

**FORMOSA LABORATORIES, INC.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 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' REPORT TRANSLATED FROM CHINESE

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

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Formosa Laboratories, Inc. (the “Company”) as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2024 parent company only financial statements are stated as follows:

#### **Key audit matter - inventory valuation**

##### **Description**

Refer to Note 4(11) for accounting policy on inventory valuation, Note 6(5) for details of inventory, and Note 5(1) for uncertainty of accounting estimates and assumptions in relation to inventory valuation.

The Company is primarily engaged in the manufacturing and sales of active pharmaceutical ingredients. Due to the intensely competitive market and the restriction of expiry date of active pharmaceutical ingredients, there is a higher risk in loss on decline in market value of expired or obsolete inventories. As the determination of impairment of inventories involves subjective judgement and estimation uncertainty and considering that the amount of inventories is significant to the financial statements, we identified the inventory valuation as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

- A. Obtained an understanding of the Company's operations and industry, assessed the reasonableness of the accounting policy in recognising the allowance for inventory valuation losses, and ascertained whether the accounting policy was applied consistently for both periods.
- B. Obtained the net realisable value report of inventories, reviewed the calculation logic used and tested related parameters, including sales and purchase data files and other resource data.
- C. Obtained the expiry information date of each inventory item, checked against related supporting documents, and assessed the reasonableness of the provision of allowance for loss on inventory decline in market value.
- D. Verified the related documents we gathered during the physical inventory count and performed an inquiry with management and related personnel to verify whether the following have been addressed in the inventory list: a. Slow-moving inventory. b. Inventory that is over certain age. and c. Significant amount of damaged inventory.

#### **Key audit matter - Impairment assessment of investments accounted for using equity method**

##### Description

As of December 31, 2024, the amount of the Company's reinvestment was significant and the reinvestment generated goodwill of NTD 60,403 thousand. Refer to Notes 4(12) and (16) for details of related accounting policies, and Notes 5(2) and 6(6) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for using equity method.

The Company measures the recoverable amount of cash generating unit by discounting estimated future cash flows of related research and development projects as basis for impairment assessment. As the amount of investments accounted for using equity method was significant, the valuation model used in the impairment assessment involves significant accounting estimates, and the recoverable amount was determined based on projected future

cash flows, we considered the impairment assessment of investments accounted for using equity method as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

- A. Obtained an understanding of the estimation process of projected cash flows to ascertain whether it was in agreement with the budget of the investee.
- B. Obtained the appraisal report of appraisers who were appointed by the management and performed the following audit procedures:
  - (1) Assessed whether the valuation model was reasonably matched with its industry, environment and assets to be valued.
  - (2) Compared the expected growth rate and net operating interest rate used in the estimation of future cash flows with historical result, economic documents and other external data.
  - (3) Assessed the discount rate used and compared with capital cost assumption of cash-generating units and return rates of similar assets.
- C. Confirmed and measured the recoverable amount of cash-generating units by discounting estimated future cash flows to determine whether the recoverable amount exceeds the book value.

***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the Company's financial reporting process.

***Auditors' responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Yen, Yu-Fang

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Teng, Sheng-Wei

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 12, 2025

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The accompanying parent company only 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 parent company only 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.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 913,750	7	\$ 1,119,867	9
1110	Current financial assets at fair value through profit or loss	6(2) and 8	117,534	1	151,767	1
1170	Accounts receivable, net	6(4)	1,178,535	10	948,175	7
1180	Accounts receivable - related parties	7	19,823	-	15,260	-
1200	Other receivables		21,996	-	31,187	-
1210	Other receivables - related parties	7	21,162	-	997	-
130X	Inventory	6(5)	1,709,472	14	1,597,467	13
1410	Prepayments		152,755	1	81,330	1
1470	Other current assets		2,030	-	1,599	-
11XX	Total current assets		4,137,057	33	3,947,649	31
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 8	1,363,846	11	1,808,766	14
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	95,382	1	94,009	1
1550	Investments accounted for under equity method	6(6)	708,294	6	582,853	5
1600	Property, plant and equipment	6(7) and 8	6,092,507	48	6,020,386	47
1755	Right-of-use assets		68,028	-	37,661	-
1780	Intangible assets		20,839	-	25,383	-
1840	Deferred income tax assets	6(25)	93,037	1	85,154	1
1900	Other non-current assets	6(7)(8) and 8	26,699	-	84,768	1
15XX	Total non-current assets		8,468,632	67	8,738,980	69
1XXX	Total assets		\$ 12,605,689	100	\$ 12,686,629	100

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FORMOSA LABORATORIES, INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9) and 8	\$ 683,000	5	\$ 1,434,000	11
2110	Short-term notes and bills payable	6(10)	49,982	-	99,959	1
2130	Current contract liabilities	6(18) and 7	57,681	1	115,110	1
2150	Notes payable		910	-	1,017	-
2170	Accounts payable		218,026	2	202,109	2
2200	Other payables	6(11)	642,034	5	547,758	4
2220	Other payables to related parties	7	231	-	63	-
2230	Current income tax liabilities		69,448	1	98,702	1
2280	Current lease liabilities		20,864	-	20,749	-
2320	Long-term liabilities, current portion	6(12) and 8	388,145	3	448,784	3
2399	Other current liabilities		26,251	-	32,649	-
21XX	Total current liabilities		2,156,572	17	3,000,900	23
Non-current liabilities						
2527	Non-current contract liabilities	6(18) and 7	5,462	-	16,565	-
2540	Long-term borrowings	6(12) and 8	2,669,752	21	2,037,897	16
2570	Deferred income tax liabilities	6(25)	16,677	-	19,858	-
2580	Non-current lease liabilities		47,501	1	17,086	-
2600	Other non-current liabilities		25,650	-	23,371	1
25XX	Total non-current liabilities		2,765,042	22	2,114,777	17
2XXX	Total liabilities		4,921,614	39	5,115,677	40
	Share capital	1 and 6(14)				
3110	Common stock		1,202,560	10	1,202,560	10
	Capital surplus	6(15)				
3200	Capital surplus		3,773,468	29	3,552,070	28
	Retained earnings	6(16)				
3310	Legal reserve		498,069	4	485,958	4
3320	Special reserve		19	-	54,984	-
3350	Unappropriated retained earnings		2,228,157	18	2,269,213	18
	Other equity interest	6(17)				
3400	Other equity interest		( 18,198)	-	( 6,167)	-
3XXX	Total equity		7,684,075	61	7,570,952	60
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	Total liabilities and equity		\$ 12,605,689	100	\$ 12,686,629	100

The accompanying notes are an integral part of these parent company only financial statements.

**FORMOSA LABORATORIES, INC.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
Items	Notes		2024		2023	
			AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7		\$ 4,605,182	100	\$ 4,346,290	100
5000 Operating costs	6(5)(23)(24)		( 2,671,976 )	( 58 )	( 2,437,759 )	( 56 )
5900 Gross profit			1,933,206	42	1,908,531	44
5910 Unrealized profit from sales			( 794 )	-	-	-
5920 Realized profit from sales			3,103	-	3,103	-
5950 Net operating margin			1,935,515	42	1,911,634	44
Operating expenses	6(23)(24)					
6100 Selling expenses			( 208,184 )	( 4 )	( 187,772 )	( 4 )
6200 General and administrative expenses			( 230,368 )	( 5 )	( 200,875 )	( 5 )
6300 Research and development expenses			( 581,503 )	( 13 )	( 577,774 )	( 13 )
6450 (Impairment loss) impairment gain determined in accordance with IFRS 9	12(2)		( 16,320 )	-	26,463	-
6000 Total operating expenses			( 1,036,375 )	( 22 )	( 939,958 )	( 22 )
6900 Operating income			899,140	20	971,676	22
Non-operating income and expenses						
7100 Interest income	6(19)		10,989	-	11,223	-
7010 Other income	6(20) and 7		11,855	-	10,745	-
7020 Other gains and losses	6(2)(21)		( 516,853 )	( 11 )	( 509,348 )	( 12 )
7050 Finance costs	6(22)		( 37,740 )	( 1 )	( 30,743 )	-
7070 Share of loss of associates and joint ventures accounted for using equity method, net	6(6)		( 97,363 )	( 2 )	( 154,522 )	( 3 )
7000 Total non-operating income and expenses			( 629,112 )	( 14 )	( 672,645 )	( 15 )
7900 Profit before income tax			270,028	6	299,031	7
7950 Income tax expense	6(25)		( 112,760 )	( 3 )	( 172,788 )	( 4 )
8200 Profit for the year			\$ 157,268	3	\$ 126,243	3
<b>Other comprehensive income</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311 Losses on remeasurements of defined benefit plan	6(13)		( \$ 832 )	-	( \$ 6,414 )	-
8316 Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(3)		( 22,708 )	-	15,508	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)		166	-	1,283	-
8310 Other comprehensive (loss) income that will not be reclassified to profit or loss			( 23,374 )	-	10,377	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361 Financial statements translation differences of foreign operations			( 2,071 )	-	( 4,547 )	-
8399 Income tax relating to the components of other comprehensive loss	6(25)		414	-	909	-
8360 Other comprehensive loss that will be reclassified to profit or loss			( 1,657 )	-	( 3,638 )	-
8300 Total other comprehensive (loss) income for the year			( \$ 25,031 )	-	\$ 6,739	-
8500 Total comprehensive income for the year			\$ 132,237	3	\$ 132,982	3
<b>Earnings per share (in dollars)</b>						
9750 Basic earnings per share	6(26)		\$ 1.31		\$ 1.05	
9850 Diluted earnings per share	6(26)		\$ 1.30		\$ 1.05	

The accompanying notes are an integral part of these parent company only financial statements.

