</u>	<u>\$ 10,054</u>

(24) Other gains and losses

	Three months ended June 30,	
	2024	2023
Loss on disposal of property, plant and equipment	\$ 12	\$ -
Gains arising from lease modifications	60	-
Net currency exchange gains	4,140	19,351
Net gains (losses) on financial assets at fair value through profit or loss	85,337	(82,514)
Others	(85)	(181)
	<u>\$ 89,464</u>	<u>(\$ 63,344)</u>

		Six months ended June 30,	
		2024	2023
Loss on disposal of property, plant and equipment	(\$	655)	\$ -
Gains arising from lease modifications		60	-
Net currency exchange gains (losses)		42,477	(7,939)
Net losses on financial assets at fair value through profit or loss	(	164,883)	(209,543)
Loss arising from contingent consideration (Note)	(	6,961)	-
Others	(	185)	(181)
	(\$	130,147)	(\$ 217,663)

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 June 30,	
		2024	2023
Interest expense:			
Bank borrowings	\$	18,404	\$ 17,630
Others		484	469
		18,888	18,099
Less: Capitalisation of qualifying assets	(	9,565)	(16,381)
Finance costs	\$	9,323	\$ 1,718

		Six months ended June 30,	
		2024	2023
Interest expense:			
Bank borrowings	\$	37,695	\$ 35,206
Others		655	618
		38,350	35,824
Less: Capitalisation of qualifying assets	(	18,559)	(23,823)
Finance costs	\$	19,791	\$ 12,001

(26) Expenses by nature

		Three months ended June 30,	
		2024	2023
Employee benefit expense	\$	326,082	\$ 287,026
Depreciation charges on right-of-use assets, property, plant and equipment	\$	120,942	\$ 110,504
Amortisation charges on intangible assets and other non-current assets	\$	6,222	\$ 6,313

	Six months ended June 30,	
	2024	2023
Employee benefit expense	\$ 612,791	\$ 518,179
Depreciation charges on right-of-use assets, property, plant and equipment	\$ 241,013	\$ 222,776
Amortisation charges on intangible assets and other non-current assets	\$ 12,542	\$ 13,291

(27) Employee benefit expense

	Three months ended June 30,	
	2024	2023
Wages and salaries	\$ 255,099	\$ 253,218
Labour and health insurance fees	19,363	17,730
Pension costs	9,674	9,000
Other personnel expenses	6,861	6,391
Employee stock options	35,085	687
	\$ 326,082	\$ 287,026

	Six months ended June 30,	
	2024	2023
Wages and salaries	\$ 502,394	\$ 449,544
Labour and health insurance fees	41,430	37,753
Pension costs	19,625	17,949
Other personnel expenses	13,677	11,901
Employee stock options	35,665	1,032
	\$ 612,791	\$ 518,179

- 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 and six months ended June 30, 2024 and 2023, employees' compensation was accrued at \$25,200, 24,040, \$25,200 and \$25,000, respectively; while directors' remuneration was accrued at \$5,987, \$2,882, \$5,987 and \$3,265, respectively. The aforementioned amounts were recognised in salary expenses. For the six months ended June 30, 2023, 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 June 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 57,471	\$ 44,630
Prior year income tax overestimation	(24,681)	(9,737)
Total current tax	32,790	34,893
Deferred tax:		
Origination and reversal of temporary differences	(8,099)	6,713
Income tax expense	<u>\$ 24,691</u>	<u>\$ 41,606</u>

	Six months ended June 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 109,907	\$ 83,262
Prior year income tax overestimation	(24,681)	(9,737)
Total current tax	85,226	73,525
Deferred tax:		
Origination and reversal of temporary differences	(2,086)	11,037
Income tax expense	<u>\$ 83,140</u>	<u>\$ 84,562</u>

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

	Three months ended June 30,	
	2024	2023
Currency translation differences	<u>(\$ 636)</u>	<u>(\$ 798)</u>

	Six months ended June 30,	
	2024	2023
Currency translation differences	<u>(\$ 934)</u>	<u>(\$ 988)</u>

B. The income tax returns of the Company and Epione Pharmaceuticals, Inc. through 2022 and Formosa Pharmaceuticals Inc. through 2021 have been assessed and approved by the Tax Authority.

