

**FORMOSA LABORATORIES, INC. AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT**

MARCH 31, 2025 AND 2024

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Formosa Laboratories, Inc. and its subsidiaries (the "Group") as at March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Teng, Sheng-Wei

Yen, Yu-Fang

For and on Behalf of PricewaterhouseCoopers, Taiwan

May 8, 2025

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

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024
(Expressed in thousands of New Taiwan dollars)

Assets			March 31, 2025		December 31, 2024		March 31, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,438,483	10	\$ 1,364,538	10	\$ 1,476,784	11
1110	Financial assets at fair value through profit or loss - current	6(2) and 8	122,033	1	118,852	1	138,906	1
1136	Current financial assets at amortised cost, net	6(4)	1,330,000	10	1,220,000	9	865,670	7
1150	Notes receivable, net	6(5)	1,021	-	-	-	2,669	-
1170	Accounts receivable, net	6(5)	972,064	7	1,178,581	9	938,492	7
1180	Accounts receivable - related parties	7	33,017	-	17,424	-	23,418	-
1200	Other receivables		62,360	1	59,428	-	43,740	-
1210	Other receivables - related parties	7	32	-	35	-	33	-
1220	Current income tax assets		3,309	-	2,977	-	1,631	-
130X	Inventory	6(6)	1,702,803	12	1,711,571	12	1,689,685	13
1410	Prepayments		184,122	1	192,092	1	114,986	1
1470	Other current assets		4,997	-	2,522	-	1,962	-
11XX	Total current assets		5,854,241	42	5,868,020	42	5,297,976	40
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 8	1,337,940	10	1,363,846	10	1,624,150	12
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	100,329	1	100,533	1	109,816	1
1550	Investments accounted for under equity method	6(7)	18,761	-	17,045	-	15,893	-
1600	Property, plant and equipment	6(8) and 8	6,079,592	44	6,097,341	44	5,968,262	45
1755	Right-of-use assets		104,986	1	107,062	1	36,038	-
1780	Intangible assets	6(9)	210,367	1	215,040	1	199,853	1
1840	Deferred income tax assets	6(28)	98,662	1	93,037	1	83,241	1
1900	Other non-current assets	6(8)(10) and 8	68,691	-	33,457	-	61,818	-
15XX	Total non-current assets		8,019,328	58	8,027,361	58	8,099,071	60
1XXX	Total assets		\$ 13,873,569	100	\$ 13,895,381	100	\$ 13,397,047	100

(Continued)

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	March 31, 2025		December 31, 2024		March 31, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(12) and 8	\$ 933,000	7	\$ 683,000	5	\$ 1,124,000	8
2110	Short-term notes and bills payable	6(13)	49,995	-	49,982	-	209,921	1
2130	Current contract liabilities	6(22)	89,506	1	62,188	-	96,734	1
2150	Notes payable		606	-	910	-	606	-
2170	Accounts payable		265,663	2	218,026	2	235,886	2
2200	Other payables	6(14)	678,483	5	828,481	6	646,649	5
2220	Other payables to related parties	7	89	-	3,100	-	189	-
2230	Current income tax liabilities		125,926	1	69,448	1	131,877	1
2280	Current lease liabilities		25,209	-	26,072	-	20,193	-
2320	Long-term liabilities, current portion	6(15) and 8	392,921	3	388,145	3	479,579	4
2399	Other current liabilities	9	36,762	-	26,441	-	115,561	1
21XX	Total current liabilities		2,598,160	19	2,355,793	17	3,061,195	23
Non-current liabilities								
2520	Financial liabilities at amortised cost - non-current	6(11) and 7	66,410	-	65,570	1	64,000	1
2527	Contract liabilities - non-current	6(22)	22,716	-	28,941	-	28,432	-
2540	Long-term borrowings	6(15) and 8	2,305,447	17	2,669,752	19	2,078,367	16
2570	Deferred income tax liabilities	6(28)	20,137	-	20,970	-	28,105	-
2580	Non-current lease liabilities		80,826	1	82,408	1	15,675	-
2600	Other non-current liabilities		25,698	-	25,175	-	23,274	-
25XX	Total non-current liabilities		2,521,234	18	2,892,816	21	2,237,853	17
2XXX	Total liabilities		5,119,394	37	5,248,609	38	5,299,048	40
Equity attributable to owners of parent								
	Share capital	1 and 6(18)						
3110	Common stock		1,202,560	9	1,202,560	9	1,202,560	9
	Capital surplus	6(17)(19)						
3200	Capital surplus		3,773,560	27	3,773,468	27	3,552,336	27
	Retained earnings	6(20)						
3310	Legal reserve		498,069	3	498,069	3	485,958	4
3320	Special reserve		19	-	19	-	54,984	-
3350	Unappropriated retained earnings		2,348,701	17	2,228,157	16	2,173,194	16
	Other equity interest	6(21)						
3400	Other equity interest		(12,972)	-	(18,198)	-	677	-
31XX	Equity attributable to owners of the parent		7,809,937	56	7,684,075	55	7,469,709	56
36XX	Non-controlling interest	4(3)	944,238	7	962,697	7	628,290	4
3XXX	Total equity		8,754,175	63	8,646,772	62	8,097,999	60
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9						
	Significant Events after the Balance Sheet Date	11						
3X2X	Total liabilities and equity		\$ 13,873,569	100	\$ 13,895,381	100	\$ 13,397,047	100