FORMOSA LABORATORIES, INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital Reserves		Retained Earnings			Other Equity Interest			Total equity
			Capital surplus, additional paid-in capital	Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed	Capital Surplus, changes in ownership interests in subsidiaries	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>2023</u>											
Balance at January 1, 2023		\$ 1,202,560	\$ 3,083,576	\$ -	\$ 430,912	\$ 444,979	\$ 20	\$ 2,364,300	( \$ 10,047)	\$ 4,344	\$ 7,520,644
Profit for the year		-	-	-	-	-	-	126,243	-	-	126,243
Other comprehensive income (loss)		-	-	-	-	-	-	( 5,131)	( 3,638)	15,508	6,739
Total comprehensive income (loss)		-	-	-	-	-	-	121,112	( 3,638)	15,508	132,982
Appropriations and distribution of retained earnings:	6(16)										
Legal reserve		-	-	-	-	40,979	-	( 40,979)	-	-	-
Special reserve		-	-	-	-	-	54,964	( 54,964)	-	-	-
Cash dividends		-	-	-	-	-	-	( 120,256)	-	-	( 120,256)
Changes in ownership interests in subsidiaries		-	-	-	37,582	-	-	-	-	-	37,582
Balance at December 31, 2023		\$ 1,202,560	\$ 3,083,576	\$ -	\$ 468,494	\$ 485,958	\$ 54,984	\$ 2,269,213	( \$ 13,685)	\$ 19,852	\$ 7,570,952
<u>2024</u>											
Balance at January 1, 2024		\$ 1,202,560	\$ 3,083,576	\$ -	\$ 468,494	\$ 485,958	\$ 54,984	\$ 2,269,213	( \$ 13,685)	\$ 19,852	\$ 7,570,952
Profit for the year		-	-	-	-	-	-	157,268	-	-	157,268
Other comprehensive income (loss)		-	-	-	-	-	-	( 666)	( 1,657)	( 22,708)	( 25,031)
Total comprehensive income (loss)		-	-	-	-	-	-	156,602	( 1,657)	( 22,708)	132,237
Appropriations and distribution of retained earnings:	6(16)										
Legal reserve		-	-	-	-	12,111	-	( 12,111)	-	-	-
Special reserve		-	-	-	-	-	( 54,965)	54,965	-	-	-
Cash dividends		-	-	-	-	-	-	( 240,512)	-	-	( 240,512)
From differences between equity purchase price and carrying amount arising from actual disposal of subsidiaries	6(27)	-	-	1,586	-	-	-	-	-	-	1,586
Changes in ownership interests in subsidiaries		-	-	-	219,812	-	-	-	-	-	219,812
Balance at December 31, 2024		\$ 1,202,560	\$ 3,083,576	\$ 1,586	\$ 688,306	\$ 498,069	\$ 19	\$ 2,228,157	( \$ 15,342)	( \$ 2,856)	\$ 7,684,075

The accompanying notes are an integral part of these parent company only financial statements.

FORMOSA LABORATORIES, INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 270,028	\$ 299,031
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(23)	475,706	458,296
Amortisation	6(23)	7,940	9,158
Expected credit impairment loss (gain)	12(2)	16,320	( 26,463 )
Net losses on financial assets at fair value through profit or loss	6(2)(21)	523,071	429,278
Interest expense	6(22)	37,740	30,743
Interest income	6(19)	( 10,989 )	( 11,223 )
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	97,363	154,522
Unrealised (realised) gain on inter-affiliate accounts		( 2,309 )	( 3,103 )
Proceeds from disposal of property, plant and equipment	6(21)	21,607	-
Gain on disposal of property, plant and equipment	6(21)	-	( 88 )
Gain from lease modification	6(21)	( 59 )	( 21 )
Expenses transferred from prepayments for equipment (shown as other non-current assets)		1,133	5,049
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		( 246,678 )	( 122,864 )
Accounts receivable - related parties		( 4,564 )	7,548
Other receivables		9,191	( 16,597 )
Other receivables - related parties		( 20,165 )	( 399 )
Inventory		( 112,005 )	4,205
Prepayments		( 71,425 )	( 8,363 )
Other current assets		( 431 )	534
Other non-current assets		-	( 1,251 )
Changes in operating liabilities			
Current contract liabilities		( 57,429 )	39,670
Non-current contract liabilities		( 11,103 )	( 424 )
Notes payable		( 107 )	-
Accounts payable		15,917	15,636
Other payables		84,390	( 28,833 )
Other payables to related parties		168	63
Other current liabilities		( 6,398 )	1,089
Cash inflow generated from operations		1,016,912	1,235,193
Interest received		10,989	11,223
Interest paid		( 38,619 )	( 30,352 )
Income taxes paid		( 152,499 )	( 201,064 )
Net cash flows from operating activities		836,783	1,015,000

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FORMOSA LABORATORIES, INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through profit or loss		\$ 8,106	\$ 7,333
Acquisition of investments accounted for using equity method		( 28,898 )	( 429,740 )
Proceeds from disposal of investments accounted for using equity method	6(27)	3,589	-
Received cash dividends from investments accounted for using equity method		60	65
Acquisition of property, plant and equipment (including capitalised interests)	6(28)	( 545,078 )	( 474,772 )
Proceeds from disposal of property, plant and equipment	6(21)	47,437	88
Acquisition of intangible assets		( 944 )	( 1,896 )
Decrease in guarantee deposits paid		656	1,581
Increase in margin deposits		475	-
Increase in prepayments for business facilities (shown as other non-current assets)	6(7)	( 33,228 )	( 60,227 )
Prepayments for investments (shown as other non-current assets)		-	( 52,025 )
Net cash flows used in investing activities		( 547,825 )	( 1,009,593 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans	6(29)	( 751,000 )	( 15,666 )
(Decrease) increase in short-term notes and bills payable	6(29)	( 49,977 )	50,050
Proceeds from long-term debt	6(29)	6,540,000	4,037,800
Repayments of long-term debt (including current portion)	6(29)	( 5,968,784 )	( 3,807,892 )
Payments of lease liabilities	6(29)	( 24,802 )	( 24,569 )
Cash dividends paid	6(16)	( 240,512 )	( 120,256 )
Net cash flows from financing activities		( 495,075 )	119,467
Net (decrease) increase in cash and cash equivalents		( 206,117 )	124,874
Cash and cash equivalents at beginning of year		1,119,867	994,993
Cash and cash equivalents at end of year		\$ 913,750	\$ 1,119,867

The accompanying notes are an integral part of these parent company only financial statements.

FORMOSA LABORATORIES, INC.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

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

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

After the merger, the Company is primarily engaged in the manufacturing and sales of active pharmaceutical ingredients, including medical active pharmaceutical ingredients and ultraviolet absorbers. The Company’s shares were listed in the Taiwan Stock Exchange starting from March 1, 2011. As of December 31, 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 financial statements were authorised for issuance by the Board of Directors on March 12, 2025.

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<sup>®</sup>”) 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 Company's financial condition and financial performance based on the Company'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 Company

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 Company's financial condition and financial performance based on the Company'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 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	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. The quantitative impact will be disclosed when the assessment is complete.

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 applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

##### (2) Basis of preparation

- A. Except for the following items, the parent company only 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 that came into effect 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

##### (3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the

primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) The translation differences of non-monetary assets and liabilities denominated in foreign currencies were parts of gains or losses on fair value. For those non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

- (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from

its involvement with the entity and has the ability to affect those returns through its power over the entity.

- B. Inter-company transactions, balances and significant unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries were in consistent with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses in proportion to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses. If the company provided endorsement/guarantee and loans to associates or intends to continuously support the investee, the Company shall continue to recognise losses in proportion to its ownership.
- G. In accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only financial statements is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item

will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2 to 50 years
Machinery and equipment	2 to 15 years
Utilities equipment	7 to 20 years
Testing equipment	2 to 13 years
Pollution-prevention equipment	5 to 15 years
Office equipment	2 to 10 years
Leasehold improvements	5 to 15 years
Other equipment	2 to 20 years

(14) Leasing arrangements (lessee) — right-of-use assets/lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable and variable lease payments that depend on an index or a rate. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
  - (a) The amount of the initial measurement of lease liability;
  - (b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee;

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Intangible assets

Computer software is stated at cost and amortized using the straight-line method over the estimated useful life of 3-10 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(22) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax



expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities.

(23) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(25) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells active pharmaceutical ingredients and ultraviolet absorber. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Research and development revenue

The Group provides research and development of medicine and related services. Revenue from providing services is recognised in the accounting period in which the services are rendered. The revenue from fixed price contract is recognised based on the percentage of the actual services

provided as of the balance sheet date to the total services to be provided under the contract. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company had no significant accounting judgement in relation to the adoption of accounting policies. In addition, the details of significant accounting estimates and assumption uncertainty are as follows:

Critical accounting estimates and assumptions

### (1) Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Because of the intensely competitive market and the restriction of expiry date of active pharmaceutical ingredients, the Company assesses the amounts of inventories with normal consumption, obsolescence or without market value as of the balance sheet date, and writes off the inventory cost to net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2024, the carrying amount of inventories was \$1,709,472.

### (2) Impairment assessment of investments accounted for using equity method

The assessment procedure of goodwill impairment which was generated from premiums on investment relies on the Company's subjective judgement which is based on the discounted value of expected future cash flows of investees to estimate the recoverable amount and the reasonableness of related assumptions.

### (3) Revenue recognition

The Company recognises revenue from providing services based on the transaction price and the stage of completion, which is measured based on the actual services provided as of the end of the reporting period in proportion to the total services to be provided. The estimated total commissioned service cost will be affected by the estimated total time incurred, compliance costs, etc. The Company reassesses the reasonableness of estimates periodically.

For the year ended December 31, 2024, the amount of commissioned service revenue recognised was \$98,952.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Petty cash and cash on hand	\$ 305	\$ 326
Demand deposits	913,445	894,606
Time deposits	-	224,935
	<u>\$ 913,750</u>	<u>\$ 1,119,867</u>

A. The Company 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 Company has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks		
EirGenix, Inc.	\$ 28,285	\$ 28,285
TOT Biopharm International Company Limited	51,166	51,262
Emerging stocks		
TaiRx, Inc.	9,490	15,085
	<u>88,941</u>	<u>94,632</u>
Valuation adjustment	28,593	57,135
	<u>\$ 117,534</u>	<u>\$ 151,767</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks		
EirGenix, Inc.	\$ 588,756	\$ 588,756
Emerging stocks		
HCmed Innovations Co., Ltd.	17,716	-
Unlisted stocks		
HCmed Innovations Co., Ltd.	-	14,976
Forward BioT Venture Capital	42,000	24,000
AmMax Bio, Inc.	31,285	-
AG Global Inc.	35,340	35,340
	<u>715,097</u>	<u>663,072</u>
Valuation adjustment	648,749	1,145,694
	<u>\$ 1,363,846</u>	<u>\$ 1,808,766</u>

- A. The Company recognised net loss amounting to (\$523,071) and (\$429,278) on financial assets at fair value through profit or loss for the years ended December 31, 2024 and 2023, respectively.
- B. Details of the Company's financial assets at fair value through profit or loss pledged to others as collateral are provided in Note 8.

