

**FORMOSA LABORATORIES, INC. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 30, 2024 AND 2023**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Formosa Laboratories, Inc.

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Formosa Laboratories, Inc. and Subsidiaries (the “Group”) as at September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine 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 September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

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Yen, Yu-Fang

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Teng, Sheng-Wei

For and on Behalf of PricewaterhouseCoopers, Taiwan  
November 14, 2024

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

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

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

Assets			September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,278,076	9	\$ 1,526,013	11	\$ 1,235,959	9
1110	Financial assets at fair value through profit or loss - current	6(2) and 8	140,688	1	153,065	1	153,668	1
1136	Current financial assets at amortised cost, net	6(4)	1,150,000	8	831,410	6	834,540	6
1150	Notes receivable, net	6(5)	721	-	-	-	8	-
1170	Accounts receivable, net	6(5)	911,280	7	948,175	7	956,923	7
1180	Accounts receivable - related parties	7	25,317	-	11,834	-	10,056	-
1200	Other receivables		57,117	-	63,325	-	61,796	1
1210	Other receivables - related parties	7	34	-	28	-	38	-
1220	Current income tax assets		2,506	-	1,090	-	593	-
130X	Inventory	6(6)	1,882,831	14	1,597,467	12	1,659,338	13
1410	Prepayments		134,047	1	109,244	1	113,734	1
1470	Other current assets		2,887	-	2,015	-	13,567	-
11XX	Total current assets		5,585,504	40	5,243,666	38	5,040,220	38
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 8	1,663,656	12	1,808,766	13	1,756,020	13
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	114,248	1	121,269	1	101,101	1
1550	Investments accounted for under equity method	6(7)	19,207	-	19,808	-	18,986	-
1600	Property, plant and equipment	6(8) and 8	6,104,255	44	6,025,139	44	6,025,868	45
1755	Right-of-use assets		105,608	1	42,537	-	36,023	-
1780	Intangible assets	6(9)	219,756	1	204,431	2	205,530	2
1840	Deferred income tax assets		98,804	1	85,154	1	87,062	1
1900	Other non-current assets	6(8)(10) and 8	27,842	-	85,421	1	29,628	-
15XX	Total non-current assets		8,353,376	60	8,392,525	62	8,260,218	62
1XXX	Total assets		\$ 13,938,880	100	\$ 13,636,191	100	\$ 13,300,438	100

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

	Liabilities and Equity	Notes	September 30, 2024		December 31, 2023		September 30, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>							
2100	Short-term borrowings	6(12) and 8	\$ 843,949	6	\$ 1,434,000	11	\$ 1,334,000	10
2110	Short-term notes and bills payable	6(13)	159,958	1	99,959	1	109,974	1
2130	Current contract liabilities	6(22)	65,124	1	174,875	1	208,522	2
2150	Notes payable		-	-	1,017	-	1,320	-
2170	Accounts payable		263,520	2	202,109	1	193,003	1
2200	Other payables	6(14)	765,120	6	653,159	5	659,460	5
2220	Other payables to related parties	7	315	-	2,636	-	1,802	-
2230	Current income tax liabilities		55,149	-	98,702	1	52,522	-
2280	Current lease liabilities		24,267	-	23,358	-	21,632	-
2320	Long-term liabilities, current portion	6(15) and 8	420,871	3	448,784	3	438,402	3
2399	Other current liabilities	9	26,546	-	102,792	1	69,125	1
21XX	<b>Total current liabilities</b>		<u>2,624,819</u>	<u>19</u>	<u>3,241,391</u>	<u>24</u>	<u>3,089,762</u>	<u>23</u>
	<b>Non-current liabilities</b>							
2520	Non-current financial liabilities at amortised cost	6(11) and 7	63,300	-	61,410	1	64,540	1
2527	Non-current contract liabilities	6(22)	42,727	-	18,227	-	2,626	-
2540	Long-term borrowings	6(15) and 8	2,346,557	17	2,037,897	15	2,012,428	15
2570	Deferred income tax liabilities		20,709	-	24,303	-	29,437	-
2580	Non-current lease liabilities		81,823	1	19,391	-	14,214	-
2600	Other non-current liabilities	9	23,273	-	23,371	-	16,848	-
25XX	<b>Total non-current liabilities</b>		<u>2,578,389</u>	<u>18</u>	<u>2,184,599</u>	<u>16</u>	<u>2,140,093</u>	<u>16</u>
2XXX	<b>Total liabilities</b>		<u>5,203,208</u>	<u>37</u>	<u>5,425,990</u>	<u>40</u>	<u>5,229,855</u>	<u>39</u>
	<b>Equity attributable to owners of parent</b>							
	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		3,773,360	27	3,552,070	26	3,551,751	27
	Retained earnings	6(20)						
3310	Legal reserve		498,069	4	485,958	3	485,958	4
3320	Special reserve		19	-	54,984	-	54,984	-
3350	Unappropriated retained earnings		2,281,836	16	2,269,213	17	2,091,761	16
	Other equity interest	6(21)						
3400	Other equity interest		( 8,039)	-	6,167	-	( 10,893)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>7,747,805</u>	<u>56</u>	<u>7,570,952</u>	<u>55</u>	<u>7,376,121</u>	<u>56</u>
36XX	Non-controlling interest	4(3)	987,867	7	639,249	5	694,462	5
3XXX	<b>Total equity</b>		<u>8,735,672</u>	<u>63</u>	<u>8,210,201</u>	<u>60</u>	<u>8,070,583</u>	<u>61</u>
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9						
	Significant Events after the Balance Sheet Date	11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 13,938,880</u>	<u>100</u>	<u>\$ 13,636,191</u>	<u>100</u>	<u>\$ 13,300,438</u>	<u>100</u>

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

**FORMOSA LABORATORIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**

(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amount)

	Items	Notes	Three months ended September 30				Nine months ended September 30			
			2024		2023		2024		2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 1,030,885	100	\$ 1,129,226	100	\$ 3,379,500	100	\$ 3,148,129	100
5000	Operating costs	6(6)(26)(27) and 7	( 606,725)	( 59)	( 642,265)	( 57)	( 1,890,470)	( 56)	( 1,750,761)	( 56)
5900	Net operating margin		424,160	41	486,961	43	1,489,030	44	1,397,368	44
	Operating expenses	6(26)(27) and 7								
6100	Selling expenses		( 46,596)	( 4)	( 48,385)	( 4)	( 156,342)	( 4)	( 137,108)	( 4)
6200	General and administrative expenses		( 68,174)	( 7)	( 67,464)	( 6)	( 230,244)	( 7)	( 204,401)	( 7)
6300	Research and development expenses		( 191,148)	( 18)	( 220,435)	( 20)	( 614,612)	( 18)	( 644,002)	( 20)
6450	Impairment gain and reversal of impairment loss (expected credit loss) determined in accordance with IFRS 9	12(2)	( 5,898)	( 1)	( 2,764)	-	( 21,489)	( 1)	27,833	1
6000	Total operating expenses		( 311,816)	( 30)	( 339,048)	( 30)	( 1,022,687)	( 30)	( 957,678)	( 30)
6900	Operating profit		112,344	11	147,913	13	466,343	14	439,690	14
	Non-operating income and expenses									
7100	Interest income	6(23)	6,522	1	5,297	-	21,467	1	15,351	1
7010	Other income		2,964	-	2,786	-	4,718	-	6,028	-
7020	Other gains and losses	6(2)(24)	( 88,958)	( 9)	( 253,151)	( 22)	( 219,105)	( 7)	( 470,814)	( 15)
7050	Finance costs	6(25)	( 9,864)	( 1)	( 8,622)	( 1)	( 29,655)	( 1)	( 20,623)	( 1)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(7)	( 605)	-	( 6,007)	1	( 1,042)	-	( 4,808)	-
7000	Total non-operating income and expenses		( 89,941)	( 9)	( 247,683)	( 22)	( 233,617)	( 7)	( 465,250)	( 15)
7900	Profit (loss) before income tax		22,403	2	( 99,770)	( 9)	242,726	7	( 25,560)	( 1)
7950	Income tax expense	6(28)	( 27,502)	( 2)	( 65,533)	( 5)	( 10,642)	( 3)	( 150,095)	( 5)
8200	Profit (loss) for the period		<u>(\$ 5,099)</u>	<u>-</u>	<u>(\$ 165,303)</u>	<u>( 14)</u>	<u>\$ 132,084</u>	<u>4</u>	<u>(\$ 175,655)</u>	<u>( 6)</u>
	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)	( \$ 662)	-	( \$ 9,897)	( 1)	( \$ 39,021)	( 1)	( \$ 7,174)	-
8310	Other comprehensive loss that will not be reclassified to profit or loss		( 662)	-	( 9,897)	( 1)	( 39,021)	( 1)	( 7,174)	-
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		12,295	1	524	-	3,333	-	( 8,954)	-
8399	Income tax relating to the components of other comprehensive income	6(28)	( 1,318)	-	( 42)	-	( 384)	-	946	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		10,977	1	482	-	2,949	-	( 8,008)	-
8300	Total other comprehensive income (loss) for the period		<u>\$ 10,315</u>	<u>1</u>	<u>(\$ 9,415)</u>	<u>( 1)</u>	<u>(\$ 36,072)</u>	<u>( 1)</u>	<u>(\$ 15,182)</u>	<u>-</u>
8500	Total comprehensive income (loss) for the period		<u>\$ 5,216</u>	<u>1</u>	<u>(\$ 174,718)</u>	<u>( 15)</u>	<u>\$ 96,012</u>	<u>3</u>	<u>(\$ 190,837)</u>	<u>( 6)</u>
	Profit (loss) attributable to:									
8610	Owners of the parent		\$ 22,371	3	( \$ 114,554)	( 10)	\$ 210,281	6	( \$ 56,340)	( 2)
8620	Non-controlling interest		( 27,470)	( 3)	( 50,749)	( 4)	( 78,197)	( 2)	( 119,315)	( 4)
			<u>(\$ 5,099)</u>	<u>-</u>	<u>(\$ 165,303)</u>	<u>( 14)</u>	<u>\$ 132,084</u>	<u>4</u>	<u>(\$ 175,655)</u>	<u>( 6)</u>
	Comprehensive income (loss) attributable to:									
8710	Owners of the parent		\$ 28,099	3	( \$ 118,517)	( 10)	\$ 196,075	6	( \$ 61,530)	( 2)
8720	Non-controlling interest		( 22,883)	( 2)	( 56,201)	( 5)	( 100,063)	( 3)	( 129,307)	( 4)
			<u>\$ 5,216</u>	<u>1</u>	<u>(\$ 174,718)</u>	<u>( 15)</u>	<u>\$ 96,012</u>	<u>3</u>	<u>(\$ 190,837)</u>	<u>( 6)</u>
	Earnings per share (in dollars)	6(29)								
9750	Basic earnings per share		\$ 0.19		( \$ 0.95)		\$ 1.75		( \$ 0.47)	
9850	Diluted earnings per share		\$ 0.19		( \$ 0.95)		\$ 1.74		( \$ 0.47)	