(29) Earnings per share

Three months ended June 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 283,929	120,256	\$ 2.36
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 283,929	120,256	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	253	
Profit attributable to ordinary shareholders of the parent	\$ 283,929	120,509	\$ 2.36
Three months ended June 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 83,376	120,256	\$ 0.69
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 83,376	120,256	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	271	
Profit attributable to ordinary shareholders of the parent	\$ 83,376	120,527	\$ 0.69

Six months ended June 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 187,910	120,256	\$ 1.56
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 187,910	120,256	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	317	
Profit attributable to ordinary shareholders of the parent	\$ 187,910	120,573	\$ 1.56
Six months ended June 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 58,214	120,256	\$ 0.48
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 58,214	120,256	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	422	
Profit attributable to ordinary shareholders of the parent	\$ 58,214	120,678	\$ 0.48

(30) Transactions with non-controlling interest

- A. Some employees of the subsidiary, Formosa Pharmaceuticals Inc., exercised share options amounting to 20,000 shares for the three months ended June 30, 2024. In accordance with laws and regulations, the shares can be issued before applying the registration of the capital change to the competent authority. As of June 30, 2024, proceeds from shares had been received in the amount of \$794. The registration of the capital change due to the share options of 20,000 shares exercised by employees has not yet been completed. The Group's shareholding ratio in Formosa Pharmaceuticals Inc. decreased from 45.84% to 45.83%.
- B. 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) Business combinations

- A. On June 1, 2024, the Group acquired 100% equity interest in SynChem-Formosa, Inc. in cash in the amount of \$28,898, and had control over the company. SynChem-Formosa, Inc. operates CDMO business in the U.S. The Group expects that the Group's market size can be expanded and increased after the acquisition.
- B. The following table summarises the consideration paid for SynChem-Formosa, Inc. and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>June 1, 2024</u>
Purchase consideration	
Cash	<u>\$ 28,898</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	\$ 1,411
Accounts receivable	2,094
Prepayments	211
Other current assets	176
Property, plant and equipment	178
Right-of-use assets	36,905
Intangible assets	1,351
Short-term borrowings	(2,585)
Accounts payable	(197)
Other payables	(3,216)
Current lease liabilities	(1,968)
Deferred tax liabilities	(385)
Non-current lease liabilities	(34,936)
Total identifiable net assets	(961)
Goodwill	<u>\$ 29,859</u>

C. The allocation of purchase price for the acquisition of 100% equity interest in SynChem-Formosa, Inc. is not yet completed as of June 30, 2024. The fair values of identifiable intangible assets acquired and goodwill are estimated at \$1,351 and \$29,859, respectively, which will be confirmed after obtaining the appraisal report. The allocation of purchase price of such assets will be completed within one year.

(32) Supplemental cash flow information

A. Investing activities with partial cash payments

	Six months ended June 30,	
	2024	2023
Purchase of property, plant and equipment	\$ 236,548	\$ 266,299
Add: Opening balance of payable on equipment	78,899	54,660
Less: Ending balance of payable on equipment	(103,673)	(116,674)
Cash paid during the period	<u>\$ 211,774</u>	<u>\$ 204,285</u>

	Six months ended June 30,	
	2024	2023
Acquisition of subsidiaries		
Add: Beginning contingent consideration payable (shown as 'other current/non-current liabilities')	\$ 69,931	\$ 33,709
Net exchange differences	2,397	472
Loss from measurement of contingent consideration	6,961	-
Less: Ending contingent consideration (shown as 'other current/non-current liabilities')	-	(34,181)
Cash paid during the period	<u>\$ 79,289</u>	<u>\$ -</u>

B. Financing activities with no cash flow effects

	Six months ended June 30,	
	2024	2023
Cash dividends declared but not paid	<u>\$ 240,512</u>	<u>\$ 120,256</u>

(33) Changes in liabilities from financing activities

	2024					
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liability	New medicine development revenue share agreement	Liabilities from financing activities-gross
At January 1	\$ 1,434,000	\$ 99,959	\$ 2,486,681	\$ 42,750	\$ 61,410	\$ 4,124,800
Changes in cash flow from financing activities	(740,000)	79,938	256,568	(14,255)	-	(417,749)
Changes in other non-cash items	2,596	-	-	83,587	2,590	88,773
At June 30	<u>\$ 696,596</u>	<u>\$ 179,897</u>	<u>\$ 2,743,249</u>	<u>\$ 112,082</u>	<u>\$ 64,000</u>	<u>\$ 3,795,824</u>