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

Items	December 31, 2024	December 31, 2023
Non-current items:		
Equity instruments		
Unlisted stocks		
Oncomatrix Biopharma, S.L.	\$ 57,135	\$ 57,135
PHARMASTAR INC.	14,895	14,895
Valuation adjustment	23,352	21,979
	<u>\$ 95,382</u>	<u>\$ 94,009</u>

- A. The Company 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 \$95,382 and \$94,009 as at December 31, 2024 and 2023, respectively.
- B. Amounts recognised in comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 22,708)	\$ 15,508

- C. As at December 31, 2024 and 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 Company was \$95,382 and \$94,009, respectively.
- D. The Company had no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Notes and accounts receivable, net

	December 31, 2024	December 31, 2023
Accounts receivable	\$ 1,202,165	\$ 955,487
Less: Allowance for uncollectible accounts	( 23,630)	( 7,312)
	<u>\$ 1,178,535</u>	<u>\$ 948,175</u>

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

	December 31, 2024		December 31, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 998,024	\$ -	\$ 871,497	\$ -
Up to 30 days past due	152,892	-	53,919	-
31~ 90 days past due	43,705	-	13,474	-
91~ 180 days past due	174	-	15,381	-
181 days past due	7,370	-	1,216	-
	<u>\$ 1,202,165</u>	<u>\$ -</u>	<u>\$ 955,487</u>	<u>\$ -</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2024 and 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 Company did not hold any collateral for the security of notes and accounts receivable.
- D. As at December 31, 2024 and 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 Company's notes and accounts receivable was \$1,178,535 and \$948,175, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2024		
	Cost	Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
Goods	\$ 2,074	(\$ 627)	\$ 1,447
Raw materials	665,187	( 81,468)	583,719
Work in progress	455,729	( 101,596)	354,133
Finished goods	<u>965,684</u>	<u>( 195,511)</u>	<u>770,173</u>
	<u>\$ 2,088,674</u>	<u>(\$ 379,202)</u>	<u>\$ 1,709,472</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>

Current expenses related to inventories are as follows:

	Year ended December 31,	
	2024	2023
Cost of goods sold	\$ 2,458,410	\$ 2,372,232
Loss on valuation decline and scrapped inventory (Gain on price recovery of inventory)	140,729 (	31,598)
Cost of services	74,474	98,341
Others	( 1,637)	( 1,216)
	<u>\$ 2,671,976</u>	<u>\$ 2,437,759</u>

For the year ended December 31, 2024, the Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold as certain inventories which were previously provided with allowance were subsequently sold.

(6) Investments accounted for using equity method

<u>Accounted as assets (shown as “investments accounted for using equity method”)</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Formosa Pharmaceuticals, Inc.	\$ 658,443	\$ 540,591
Epione Investment Cayman Limited	6,359	9,334
A. R. Z Taiwan Limited	11	169
Epione Pharmaceuticals, Inc.	12,981	13,120
Formosa Laboratories Japan, Inc.	17,034	19,639
SynChem-Formosa, Inc.	13,466	-
	<u>\$ 708,294</u>	<u>\$ 582,853</u>

A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2024 for the information regarding the Company’s subsidiaries.

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

(7) 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	\$ 3,244,885	\$ 97,668	\$ 446,659	\$ 225,567	\$ 118,906	\$ 15,244	\$ 337,484	\$ 1,956,823	\$ 9,476,300	\$ 26,870
Accumulated depreciation	-	( 583,992)	( 2,056,978)	( 82,179)	( 260,992)	( 145,105)	( 90,827)	( 11,915)	( 223,926)	-	( 3,455,914)	-
	<u>\$ 655,950</u>	<u>\$ 1,793,122</u>	<u>\$ 1,187,907</u>	<u>\$ 15,489</u>	<u>\$ 185,667</u>	<u>\$ 80,462</u>	<u>\$ 28,079</u>	<u>\$ 3,329</u>	<u>\$ 113,558</u>	<u>\$ 1,956,823</u>	<u>\$ 6,020,386</u>	<u>\$ 26,870</u>
Opening net book amount as at January 1	\$ 655,950	\$ 1,793,122	\$ 1,187,907	\$ 15,489	\$ 185,667	\$ 80,462	\$ 28,079	\$ 3,329	\$ 113,558	\$ 1,956,823	\$ 6,020,386	\$ 26,870
Additions (Note 2)	-	11,571	98,768	-	26,500	11,428	17,439	-	24,686	366,425	556,817	33,228
Disposals	-	-	( 1,247)	-	-	-	-	-	( 30)	( 67,767)	( 69,044)	-
Transfers (Note 4)	-	63,787	177,062	-	12,374	291	13,843	-	29,285	( 261,610)	35,032	( 37,852)
Reclassifications	-	-	177	-	( 177)	-	-	-	-	-	-	-
Depreciation charge	-	( 90,050)	( 257,543)	( 2,004)	( 41,515)	( 15,967)	( 12,412)	( 653)	( 30,540)	-	( 450,684)	-
Closing net book amount as at December 31	<u>\$ 655,950</u>	<u>\$ 1,778,430</u>	<u>\$ 1,205,124</u>	<u>\$ 13,485</u>	<u>\$ 182,849</u>	<u>\$ 76,214</u>	<u>\$ 46,949</u>	<u>\$ 2,676</u>	<u>\$ 136,959</u>	<u>\$ 1,993,871</u>	<u>\$ 6,092,507</u>	<u>\$ 22,246</u>
At December 31, 2024												
Cost	\$ 655,950	\$ 2,452,275	\$ 3,507,917	\$ 97,668	\$ 483,216	\$ 237,285	\$ 147,945	\$ 15,244	\$ 387,131	\$ 1,993,871	\$ 9,978,502	\$ 22,246
Accumulated depreciation	-	( 673,845)	( 2,302,793)	( 84,183)	( 300,367)	( 161,071)	( 100,996)	( 12,568)	( 250,172)	-	( 3,885,995)	-
	<u>\$ 655,950</u>	<u>\$ 1,778,430</u>	<u>\$ 1,205,124</u>	<u>\$ 13,485</u>	<u>\$ 182,849</u>	<u>\$ 76,214</u>	<u>\$ 46,949</u>	<u>\$ 2,676</u>	<u>\$ 136,959</u>	<u>\$ 1,993,871</u>	<u>\$ 6,092,507</u>	<u>\$ 22,246</u>

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

Note 2: Including capitalised interests.

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

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

	Land	Buildings and structures (Note 3)	Machinery and equipment	Utilities equipment	Testing equipment	Pollution- prevention equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (Note 1)
At January 1, 2023												
Cost	\$ 655,950	\$ 1,598,236	\$ 2,981,623	\$ 97,668	\$ 399,315	\$ 217,964	\$ 110,766	\$ 15,244	\$ 300,818	\$ 2,526,642	\$ 8,904,226	\$ 59,705
Accumulated depreciation	- ( 510,963)	( 1,802,720)	( 80,181)	( 221,836)	( 129,545)	( 81,448)	( 11,164)	( 194,405)	- ( 3,032,262)	-	-	-
	<u>\$ 655,950</u>	<u>\$ 1,087,273</u>	<u>\$ 1,178,903</u>	<u>\$ 17,487</u>	<u>\$ 177,479</u>	<u>\$ 88,419</u>	<u>\$ 29,318</u>	<u>\$ 4,080</u>	<u>\$ 106,413</u>	<u>\$ 2,526,642</u>	<u>\$ 5,871,964</u>	<u>\$ 59,705</u>
Opening net book amount as at January 1	\$ 655,950	\$ 1,087,273	\$ 1,178,903	\$ 17,487	\$ 177,479	\$ 88,419	\$ 29,318	\$ 4,080	\$ 106,413	\$ 2,526,642	\$ 5,871,964	\$ 59,705
Additions (Note 2)	-	30,705	32,983	-	20,805	2,931	3,189	-	12,014	395,931	498,558	60,227
Transfers (Note 4)	-	749,066	235,076	-	30,443	4,672	5,082	-	25,015	( 965,750)	83,604	( 93,062)
Reclassifications	-	- ( 279)	-	279	-	-	-	-	-	-	-	-
Depreciation charge	- ( 73,922)	( 258,776)	( 1,998)	( 43,339)	( 15,560)	( 9,510)	( 751)	( 29,884)	- ( 433,740)	-	-	-
Closing net book amount as at December 31	<u>\$ 655,950</u>	<u>\$ 1,793,122</u>	<u>\$ 1,187,907</u>	<u>\$ 15,489</u>	<u>\$ 185,667</u>	<u>\$ 80,462</u>	<u>\$ 28,079</u>	<u>\$ 3,329</u>	<u>\$ 113,558</u>	<u>\$ 1,956,823</u>	<u>\$ 6,020,386</u>	<u>\$ 26,870</u>
At December 31, 2023												
Cost	\$ 655,950	\$ 2,377,114	\$ 3,244,885	\$ 97,668	\$ 446,659	\$ 225,567	\$ 118,906	\$ 15,244	\$ 337,484	\$ 1,956,823	\$ 9,476,300	\$ 26,870
Accumulated depreciation	- ( 583,992)	( 2,056,978)	( 82,179)	( 260,992)	( 145,105)	( 90,827)	( 11,915)	( 223,926)	- ( 3,455,914)	-	-	-
	<u>\$ 655,950</u>	<u>\$ 1,793,122</u>	<u>\$ 1,187,907</u>	<u>\$ 15,489</u>	<u>\$ 185,667</u>	<u>\$ 80,462</u>	<u>\$ 28,079</u>	<u>\$ 3,329</u>	<u>\$ 113,558</u>	<u>\$ 1,956,823</u>	<u>\$ 6,020,386</u>	<u>\$ 26,870</u>

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

Note 2: Including capitalised interests.