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

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

		Equity attributable to owners of the parent											
		Capital Reserves			Retained Earnings			Other Equity Interest					
				From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	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		Non-controlling interest	Total equity
Notes		Share capital - common stock	Capital surplus, additional paid-in capital			Legal reserve	Special reserve	Unappropriated retained earnings			Total		
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
		-	-	-	-	-	-	( 56,340)	-	-	( 56,340)	( 119,315)	( 175,655)
		-	-	-	-	-	-	-	( 3,784)	( 1,406)	( 5,190)	( 9,992)	( 15,182)
		-	-	-	-	-	-	( 56,340)	( 3,784)	( 1,406)	( 61,530)	( 129,307)	( 190,837)
Appropriations and distribution of retained earnings, 2022	6(20)												
Legal reserve		-	-	-	-	40,979	-	( 40,979)	-	-	-	-	-
Special reserve		-	-	-	-	-	54,964	( 54,964)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	( 120,256)	-	-	( 120,256)	-	( 120,256)
Changes in ownership interests in subsidiaries	6(30)	-	-	-	36,470	-	-	-	-	-	36,470	547,205	583,675
Amortisation of compensation cost of employee stock options	6(17)	-	-	-	793	-	-	-	-	-	793	935	1,728
Balance at September 30, 2023		\$ 1,202,560	\$ 3,083,576	\$ -	\$ 468,175	\$ 485,958	\$ 54,984	\$ 2,091,761	(\$ 13,831)	\$ 2,938	\$ 7,376,121	\$ 694,462	\$ 8,070,583
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
		-	-	-	-	-	-	210,281	-	-	210,281	( 78,197)	132,084
		-	-	-	-	-	-	-	1,537	( 15,743)	( 14,206)	( 21,866)	( 36,072)
		-	-	-	-	-	-	210,281	1,537	( 15,743)	196,075	( 100,063)	96,012
Appropriations and distribution of retained earnings, 2023	6(20)												
Legal reserve		-	-	-	-	12,111	-	( 12,111)	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	( 54,965)	54,965	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	( 240,512)	-	-	( 240,512)	-	( 240,512)
From differences between equity purchase price and carrying amount arising from actual disposal of subsidiaries	6(30)	-	-	1,586	-	-	-	-	-	-	1,586	2,003	3,589
Changes in ownership interests in subsidiaries	6(30)	-	-	-	194,237	-	-	-	-	-	194,237	436,212	630,449
Amortisation of compensation cost of employee stock options	6(17)	-	-	-	25,467	-	-	-	-	-	25,467	10,466	35,933
Balance at September 30, 2024		\$ 1,202,560	\$ 3,083,576	\$ 1,586	\$ 688,198	\$ 498,069	\$ 19	\$ 2,281,836	(\$ 12,148)	\$ 4,109	\$ 7,747,805	\$ 987,867	\$ 8,735,672

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

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

	Notes	Nine months ended September 30 2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit (loss) before tax		\$ 242,726	(\$ 25,560 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	359,809	340,862
Amortisation	6(26)	18,702	19,478
Expected credit impairment loss (gain)	12(2)	21,489	( 27,833 )
Net loss on financial assets (liabilities) at fair value through profit or loss	6(24)	201,406	481,285
Interest expense	6(25)	29,655	20,623
Interest income	6(23)	( 21,467 )	( 15,351 )
Compensation cost of employee stock options	6(17)	35,933	1,728
Share of loss (profit) of associates accounted for using equity method	6(7)	1,042	( 4,808 )
Proceeds from disposal of property, plant and equipment	6(24)	646	-
Gain on disposal of property, plant and equipment	6(24)	-	( 88 )
Gains arising from lease modifications	6(24)	( 59 )	-
Expenses transferred from prepayments for equipment (shown as other non-current assets)	6(8)	-	5,049
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		-	764
Notes receivable		( 721 )	( 8 )
Accounts receivable		15,410	( 130,242 )
Accounts receivable - related parties		( 13,487 )	3,573
Other receivables		4,790	( 63,763 )
Other receivables - related parties		( 6 )	( 11 )
Inventory		( 285,364 )	( 57,666 )
Prepayments		( 24,592 )	( 24,246 )
Other current assets		( 872 )	( 11,325 )
Other non-current assets		-	( 1,252 )
Changes in operating liabilities			
Current contract liabilities		( 117,251 )	117,133
Notes payable		( 1,017 )	303
Accounts payable		61,411	6,530
Other payables		79,923	19,083
Other payables - related parties		( 2,321 )	1,802
Other current liabilities		( 6,315 )	37,425
Other non-current liabilities		( 100 )	( 31,994 )
Cash inflow generated from operations		606,331	661,491
Interest received		21,472	12,706
Interest paid		( 30,663 )	( 20,684 )
Income taxes paid		( 153,010 )	( 204,429 )
Net cash flows from operating activities		444,130	449,084

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

	Notes	Nine months ended September 30 2024	2023
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Proceeds from disposal of financial assets at fair value through profit or loss		\$ 8,106	\$ 7,333
Acquisition of financial assets at amortised cost		( 1,314,779 )	( 832,732 )
Proceeds from disposal of financial assets at amortised cost		997,511	158,750
Acquisition of property, plant and equipment	6(32)	( 404,282 )	( 343,437 )
Proceeds from disposal of property, plant and equipment		36,634	88
Acquisition of intangible assets	6(9)	( 677 )	( 475 )
Prepayments for equipment (shown as other non-current assets)	6(8)	( 33,245 )	( 39,247 )
Decrease in refundable deposits		509	2,820
Investments accounted for under equity method		60	65
Net cash flow from acquisition of subsidiaries	6(31)	( 27,487 )	-
Prepayment for investments (shown as other non-current assets)		-	( 2,740 )
Acquisition of subsidiaries	6(32)	( 79,289 )	-
Net cash flows used in investing activities		( 816,939 )	( 1,049,575 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Decrease in short-term loans	6(33)	( 592,647 )	( 115,666 )
Increase in short-term notes and bills payable	6(33)	59,999	60,065
Proceeds from long-term debt	6(33)	4,070,000	2,787,800
Repayments of long-term debt (including current portion)	6(33)	( 3,789,253 )	( 2,593,743 )
Payments of lease liabilities	6(33)	( 22,038 )	( 20,925 )
Cash dividends	6(20)	( 240,512 )	( 120,256 )
Subsidiary cash increase and employee stock options	6(30)	630,449	583,675
Proceeds from disposal of ownership interests in subsidiaries (without losing control)	6(30)	3,589	-
Net cash flows from financing activities		119,587	580,950
Effect of exchange rate changes on cash and cash equivalents		5,285	( 23,962 )
Net decrease in cash and cash equivalents		( 247,937 )	( 43,503 )
Cash and cash equivalents at beginning of period		1,526,013	1,279,462
Cash and cash equivalents at end of period		<u>\$ 1,278,076</u>	<u>\$ 1,235,959</u>

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

FORMOSA LABORATORIES, INC AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2024, the Company's authorised capital and paid-in capital were \$1,600,000 and \$1,202,560, respectively, with a par value of \$10 (in dollars) per share.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on November 14, 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<sup>®</sup> Interpretations, and SIC<sup>®</sup> 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 these consolidated financial statements is the same as that for the 2023

consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	Research and development of new biotechnology medicine	40.66	45.84	45.84	Note 1 and Note 2
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Research and development of new biotechnology medicine	100	100	100	
Formosa Laboratories, Inc.	Epione Investment Cayman Limited	Medicine, chemical trade and investment business	100	100	100	
Epione Investment Cayman Limited	Epione Investment HK Limited	Medicine, chemical trade and investment business	100	100	100	
Epione Investment HK Limited	Shanghai Epione Eenterprise Co., Ltd.	Wholesale and import and export of chemical raw materials and products and commission agency	100	100	100	
Formosa Pharmaceuticals Inc.	Activus Pharma Co., Ltd.	Research and development of new biotechnology medicine	99.23	99.23	99.23	
Formosa Laboratories, Inc.	SynChem-Formosa, Inc.	Research of organic synthesis, process development and medicinal chemistry contracts	100	0	0	Note 3

Note 1: The Group sold 0.07% of its equity in Formosa Pharmaceuticals Inc. on August 9, 2024. Additionally, due to the exercise of stock options by Formosa Pharmaceuticals Inc. employees in the second quarter of 2024 and the issuance of new shares through a cash capital increase in the second quarter of 2023, the Group's ownership percentage has decreased to 40.66% and 45.84%, respectively. For detailed information, please refer to Note 6(30).