	2023					
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liability	New medicine development revenue share agreement	Liabilities from financing activities-gross
At January 1	\$ 1,449,666	\$ 49,909	\$ 2,256,773	\$ 43,529	\$ 61,420	\$ 3,861,297
Changes in cash flow from financing activities	(38,234)	99,996	90,918	(13,611)	-	139,069
Changes in other non-cash items	-	-	-	7,356	860	8,216
At June 30	<u>\$ 1,411,432</u>	<u>\$ 149,905</u>	<u>\$ 2,347,691</u>	<u>\$ 37,274</u>	<u>\$ 62,280</u>	<u>\$ 4,008,582</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

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

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

(3) Significant related party transactions

A. Operating revenue

	Three months ended June 30,	
	2024	2023
Sales of goods:		
Associates	\$ 18,720	\$ 21,229
Other related parties	6,801	-
	<u>\$ 25,521</u>	<u>\$ 21,229</u>
	Six months ended June 30,	
	2024	2023
Sales of goods:		
Associates	\$ 35,750	\$ 50,120
Other related parties	19,878	-
	<u>\$ 55,628</u>	<u>\$ 50,120</u>

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

	Three months ended June 30,	
	2024	2023
Sales of services:		
Other related parties	\$ 961	\$ 1,582
	Six months ended June 30,	
	2024	2023
Sales of services:		
Other related parties	\$ 2,623	\$ 7,134

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

	Three months ended June 30,	
	2024	2023
Purchases of goods:		
Other related parties	\$ -	\$ -
	Six months ended June 30,	
	2024	2023
Purchases of goods:		
Other related parties	\$ 2,135	\$ -

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 June 30,	
	2024	2023
Other related parties	\$ -	\$ 1,113
	Six months ended June 30,	
	2024	2023
Other related parties	\$ 1,657	\$ 1,873

D. Accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Associates	\$ 17,224	\$ 7,701	\$ 18,982
Other related parties	2,430	4,136	1,386
Loss allowance	(6)	(3)	(6)
	<u>\$ 19,648</u>	<u>\$ 11,834</u>	<u>\$ 20,362</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

	June 30, 2024	December 31, 2023	June 30, 2023
Other receivables			
Associates	\$ 34	\$ 28	\$ 48

F. Other payables

	June 30, 2024	December 31, 2023	June 30, 2023
Other related parties	\$ 147	\$ 2,636	\$ 588

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

G. Financial liabilities at amortised cost

	June 30, 2024	December 31, 2023	June 30, 2023
Other related parties	\$ 64,900	\$ 61,410	\$ 62,280

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 June 30,	
	2024	2023
Salaries and other short-term employee benefits	\$ 23,007	\$ 23,945
Post-employment benefits	343	374
Share-based payments	12,936	84
	<u>\$ 36,286</u>	<u>\$ 24,403</u>

	Six months ended June 30,	
	2024	2023
Salaries and other short-term employee benefits	\$ 44,588	\$ 40,479
Post-employment benefits	714	745
Share-based payments	13,126	167
	<u>\$ 58,428</u>	<u>\$ 41,391</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2024	December 31, 2023	June 30, 2023	
Financial assets at fair value through profit or loss	\$ 859,750	\$ 954,750	\$ 1,120,000	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	1,613,705	1,644,340	957,777	"
Machinery and equipment	138,071	147,802	157,759	Guarantee for mid-term and long-term borrowings facility
Pollution-prevention equipment	4,228	4,665	5,102	"
Unfinished construction and equipment under acceptance	437,034	433,466	981,559	"
Guarantee deposits paid (shown as "other non-current assets")	40	1,659	2,477	Performance guarantee
	<u>\$ 3,708,778</u>	<u>\$ 3,842,632</u>	<u>\$ 3,880,624</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:

	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	\$ 306,730	\$ 356,208	\$ 249,855

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

The aforementioned contingent price will be paid in accordance with the progress for application of clinical testing, patent and new medicine. The maximum amount is US\$8,500 thousand, which will be paid based on a certain percentage of the sales amount as specified in the contract when the product is launched in the market. As of June 30, 2024 and 2023, accumulated payments of the contact price were US\$8,500 thousand and US\$6,000 thousand, respectively. As of June 30, 2024 and 2023, the outstanding payment of \$0 (US\$0) and \$34,181 (US\$1,098 thousand) was shown as other non-current liabilities, respectively.