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

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



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

	Year ended December 31,	
	2024	2023
Amount capitalised	\$ 39,496	\$ 43,002
Range of the interest rates for capitalisation	1.8775%~1.9700%	1.815%~1.8435%

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

(8) Other non-current assets

	December 31, 2024	December 31, 2023
Prepayments for business facilities	\$ 22,246	\$ 26,870
Guarantee deposits paid (Note 1)	3,474	4,130
Prepayments for investment (Note 2)	-	52,025
Others	979	1,743
	<u>\$ 26,699</u>	<u>\$ 84,768</u>

Note 1: Refer to Note 8 for the performance guarantees provided.

Note 2: As the capital increase procedure has not yet been completed, the capital contribution was recognised as prepayments for investment.

(9) Short-term borrowings

	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 63,000	1.82%	Refer to Note 8
Unsecured borrowings	620,000	1.82%~1.85%	None
	<u>\$ 683,000</u>		
	December 31, 2023	Interest rate range	Collateral
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>		

Interest expense recognised in profit or loss amounted to \$21,438 and \$8,620 for the years ended December 31, 2024 and 2023, respectively.

(10) Short-term notes and bills payable

	December 31, 2024	December 31, 2023
Commercial paper payable	\$ 50,000	\$ 100,000
Less: Unamortized commercial paper payable	( 18)	( 41)
	<u>\$ 49,982</u>	<u>\$ 99,959</u>
Range of the interest rates	<u>1.97%</u>	<u>1.83%</u>

(11) Other payables

	December 31, 2024	December 31, 2023
Salaries and bonus payable	\$ 241,205	\$ 210,706
Payable on machinery and equipment	90,185	78,446
Employees' compensation and directors' and supervisors' remuneration payable	52,650	19,844
Accrued commission	51,009	42,785
Consumables payable	42,247	41,462
Repairs and maintenance expense payable	35,297	31,719
Utilities expense payable	24,534	20,970
Pension payable	10,908	10,290
Import and export charges payable	8,924	14,222
Service expenses payable	5,864	4,425
Others	79,211	72,889
	<u>\$ 642,034</u>	<u>\$ 547,758</u>

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2024
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 2022.	2.15%	Note 2	\$ 400,000
		2.33%	"	20,649
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021. 2022.7.28 ~ 2025.7.28 Quarterly and average repayment starting from April 2023. 2023.8.4 ~ 2026.8.4 Quarterly and average repayment starting from May 2024.	2.38%	Note 2	6,125
		2.38%	"	12,300
		2.38%	None	70,000
O-Bank Co., Ltd. (Note 1)	2024.6.15 ~ 2026.6.14 The principal will be repaid upon maturity.	2.32%	"	200,000
E.SUN COMMERCIAL BANK, LTD. (Note 1)	2024.2.6 ~ 2027.2.6 The principal will be repaid upon maturity.	2.12%	"	200,000
EnTie Commercial Bank Co., Ltd. (Note 1)	2024.4.30 ~ 2026.4.30 The principal will be repaid upon maturity.	2.21%	"	200,000

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2024
Bank SinoPac Co., Ltd. (Note 1)	2024.2.6 ~ 2027.4.20 The principal will be repaid upon maturity.	2.10%	"	100,000
DBS (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.	2.40%	"	300,000
CTBC Bank Co., Ltd. Tao-Yuan Branch. (Note 1)	2024.2.28 ~ 2026.2.28 The principal will be repaid upon maturity.	2.30%	"	150,000
TAICHUNG COMMERCIAL BANK Co., Ltd. (Note 1)	2023.11.30 ~ 2026.11.30 Quarterly and average repayment starting from February 2024.	2.33%	"	66,667
CHANG HWA COMMERCIAL BANK, LTD.	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from June 2023.	2.16%	"	12,500
	2024.11.8 ~ 2027.11.8 Quarterly and average repayment starting from February 2026.	2.19%	"	300,000
SUNNY BANK	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	2.20%	Note 2	384,615
	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	2.20%	None	167,241
	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%	"	50,000
				3,057,897
Less: Current portion (shown as other current liabilities)				( 388,145)
				<u>\$ 2,669,752</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. 2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2022.	2.08%	Note 2	\$ 350,000
		2.20%	"	34,415
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2020.9.15 ~ 2024.9.15 Quarterly and average repayment starting from December 2021. 2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021. 2022.7.28 ~ 2025.7.28 Quarterly and average repayment starting from April 2023. 2023.8.4 ~ 2026.8.4 Quarterly and average repayment starting from May 2024.	2.00% 2.25% 2.25% 2.25%	" " " None	15,500 36,750 28,700 100,000
O-Bank Co., Ltd. (Note 1)	2023.6.15 ~ 2025.6.14 The principal will be repaid upon maturity.	2.15%	"	200,000
DBS (Note 1)	2023.6.30 ~ 2025.6.30 The principal will be repaid upon maturity.	1.90%	"	100,000
Taishin International Bank. (Note 1)	2023.7.31 ~ 2025.7.31 The principal will be repaid upon maturity.	2.20%	"	200,000
CTBC Bank Co., Ltd. Tao-Yuan Branch. (Note 1)	2023.2.28 ~ 2025.2.28 The principal will be repaid upon maturity.	2.18%	"	100,000
TAICHUNG COMMERCIAL BANK Co., Ltd. (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. 2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from June 2023.	2.03% 2.03%	" "	37,500 62,500
SUNNY BANK	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024. 2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023. 2023.3.10 ~ 2026.3.10 (Note 1) The principal will be repaid upon maturity.	2.08% 2.08% 2.08%	Note 2 None "	500,000 233,516 297,800
BANK OF PANHSIN	2023.9.1 ~ 2025.9.1 Starting from December 2023, \$10 million will be repaid every quarter. The remaining balance shall be paid off in lump sum upon maturity.	2.24%	"	90,000
				2,486,681
Less: Current portion (shown as other current liabilities)				( 448,784)
				\$ 2,037,897

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 Company is required to compute and maintain certain financial covenants based on the annual and semi-annual consolidated financial statements. As of December 31, 2024 and 2023, the Company has met all the required covenants.
- B. As at December 31, 2024 and 2023, the Company had total undrawn borrowing facilities of \$2,293,710 and \$1,605,730, respectively.

(13) Pensions

A. Defined benefit plans

- (a) The Company has 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 contributes 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 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 will make contributions for the deficit by next March.
- (b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ 51,573	\$ 46,778
Fair value of plan assets	( 26,398)	( 23,407)
Net defined benefit liability (shown as "other non-current liabilities")	<u>\$ 25,175</u>	<u>\$ 23,371</u>

(c) Movements in net defined benefit liabilities are as follows:

2024			
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 46,778	(\$ 23,407)	\$ 23,371
Current service cost	1,636	-	1,636
Interest expense (income)	559	( 285)	274
	<u>48,973</u>	<u>( 23,692)</u>	<u>25,281</u>
Remeasurements:			
Change in financial assumptions	( 1,115)	-	( 1,115)
Experience adjustments	<u>4,063</u>	<u>( 2,116)</u>	<u>1,947</u>
	<u>2,948</u>	<u>( 2,116)</u>	<u>832</u>
Pension fund contribution	-	( 938)	( 938)
Benefits paid	( 348)	<u>348</u>	-
At December 31	<u>\$ 51,573</u>	<u>(\$ 26,398)</u>	<u>\$ 25,175</u>

  

2023			
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 41,148	(\$ 24,300)	\$ 16,848
Current service cost	648	-	648
Interest expense (income)	700	( 419)	281
	<u>42,496</u>	<u>( 24,719)</u>	<u>17,777</u>
Remeasurements:			
Change in financial assumptions	1,917	-	1,917
Experience adjustments	<u>4,590</u>	<u>( 93)</u>	<u>4,497</u>
	<u>6,507</u>	<u>( 93)</u>	<u>6,414</u>
Pension fund contribution	-	( 820)	( 820)
Benefits paid	( 2,225)	<u>2,225</u>	-
At December 31	<u>\$ 46,778</u>	<u>(\$ 23,407)</u>	<u>\$ 23,371</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate

securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31,	
	2024	2023
Discount rate	1.496%	1.196%
Future salary increases	2.50%	2.50%

Assumptions regarding future mortality experience are set based on the Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2024 and 2023.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2024				
Effect on present value of defined benefit obligation	(\$ 949)	\$ 978	\$ 951	(\$ 928)
	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 955)	\$ 985	\$ 955	(\$ 931)

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 amount to \$962.

(g) As of December 31, 2024, the weighted average duration of the retirement plan is 7.66 years.

#### B. Defined contribution plan

(a) The Company 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 Company 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 plan of the Company for the years ended December 31, 2024 and 2023 were \$38,165 and \$35,326, respectively.

(14) Share capital

As of December 31, 2024, the Company'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 Company), 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.

(15) Capital surplus

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 Company 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.

(16) 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 Company 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 Company's dividend distribution policy was based on the Company'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 Company's paid-in capital.
- D.(a) In accordance with the regulations, the Company 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 Company 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 Company's shareholders resolved the appropriations of earnings for the years ended December 31, 2023 and 2022, 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	\$ 2.0	120,256	\$ 1.0
	<u>\$ 197,659</u>		<u>\$ 216,199</u>	

- F. On March 12, 2025, the Company's Board of Directors proposed the appropriations of earnings for the year ended December 31, 2024 as follows:

	Year ended December 31, 2024	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 15,660	
Special reserve	18,198	
Cash dividends	360,768	\$ 3.0
	<u>\$ 394,626</u>	

As of March 12, 2025, the aforementioned appropriations of 2024 earnings have not yet been resolved by the shareholders.