Note 2: On September 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 September 30, 2024, December 31, 2023 and September 30, 2023, the non-controlling interest amounted to \$987,867, \$639,249 and \$694,462, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		September 30, 2024		December 31, 2023	
		Amount	Ownership (%)	Amount	Ownership (%)
Formosa Pharmaceuticals Inc.	Taiwan	\$ 987,867	59.34%	\$ 639,249	54.16%

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

Summarised financial information of the subsidiaries:

Balance sheets

	Formosa Pharmaceuticals Inc.		
	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 1,744,877	\$ 1,288,330	\$ 1,329,973
Non-current assets	404,962	438,451	441,380
Current liabilities	( 187,471)	( 257,979)	( 252,493)
Non-current liabilities	( 358,106)	( 328,232)	( 343,010)
Total net assets	<u>\$ 1,604,262</u>	<u>\$ 1,140,570</u>	<u>\$ 1,175,850</u>

# Statements of comprehensive income

Formosa Pharmaceuticals Inc.		
Three-month periods ended September 30,		
	2024	2023
Revenue	\$ 4,333	\$ 573
Loss before income tax	(\$ 45,446)	(\$ 124,775)
Income tax expense	( 691)	( 19,105)
Loss for the period	( 46,137)	( 143,880)
Other comprehensive income (loss), net of tax	8,464	( 10,066)
Total comprehensive loss for the period	(\$ 37,673)	(\$ 153,946)
Comprehensive (loss) income attributable to non-controlling interest	(\$ 11)	\$ 11

Formosa Pharmaceuticals Inc.		
Nine-month periods ended September 30,		
	2024	2023
Revenue	\$ 137,461	\$ 31,172
Loss before income tax	(\$ 142,655)	(\$ 257,326)
Income tax expense	( 19,705)	( 21,985)
Loss for the period	( 162,360)	( 279,311)
Other comprehensive loss, net of tax	( 40,330)	( 18,465)
Total comprehensive loss for the period	(\$ 202,690)	(\$ 297,776)
Comprehensive income attributable to non-controlling interest	\$ 25	\$ 15

# Statements of cash flows

Formosa Pharmaceuticals Inc.		
Nine-month periods ended September 30,		
	2024	2023
Net cash used in operating activities	(\$ 102,465)	(\$ 133,983)
Net cash used in investing activities	( 403,765)	( 675,735)
Net cash provided by financing activities	625,921	1,001,286
Effect of exchange rates on cash and cash equivalents	10,219	( 33,340)
Increase in cash and cash equivalents	129,910	158,228
Cash and cash equivalents, beginning of period	384,705	267,338
Cash and cash equivalents, end of period	\$ 514,615	\$ 425,566

## (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 September 30, 2024. 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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Petty cash and cash on hand	\$ 301	\$ 346	\$ 462
Demand deposits	1,211,199	1,300,732	1,187,092
Time deposits	66,576	224,935	48,405
	<u>\$ 1,278,076</u>	<u>\$ 1,526,013</u>	<u>\$ 1,235,959</u>

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

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 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 Company Limited	51,166	51,262	51,262
Emerging stocks			
TaiRx, Inc.	9,490	15,085	15,085
Derivatives			
- the redemption rights of convertible bonds	1,305	1,305	1,508
	90,246	95,937	96,140
Valuation adjustment	50,442	57,128	57,528
	<u>\$ 140,688</u>	<u>\$ 153,065</u>	<u>\$ 153,668</u>

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 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			
Hcmcd Innovations Co., Ltd.	17,716	14,976	14,976
AG Global Inc.	35,340	35,340	35,340
AmMax Bio, Inc.	31,284	-	-
Forward BioT Venture Capital	42,000	24,000	24,000
	<u>715,096</u>	<u>663,072</u>	<u>663,072</u>
Valuation adjustment	<u>948,560</u>	<u>1,145,694</u>	<u>1,092,948</u>
	<u>\$ 1,663,656</u>	<u>\$ 1,808,766</u>	<u>\$ 1,756,020</u>

A. The Group recognised net loss amounting to (\$36,522), (\$271,742), (\$201,406) and (\$481,285) on financial assets at fair value through profit or loss for the three months and nine months ended September 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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Non-current items:			
Equity instruments			
Listed stocks			
Eyenovia, Inc.	\$ 63,900	\$ 31,900	\$ 31,900
Unlisted stocks			
Oncomatryx Biopharma, S.L.	78,656	57,135	57,135
PHARMASTAR INC.	<u>15,353</u>	<u>14,895</u>	<u>14,895</u>
	<u>157,909</u>	<u>103,930</u>	<u>103,930</u>
Valuation adjustment	( <u>43,661</u> )	<u>17,339</u>	( <u>2,829</u> )
	<u>\$ 114,248</u>	<u>\$ 121,269</u>	<u>\$ 101,101</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 \$114,248, \$121,269 and \$101,101 as at September 30, 2024, December 31, 2023 and September 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:

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>662</u> )	(\$ <u>9,897</u> )
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>39,021</u> )	(\$ <u>7,174</u> )

- C. As at September 30, 2024, December 31, 2023 and September 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 \$114,248, \$121,269 and \$101,101, respectively.
- D. The Group had no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current items:			
Time deposits with a maturity of more than three months	\$ <u>1,150,000</u>	\$ <u>831,410</u>	\$ <u>834,540</u>

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

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest income	\$ <u>5,403</u>	\$ <u>4,206</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest income	\$ <u>12,231</u>	\$ <u>6,709</u>

- B. As at September 30, 2024, December 31, 2023 and September 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 \$1,150,000, \$831,410 and \$834,540, respectively.

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

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable, net

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 721	\$ -	\$ 8
Accounts receivable	\$ 940,077	\$ 955,487	\$ 962,865
Less: Allowance for uncollectible accounts	( 28,797)	( 7,312)	( 5,942)
	<u>\$ 911,280</u>	<u>\$ 948,175</u>	<u>\$ 956,923</u>

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

	September 30, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 759,358	\$ 721	\$ 871,497	\$ -
Up to 30 days past due	116,197	-	53,919	-
31~ 90 days past due	45,080	-	13,474	-
91~ 180 days past due	9,323	-	15,381	-
181 days past due	10,119	-	1,216	-
	<u>\$ 940,077</u>	<u>\$ 721</u>	<u>\$ 955,487</u>	<u>\$ -</u>

  

	September 30, 2023	
	Accounts receivable	Notes receivable
Not past due	\$ 857,791	\$ 8
Up to 30 days past due	72,511	-
31~ 90 days past due	31,243	-
91~ 180 days past due	1,320	-
181 days past due	-	-
	<u>\$ 962,865</u>	<u>\$ 8</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2024, December 31, 2023 and September 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 September 30, 2024, December 31, 2023 and September 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 were \$721, \$0, \$8, and \$911,280, \$948,175, \$956,923, respectively.

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

(6) Inventories

September 30, 2024			
	Cost	Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
Goods	\$ 27,828	(\$ 488)	\$ 27,340
Raw materials	703,960	( 64,446)	639,514
Work in progress	508,160	( 143,665)	364,495
Finished goods	1,049,330	( 197,848)	851,482
	<u>\$ 2,289,278</u>	<u>(\$ 406,447)</u>	<u>\$ 1,882,831</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>
September 30, 2023			
	Cost	Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
Goods	\$ 2,205	(\$ 140)	\$ 2,065
Raw materials	612,685	( 79,679)	533,006
Work in progress	534,865	( 99,729)	435,136
Finished goods	883,741	( 194,610)	689,131
	<u>\$ 2,033,496</u>	<u>(\$ 374,158)</u>	<u>\$ 1,659,338</u>

Current expenses related to inventories are as follows:

	Three-month periods ended September 30,	
	2024	2023
Cost of goods sold	\$ 521,105	\$ 639,944
Loss on valuation decline and scrapped inventory (Gain from price recovery of inventory)	59,660 (	28,877)
Cost of services	26,556	31,510
Others	( 595)	( 312)
	<u>\$ 606,726</u>	<u>\$ 642,265</u>
	Nine-month periods ended September 30,	
	2024	2023
Cost of goods sold	\$ 1,715,846	\$ 1,698,561
Loss on valuation decline and scrapped inventory (Gain from price recovery of inventory)	114,954 (	8,099)
Cost of services	60,878	61,191
Others	( 1,208)	( 892)
	<u>\$ 1,890,470</u>	<u>\$ 1,750,761</u>

(7) Investments accounted for using equity method

	September 30, 2024	December 31, 2023	September 30, 2023
A. R. Z Taiwan Limited	\$ 258	\$ 169	\$ 241
Formosa Laboratories Japan, Inc.	18,949	19,639	18,745
	<u>\$ 19,207</u>	<u>\$ 19,808</u>	<u>\$ 18,986</u>

- A. The Group's share of profit or loss of associates accounted for using the equity method for the three months and nine months ended September 30, 2024 and 2023 were (\$605), \$6,007, (\$1,042) and \$4,808, 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)	-	4,524	21,749	-	22,335	1,985	16,213	248	4,870	345,392	417,316	33,245
Acquired through business combinations	-	-	-	-	-	-	-	178	-	-	178	-
Disposals	-	- ( 1,202)	-	-	-	-	-	- ( 30)	( 36,048)	( 37,280)	-	-
Transfers (Note 4)	-	7,775	25,484	-	12,373	291	13,112	-	6,102	( 28,798)	36,339	( 37,852)
Reclassifications	-	-	177	- ( 177)	-	-	-	-	-	-	-	-
Depreciation charge	- ( 66,922)	( 193,197)	( 1,504)	( 31,464)	( 12,343)	( 9,032)	( 710)	( 22,265)	- ( 337,437)	-	-	-
Closing net book amount as at September 30	<u>\$ 655,950</u>	<u>\$ 1,738,499</u>	<u>\$ 1,042,867</u>	<u>\$ 13,985</u>	<u>\$ 191,105</u>	<u>\$ 70,395</u>	<u>\$ 48,372</u>	<u>\$ 3,479</u>	<u>\$ 102,235</u>	<u>\$ 2,237,368</u>	<u>\$ 6,104,255</u>	<u>\$ 22,263</u>
At September 30, 2024												
Cost	\$ 655,950	\$ 2,389,413	\$ 3,294,990	\$ 97,668	\$ 484,675	\$ 227,843	\$ 148,231	\$ 16,122	\$ 348,426	\$ 2,237,368	\$ 9,900,686	\$ 22,263
Accumulated depreciation	- ( 650,914)	( 2,252,123)	( 83,683)	( 293,570)	( 157,448)	( 99,859)	( 12,643)	( 246,191)	- ( 3,796,431)	-	-	-
	<u>\$ 655,950</u>	<u>\$ 1,738,499</u>	<u>\$ 1,042,867</u>	<u>\$ 13,985</u>	<u>\$ 191,105</u>	<u>\$ 70,395</u>	<u>\$ 48,372</u>	<u>\$ 3,479</u>	<u>\$ 102,235</u>	<u>\$ 2,237,368</u>	<u>\$ 6,104,255</u>	<u>\$ 22,263</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 are depreciated over 15~50 and 2~15 years, respectively.