C. As of June 30, 2024, the Group has signed laboratory service contracts with future payment obligations amounting to \$202,705.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

During the six months ended June 30, 2024, the Group's strategy, which was unchanged from 2023, was to maintain the gearing ratio within a certain range. The gearing ratios at June 30, 2024, December 31, 2023 and June 30, 2023 were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Total borrowings	\$ 3,619,743	\$ 4,020,640	\$ 3,909,028
Less: Cash and cash equivalents	(916,320)	(1,526,013)	(1,948,308)
Net debt	2,703,423	2,494,627	1,960,720
Total equity	8,096,944	8,210,201	8,244,605
Total capital	\$ 10,800,367	\$ 10,704,828	\$ 10,205,325
Gearing ratio	25.01%	23.30%	19.21%

(2) Financial instruments

A. Financial instruments by category

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,840,866	\$ 1,961,831	\$ 2,183,976
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 114,910	\$ 121,269	\$ 79,097
Financial assets at amortised cost			
Cash and cash equivalents	\$ 916,320	\$ 1,526,013	\$ 1,948,308
Financial assets at amortised cost	866,594	831,410	-
Notes and accounts receivable (including related parties)	1,167,163	960,009	956,710
Other receivables due from related parties	57,390	63,353	153,939
Guarantee deposits paid (shown as "other non-current assets")	3,393	4,783	5,528
	\$ 3,010,860	\$ 3,385,568	\$ 3,064,485
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 696,596	\$ 1,434,000	\$ 1,411,432
Short-term notes and bills payable	179,897	99,959	149,905
Notes and accounts payable	228,392	203,126	204,631
Other payables	987,949	655,795	756,086
Long-term borrowings (including current portion)	64,900	61,410	62,280
Contingent consideration (shown as other liabilities)	2,743,249	2,486,681	2,347,691
	\$ 4,900,983	\$ 4,940,971	\$ 4,932,025
Lease liability (including current portion)	\$ 112,082	\$ 42,749	\$ 37,274

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:

	June 30, 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	\$ 43,082	32.45	\$ 1,398,011
USD:JPY	3,200	160.88	104,006
<u>Non-monetary items</u>			
JPY:NTD	622,013	0.2017	125,460
USD:NTD	2,305	32.45	74,789
EUR:NTD	2,315	34.71	80,346
HKD:NTD	11,229	4.155	46,656
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	19,231	32.45	624,046

December 31, 2023			
(Foreign currency: functional currency)	Foreign currency amount (in thousands)		Carrying amount (NTD)
		Exchange rate	
<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

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

- iv. The exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2024 and 2023, amounted to \$4,140, \$19,351, \$42,477 and (\$7,939), respectively.

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

Six months ended June 30, 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%	\$	13,980	\$ -
USD:JPY	1%		1,040	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		6,240	-
Six months ended June 30, 2023				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	12,675	\$ -
USD:JPY	1%		1,059	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		5,042	-

Price risk

- 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.
- The Group's investments in equity securities comprise equity instruments issued by domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for

the six months ended June 30, 2024 and 2023 would have increased/decreased by \$18,409 and \$21,840, 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 \$1,149 and \$791, 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 six months ended June 30, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
- ii. At June 30, 2024, December 31, 2023 and June 30, 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 six months ended June 30, 2024 and 2023 would have decreased by \$1,097 and \$939, 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 June 30, 2024, December 31, 2023 and June 30, 2023, the balances of loss allowance were \$256, \$195 and \$231, respectively.
- (ii) The loss allowance for non-optimal customers' accounts was estimated by using provision roll rate matrix. As of June 30, 2024, December 31, 2023 and June 30, 2023, related information is as follows:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>June 30, 2024</u>			
Not past due	1.18%	\$ 267,653	\$ 3,150
Up to 30 days past due	16.65%	50,200	8,356
31~ 90 days past due	55.92~100%	17,599	9,859
91~ 180 days past due	100.00%	-	-
181 days past due	100.00%	1,285	1,285
Total		<u>\$ 336,737</u>	<u>\$ 22,650</u>