(17) Other equity items

Year ended December 31, 2024			
	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Currency translation differences	Total
At January 1	\$ 19,852	(\$ 13,685)	\$ 6,167
Valuation adjustment	( 22,708)	-	( 22,708)
Currency translation differences:			
–Subsidiaries and associates	-	( 2,071)	( 2,071)
–Tax on subsidiaries and associates	-	414	414
At December 31	<u>(\$ 2,856)</u>	<u>(\$ 15,342)</u>	<u>(\$ 18,198)</u>

Year ended December 31, 2023			
	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Currency translation differences	Total
At January 1	\$ 4,344	(\$ 10,047)	(\$ 5,703)
Valuation adjustment	15,508	-	15,508
Currency translation differences:			
–Subsidiaries and associates	-	( 4,547)	( 4,547)
–Tax on subsidiaries and associates	-	909	909
At December 31	<u>\$ 19,852</u>	<u>(\$ 13,685)</u>	<u>\$ 6,167</u>

(18) Operating revenue

Year ended December 31,		
	2024	2023
Revenue from contracts with customers		
Sales revenue	\$ 4,506,230	\$ 4,164,469
Service revenue	98,952	181,821
	<u>\$ 4,605,182</u>	<u>\$ 4,346,290</u>

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2024			
	At a point in time	Over time	Total
India	\$ 1,056,918	\$ -	\$ 1,056,918
Netherlands	588,641	-	588,641
United States	455,779	29,947	485,726
Taiwan	283,189	82,118	365,307
Japan	253,936	8,754	262,690
Germany	250,629	-	250,629
China	210,789	-	210,789
Switzerland	231,249 (	34,194)	197,055
Others	1,175,100	12,327	1,187,427
	<u>\$ 4,506,230</u>	<u>\$ 98,952</u>	<u>\$ 4,605,182</u>

  

Year ended December 31, 2023			
	At a point in time	Over time	Total
India	\$ 1,031,114	\$ -	\$ 1,031,114
Netherlands	577,197	-	577,197
Japan	310,006	1,971	311,977
Germany	306,894	-	306,894
Taiwan	182,114	112,983	295,097
Switzerland	284,488 (	12,434)	272,054
United States	237,549	31,766	269,315
China	240,588	808	241,396
Canada	137,226	798	138,024
Others	857,293	45,929	903,222
	<u>\$ 4,164,469</u>	<u>\$ 181,821</u>	<u>\$ 4,346,290</u>

B. Contract assets and liabilities

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

	December 31, 2024	December 31, 2023	January 1, 2022
Contract liabilities	<u>\$ 63,143</u>	<u>\$ 131,675</u>	<u>\$ 92,429</u>

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

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

	Year ended December 31,	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ 95,915	\$ 27,238

(19) Interest income

	Year ended December 31,	
	2024	2023
Interest income from bank deposits	\$ 10,989	\$ 11,223

(20) Other income

	Year ended December 31,	
	2024	2023
Indemnities	\$ 77	\$ 86
Grant revenues	125	268
Income from managerial services	3,951	7,257
Rental income	3,488	2,093
Others	4,214	1,041
	\$ 11,855	\$ 10,745

(21) Other gains and losses

	Year ended December 31,	
	2024	2023
Net currency exchange gains (losses)	\$ 28,436	(\$ 75,323)
Net losses on financial assets at fair value through profit or loss	( 523,071)	( 429,278)
(Loss) gain on disposal of property, plant and equipment	( 21,607)	88
Gains arising from lease modifications	59	21
Miscellaneous disbursements	( 670)	( 4,856)
	(\$ 516,853)	(\$ 509,348)

(22) Finance costs

	Year ended December 31,	
	2024	2023
Interest expense:		
Bank borrowings	\$ 76,188	\$ 73,185
Others	1,048	560
	77,236	73,745
Less: Capitalisation of qualifying assets	( 39,496)	( 43,002)
Finance costs	\$ 37,740	\$ 30,743

(23) Expenses by nature

	Year ended December 31,	
	2024	2023
Employee benefit expense	\$ 1,122,988	\$ 980,398
Depreciation charges on right-of-use assets, property, plant and equipment	\$ 475,706	\$ 458,296
Amortisation charges on intangible assets and other non-current assets	\$ 7,940	\$ 9,158

(24) Employee benefit expense

	Year ended December 31,	
	2024	2023
Wages and salaries	\$ 968,205	\$ 836,623
Labour and health insurance fees	79,396	74,074
Pension costs	40,075	36,255
Directors' remuneration	9,710	6,670
Other personnel expenses	25,602	26,776
	\$ 1,122,988	\$ 980,398

- A. In accordance with the Articles of Incorporation, an amount equal to at least 5% of the Company's distributable profit of the current year shall be appropriated as employees' compensation and not higher than 2% as directors' remuneration.
- B. For the years ended December 31, 2024 and 2023, employees' compensation was accrued at \$46,200 and \$15,944, respectively; while directors' remuneration was accrued at \$6,450 and \$3,900, respectively. The aforementioned amounts were recognised in salary expenses. For the year ended December 31, 2024, the Company 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.
- On March 12, 2025, the employees' compensation and directors' remuneration resolved by the Board of Directors were \$46,200 and \$6,450, respectively, and the employees' compensation will be paid in cash.
- C. On March 12, 2024, the employees' compensation and directors' remuneration resolved by the Board of Directors were \$15,944 and \$3,900, respectively and the employees' compensation will be distributed in the form of cash.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax:

	Year ended December 31	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ 180,804	\$ 168,622
Prior year income tax overestimation	( 24,681)	( 10,224)
Total current tax	156,123	158,398
Deferred tax:		
Origination and reversal of temporary differences	( 10,484)	14,390
Tax impact of investment tax credit	( 32,879)	-
Income tax expense	<u>\$ 112,760</u>	<u>\$ 172,788</u>

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

	Year ended December 31,	
	2024	2023
Currency translation differences	(\$ 414)	(\$ 909)
Remeasurement of defined benefit obligations	( 166)	( 1,283)
	<u>(\$ 580)</u>	<u>(\$ 2,192)</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31,	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	\$ 54,336	\$ 59,806
Expenses disallowed by tax regulation	117,142	123,971
Tax exempt income by tax regulation	( 1,152)	( 759)
Prior year income tax overestimation	( 24,681)	( 10,224)
Foreign withholding tax on dividends	( 6)	( 6)
Tax impact of investment tax credit	( 32,879)	-
Income tax expense	<u>\$ 112,760</u>	<u>\$ 172,788</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

		2024			
		January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:					
— Deferred tax assets:					
Unrealised inventory valuation loss	\$	62,772	\$ 13,068	\$ -	\$ 75,840
Unrealised exchange loss		8,709	( 8,709)	-	-
Amount of allowance for bad debts that exceed the limit for tax purpose		-	2,283	-	2,283
Pensions		4,972	( 20)	166	5,118
Unrealised expenses		5,280	681	-	5,961
Cumulative translation adjustments		3,421	-	414	3,835
		<u>85,154</u>	<u>7,303</u>	<u>580</u>	<u>93,037</u>
— Deferred tax liabilities:					
Land revaluation increment	(	17,529)	-	-	( 17,529)
Unrealised exchange gains		-	( 4,406)	-	( 4,406)
Foreign investment income	(	2,329)	7,587	-	5,258
	(	19,858)	3,181	-	( 16,677)
	\$	<u>65,296</u>	\$ <u>10,484</u>	\$ <u>580</u>	\$ <u>76,360</u>
		2023			
		January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:					
— Deferred tax assets:					
Unrealised inventory valuation loss	\$	76,451	(\$ 13,679)	\$ -	\$ 62,772
Unrealised exchange loss		3,218	5,491	-	8,709
Amount of allowance for bad debts that exceed the limit for tax purpose		6,241	( 6,241)	-	-
Pensions		3,689	-	1,283	4,972
Unrealised expenses		5,078	202	-	5,280
Cumulative translation adjustments		2,512	-	909	3,421
		<u>97,189</u>	<u>( 14,227)</u>	<u>2,192</u>	<u>85,154</u>
— Deferred tax liabilities:					
Land revaluation increment	(	17,529)	-	-	( 17,529)
Foreign investment income	(	2,166)	( 163)	-	( 2,329)
	(	19,695)	( 163)	-	( 19,858)
	\$	<u>77,494</u>	(\$ <u>14,390</u> )	\$ <u>2,192</u>	\$ <u>65,296</u>

D. Details of the amount the Company is entitled as investment tax credit and recognised deferred tax assets are as follows:

December 31, 2024				
Qualifying items	Year incurred	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	2024	\$ -	\$ 31,349	2026~2028 year
Statute for Industrial Innovation	2024	-	1,530	2026 year
		<u>\$ -</u>	<u>\$ 32,879</u>	

E. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(26) Earnings per share

Year ended December 31, 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	<u>\$ 157,268</u>	<u>120,256</u>	<u>\$ 1.31</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 157,268	120,256	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	734	
Profit attributable to ordinary shareholders of the parent	<u>\$ 157,268</u>	<u>120,990</u>	<u>\$ 1.30</u>



	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 126,243	120,256	\$ 1.05
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 126,243	120,256	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	235	
Profit attributable to ordinary shareholders of the parent	\$ 126,243	120,491	\$ 1.05

(27) Transactions with non-controlling interest

A. 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 years ended December 31, 2024 and 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:

	Year ended December 31,	
	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:

	Year ended December 31, 2024
Carrying amount of non-controlling interest disposed	(\$ 2,003)
Consideration received from non-controlling interest	3,589
Capital surplus	
- recognition of changes in ownership	<u>\$ 1,586</u>

(28) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31,	
	2024	2023
Purchase of property, plant and equipment	\$ 556,817	\$ 498,558
Add: Opening balance of payable on equipment	78,446	54,660
Less: Ending balance of payable on equipment	( 90,185)	( 78,446)
Cash paid during the year	<u>\$ 545,078</u>	<u>\$ 474,772</u>

(29) Changes in liabilities from financing activities

	2024				
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liability	Liabilities from financing activities-gross
At January 1	\$ 1,434,000	\$ 99,959	\$ 2,486,681	\$ 37,836	\$ 4,058,476
Changes in cash flow from financing activities	( 751,000)	( 49,977)	571,216	( 24,802)	( 254,563)
Changes in other non- cash items	-	-	-	55,331	55,331
At December 31	<u>\$ 683,000</u>	<u>\$ 49,982</u>	<u>\$ 3,057,897</u>	<u>\$ 68,365</u>	<u>\$ 3,859,244</u>

  