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

	Land	Buildings and structures (Note 3)	Machinery and equipment	Utilities equipment	Testing equipment	Pollution- prevention equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (Note 1)
At January 1, 2023												
Cost	\$ 655,950	\$ 1,598,236	\$ 2,985,520	\$ 97,668	\$ 402,763	\$ 217,964	\$ 110,861	\$ 16,782	\$ 300,818	\$ 2,526,641	\$ 8,913,203	\$ 59,705
Accumulated depreciation	-	( 510,962)	( 1,804,112)	( 80,181)	( 224,497)	( 129,545)	( 81,544)	( 12,702)	( 194,404)	-	( 3,037,947)	-
	<u>\$ 655,950</u>	<u>\$ 1,087,274</u>	<u>\$ 1,181,408</u>	<u>\$ 17,487</u>	<u>\$ 178,266</u>	<u>\$ 88,419</u>	<u>\$ 29,317</u>	<u>\$ 4,080</u>	<u>\$ 106,414</u>	<u>\$ 2,526,641</u>	<u>\$ 5,875,256</u>	<u>\$ 59,705</u>
At January 1, 2023												
Opening net book amount as at January 1	\$ 655,950	\$ 1,087,274	\$ 1,181,408	\$ 17,487	\$ 178,266	\$ 88,419	\$ 29,317	\$ 4,080	\$ 106,414	\$ 2,526,641	\$ 5,875,256	\$ 59,705
Additions (Note 2)	-	17,246	22,702	-	11,769	1,275	2,642	-	9,843	333,773	399,250	39,247
Transfers (Note 4)	-	727,317	230,293	-	19,560	3,377	5,082	-	24,771	( 938,720)	71,680	( 77,650)
Reclassifications	-	-	248	-	( 248)	-	-	-	-	-	-	-
Depreciation charge	-	( 51,673)	( 192,990)	( 1,499)	( 32,756)	( 11,575)	( 7,149)	( 562)	( 22,114)	-	( 320,318)	-
Closing net book amount as at September 30	<u>\$ 655,950</u>	<u>\$ 1,780,164</u>	<u>\$ 1,241,661</u>	<u>\$ 15,988</u>	<u>\$ 176,591</u>	<u>\$ 81,496</u>	<u>\$ 29,892</u>	<u>\$ 3,518</u>	<u>\$ 118,914</u>	<u>\$ 1,921,694</u>	<u>\$ 6,025,868</u>	<u>\$ 21,302</u>
At September 30, 2023												
Cost	\$ 655,950	\$ 2,342,071	\$ 3,234,747	\$ 97,668	\$ 427,664	\$ 222,616	\$ 118,440	\$ 15,243	\$ 335,340	\$ 1,921,694	\$ 9,371,433	\$ 21,302
Accumulated depreciation	-	( 561,907)	( 1,993,086)	( 81,680)	( 251,073)	( 141,120)	( 88,548)	( 11,725)	( 216,426)	-	( 3,345,565)	-
	<u>\$ 655,950</u>	<u>\$ 1,780,164</u>	<u>\$ 1,241,661</u>	<u>\$ 15,988</u>	<u>\$ 176,591</u>	<u>\$ 81,496</u>	<u>\$ 29,892</u>	<u>\$ 3,518</u>	<u>\$ 118,914</u>	<u>\$ 1,921,694</u>	<u>\$ 6,025,868</u>	<u>\$ 21,302</u>

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

Note 2: Including capitalised interests.

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

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

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

		<u>Three-month periods ended September 30,</u>	
		<u>2024</u>	<u>2023</u>
Amount capitalised	\$	<u>10,304</u>	<u>\$ 10,368</u>
Range of the interest rates for capitalisation		<u>1.9425%</u>	<u>1.815%</u>
		<u>Nine-month periods ended September 30,</u>	
		<u>2024</u>	<u>2023</u>
Amount capitalised	\$	<u>28,884</u>	<u>\$ 34,191</u>
Range of the interest rates for capitalisation		<u>1.8775%~1.94255%</u>	<u>1.815%~1.8435%</u>

- 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				Other intangible assets	Total
		Goodwill	APP13007 Ophthalmic anti- inflammatory agents	APP13002 Antibiotic medicament for eyes	Computer software		
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)		-	-	-	1,513	-	1,513
Amortisation charge		-	( 12,278)	( 59)	( 5,663)	( 89)	( 18,089)
Net exchange differences		-	-	15	-	( 1)	14
Closing net book amount as at September 30		<u>\$ 60,403</u>	<u>\$ 135,055</u>	<u>\$ 739</u>	<u>\$ 22,298</u>	<u>\$ 1,261</u>	<u>\$ 219,756</u>
At September 30							
Cost		\$ 112,025	\$ 231,912	\$ 1,334	\$ 102,472	\$ 1,351	\$ 449,094
Accumulated amortisation and impairment		( 51,622)	( 96,857)	( 595)	( 80,174)	( 90)	( 229,338)
		<u>\$ 60,403</u>	<u>\$ 135,055</u>	<u>\$ 739</u>	<u>\$ 22,298</u>	<u>\$ 1,261</u>	<u>\$ 219,756</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 Antibiotic medicament for eyes		
At January 1					
Cost	\$ 82,166	\$ 231,912	\$ 1,408	\$ 94,091	\$ 409,577
Accumulated amortisation and impairment	( 51,622)	( 68,209)	( 484)	( 66,333)	( 186,648)
	<u>\$ 30,544</u>	<u>\$ 163,703</u>	<u>\$ 924</u>	<u>\$ 27,758</u>	<u>\$ 222,929</u>
Opening net book amount as at January 1	\$ 30,544	\$ 163,703	\$ 924	\$ 27,758	\$ 222,929
Additions	-	-	-	475	475
Reclassifications (Note)	-	-	-	921	921
Amortisation charge	-	( 12,279)	( 64)	( 6,391)	( 18,734)
Net exchange differences	-	-	( 61)	-	( 61)
Closing net book amount as at September 30	<u>\$ 30,544</u>	<u>\$ 151,424</u>	<u>\$ 799</u>	<u>\$ 22,763</u>	<u>\$ 205,530</u>
At September 30					
Cost	\$ 82,166	\$ 231,912	\$ 1,297	\$ 95,293	\$ 410,668
Accumulated amortisation and impairment	( 51,622)	( 80,488)	( 498)	( 72,530)	( 205,138)
	<u>\$ 30,544</u>	<u>\$ 151,424</u>	<u>\$ 799</u>	<u>\$ 22,763</u>	<u>\$ 205,530</u>

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

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

	Three-month periods ended September 30,	
	2024	2023
Operating costs	\$ 1,110	\$ 1,003
Administrative expenses	648	686
Research and development expenses	4,234	4,237
	<u>\$ 5,992</u>	<u>\$ 5,926</u>
	Nine-month periods ended September 30,	
	2024	2023
Operating costs	\$ 3,524	\$ 3,610
Administrative expenses	1,975	2,195
Research and development expenses	12,590	12,929
	<u>\$ 18,089</u>	<u>\$ 18,734</u>

B. On September 30, 2024 and 2023, goodwill is allocated to the Group’s cash-generating units - the subsidiaries, Formosa Pharmaceuticals Inc. and SynChem, which were 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 nine months ended September 30, 2024 and 2023, the discount rates were 18.51% and 17.89%, respectively.

(10) Other non-current assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Prepayments for business facilities	\$ 22,264	\$ 26,870	\$ 21,301
Prepayments for investment (Note 1)	-	52,025	2,740
Guarantee deposits paid (Note 2)	4,447	4,783	3,564
Others	1,131	1,743	2,023
	<u>\$ 27,842</u>	<u>\$ 85,421</u>	<u>\$ 29,628</u>

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

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

(11) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Non-current items:			
New medicine development revenue share agreement	<u>\$ 63,300</u>	<u>\$ 61,410</u>	<u>\$ 64,540</u>

On April 18, 2022, the Group and EirGenix Inc. entered into a new medicine development revenue share agreement for TSY-0110 (EG12043) (the 'product') to replace the previous signed development and manufacturing related collaboration contract. During the development stage, the raw material of the product shall be provided at a reasonable market price by EirGenix Inc.. The Group shall be responsible for the research and development of the product and the implementation of production and manufacturing after the development of the product has been completed. Both parties can launch the product in the global market and shall be entitled to a 50% authorisation income on any revenue or income generated from the development and commercialisation of the product. Under the agreement, the Group will share the future authorisation income with EirGenix

Inc. and is entitled to a consideration of US\$30,000 thousand, which will be received in accordance with the schedule as specified in the contract. As of September 30, 2024, the Group has received US\$2,000 thousand.

(12) Short-term borrowings

	<u>September 30, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 143,000	1.82%~1.84%	Refer to Note 8
Unsecured borrowings	700,000	1.805%~1.84%	None
Other short-term borrowings	949	-	"
	<u>\$ 843,949</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>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 564,000	1.75%	Refer to Note 8
Unsecured borrowings	770,000	1.75%~1.78%	None
	<u>\$ 1,334,000</u>		

Interest expense recognised in profit or loss amounted to \$4,050, \$8,168, \$16,388 and \$22,040 for the three months and nine months ended September 30, 2024 and 2023, respectively.

(13) Short-term notes and bills payable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Commercial paper payable	\$ 160,000	\$ 100,000	\$ 110,000
Less: Unamortized discount	( 42)	( 41)	( 26)
	<u>\$ 159,958</u>	<u>\$ 99,959</u>	<u>\$ 109,974</u>
Range of the interest rates	<u>1.96%</u>	<u>1.83%</u>	<u>1.84%</u>

(14) Other payables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Salaries and bonus payable	\$ 210,515	\$ 219,269	\$ 194,481
Service expenses payable	117,664	77,624	54,401
Payable on machinery and equipment	91,933	78,899	110,473
Employees' compensation and directors' and supervisors' remuneration payable	44,726	19,844	39,827
Accrued commission	43,887	42,785	37,871
Consumables payable	40,754	41,462	35,930
Withholding tax payable	37,980	18,423	19,362
Repairs and maintenance expense payable	34,708	31,718	37,567
Utilities expense payable	27,673	20,970	23,082
Revenue share payable	15,825	3,838	-
Import and export charges payable	9,686	14,222	-
Others	89,769	84,105	106,466
	<u>\$ 765,120</u>	<u>\$ 653,159</u>	<u>\$ 659,460</u>