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</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>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>June 30, 2023</u>			
Not past due	0.35%	\$ 182,190	\$ 633
Up to 30 days past due	48.46%	3,173	1,538
31~ 90 days past due	100.00%	-	-
91~ 180 days past due	100.00%	-	-
181 days past due	100.00%	779	779
Total		<u>\$ 186,142</u>	<u>\$ 2,950</u>

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

	Six months ended June 30, 2024		
	Non-related parties	Related parties	Total
Balance at January 1	\$ 7,312	\$ 3	\$ 7,315
Provision for impairment loss	15,588	3	15,591
Balance at March 31	<u>\$ 22,900</u>	<u>\$ 6</u>	<u>\$ 22,906</u>

	Six months ended June 30, 2023		
	Non-related parties	Related parties	Total
Balance at January 1	\$ 33,774	\$ 4	\$ 33,778
Reversal of impairment loss	(30,599)	2	(30,597)
Balance at March 31	<u>\$ 3,175</u>	<u>\$ 6</u>	<u>\$ 3,181</u>

For provisioned loss on June 30, 2024 and 2023, the impairment losses (reversal) arising from customers' contracts were \$15,591 and (\$30,597), respectively.

(c) Liquidity risk

- Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational requirements.
- The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

June 30, 2024	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
New medicine development revenue share agreement	\$ -	\$ -	\$ 64,900	\$ -
Short-term borrowings	697,367	-	-	-
Short-term notes and bills payable	179,897	-	-	-
Notes payable	303	-	-	-
Accounts payable	228,089	-	-	-
Other payables	987,949	-	-	-
Lease liability (including current portion)	28,873	21,629	14,591	66,812
Long-term borrowings (including current portion)	510,597	1,526,206	808,155	-
	<u>\$ 2,633,075</u>	<u>\$ 1,547,835</u>	<u>\$ 887,646</u>	<u>\$ 66,812</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)	497,079	1,019,545	945,651	112,238
	<u>\$ 2,916,447</u>	<u>\$ 1,031,580</u>	<u>\$ 1,014,909</u>	<u>\$ 114,651</u>

Non-derivative financial liabilities:

June 30, 2023	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
New medicine development revenue share agreement	\$ -	\$ 62,280	\$ -	\$ -
Short-term borrowings	1,456,152	-	-	-
Short-term notes and bills payable	149,905	-	-	-
Notes payable	411	-	-	-
Accounts payable	204,220	-	-	-
Other payables	756,086	-	-	-
Lease liability (including current portion)	23,113	10,746	3,082	1,954
Long-term borrowings (including current portion)	374,455	1,102,845	739,788	224,057
	<u>\$ 2,964,342</u>	<u>\$ 1,175,871</u>	<u>\$ 742,870</u>	<u>\$ 226,011</u>

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

June 30, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss - equity securities	\$ 1,765,080	\$ -	\$ 32,450	\$ 1,797,530
Venture fund	-	-	42,000	42,000
Convertible bonds	1,336	-	-	1,336
Financial assets at fair value through other comprehensive income - equity securities	-	18,339	96,571	114,910
Total	<u>\$ 1,766,416</u>	<u>\$ 18,339</u>	<u>\$ 171,021</u>	<u>\$ 1,955,776</u>
December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value 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 measurements</u>				
Financial liabilities at fair value through profit or loss	\$ -	\$ -	\$ 69,931	\$ 69,931

June 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair				
value through profit or				
loss - equity securities	\$ 2,142,536	\$ -	\$ 14,976	\$ 2,157,512
Venture fund	-	-	24,000	24,000
Convertible bonds	2,464	-	-	2,464
Financial assets at fair				
value through other				
comprehensive income -				
equity securities	-	-	79,097	79,097
Total	<u>\$ 2,145,000</u>	<u>\$ -</u>	<u>\$ 118,073</u>	<u>\$ 2,263,073</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair				
value through profit				
or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,181</u>	<u>\$ 34,181</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 six months ended June 30, 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	6,198	-	6,961	-
Gains and losses recognised in other comprehensive income	2,562	2,723	-	-
Acquired during the period	52,025	38,895	-	-
Payment during the period	-	-	(79,289)	-
Transfers out from level 3	(25,557)	-	-	-
Effect due to changes in exchange rates	-	-	2,397	472
At June 30	<u>\$ 171,021</u>	<u>\$ 118,073</u>	<u>\$ -</u>	<u>\$ 34,181</u>