	2023				
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liability	Liabilities from financing activities-gross
At January 1	\$ 1,449,666	\$ 49,909	\$ 2,256,773	\$ 36,627	\$ 3,792,975
Changes in cash flow from financing activities	( 15,666)	50,050	229,908	( 24,569)	239,723
Changes in other non- cash items	-	-	-	25,778	25,778
At December 31	<u>\$ 1,434,000</u>	<u>\$ 99,959</u>	<u>\$ 2,486,681</u>	<u>\$ 37,836</u>	<u>\$ 4,058,476</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

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

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

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Formosa Pharmaceuticals. Inc.	Subsidiary
Activus Pharma Co., Ltd.	Subsidiary
Epione Pharmaceuticals, Inc.	Subsidiary
SynChem-Formosa, Inc.	Subsidiary
Epione Investment Cayman Limited	Subsidiary
Epione Investment HK Limited	Subsidiary
Shanghai Epione Enterprise Co., Ltd.	Subsidiary
A. R. Z Taiwan Limited	Associate
Formosa Laboratories Japan, Inc	Associate
EirGenix Inc.	Other related party
TaiRx, Inc.	Other related party
Eros Biopharma INC.	Other related party

### (3) Significant related party transactions

#### A. Operating revenue

	<u>Year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Sales of goods:		
Subsidiaries	\$ 18,693	\$ 6,559
Associates	59,168	73,301
Other related parties	29,457	21
	<u>\$ 107,318</u>	<u>\$ 79,881</u>

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

	<u>Year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Sales of services:		
Subsidiaries	\$ 8,808	\$ 10,456
Other related parties	14,294	16,302
	<u>\$ 23,102</u>	<u>\$ 26,758</u>

The Company 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

	Year ended December 31,	
	2024	2023
Purchases of goods:		
Other related parties	\$ 2,135	\$ -

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

C. Accounts receivable

	December 31, 2024	December 31, 2023
Subsidiaries	\$ 2,399	\$ 3,426
Associates	10,714	7,701
Other related parties	6,715	4,136
Loss allowance	( 5)	( 3)
	\$ 19,823	\$ 15,260

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.

D. Contract liabilities

	December 31, 2024	December 31, 2023
Current contract liabilities		
Formosa Pharmaceuticals. Inc.	\$ -	\$ 11,570

E. Other income and other receivables

	December 31, 2024	December 31, 2023
Other receivables (Note)		
Subsidiaries	\$ 21,127	\$ 969
Associates	26	28
Other related parties	9	-
	\$ 21,162	\$ 997

Note: Other receivables arose from providing administrative resource management service provided, and the collection terms were based on the mutual agreement and collected according to the contract period. For the years ended December 31, 2024 and 2023, the Company recognised other income from subsidiaries and associates in the amounts of \$1,366, \$122 and \$1,894, \$51, respectively.

F. Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other related parties	<u>\$ 231</u>	<u>\$ 63</u>

(4) Key management compensation

	<u>Year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Salaries and other short-term employee benefits	<u>\$ 65,089</u>	<u>\$ 65,542</u>
Post-employment benefits	<u>1,005</u>	<u>1,287</u>
	<u>\$ 66,094</u>	<u>\$ 66,829</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>	
Financial assets at fair value through profit or loss	<u>\$ 684,000</u>	<u>\$ 954,750</u>	Guarantee for short-term borrowings
Land	<u>655,950</u>	<u>655,950</u>	Guarantee for short-term borrowings and mid-term and long-term borrowing facility
Buildings and structures	<u>1,577,323</u>	<u>1,644,340</u>	"
Machinery and equipment	<u>128,570</u>	<u>147,802</u>	Guarantee for mid-term and long-term borrowing facility
Pollution-prevention equipment	<u>3,790</u>	<u>4,665</u>	"
Unfinished construction and equipment under acceptance	<u>440,931</u>	<u>433,466</u>	"
Guarantee deposits paid (shown as "other non-current assets")	<u>962</u>	<u>1,659</u>	Performance guarantee
	<u>\$ 3,491,526</u>	<u>\$ 3,842,632</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Property, plant and equipment	<u>\$ 282,971</u>	<u>\$ 356,208</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Information about the appropriations of 2024 earnings of the Group is provided in Note 6(16)F.

## 12. OTHERS

### (1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, issue new shares or convertible bonds. The Company 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 parent company only balance sheet plus net debt.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Total borrowings	\$ 3,790,879	\$ 4,020,640
Less: Cash and cash equivalents	( 913,750)	( 1,119,867)
Net debt	2,877,129	2,900,773
Total equity	7,684,075	7,570,952
Total capital	<u>\$ 10,561,204</u>	<u>\$ 10,471,725</u>
Gearing ratio	<u>27.24%</u>	<u>27.70%</u>

### (2) Financial instruments

#### A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 1,481,380</u>	<u>\$ 1,960,533</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 95,382</u>	<u>\$ 94,009</u>

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 913,750	\$ 1,119,867
Notes and accounts receivable (including related parties)	1,198,358	963,435
Other receivables due from related parties	43,158	32,184
Guarantee deposits paid (shown as “other non-current assets”)	3,474	4,130
	<u>\$ 2,158,740</u>	<u>\$ 2,119,616</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 683,000	\$ 1,434,000
Short-term notes and bills payable	49,982	99,959
Notes and accounts payable	218,936	203,126
Other payables	642,265	547,821
Long-term borrowings (including current portion)	3,057,897	2,486,681
	<u>\$ 4,652,080</u>	<u>\$ 4,771,587</u>
Lease liability (including current portion)	<u>\$ 68,365</u>	<u>\$ 37,835</u>

#### B. Financial risk management policies

The Company’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 Company’s entire risk management policies focus on unpredictable matters in financial market and reducing the potential negative effects on the Company’s financial status and financial performance.

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

##### (a) Market risk

##### Exchange rate risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and EUR. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require each entity of the Company to manage their foreign exchange risk against their functional currency. Each entity of the Company is required to hedge their entire foreign exchange risk exposure with the Company 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 Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2024			
	Foreign currency	Exchange rate	Carrying amount
	amount (in thousands)		(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 47,031	32.785	\$ 1,143,103
<u>Non-monetary items</u>			
JPY:NTD	81,154	0.2099	17,034
USD:NTD	1,484	32.785	48,643
EUR:NTD	2,314	34.14	78,989
HKD:NTD	9,158	4.222	38,667
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	2,960	32.785	95,676
December 31, 2023			
	Foreign currency	Exchange rate	Carrying amount
	amount (in thousands)		(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 48,852	30.705	\$ 1,500,001
<u>Non-monetary items</u>			
USD:NTD	804	30.705	24,687
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	1,645	30.705	50,510

iv. The exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023, amounted to \$28,436 and (\$75,323), respectively.



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

	Year ended December 31, 2024			
	Sensitivity analysis			
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	11,431	\$
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		957	
	Year ended December 31, 2023			
	Sensitivity analysis			
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	15,000	\$
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		505	

#### Price risk

- i. The Company'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 Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company'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 years ended December 31, 2024 and 2023 would have increased/decreased by \$14,814

and \$19,605, 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 \$954 and \$940, 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 Company'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 Company 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 Company to fair value interest rate risk. During 2024 and 2023, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
- ii. For the years ended December 31, 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 years ended December 31, 2024 and 2023 would have decreased by \$2,446 and \$1,989, 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 Company 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 Company's credit policy, the Company 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 Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Company 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 Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision roll rate matrix based on the loss rate methodology to estimate the expected credit loss.

- vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.
- vii. The Company 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 Company 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 December 31, 2024 and 2023, the balances of loss allowance were \$219 and \$195, respectively.
- (ii) The loss allowance for non-optimal customers' accounts was estimated by using provision roll rate matrix. As of December 31, 2024 and 2023, related information is as follows:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2024</u>			
Not past due	1.68%	\$ 399,783	\$ 6,722
Up to 30 days past due	12.03%	73,299	8,821
31~ 90 days past due	18.65%~47.35%	14,248	6,506
91~ 180 days past due	78.08%~100%	69	69
181 days past due	100.00%	1,298	1,298
Total		<u>\$ 488,697</u>	<u>\$ 23,416</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%~100.00%	-	-
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>

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

	<u>Year ended December 31, 2024</u>		
	<u>Non-related parties</u>	<u>Related parties</u>	<u>Total</u>
Balance at January 1	\$ 7,312	\$ 3	\$ 7,315
Reversal of impairment loss	16,318	2	16,320
Balance at December 31	<u>\$ 23,630</u>	<u>\$ 5</u>	<u>\$ 23,635</u>

	Year ended December 31, 2023		
	Non-related parties	Related parties	Total
Balance at January 1	\$ 33,774	\$ 4	\$ 33,778
Reversal of impairment loss	( 26,462)	( 1)	( 26,463)
Balance at December 31	<u>\$ 7,312</u>	<u>\$ 3</u>	<u>\$ 7,315</u>

For provisioned loss on December 31, 2024 and 2023, the impairment losses (reversal) arising from customers' contracts are \$16,320 and (\$26,463), respectively.