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 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.	2.13%	Note 2	\$ 400,000
	2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2021.	2.33%	"	24,091
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021.	2.38%	"	12,250
	2022.7.28 ~ 2025.7.28 Quarterly and average repayment starting from April 2023.	2.38%	"	16,400
	2023.8.4 ~ 2026.8.4 Quarterly and average repayment starting from April 2024.	2.38%	None	80,000
CTBC Bank Co., Ltd. Tao-Yuan Branch.	2024.2.28 ~ 2026.2.28 The principal will be repaid upon maturity.	2.27%	"	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)	2024.6.05 ~ 2026.6.04 The principal will be repaid upon maturity.	2.34%	"	200,000
Bank Sinopac Company Limited	2024.4.20 ~ 2026.4.20 The principal will be repaid upon maturity.	2.10%	"	100,000
DBS Bank Limited (Note 1)	2024.6.30 ~ 2026.6.30 The principal will be repaid upon maturity.	1.97%	"	120,000
Taishin International Bank (Note 1)	2023.7.31 ~ 2025.7.31 The principal will be repaid upon maturity.	2.29%	"	200,000
Entie Commercial Bank, Ltd. He Ping Branch	2023.4.30 ~ 2026.4.30 The principal will be repaid upon maturity.	2.19%	"	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%	"	75,000
CHANG HWA COMMERCIAL BANK, LTD.	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from June 2023.	2.16%	"	25,000
SUNNY BANK	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	2.20%	Note 2	423,077
	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	2.20%	None	183,810
	2023.3.10 ~ 2026.3.10 (Note 1) The principal will be repaid upon maturity.	2.20%	"	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%	"	60,000
				2,767,428
Less: Current portion (shown as other current liabilities)				( 420,871)
				<u>\$ 2,346,557</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 2022.	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
	2022.7.28 ~ 2025.7.28 Quarterly and average repayment starting from April 2024.	2.25%	"	28,700
	2023.8.4 ~ 2026.8.4 Quarterly and average repayment starting from May 2024.	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)	2022.2.28 ~ 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 ~ 2026.11.30 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 June 2023.	2.03%	"	62,500
SUNNY BANK	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	2.08%	Note 2	500,000
	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	2.08%	None	233,516
	2023.03.10 ~ 2026.03.10 (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	September 30, 2023
Mid-term and long-term bank borrowings				
Mega International Commercial Bank (Note 1)	2023.2.25 ~ 2026.2.24 The principal will be repaid upon maturity. 2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2021.	2.08%	Note 2	\$ 290,000
		2.20%	"	37,856
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2019.12.19 ~ 2023.12.19 Quarterly and average repayment starting from March 2021.	2.00%	"	8,167
	2020.9.15 ~ 2024.9.15 Quarterly and average repayment starting from December 2021.	2.00%	"	20,667
	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021.	2.25%	"	42,875
	2022.7.28 ~ 2025.7.28 Quarterly and average repayment starting from April 2023.	2.25%	"	32,800
	2023.8.4 ~ 2026.8.4 Quarterly and average repayment starting from May 2024.	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)	2022.7.31 ~ 2025.1.31 The principal will be repaid upon maturity.	2.10%	"	200,000
Entie Commercial Bank, Ltd. He Ping Branch (Note 1)	2022.3.16 ~ 2025.3.16 The principal will be repaid upon maturity.	2.04%	"	100,000
TAICHUNG COMMERCIAL BANK Co., Ltd. LINKOU BRANCH (Note 1)	2021.9.17 ~ 2024.9.17 Quarterly and average repayment starting from December 2021.	2.20%	"	33,333
CHANG HWA COMMERCIAL BANK, LTD.	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	2.03%	"	62,500
	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from June 2023.	2.03%	"	75,000
SUNNY BANK	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	2.08%	Note 2	500,000
	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	2.08%	None	249,832
	2023.3.10 ~ 2026.3.10 (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%	"	100,000
				2,450,830
Less: Current portion (shown as other current liabilities)				( 438,402)
				\$ 2,012,428

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

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

- A. Under the loan agreements, the Group is required to compute and maintain certain financial covenants based on the annual and semi-annual consolidated financial statements. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group has met all the required covenants.
- B. As at September 30, 2024, December 31, 2023 and September 30, 2023, the Group had total undrawn borrowing facilities of \$2,323,710, \$1,605,730 and \$1,775,730, 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, \$630 and \$534 for the three months and nine months ended September 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 nine months ended September 30, 2024 and 2023 were \$10,100, \$9,144, \$29,304 and \$26,737, respectively.

(17) Share-based payment

A. For the nine months ended September 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	600 shares (in thousands)	5 years	2~4 years' service
Formosa Pharmaceuticals Inc.- Cash capital increase reserved for employee subscription	2024.06.20	1,680 shares (in thousands)	NA	Vested immediately

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 ( 35,000)		39,186	-	-
Options expired	-	-	( 50,000)	40.80
Options outstanding at September 30	<u>455,000</u>	<u>\$ 38.50</u>	<u>490,000</u>	<u>\$ 39.70</u>
Options exercisable at September 30	<u>210,000</u>	<u>\$ 38.50</u>	<u>-</u>	<u>\$ -</u>

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

		September 30, 2024	
		No. of shares	Exercise price (in dollars)
Issue date approved	Expiry date		
2022.03.09	2027.03.08	455,000	\$ 38.50

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

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

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Formosa Pharmaceuticals Inc.- Employee stock options	2022.03.09	\$ 39.50 (Note 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	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Formosa Pharmaceuticals Inc.-Cash capital increase reserved for employee subscription	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 is based on the closing prices of the target company on dates that are approximately the same length of time prior to the grant date as the expected duration of the stock options.

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

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Equity-settled	\$ <u>268</u>	\$ <u>696</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Equity-settled	\$ <u>35,933</u>	\$ <u>1,728</u>

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.

H. Formosa Pharmaceuticals Inc. - employee share options - 111 adjusted the performance price of employee share options to NT\$38.5 in accordance with the regulations on employee share options on August 9, 2024. The aforementioned adjustment of performance price did not significantly affect the fair value of employee share options.

(18) Share capital

As of September 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. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Group has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Refer to 6(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. On June 25, 2024 and June 27, 2023, the Group's shareholders resolved the appropriations of 2023 and 2022 earnings, respectively, as follows:

	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

	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	( 15,743)	-	( 15,743)
Currency translation differences:			
–Subsidiaries and associates	-	1,921	1,921
–Tax on subsidiaries and associates	-	( 384)	( 384)
At September 30	<u>\$ 4,109</u>	<u>(\$ 12,148)</u>	<u>(\$ 8,039)</u>

	2023		
	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Currency translation differences	Total
At January 1	\$ 4,344	(\$ 10,047)	(\$ 5,703)
Valuation adjustment	( 1,406)	-	( 1,406)
Currency translation differences:			
–Subsidiaries and associates	-	( 4,730)	( 4,730)
–Tax on subsidiaries and associates	-	946	946
At September 30	<u>\$ 2,938</u>	<u>(\$ 13,831)</u>	<u>(\$ 10,893)</u>

(22) Operating revenue

	Three-month periods ended September 30,	
	2024	2023
Revenue from contracts with customers		
Sales revenue	\$ 990,327	\$ 1,063,403
Service revenue	40,558	65,250
Authorization revenue	-	573
	<u>\$ 1,030,885</u>	<u>\$ 1,129,226</u>

	Nine-month periods ended September 30,	
	2024	2023
Revenue from contracts with customers		
Sales revenue	\$ 3,197,250	\$ 2,980,566
Service revenue	54,249	136,391
Authorization revenue	128,001	31,172
	<u>\$ 3,379,500</u>	<u>\$ 3,148,129</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, product sales and service provision are classified under the Active Pharmaceutical Ingredients (API) segment, as presented in the segment information. Please refer to Note 14(3) for details.

Three months ended September 30, 2024				
	At a point in time		Over time	
	Sales revenue	Technology licensing	Service revenue	Total
India	\$ 286,025	\$ -	\$ -	286,025
United States	69,035	-	7,993	77,028
Netherlands	103,675	-	-	103,675
Taiwan	44,579	-	31,852	76,431
Japan	76,925	-	-	76,925
China	83,055	-	( 4,757)	78,298
Switzerland	47,362	-	-	47,362
Germany	31,050	-	4,757	35,807
Others	248,621	-	713	249,334
	<u>\$ 990,327</u>	<u>\$ -</u>	<u>\$ 40,558</u>	<u>\$ 1,030,885</u>

  

Three months ended September 30, 2023				
	At a point in time		Over time	
	Sales revenue	Technology licensing	Service revenue	Total
India	\$ 275,577	\$ -	\$ -	275,577
Netherlands	141,330	-	-	141,330
Japan	66,234	-	-	66,234
Switzerland	99,089	-	-	99,089
Germany	80,969	-	-	80,969
Taiwan	52,598	-	31,665	84,263
United States	53,774	-	24,692	78,466
China	93,626	573	-	94,199
Canada	16,303	-	-	16,303
Others	183,903	-	8,893	192,796
	<u>\$ 1,063,403</u>	<u>\$ 573</u>	<u>\$ 65,250</u>	<u>\$ 1,129,226</u>

Nine months ended September 30, 2024				
	At a point in time		Over time	
	Sales revenue	Technology licensing	Service revenue	Total
India	\$ 769,535	\$ -	\$ -	769,535
United States	333,829	127,800	15,047	476,676
Netherlands	394,317	-	-	394,317
Taiwan	217,080	-	55,164	272,244
Japan	197,621	-	8,754	206,375
China	197,153	-	-	197,153
Switzerland	192,061	-	( 34,194)	157,867
Germany	135,357	-	4,757	140,114
Others	760,297	201	4,721	765,219
	<u>\$ 3,197,250</u>	<u>\$ 128,001</u>	<u>\$ 54,249</u>	<u>\$ 3,379,500</u>

  

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

#### B. Contract assets and liabilities

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

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2022
Contract liabilities	<u>\$ 107,851</u>	<u>\$ 193,102</u>	<u>\$ 211,148</u>	<u>\$ 72,764</u>

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

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

	Three-month periods ended September 30,	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 19,667	\$ 9,322
	Nine-month periods ended September 30,	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 147,126	\$ 22,405

- 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 September 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 September 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 September 30, 2024, the Group has recognised revenue of \$132,133.
- E. The Group has signed new drug licensing agreements with various partners for the regions of Canada, the Middle East and North Africa, Brazil, and Israel. Each partner will obtain commercialization and sales rights in these respective regions. According to the terms of the agreements, the Group is entitled to receive signing bonuses, development milestone payments, and sales milestone payments from each partner. As of September 30, 2024, the Group has received a total of NT\$22,518 (listed under "Contract Liabilities"). From the signing dates of the agreements up to September 30, 2024, the Group has not yet recognized any revenue.