E. Since Hcmed, Innovations Co., Ltd. was listed on the Emerging Stock Market in June 2024, sufficient market information has become available for observation. Consequently, at the end of the month in which this event occurred, the fair value adopted by the Group will be transferred from Level 3 to Level 2.

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

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

	Fair value at June 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 129,021</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Venture fund	<u>\$ 42,000</u>	Net asset value	Not applicable	-	Not applicable

	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 June 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>94,073</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Venture fund	\$ <u>24,000</u>	Net asset value	Not applicable	-	Not applicable
Non-derivative debt instrument:					
Payable for the acquisition of a company	\$ <u>34,181</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:

Six months ended June 30, 2024

	API	Other operating departments	Elimination	Total
Revenue from external customers	\$ 2,213,459	\$ 135,156	\$ -	\$ 2,348,615
Inter-segment revenue	22,386	-	(22,386)	-
Total segment revenue	<u>\$ 2,235,845</u>	<u>\$ 135,156</u>	<u>(\$ 22,386)</u>	<u>\$ 2,348,615</u>
Segment income	<u>(\$ 187,910)</u>	<u>(\$ 117,698)</u>	<u>\$ 66,971</u>	<u>\$ 137,183</u>
Segment income (loss), including				
Depreciation and amortisation	(\$ 242,633)	(\$ 21,405)	(\$ 10,483)	\$ 253,555
Expense of income tax	<u>(\$ 64,131)</u>	<u>(\$ 19,009)</u>	<u>\$ -</u>	<u>(\$ 83,140)</u>
Recognised investment profit or loss accounted for using equity method	<u>(\$ 437)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 437)</u>

Six months ended June 30, 2023

	API	Other operating departments	Elimination	Total
Revenue from external customers	\$ 1,988,304	\$ 30,599	\$ -	\$ 2,018,903
Inter-segment revenue	5,578	-	(5,578)	-
Total segment revenue	<u>\$ 1,993,882</u>	<u>\$ 30,599</u>	<u>(\$ 5,578)</u>	<u>\$ 2,018,903</u>
Segment income	<u>\$ 58,214</u>	<u>(\$ 142,914)</u>	<u>\$ 74,348</u>	<u>(\$ 10,352)</u>
Segment income (loss), including				
Depreciation and amortisation	<u>\$ 225,646</u>	<u>\$ 19,800</u>	<u>(\$ 9,379)</u>	<u>\$ 236,067</u>
Expense of income tax	<u>(\$ 81,682)</u>	<u>(\$ 2,880)</u>	<u>\$ -</u>	<u>(\$ 84,562)</u>
Recognised investment profit or loss accounted for using equity method	<u>(\$ 1,199)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 1,199)</u>

(4) Reconciliation for segment income (loss)

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Loans to others

Six months ended June 30, 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 six months ended June 30, 2024	Balance at June 30, 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				
0	Formosa Laboratories, Inc.	SynChem-Formosa, Inc.	Other receivables-related parties	Y	\$ 32,450	\$ 32,450	\$ -	-	2	\$ -	Revolving funds	\$ -	None	-	\$ 751,513	\$ 1,503,026	Note 2
1	Formosa Pharmaceuticals, Inc.	Activus Pharma Co., Ltd.	Other receivables-related parties	Y	13,000	8,000	-	3.244%	2	-	Revolving funds	-	None	-	303,431	354,002	Note 3

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

Note 2: Formosa Laboratories Japan loans to others:

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

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

Note 3: 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)
June 30, 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 June 30, 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	\$ 1,679,030	6.06	\$ 1,679,030	
Formosa Laboratories, Inc.	TOT Biopharm International Company Limited common stocks	None	Financial assets at fair value through profit or loss - current	5,121,500	46,656	0.66	34,656	
Formosa Laboratories, Inc.	TaiRx, Inc. common stocks	Other related party	Financial assets at fair value through profit or loss - current	346,000	13,837	0.31	13,837	
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	80,346	3.58	80,346	
Formosa Laboratories, Inc.	PHARMASTAR INC.common stocks	None	Non-current financial assets at fair value through other comprehensive income	500,000	16,225	20.00	16,225	
Formosa Laboratories, Inc.	Hcmed, Innovations Co., Ltd. common stocks	None	Financial assets at fair value through profit or loss - non-current	360,062	25,557	1.20	25,557	
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	934,578	32,450	1.29	32,450	
Epione Pharmaceuticals, Inc.	RiTdisplay Corporation II unsecured convertible bonds	None	Financial assets at fair value through profit or loss - current	10,000	1,008	-	1,008	
Epione Pharmaceuticals, Inc.	AcBel Polytech Inc. II unsecured convertible bonds	None	Financial assets at fair value through profit or loss - current	3,000	328	-	328	
Formosa Pharmaceuticals, Inc.	Eyenovia, Inc. (EYEN) shares	None	Non-current financial assets at fair value through other comprehensive income	1,101,301	18,339	1.74	18,339	

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

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

June 30, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 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	\$ 104,006	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
Six months ended June 30, 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	\$ 22,387	Note 5	1%
1	Activus Pharma. Co., Ltd.	Formosa Pharmaceuticals Inc.	3	Other receivables	104,006	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
Six months ended June 30, 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 June 30, 2024			Net income of	Investment	Footnote
				Balance as at June 30, 2024	Balance as at June 30, 2023	Number of shares	Ownership (%)	Book value	investee for the	income (loss)	
									six months ended June 30, 2024	recognised by the Company for the six months ended June 30, 2024	
Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	Taiwan	Research and development of new biotechnology medicine	\$ 1,231,638	\$ 1,231,638	61,487,653	45.83%	\$ 491,949	(\$ 116,320)	(\$ 44,567)	
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Taiwan	Research and development of new biotechnology medicine	40,000	40,000	4,000,000	100.00%	13,087	(33)	(33)	
Formosa Laboratories, Inc.	A.R.Z Taiwan Limited	Taiwan	Agency sales of raw materials and intermediates	2,716	2,716	271,620	45.00%	172	\$ 7	\$ 3	
Formosa Laboratories, Inc.	Formosa Laboratories Japan, Inc.	Japan	Agency sales of medicine and intermediates	1,105	1,105	400	40.00%	17,844	(1,099)	(440)	
Formosa Laboratories, Inc.	SynChem-Formosa, Inc.	USA	Research of organic synthesis, process development and medicinal chemistry contracts	28,898	-	311,996	100.00%	28,328	(560)	(560)	
Formosa Laboratories, Inc.	Epione Investment Cayman Limited	Cayman Islands	Medicine, chemical trade and investment business	18,482	18,482	619,000	100.00%	8,503	(1,045)	(1,045)	
Epione Investment Cayman Limited	Epione Investment HK Limited	Hong Kong	Medicine, chemical trade and investment business	16,287	16,287	544,500	100.00%	7,775	(954)	(954)	
Formosa Pharmaceuticals Inc.	Activus Pharma. Co., Ltd.	Japan	Research and development of new biotechnology medicine	274,633	274,633	1,942	99.23%	106,716	12,657	12,520	

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Six months ended June 30, 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	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024	Net income of investee for the six months ended June 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2024	Book value of investments in Mainland China as of June 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2024	Footnote
				China as of January 1, 2024	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	\$ 16,225	Note 1	\$ 16,225	\$ -	\$ -	\$ 16,225	(\$ 928)	100%	(\$ 928)	\$ 7,387	\$ -	Note 2

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

Note 2: The investment loss for the six months ended June 30, 2024 is calculated based on the Company's financial statements which were reviewed by independent auditors.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 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.	\$ 59,490	\$ 164,924	\$ 4,509,077

Note 3: The total investment amount approved by the Investment Commission, MOEA, was USD 5,082 thousand at the exchange rate of 32.45 and translated into \$164,924.

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

Note 5: The Company's accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024 was \$43,265, including investment in TOT Biopharm International Company Limited.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Major shareholders information

June 30, 2024

Table 7

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