(c) Liquidity risk

- i. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational requirements.
- ii. The table below analyses the Company'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:

December 31, 2024	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Short-term borrowings	\$ 683,966	\$ -	\$ -	\$ -
Short-term notes and bills payable	49,982	-	-	-
Notes payable	910	-	-	-
Accounts payable	218,026	-	-	-
Other payables (related parties)	642,265	-	-	-
Lease liability (including current portion)	22,051	14,301	10,357	25,807
Long-term borrowings (including current portion)	451,428	1,842,409	864,839	-
	<u>\$ 2,068,628</u>	<u>\$ 1,856,710</u>	<u>\$ 875,196</u>	<u>\$ 25,807</u>

Non-derivative financial liabilities:

December 31, 2023	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 1,436,188	\$ -	\$ -	\$ -
Short-term notes and bills payable	99,959	-	-	-
Notes payable	1,017	-	-	-
Accounts payable	202,109	-	-	-
Other payables (related parties)	547,821	-	-	-
Lease liability (including current portion)	21,217	9,377	5,858	2,161
Long-term borrowings (including current portion)	<u>497,079</u>	<u>1,019,545</u>	<u>945,651</u>	<u>112,238</u>
	<u>\$ 2,805,390</u>	<u>\$ 1,028,922</u>	<u>\$ 951,509</u>	<u>\$ 114,399</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 Company's financial instruments not measured at fair value comprise cash and cash equivalents, contract assets, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, corporate bonds payable and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2024 and 2023 are as follows:

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

December 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,413,490	\$ -	\$ 25,890	\$ 1,439,380
Venture Fund	-	-	42,000	42,000
Financial assets at fair value through other comprehensive income - equity securities	-	-	95,382	95,382
Total	<u>\$ 1,413,490</u>	<u>\$ -</u>	<u>\$ 163,272</u>	<u>\$ 1,576,762</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
Financial assets at fair value through other comprehensive income - equity securities	-	-	94,009	94,009
Total	<u>\$ 1,918,749</u>	<u>\$ -</u>	<u>\$ 135,793</u>	<u>\$ 2,054,542</u>

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

- i. For the instruments the Company used market quoted prices as their fair values (that is, Level 1), the Company uses the closing price of market quoted price to measure the listed and emerging shares.
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. Some of the listed stocks which were invested by the Company were restricted by lock-up period. Their fair values were determined based on the quoted prices of the same and unrestricted instruments in the active market, adjusted by the restricted effects, and calculated by inputting available market information in the model at the balance sheet date.

- D. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023:

	Equity securities and derivative instruments	
	2024	2023
At January 1	\$ 135,793	\$ 76,455
Recognised in profit or loss	4,140	2,808
Gains and losses recognised in other comprehensive income	1,372	17,635
Transfers out from level 3	( 30,058)	-
Acquired during the year	52,025	38,895
At December 31	<u>\$ 163,272</u>	<u>\$ 135,793</u>

- F. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and periodically reviewed.
- G. The following is the qualitative information of significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 121,272</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Venture Fund	<u>\$ 42,000</u>	Net asset value	Not applicable	-	Not applicable
	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 111,793</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Venture Fund	<u>\$ 24,000</u>	Net asset value	Not applicable	-	Not applicable

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Refer to table 1.

- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Companys' 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-company 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

In accordance with the Article 22 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company is not required to prepare segment information within the scope of IFRS 8 in its parent company only financial statements.



FORMOSA LABORATORIES, INC.  
Loans to others  
Year ended December 31, 2024

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2024	December 31, 2023							Item	Value			
0	Formosa Laboratories, Inc.	SynChem-Formosa Inc.	Other receivables due from related parties	Y	\$ 65,750	\$ 65,570	\$ 19,671	-	2	\$ -	Revolving funds	\$ -	None	\$ -	\$ 768,408	\$ 1,536,816	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	-	464,393	541,792	Note 3

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

Note 2: The Company loans to others:

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

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

Note 2: Formosa Laboratories Japan 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.  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2024

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2024				Footnote
				Number of shares	Carrying amount	Ownership (%)	Fair value	
Formosa Laboratories, Inc.	EirGenix, Inc. common stocks	Other related party	Current/non-current financial assets at fair value through profit or loss	18,552,818	\$ 1,135,803	6.06	\$ 1,335,803	
Formosa Laboratories, Inc.	TOT Biopharm International Company Limited common stocks	None	Financial assets at fair value through profit or loss - current	5,121,500	38,667	0.66	38,667	
Formosa Laboratories, Inc.	TaiRx, Inc. common stocks	Other related party	Financial assets at fair value through profit or loss - current	346,000	8,961	0.31	8,961	
Formosa Laboratories, Inc.	AG Global Inc Unlisted stocks	None	Financial assets at fair value through profit or loss - noncurrent	1,041,666	-	1.33	-	
Formosa Laboratories, Inc.	Oncomatryx Biopharma, S.L.common stocks	None	Non-current financial assets at fair value through other comprehensive income	303,713	78,989	3.12	78,989	
Formosa Laboratories, Inc.	PHARMASTAR INC.common stocks	None	Non-current financial assets at fair value through other comprehensive income	500,000	16,393	20.00	16,393	
Formosa Laboratories, Inc.	Hcmed Innovations Co., Ltd. common stocks	None	Financial assets at fair value through profit or loss - noncurrent	360,062	30,058	1.20	30,058	
Formosa Laboratories, Inc.	Forward BioT Venture Capital	None	Financial assets at fair value through profit or loss - noncurrent	-	42,000	6.72	42,000	
Formosa Laboratories, Inc.	AmMAX Bio, Inc. stocks	None	Financial assets at fair value through profit or loss - noncurrent	934,578	25,891	1.48	25,891	
Epione Pharmaceuticals, Inc.	RiTdisplay Corporation II unsecured convertible bonds	None	Financial assets at fair value through profit or loss - current	10,000	1,012	-	1,012	
Epione Pharmaceuticals, Inc.	AcBel Polytech Inc. II unsecured convertible bonds	None	Financial assets at fair value through profit or loss - current	3,000	306	-	306	
Formosa Pharmaceuticals, Inc.	Eyenovia, Inc. (EYEN) shares	None	Non-current financial assets at fair value through other comprehensive income	1,101,301	5,151	1.28	5,151	

FORMOSA LABORATORIES, INC.

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

December 31, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2024 (Note)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Activus Pharma. Co., Ltd.	Formosa Pharmaceuticals Inc.	Same ultimate parent company	\$ 106,253	0.00	\$ -	-	\$ -	\$ -

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

FORMOSA LABORATORIES, INC.  
Significant inter-company transactions during the reporting period  
Year ended December 31, 2024

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
0	Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	1	Operating revenue	\$ 27,501	Note 5	1%
1	Activus Pharma. Co., Ltd.	Formosa Pharmaceuticals Inc.	3	Other receivables	106,253	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.  
Information on investees  
Year ended December 31, 2024

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net income of investee for the year ended December 31, 2024	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
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%	\$ 658,443	(\$ 201,014)	(\$ 76,754)	
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Taiwan	Research and development of new biotechnology medicine	40,000	40,000	4,000,000	100.00%	12,981	(139)	(139)	
Formosa Laboratories, Inc.	A.R.Z Taiwan Limited	Taiwan	Agency sales of raw materials and intermediates	2,716	2,716	271,620	45.00%	11	(352)	(158)	
Formosa Laboratories, Inc.	Formosa Laboratories Japan, Inc.	Japan	Agency sales of medicine and intermediates	1,105	1,105	400	40.00%	17,034	(5,009)	(2,003)	
Formosa Laboratories, Inc.	SynChem-Formosa, Inc.	United States	Research of organic synthesis, process development and medicinal chemistry contracts	28,898	-	311,996		13,466	(14,955)	(15,067)	
Formosa Laboratories, Inc.	Epione Investment Cayman Limited	Cayman Islands	Medicine, chemical trade and investment business	18,482	18,482	619,000	100.00%	6,359	(3,242)	(3,242)	
Epione Investment Cayman Limited	Epione Investment HK Limited	Hong Kong	Medicine, chemical trade and investment business	16,287	16,287	544,500	100.00%	5,706	(3,076)	(3,076)	
Formosa Pharmaceuticals Inc.	Activus Pharma. Co., Ltd.	Japan	Research and development of new biotechnology medicine	274,633	274,633	1,942	99.23%	108,918	10,649	10,489	

FORMOSA LABORATORIES, INC.

Information on investments in Mainland China

Year ended December 31, 2024

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
Shanghai Epione Enterprise Co., Ltd.	Wholesale and import and export of chemical raw materials and products and commission agency	\$ 16,393	Note 1	\$ 16,393	\$ -	\$ -	\$ 16,393	(\$ 3,014)	100%	(\$ 3,014)	\$ 5,355	\$ -	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 year ended December 31, 2024 is calculated based on the Company's financial statements which were audited by independent accountants.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024 (Note 5)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Formosa Laboratories, Inc.	\$ 60,104	\$ 166,626	\$ 4,610,445

Note 3: The total investment amount approved by the Investment Commission, MOEA, was USD 5,082 thousand at the exchange rate of 32.785 and translated into \$166,626.

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 December 31, 2024 was \$43,711, including investment in TOT Biopharm International Company Limited.

FORMOSA LABORATORIES, INC.

Major shareholders information

December 31, 2024

Table 7

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

FORMOSA LABORATORIES, INC.  
STATEMENT OF CASH  
DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Petty cash and cash on hand		\$ 305
Demand deposits - NTD		497,393
Foreign currency demand deposits - USD 12,003,773 (Note), conversion rate: 32.785;		393,544
JPY 473,749 (Note), conversion rate: 0.2099;		99
RMB 294,068 (Note), conversion rate: 4.478;		1,317
HKD 634,163 (Note), conversion rate: 4.22;		2,677
EUR 539,392 (Note), conversion rate: 34.14;		18,415
		<u>\$ 913,750</u>

Note: The amounts of foreign currency were shown in units of dollars.



FORMOSA LABORATORIES, INC.  
STATEMENT OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Client Name	Amount	Note
Customer A	\$ 237,944	
Customer B	85,389	
Customer C	80,322	
Customer D	75,425	
Customer E	61,746	
Others	661,339	Balance of each client has not exceeded 5% of total account balance.
	1,202,165	
Less: Allowance for bad debts	( 23,630)	
	<u>\$ 1,178,535</u>	

Note: Because the Company had contracted that names of customers should not be disclosed, the Company named them with code names.

FORMOSA LABORATORIES, INC.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Item	Amount		Note
	Cost	Market price	
Goods	\$ 2,074	\$ 2,917	Net Realizable Value
Finished goods	965,684	1,769,468	"
Work in progress	455,729	744,842	"
Raw materials	665,187	672,121	Replacement cost
	2,088,674		
Less: Allowance for valuation losses and loss for obsolete and slow-moving inventories	( 379,202)		
	<u>\$ 1,709,472</u>		

FORMOSA LABORATORIES, INC.  
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Description	Shares	Cost	Fair Value		Note
				Unit Price (Note)	Total Amount	
<u>Listed stocks</u>						
EirGenix Inc.	Common share	18,552,818	\$ 617,040	\$ 72.00	\$ 1,335,803	
TOT Biopharm International Company Limited	Common share	5,121,500	51,165	7.55	38,667	
<u>Emerging stocks</u>						
TaiRx, Inc.	Common share	346,000	9,491	25.90	8,961	
Hcmed Innovations Co., Ltd.	Common share	360,062	17,716	83.48	30,058	
<u>Unlisted stocks</u>						
AG Global Inc.	Preferred share	1,041,666	35,340	-	-	
AmMax Bio, Inc.	Preferred share	934,578	31,285	27.70	25,891	
Forward BioT Venture Capital		-	<u>42,000</u>	-	<u>42,000</u>	
			<u>\$ 804,037</u>		<u>\$ 1,481,380</u>	

Note: In New Taiwan dollars.