(23) Interest income

	Three-month periods ended September 30,	
	2024	2023
Interest income from bank deposits	\$ 1,119	\$ 1,091
Financial assets at amortised cost		
Interest income	5,403	4,206
	<u>\$ 6,522</u>	<u>\$ 5,297</u>
	Nine-month periods ended September 30,	
	2024	2023
Interest income from bank deposits	\$ 9,236	\$ 8,642
Financial assets at amortised cost		
Interest income	12,231	6,709
	<u>\$ 21,467</u>	<u>\$ 15,351</u>

(24) Other gains and losses

	Three-month periods ended September 30,	
	2024	2023
Gain on disposal of property, plant and equipment	\$ 9	\$ 88
Loss arising from lease modifications	( 1)	-
Net currency exchange (losses) gains	( 52,163)	18,685
Net losses on financial assets at fair value through profit or loss	( 36,523)	( 271,742)
Others	( 280)	( 182)
	<u>(\$ 88,958)</u>	<u>(\$ 253,151)</u>
	Nine-month periods ended September 30,	
	2024	2023
(Loss) gain on disposal of property, plant and equipment	(\$ 646)	\$ 88
Gains arising from lease modifications	59	-
Net currency exchange (losses) gains	( 9,686)	10,746
Net losses on financial assets at fair value through profit or loss	( 201,406)	( 481,285)
Loss arising from contingent consideration (Note)	( 6,961)	-
Others	( 465)	( 363)
	<u>(\$ 219,105)</u>	<u>(\$ 470,814)</u>

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

(25) Finance costs

		Three-month periods ended September 30,	
		2024	2023
Interest expense:			
Bank borrowings	\$	18,991	\$ 18,818
Others		<u>1,174</u>	<u>172</u>
		20,165	18,990
Less: Capitalisation of qualifying assets	(	<u>10,301)</u>	( <u>10,368)</u>
Finance costs	\$	<u>9,864</u>	\$ <u>8,622</u>
		Nine-month periods ended September 30,	
		2024	2023
Interest expense:			
Bank borrowings	\$	56,686	\$ 54,024
Others		<u>1,829</u>	<u>790</u>
		58,515	54,814
Less: Capitalisation of qualifying assets	(	<u>28,860)</u>	( <u>34,191)</u>
Finance costs	\$	<u>29,655</u>	\$ <u>20,623</u>

(26) Expenses by nature

		Three-month periods ended September 30,	
		2024	2023
Employee benefit expense	\$	<u>301,405</u>	\$ <u>267,902</u>
Depreciation charges on right-of-use assets, property, plant and equipment	\$	<u>118,796</u>	\$ <u>118,086</u>
Amortisation charges on intangible assets and other non-current assets	\$	<u>6,160</u>	\$ <u>6,187</u>
		Nine-month periods ended September 30,	
		2024	2023
Employee benefit expense	\$	<u>914,196</u>	\$ <u>786,081</u>
Depreciation charges on right-of-use assets, property, plant and equipment	\$	<u>359,809</u>	\$ <u>340,862</u>
Amortisation charges on intangible assets and other non-current assets	\$	<u>18,702</u>	\$ <u>19,478</u>

(27) Employee benefit expense

	Three-month periods ended September 30,	
	2024	2023
Wages and salaries	\$ 264,767	\$ 233,002
Labour and health insurance fees	20,204	18,456
Pension costs	10,309	9,322
Other personnel expenses	5,857	6,426
Employee stock options	268	696
	<u>\$ 301,405</u>	<u>\$ 267,902</u>
	Nine-month periods ended September 30,	
	2024	2023
Wages and salaries	\$ 767,161	\$ 682,546
Labour and health insurance fees	61,634	56,209
Pension costs	29,934	27,271
Other personnel expenses	19,534	18,327
Employee stock options	35,933	1,728
	<u>\$ 914,196</u>	<u>\$ 786,081</u>

- A. In accordance with the Articles of Incorporation, an amount equal to at least 5% of the Company's distributable profit of the current year shall be appropriated as employees' compensation and not higher than 2% as directors' and supervisors' remuneration.
- B. For the three months and nine months ended September 30, 2024 and 2023, employees' compensation was accrued at \$12,600, \$12,600, \$37,800 and \$37,600, respectively; while directors' remuneration was accrued at \$939, (\$1,038), \$6,926 and \$2,227, respectively. The aforementioned amounts were recognised in salary expenses. For the nine months ended September 30, 2024, the Group has accrued the compensation and remuneration according to the profit of current year and the percentage range as regulated in the Company's Articles of Incorporation.
- C. On March 12, 2024, the employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$15,944 and \$3,900, respectively, and the amounts were consistent with the amounts recognised in the financial report of 2023.
- D. Information about employees' compensation and directors' and supervisors' remuneration of the Group as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax:

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Current tax:		
Current tax on profits for the period	\$ 43,431	\$ 60,694
Prior year income tax overestimation	-	-
Total current tax	43,431	60,694
Deferred tax:		
Origination and reversal of temporary differences	( 15,929)	4,839
Income tax expense	<u>\$ 27,502</u>	<u>\$ 65,533</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Current tax:		
Current tax on profits for the period	\$ 153,338	\$ 143,956
Prior year income tax overestimation	( 24,681)	( 9,737)
Total current tax	128,657	134,219
Deferred tax:		
Origination and reversal of temporary differences	( 18,015)	15,876
Income tax expense	<u>\$ 110,642</u>	<u>\$ 150,095</u>

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

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Currency translation differences	<u>\$ 1,318</u>	<u>\$ 42</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Currency translation differences	<u>\$ 384</u>	<u>(\$ 946)</u>

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

(29) Earnings (loss) per share

Three months ended September 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	\$ 22,371	120,256	\$ 0.19
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 22,371	120,256	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	390	
Profit attributable to ordinary shareholders of the parent	\$ 22,371	120,646	\$ 0.19
Three months ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 114,554)	120,256	(\$ 0.95)
Nine months ended September 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	\$ 210,281	120,256	\$ 1.75
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 210,281	120,256	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	432	
Profit attributable to ordinary shareholders of the parent	\$ 210,281	120,688	\$ 1.74

	Nine months ended September 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 56,340)	120,256	(\$ 0.47)

(30) Transactions with non-controlling interest

A. The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary

On June 20, 2024 and May 4, 2023, the Board of Directors of the subsidiary, Formosa Pharmaceuticals, Inc., approved cash capital increases by issuing 16,800 thousand new shares and 20,500 thousand new shares, respectively. As the Group did not subscribe to the capital increase in proportion to its ownership percentage and the employees continuously exercised their stock options, the Group's shareholding ratio in this subsidiary decreased from 45.84% to 40.73% and from 46.55% to 45.84%, respectively. These transactions increased non-controlling interest by \$436,212 and \$547,205, respectively, and increased the equity attributable to the owners of the parent by \$194,237 and \$36,470, respectively. For the nine months ended September 30, 2024 and the year ended December 31, 2023, the effects from changes in the owner's equity of Formosa Pharmaceuticals, Inc. on the owner's equity attributable to the parent company were as follows:

	Nine months ended September 30,	
	2024	2023
Cash	\$ 630,449	\$ 583,675
Increase in the carrying amount of non- controlling interest	( 436,212)	( 547,205)
Capital surplus - recognition of changes in ownership interest in subsidiaries	\$ 194,237	\$ 36,470

B. Disposal of equity interest in a subsidiary (that did not result in a loss of control)

On August 9, 2024, the Group disposed of 0.07% of shares of its subsidiary—Formosa Pharmaceuticals, Inc. for a total cash consideration of \$3,589. The carrying amount of non-controlling interest in Formosa Pharmaceuticals, Inc. was \$596 at the disposal date. This transaction resulted in an increase in the non-controlling interest by \$2,003 and an increase in the equity attributable to owners of the parent by \$1,586. The effect of changes in interests in Formosa Pharmaceuticals, Inc. on the equity attributable to owners of the parent for the year ended December 31, 2024 is shown below:

	Nine months ended September 30, 2024
Carrying amount of non-controlling interest disposed	(\$ 2,003)
Consideration received from non-controlling interest	<u>3,589</u>
Capital surplus- recognition of changes in ownership	<u>\$ 1,586</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:

	June 1, 2024
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	( <u>34,936</u> )
Total identifiable net assets	( <u>961</u> )
Goodwill	<u>\$ 29,859</u>

(32) Supplemental cash flow information

Investing activities with partial cash payments

	Nine months ended September 30,	
	2024	2023
Purchase of property, plant and equipment	\$ 417,316	\$ 399,250
Add: Opening balance of payable on equipment	78,899	54,660
Less: Ending balance of payable on equipment	( 91,933)	( 110,473)
Cash paid during the period	<u>\$ 404,282</u>	<u>\$ 343,437</u>
	Nine months ended September 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	-
Loss from measurement of contingent consideration	6,961	-
Cash paid during the period	<u>\$ 79,289</u>	<u>\$ 33,709</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	( 592,647)	59,999	280,747	( 22,038)	-	( 273,939)
Changes in other non-cash items	2,596	-	-	85,378	1,890	89,864
At September 30	<u>\$ 843,949</u>	<u>\$ 159,958</u>	<u>\$ 2,767,428</u>	<u>\$ 106,090</u>	<u>\$ 63,300</u>	<u>\$ 3,940,725</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	\$ 58,390	\$ 3,858,267
Changes in cash flow from financing activities	( 115,666)	60,065	194,056	( 20,925)	-	117,530
Changes in other non-cash items	-	-	-	13,243	6,150	19,393
At September 30	<u>\$ 1,334,000</u>	<u>\$ 109,974</u>	<u>\$ 2,450,829</u>	<u>\$ 35,847</u>	<u>\$ 64,540</u>	<u>\$ 3,995,190</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

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

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

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

### (3) Significant related party transactions

#### A. Operating revenue

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Sales of goods:		
Associates	\$ 12,680	\$ 9,582
Other related parties	2,283	21
	<u>\$ 14,963</u>	<u>\$ 9,603</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Sales of goods:		
Associates	\$ 48,430	\$ 59,702
Other related parties	22,161	21
	<u>\$ 70,591</u>	<u>\$ 59,723</u>

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

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Sales of services:		
Other related parties	\$ 920	\$ 3,568
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Sales of services:		
Other related parties	\$ 3,543	\$ 10,702

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

not significantly different from regular transactions.

B. Purchases

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Purchases of goods:		
Other related parties	\$ <u>-</u>	\$ <u>-</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Purchases of goods:		
Other related parties	\$ <u>2,135</u>	\$ <u>-</u>

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

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

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Other related parties	\$ <u>227</u>	\$ <u>1,636</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Other related parties	\$ <u>1,884</u>	\$ <u>3,509</u>

D. Accounts receivable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Associates	\$ 22,298	\$ 7,701	\$ 9,767
Other related parties	3,026	4,136	292
Loss allowance	( 7)	( 3)	( 3)
	\$ <u>25,317</u>	\$ <u>11,834</u>	\$ <u>10,056</u>

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

E. Other income and other receivables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Other receivables			
Associates	\$ <u>34</u>	\$ <u>28</u>	\$ <u>38</u>

F. Other payables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Other related parties	\$ <u>315</u>	\$ <u>2,636</u>	\$ <u>1,802</u>

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Other receivables	\$ <u>63,300</u>	\$ <u>61,410</u>	\$ <u>64,540</u>

The above represents consideration due from other related parties under a new medicine development revenue share agreement of TSY-110. Refer to Note 6(11).

(4) Key management compensation

	<u>Three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Salaries and other short-term employee benefits	\$ 20,017	\$ 12,052
Post-employment benefits	298	345
Share-based payments	88	86
	<u>\$ 20,403</u>	<u>\$ 12,483</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Salaries and other short-term employee benefits	\$ 64,605	\$ 52,531
Post-employment benefits	1,012	1,090
Share-based payments	13,214	253
	<u>\$ 78,831</u>	<u>\$ 53,874</u>

## 8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2024	December 31, 2023	September 30, 2023	
Financial assets at fair value through profit or loss	\$ 84,360	\$ 954,750	\$ 926,250	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	1,595,142	1,644,340	1,594,013	"
Machinery and equipment	133,318	147,802	152,786	Guarantee for mid-term and long-term borrowings facility
Pollution-prevention equipment	4,009	4,665	4,884	"
Unfinished construction and equipment under acceptance	438,849	433,466	431,684	"
Guarantee deposits paid (shown as "other non-current assets")	1,099	1,659	549	Performance guarantee
	<u>\$ 2,912,727</u>	<u>\$ 3,842,632</u>	<u>\$ 3,766,116</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment	<u>\$ 247,997</u>	<u>\$ 356,208</u>	<u>\$ 374,812</u>

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

The aforementioned contingent price will be paid in accordance with the progress for application of clinical testing, patent and new medicine. The maximum amount is US\$8,500 thousand, which will be paid based on a certain percentage of the sales amount as specified in the contract when the product is launched in the market. As of September 30, 2024, December 31, 2023 and September 30, 2023, accumulated payments of the contract price were US\$8,500 thousand, US\$6,000 thousand and US\$6,000 thousand, respectively. The unpaid consideration on September 30, 2024, December 31,

2023 and September 30, 2023 were \$0, \$69,931 and \$73,496 (US\$0 thousand, US\$2,278 thousand and US\$2,278 thousand), respectively, which were shown as “Other Current Liabilities” in the consolidated balance sheet.

- (3) As of September 30, 2024, the Group has signed laboratory service contracts with future payment obligations amounting to \$206,617.

#### 10. SIGNIFICANT DISASTER LOSS

None.

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

- A. The subsidiary, Formosa Pharmaceuticals, Inc., signed a new drug licensing agreement with DAVI Farmaceutica on October 31, 2024, for the region of Portugal. Under the agreement, Formosa Pharmaceuticals, Inc. will grant commercialization rights for the new drug in Portugal and will receive signing bonuses, development milestone payments, and sales milestone payments.
- B. The subsidiary, Formosa Pharmaceuticals, Inc., announced on November 4, 2024, that its licensing partner, Grandpharma (China) Co., Ltd., has completed Phase III clinical trials for the ophthalmic drug APP13007 in China. The data analysis results have achieved clinical and statistical significance.

#### 12. OTHERS

##### (1) Capital management

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Total borrowings	\$ 3,771,335	\$ 4,020,640	\$ 3,894,804
Less: Cash and cash equivalents	( 1,278,076)	( 1,526,013)	( 1,235,959)
Net debt	2,493,259	2,494,627	2,658,845
Total equity	8,735,672	8,210,201	8,070,583
Total capital	<u>\$ 11,228,931</u>	<u>\$ 10,704,828</u>	<u>\$ 10,729,428</u>
Gearing ratio	<u>22.20%</u>	<u>23.30%</u>	<u>24.78%</u>

## (2) Financial instruments

### A. Financial instruments by category

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>1,804,344</u>	\$ <u>1,961,831</u>	\$ <u>1,909,688</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ <u>114,248</u>	\$ <u>121,269</u>	\$ <u>101,101</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,278,076	\$ 1,526,013	\$ 1,235,959
Financial assets at amortised cost	1,150,000	831,410	834,540
Notes and accounts receivable (including related parties)	937,318	960,009	966,987
Other receivables due from related parties	57,151	63,353	61,834
Guarantee deposits paid (shown as “other non-current assets”)	4,447	4,783	3,564
	<u>\$ 3,426,992</u>	<u>\$ 3,385,568</u>	<u>\$ 3,102,884</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 843,949	\$ 1,434,000	\$ 1,334,000
Short-term notes and bills payable	159,958	99,959	109,974
Notes and accounts payable	263,520	203,126	194,323
Other payables	765,435	655,795	661,262
New medicine development revenue share agreement	63,300	61,410	64,540
Long-term borrowings (shown as other liabilities)	2,767,428	2,486,681	2,450,830
	<u>\$ 4,863,590</u>	<u>\$ 4,940,971</u>	<u>\$ 4,814,929</u>
Lease liability (including current portion)	<u>\$ 106,090</u>	<u>\$ 42,749</u>	<u>\$ 35,846</u>

### B. Financial risk management policies

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

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

#### (a) Market risk

##### Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Group used in various functional currency, primarily with respect to the USD, JPY and EUR. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

- ii. Management has set up a policy to require each entity of the Group to manage their foreign exchange risk against their functional currency. Each entity of the Group is required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and EUR expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group's businesses involve some non-functional currency operations. (The functional currency of the company and some of its subsidiaries is the NTD, while the functional currency of certain subsidiaries is RMB and JPY) The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2024			
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 41,744	32.00	\$ 1,321,198
USD:JPY	3,200	142.38	101,280
<u>Non-monetary items</u>			
JPY:NTD	558,806	0.22	124,223
USD:NTD	2,226	31.65	70,443
EUR:NTD	2,315	35.38	81,894
HKD:NTD	10,256	4.08	41,791
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	22,058	32.00	698,136

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

	September 30, 2023			
	Foreign currency amount (in thousands)		Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	41,879	32.27	\$ 1,351,435
USD:JPY		3,400	149.58	109,953
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		16,755	32.27	540,678

- iv. The exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2024 and 2023, amounted to (\$52,163), \$18,685, (\$9,686), and \$10,746, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Nine months ended September 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%	\$	13,212	\$ -
USD:JPY	1%		1,013	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		6,981	-

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

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise equity instruments issued by domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine months ended September 30, 2024 and 2023 would have increased/decreased by \$18,043 and \$19,097, 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 \$1,142 and \$1,011, respectively, as a result of other comprehensive income on equity investment 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 nine months ended September 30, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
- ii. At September 30, 2024 and 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 nine months ended September 30, 2024 and 2023 would have decreased by \$1,660 and \$1,470, respectively. The main factor is that increases in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and financial assets stated at amortised cost.
- ii. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision roll rate matrix based on the loss rate methodology to estimate the expected credit loss.

- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. The Group distinguished customers into optimal customers and non-optimal customers based on the customers' rating. Related information is as follows:
- (i) The loss allowance for optimal customers' accounts was estimated to be 0.03% by using expected loss rate method. As of September 30, 2024, December 31, 2023 and September 30, 2023, the balances of loss allowance were \$181, \$195 and \$221, respectively.
- (ii) The loss allowance for non-optimal customers' accounts was estimated by using provision roll rate matrix. As of September 30, 2024, December 31, 2023 and September 30, 2023, related information is as follows:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>September 30, 2024</u>			
Not past due	1.18%	\$ 308,979	\$ 3,637
Up to 30 days past due	16.65%	26,003	4,328
31~ 90 days past due	55.92%~100%	8,255	8,255
91~ 180 days past due	100.00%	8,194	8,194
181 days past due	100.00%	4,209	4,209
Total		<u>\$ 355,640</u>	<u>\$ 28,623</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>September 30, 2023</u>			
Not past due	0.35%	\$ 224,486	\$ 781
Up to 30 days past due	48.46%	10,114	4,901
31~ 90 days past due	100.00%	-	-
91~ 180 days past due	100.00%	42	42
181 days past due	100.00%	-	-
Total		<u>\$ 234,642</u>	<u>\$ 5,724</u>

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

2024			
	Non-related parties	Related parties	Total
Balance at January 1	\$ 7,312	\$ 3	\$ 7,315
Provision for impairment loss	21,485	4	21,489
Balance at September 30	<u>\$ 28,797</u>	<u>\$ 7</u>	<u>\$ 28,804</u>

  

2023			
	Non-related parties	Related parties	Total
Balance at January 1	\$ 33,774	\$ 4	\$ 33,778
Reversal of impairment loss	( 27,832)	( 1)	( 27,833)
Balance at September 30	<u>\$ 5,942</u>	<u>\$ 3</u>	<u>\$ 5,945</u>

For provisioned loss on September 30, 2024 and 2023, the impairment losses (reversal) arising from customers' contracts are \$21,489 and (\$27,833), 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:

September 30, 2024	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
New medicine development revenue share agreement	\$ -	\$ -	\$ 63,300	\$ -
Short-term borrowings	844,684	-	-	-
Short-term notes and bills payable	159,958	-	-	-
Notes payable	-	-	-	-
Accounts payable	263,520	-	-	-
Other payables	765,435	-	-	-
Lease liability (including current portion)	28,088	20,096	14,337	63,532
Long-term borrowings (including current portion)	477,143	1,607,855	781,113	-
	<u>\$ 2,538,828</u>	<u>\$ 1,627,951</u>	<u>\$ 858,750</u>	<u>\$ 63,532</u>

Non-derivative financial liabilities:

December 31, 2023	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
New medicine development revenue share agreement	\$ -	\$ -	\$ 61,420	\$ -
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>\$ 1,014,919</u>	<u>\$ 114,651</u>

Non-derivative financial liabilities:

September 30, 2023	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
New medicine development revenue share agreement	\$ -	\$ -	\$ 64,540	\$ -
Short-term borrowings	1,335,856	-	-	-
Short-term notes and bills payable	109,974	-	-	-
Notes payable	1,320	-	-	-
Accounts payable	193,003	-	-	-
Other payables	661,262	-	-	-
Lease liability (including current portion)	22,032	9,342	3,547	1,527
Long-term borrowings (including current portion)	485,821	1,021,918	869,722	168,004
	<u>\$ 2,809,268</u>	<u>\$ 1,031,260</u>	<u>\$ 937,809</u>	<u>\$ 169,531</u>

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, contract assets, notes receivable, accounts receivable (including

related parties), other receivables (including related parties), short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables (including related parties), financial liabilities at amortised cost, corporate bonds payable and long-term borrowings (including current portion), are approximate to their fair values.