FORMOSA LABORATORIES, INC.  
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Name	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value			
	Shares (Note 1)	Amount	Shares (Note 1)	Amount (Note 2)	Shares	Amount (Note 3)	Shares (Note 1)	Percentage of Ownership (%)	Amount	Unit Price (Note 4)	Total Amount	Collateral	Note
Formosa Pharmaceuticals Inc.	61,487	\$ 540,591	-	\$ 117,852	( 100)	\$ -	61,387	40.66	\$ 658,443	10.73	\$ 658,443	None	
Epione Pharmaceuticals, Inc.	4,000	13,120	-	-	- (	139)	4,000	100	12,981	3.25	12,981	"	
A.R.Z Taiwan Limited	272	169	-	-	- (	158)	272	45.00	11	0.04	11	"	
Epione Investment Cayman Limited	619	9,334	-	-	- (	2,975)	619	100	6,359	10.27	6,359	"	
SynChem-Formosa, Inc.	-	-	312	13,466	-	-	312	100	13,466	43.16	13,466	"	
Formosa Laboratories Japan Inc.	-	19,639	-	-	(	2,605)	-	40.00	17,034	-	17,034	"	
		<u>\$ 582,853</u>		<u>\$ 131,318</u>		<u>(\$ 5,877)</u>			<u>\$ 708,294</u>				

Note 1: In thousands of shares.

Note 2: Additions were new investments for the year, gains on investments accounted for using equity method and accumulated translation adjustment accounted for using equity method.

Note 3: Decreases were losses on investments accounted for using equity method, recognition of changes in ownership interests in subsidiaries, accumulated translation adjustment accounted for using equity method, receipt of cash dividends and realised (unrealised) profit or loss of down-stream transactions.

Note 4: New Taiwan Dollars.

FORMOSA LABORATORIES, INC.  
STATEMENT OF CHANGES IN COST, ACCUMULATED DEPRECIATION AND IMPAIRMENT OF  
PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(7) for details.

FORMOSA LABORATORIES, INC.  
STATEMENT OF SHORT-TERM BORROWINGS  
DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
Hua Nan Commercial Bank, Ltd. Nan Kan Branch	Unsecured borrowings	\$ 200,000	2024.12.24 ~ 2025.03.24	1.85%	\$ 300,000	None	
Mega International Commercial Bank Pateh Branch	"	120,000	2024.12.18 ~ 2025.01.17	1.85%	120,000	"	
First Commercial Bank Nankan Branch	Secured borrowings	63,000	2024.12.06 ~ 2025.01.03	1.82%	63,000	Yes	
"	Unsecured borrowings	<u>300,000</u>	2024.12.06 ~ 2025.01.03	1.82%	300,000	None	
		<u>\$ 683,000</u>					

FORMOSA LABORATORIES, INC.  
STATEMENT OF LONG-TERM BORROWINGS  
DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(12) for details.

FORMOSA LABORATORIES, INC.  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Sales revenue		
Cholesterol and Phosphate Binders	\$ 1,638,237	
Vit. D Derivatives	824,612	
Respiratory Agents	583,908	
Contract Development and Manufacturing Organization (CDMO)	373,919	
Anti-inflammatory and Analgesic Agents	210,856	
CNS Agents	205,947	
Other	693,659	
Service revenue	139,080	Balance of each item has not exceeded 5% of total account balance.
Total	4,670,218	
Less: Sales returns and discounts	( 24,908)	
Service discounts	( 40,128)	
	<u>\$ 4,605,182</u>	



FORMOSA LABORATORIES, INC.  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Items	Amount
Beginning inventory	\$ 2,120
Add: Purchases for the year	76,786
Less: Ending inventory	( 2,074)
Transferred to manufacturing expenses	( 116)
Scrapping goods	( 2)
Cost of purchasing and selling	76,714
Beginning raw materials	570,238
Add: Raw materials purchased for the year	1,171,202
Reversal of segment transferred out	1,886
Add: Ending raw materials	( 665,187)
Raw materials sold	( 6,270)
Transferred to manufacturing expenses	( 39,878)
Transferred to operating expenses	( 30,035)
Scrapping raw materials	( 19,223)
Raw materials used during the year	982,733
Direct labor	297,120
Manufacturing expense	1,286,307
Manufacturing cost	2,566,160
Beginning work in progress	436,191
Add: Transfers to R&D / Manufacturing department	48,520
Less: Ending work in progress	( 455,729)
Transferred to manufacturing expenses	( 7,150)
Transferred to operating expenses	( 15,992)
Scrapping work in progress	( 32,274)
Cost of finished goods	2,539,726
Beginning finished goods	902,780
Less: Ending finished goods	( 965,684)
Transferred to manufacturing expenses	( 12,901)
Transferred to operating expenses	( 64,602)
Scrapping finished goods	( 23,892)
Manufacturing and selling costs	2,375,427
Disposal of raw materials and current work in progress	6,270
Cost of goods sold	2,372,232
Loss on valuation decline and scrapping inventory	140,729
Revenue from sales of scraps	( 1,638)
Cost of services	74,474
Operating costs	\$ 2,671,976

FORMOSA LABORATORIES, INC.  
STATEMENT OF MANUFACTURING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Depreciation	\$ 368,241	
Wages and salaries	295,287	
Utilities expense	228,538	
Consumables	151,317	
Repairs and maintenance expense	94,318	
Others		Balance of individual accounts has not exceeded 5% of total account balance
	148,606	
	<u>\$ 1,286,307</u>	

FORMOSA LABORATORIES, INC.  
STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Commissions expense	\$ 86,309	
Export expense	43,715	
Wages and salaries	32,912	
Others		Balance of individual accounts has not exceeded 5% of total account balance
	45,248	
	<u>\$ 208,184</u>	

FORMOSA LABORATORIES, INC.  
STATEMENT OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Wages and salaries	\$ 120,434	
Repairs and maintenance expense	16,443	
Insurance expense	16,182	
Miscellaneous expenses	15,524	
Service expense	12,704	
Depreciation	12,600	
Others		Balance of individual accounts has not exceeded 5% of total account balance
	36,481	
	<u>\$ 230,368</u>	

FORMOSA LABORATORIES, INC.  
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Wages and salaries	\$ 208,575	
Consumables	137,186	
Depreciation	77,715	
Repairs and maintenance expense	46,547	
Utilities expense	28,526	
Others	82,954	Balance of individual accounts has not exceeded 5% of total account balance
	<u>\$ 581,503</u>	

FORMOSA LABORATORIES, INC.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

Nature	Function	Year ended December 31, 2024			Year ended December 31, 2023		
		Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense							
Wages and salaries		\$ 606,284	\$ 361,921	\$ 968,205	\$ 519,184	\$ 317,439	\$ 836,623
Labour and health insurance fees		49,617	29,779	79,396	45,812	28,262	74,074
Pension costs		25,087	14,988	40,075	21,587	14,668	36,255
Directors' remuneration		-	9,710	9,710	-	6,670	6,670
Other personnel expenses		15,575	10,027	25,602	14,790	11,986	26,776
		<u>\$ 696,563</u>	<u>\$ 426,425</u>	<u>\$ 1,122,988</u>	<u>\$ 601,373</u>	<u>\$ 379,025</u>	<u>\$ 980,398</u>
Depreciation		<u>\$ 369,231</u>	<u>\$ 106,474</u>	<u>\$ 475,705</u>	<u>\$ 369,312</u>	<u>\$ 88,984</u>	<u>\$ 458,296</u>
Amortisation		<u>\$ 4,901</u>	<u>\$ 3,039</u>	<u>\$ 7,940</u>	<u>\$ 5,602</u>	<u>\$ 3,556</u>	<u>\$ 9,158</u>

Note:

A. As at December 31, 2024 and 2023, the Company has an average of 910 and 874 employees, respectively, including 8 non-employee directors for both years.

B. (1) Average employee benefit expense in current year was \$1,235 thousand ((Total employee benefit expense in current year - Total directors' compensation in current year) / (Number of employees in current year - Number of non-employee directors in current year)).

Average employee benefit expense in previous year was \$1,124 thousand ((Total employee benefit expense in previous year - Total directors' compensation in previous year) / (Number of employees in previous year - Number of non-employee directors in previous year)).

(2) Average employee salaries in current year was \$1,073 thousand (Total employee salaries in current year / (Number of employees in current year - Number of non-employee directors in current year)).

Average employee salaries in previous year was \$966 thousand (Total employee salaries in previous year / (Number of employees in previous year - Number of non-employee directors in previous year)).

(3) Adjustment of average employee salaries was 11.08% ((Average employee salaries in current year - Average employee salaries in previous year) / Average employee salaries in previous year).

(4) The Company's Compensation Policy is as follows:

- i. Compensation that the Company paid to the employees includes basic salary, performance rewards, year-end bonus and salary increase. The salary standard was referred to internal salary and external market of salary, job classification, education background, professional knowledge and skill, professional working experience to approve competitive salary. The distribution of performance rewards took into consideration the operating performance of the Company and employees' performance. The salary raising would be based on the Company's operation profit of current year, performance assessment and other results and encourage employees' long-term development and with reference to the comprehensive consideration of the salary market standard and overall salary raising status to process annual salary raising.
- ii. The Company's remuneration policies for managers were based on the Company's operation strategies, profit, performance and contributions in work, etc., and referred to salary standard in market, and be executed after being proposed by remuneration committee and approved by the Board of Directors.
- iii. Additionally, under the Company's Articles of Incorporation, if the Company had profit for the year, the Board of Directors should resolve that the profit of the current year shall be distributed by not lower than 5% as employees' compensation and distributed no higher than 2% as directors' and supervisors' remuneration.