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

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

September 30, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss - equity securities	\$ 1,729,373	\$ -	\$ 31,650	\$ 1,761,023
Venture Fund	1,321	-	42,000	43,321
Convertible bonds	-	-	-	-
Financial assets at fair value through other comprehensive income - equity securities	<u>8,028</u>	<u>8,498</u>	<u>97,722</u>	<u>114,248</u>
Total	<u>\$ 1,738,722</u>	<u>\$ 8,498</u>	<u>\$ 171,372</u>	<u>\$ 1,918,592</u>
December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss - equity securities	\$ 1,918,749	\$ -	\$ 17,784	\$ 1,936,533
Venture Fund	-	-	24,000	24,000
Convertible bonds	1,298	-	-	1,298
Financial assets at fair value through other comprehensive income - equity securities	<u>-</u>	<u>27,260</u>	<u>94,009</u>	<u>121,269</u>
Total	<u>\$ 1,920,047</u>	<u>\$ 27,260</u>	<u>\$ 135,793</u>	<u>\$ 2,083,100</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,931</u>	<u>\$ 69,931</u>

September 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss - equity securities	\$ 1,866,384	\$ -	\$ 17,784	\$ 1,884,168
Venture Fund	-	-	24,000	24,000
Convertible bonds	1,520	-	-	1,520
Financial assets at fair value through other comprehensive income - equity securities	-	21,251	79,850	101,101
Total	<u>\$ 1,867,904</u>	<u>\$ 21,251</u>	<u>\$ 121,634</u>	<u>\$ 2,010,789</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,422</u>	<u>\$ 35,422</u>

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

- i. For the instruments the Group used market quoted prices as their fair values (that is, Level 1), the Group uses the closing price of market quoted price to measure the listed and emerging shares.
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance and discounted cash flow method.

D. The following chart is the movement of Level 3 for the nine months ended September 30, 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	8,574	2,808	6,961	38,074
Gains and losses recognised in other comprehensive income	3,713	3,476	-	-
Acquired during the period	52,025	38,895	-	-
Payment during the period	-	-	( 79,289)	-
Transfers out from level 3	( 28,733)	-	-	-
Effect due to changes in exchange rates	-	-	2,397	1,713
At September 30	<u>\$ 171,372</u>	<u>\$ 121,634</u>	<u>\$ -</u>	<u>\$ 73,496</u>

E. Since Hemed 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 was 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 September 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 145,898</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Venture Fund	<u>\$ 42,000</u>	Net assets value method	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 assets value method	Not applicable	-	Not applicable
Non-derivative debt instrument:					
Company acquisition payable	\$ <u>69,931</u>	Depends on individual contracts	Achievement rate	91.1%	The higher the discount rate, the lower the fair value
	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>97,634</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Venture Fund	\$ <u>24,000</u>	Net assets value method	Not applicable	-	Not applicable
Non-derivative debt instrument:					
Company acquisition payable	\$ <u>35,422</u>	Depends on individual contracts	Achievement rate	48.3%	The higher the discount rate, the lower the fair value

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

The following transactions with the subsidiary have been eliminate when preparing the consolidated financial statements.

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Groups' paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more:  
Refer to table 3.

I. Trading in derivative instruments undertaken during the reporting periods: None.

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

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

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

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

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

Nine months ended September 30, 2024

	<u>API</u>	<u>Other operating departments</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	\$ 3,235,834	\$ 143,666	\$ -	\$ 3,379,500
Inter-segment revenue	<u>25,216</u>	<u>-</u>	<u>( 25,216)</u>	<u>-</u>
Total segment revenue	<u>\$ 3,261,050</u>	<u>\$ 143,666</u>	<u>(\$ 25,216)</u>	<u>\$ 3,379,500</u>
Segment income	<u>\$ 210,281</u>	<u>(\$ 172,654)</u>	<u>\$ 94,457</u>	<u>\$ 132,084</u>
Segment income (loss), including:				
Depreciation and amortisation	<u>\$ 361,245</u>	<u>\$ 32,901</u>	<u>(\$ 15,635)</u>	<u>\$ 378,511</u>
Income tax expense	<u>(\$ 90,963)</u>	<u>(\$ 19,704)</u>	<u>\$ 25</u>	<u>(\$ 110,642)</u>
Recognised investment profit or loss accounted for using equity method	<u>(\$ 1,042)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 1,042)</u>

Nine months ended September 30, 2023

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

(4) Reconciliation for segment income (loss)

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Loans to others

Nine months ended September 30, 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 nine months	Balance at September 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	
					ended September 30, 2024									Item				Value
0	Formosa Laboratories, Inc.	SynChem-Formosa, Inc.	Other receivables-related parties	Y	\$ 31,650	\$ 31,650	\$ 12,660	-	2	\$ -	Revolving funds	\$ -	None	\$ -	\$ 774,780	\$ 1,549,561	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	-	481,109	561,294	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)  
September 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 September 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	\$ 1,647,491	6.06	\$ 1,647,491	
Formosa Laboratories, Inc.	TOT Biopharm International Company Limited common stocks	None	Financial assets at fair value through profit or loss - current	5,121,500	41,790	0.66	41,790	
Formosa Laboratories, Inc.	TaiRx, Inc. common stocks	Other related party	Financial assets at fair value through profit or loss - current	346,000	11,359	0.31	11,359	
Formosa Laboratories, Inc.	AG Global Inc Unlisted stocks	None	Financial assets at fair value through profit or loss - non-current	1,041,666	-	1.99	-	
Formosa Laboratories, Inc.	Oncomatryx Biopharma, S.L.common stocks	None	Non-current financial assets at fair value through other comprehensive income	303,713	81,897	3.58	81,897	
Formosa Laboratories, Inc.	PHARMASTAR INC.common stocks	None	Non-current financial assets at fair value through other comprehensive income	500,000	15,825	20.00	15,825	
Formosa Laboratories, Inc.	Hcmed, Innovations Co., Ltd. common stocks	None	Financial assets at fair value through profit or loss - non-current	360,062	28,733	1.20	28,733	
Formosa Laboratories, Inc.	Forward BioT Venture Capital	None	Financial assets at fair value through profit or loss - non-current	-	42,000	6.72	42,000	
Formosa Laboratories, Inc.	AmMax Bio, Inc. Unlisted stocks	None	Financial assets at fair value through profit or loss - non-current	934,578	31,650	1.48	31,650	
Epione Pharmaceuticals, Inc.	RiTdisplay Corporation II unsecured convertible bonds	None	Financial assets at fair value through profit or loss - current	10,000	1,001	-	1,001	
Epione Pharmaceuticals, Inc.	AcBel Polytech Inc. II unsecured convertible bonds	None	Financial assets at fair value through profit or loss - current	3,000	320	-	320	
Formosa Pharmaceuticals, Inc.	Eyenovia, Inc. (EYEN) shares	None	Non-current financial assets at fair value through other comprehensive income	1,101,301	16,526	1.42	16,526	

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

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

September 30, 2024

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2024	Turnover rate (Note)	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	\$ 101,280	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  
Nine months ended September 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	\$ 25,216	Note 5	1%
1	Activus Pharma. Co., Ltd.	Formosa Pharmaceuticals Inc.	3	Other receivables	101,280	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  
Nine months ended September 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 September 30, 2024			Net income of	Investment	Footnote
				Balance as at September 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value	investee for the	income (loss)	
									nine months ended September 30, 2024	recognised by the Company for the nine months ended September 30, 2024	
Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	Taiwan	Research and development of new biotechnology medicine	\$ 1,229,635	\$ 1,231,638	61,387,653	40.66%	\$ 676,503	(\$ 162,366)	(\$ 65,652)	
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Taiwan	Research and development of new biotechnology medicine	40,000	40,000	4,000,000	100.00%	13,015	( 105)	( 105)	
Formosa Laboratories, Inc.	A.R.Z Taiwan Limited	Taiwan	Agency sales of raw materials and intermediates	2,716	2,716	271,620	45.00%	258	197	89	
Formosa Laboratories, Inc.	Formosa Labarotories Japan, Inc.	Japan	Agency sales of medicine and intermediates	1,105	1,105	400	40.00%	18,949	( 2,826)	( 1,131)	
Formosa Laboratories, Inc.	SynChem-Formosa, Inc.	USA	Research of organic synthesis, process development and medicinal chemistry contracts	28,898	-	311,996	100.00%	21,289	( 7,648)	( 7,648)	
Formosa Laboratories, Inc.	Epione Investment Cayman Limited	Cayman Islands	Medicine, chemical trade and investment business	18,482	18,482	619,000	100.00%	7,118	( 2,542)	( 2,542)	
Epione Investment Cayman Limited	Epione Investment HK Limited	Hong Kong	Medicine, chemical trade and investment business	16,287	16,287	544,500	100.00%	6,446	( 2,395)	( 2,395)	
Formosa Pharmaceuticals Inc.	Activus Pharma. Co., Ltd.	Japan	Research and development of new biotechnology medicine	274,633	274,633	1,942	99.23%	105,274	947	881	

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 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 China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Net income of investee for the nine months ended September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2024	Book value of investments in Mainland China as of September 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Footnote
Shanghai Epione Enterprise Co., Ltd.	Wholesale and import and export of chemical raw materials and products and commission agency	\$ 15,825	Note 1	\$ 15,825	\$ -	\$ -	\$ 15,825	(\$ 2,334)	100%	(\$ 2,334)	\$ 6,232	\$ -	Note 2

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

Note 2: The investment loss for the nine months ended September 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 September 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.	\$ 58,023	\$ 160,858	\$ 4,648,682

Note 3: The total investment amount approved by the Investment Commission, MOEA, was USD 5,082 thousand at the exchange rate of 31.65 and translated into \$160,858.

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

Note 5: The Company's accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024 was \$42,198, including investment in TOT Biopharm International Company Limited.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Major shareholders information

September 30, 2024

Table 7

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