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

			Three months ended March 31			
			2025		2024	
Items		Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 1,143,721	100	\$ 1,134,103	100
5000	Operating costs	6(6)(26)(27) and 7	(662,822)	(58)	(592,033)	(52)
5900	Net operating margin		480,899	42	542,070	48
	Operating expenses	6(26)(27) and 7				
6100	Selling expenses		(50,467)	(4)	(46,292)	(4)
6200	General and administrative expenses		(68,068)	(6)	(69,207)	(6)
6300	Research and development expenses		(177,348)	(16)	(219,115)	(20)
6450	Impairment gain and reversal of impairment loss (excepted credit loss) determined in accordance with IFRS 9	12(2)	8,458	1	(19,730)	(2)
6000	Total operating expenses		(287,425)	(25)	(354,344)	(32)
6900	Operating profit		193,474	17	187,726	16
	Non-operating income and expenses					
7100	Interest income	6(23)	6,498	1	4,848	-
7010	Other income		1,458	-	801	-
7020	Other gains and losses	6(24)	(40,804)	(4)	(219,611)	(19)
7050	Finance costs	6(25)	(10,874)	(1)	(10,468)	(1)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(7)	542	-	(3,509)	-
7000	Total non-operating income and expenses		(43,180)	(4)	(227,939)	(20)
7900	Profit (loss) before income tax		150,294	13	40,213	(4)
7950	Income tax expense	6(28)	(49,377)	(4)	(58,449)	(5)
8200	Loss for the year		\$ 100,917	9	\$ 98,662	9
	Other comprehensive income					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 204)	-	(\$ 11,453)	(1)
8310	Other comprehensive loss that will not be reclassified to profit or loss		(204)	-	(11,453)	(1)
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		7,134	-	(2,965)	-
8399	Income tax relating to the components of other comprehensive income	6(28)	(668)	-	298	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		6,466	-	(2,667)	-
8300	Total other comprehensive income (loss) for the period		\$ 6,262	-	(\$ 14,120)	(1)
8500	Total comprehensive income (loss) for the period		\$ 107,179	9	(\$ 112,782)	(10)
	Profit (loss) attributable to:					
8610	Owners of the parent		\$ 120,545	11	(\$ 96,019)	(9)
8620	Non-controlling interest		(19,628)	(2)	(2,643)	-
			\$ 100,917	9	(\$ 98,662)	(9)
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 125,770	11	(\$ 101,509)	(9)
8720	Non-controlling interest		(18,591)	(2)	(11,273)	(1)
			\$ 107,179	9	(\$ 112,782)	(10)
	Earnings (loss) per share (in dollars)	6(29)				
9750	Basic earnings (loss) per share		\$ 1.00		(\$ 0.80)	
9850	Diluted earnings (loss) per share		\$ 1.00		(\$ 0.80)	

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
		Capital Reserves			Retained Earnings			Other Equity Interest					
			Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed	Capital Surplus, changes in ownership interests in subsidiaries					Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		Non-controlling interest	Total equity
Notes	Share capital - common stock	Capital surplus, additional paid-in capital			Legal reserve	Special reserve	Unappropriated retained earnings				Total		
<u>2024</u>													
	Balance at January 1, 2024	\$ 1,202,560	\$ 3,083,576	\$ -	\$ 468,494	\$ 485,958	\$ 54,984	\$ 2,269,213	(\$ 13,685)	\$ 19,852	\$ 7,570,952	\$ 639,249	\$ 8,210,201
	Loss for the period	-	-	-	-	-	(96,019)	-	-	(96,019)	(2,643)	(98,662)	
	Other comprehensive loss	-	-	-	-	-	-	(1,192)	(4,298)	(5,490)	(8,630)	(14,120)	
	Total comprehensive loss	-	-	-	-	-	(96,019)	(1,192)	(4,298)	(101,509)	(11,273)	(112,782)	
	Amortisation of compensation cost of employee stock options	6(17)	-	-	266	-	-	-	-	-	266	314	580
	Balance at March 31, 2024	\$ 1,202,560	\$ 3,083,576	\$ -	\$ 468,760	\$ 485,958	\$ 54,984	\$ 2,173,194	(\$ 14,877)	\$ 15,554	\$ 7,469,709	\$ 628,290	\$ 8,097,999
<u>2025</u>													
	Balance at January 1, 2025	\$ 1,202,560	\$ 3,083,576	\$ 1,586	\$ 688,306	\$ 498,069	\$ 19	\$ 2,228,157	(\$ 15,342)	(\$ 2,856)	\$ 7,684,075	\$ 962,697	\$ 8,646,772
	Profit (loss) for the period	-	-	-	-	-	120,545	-	-	120,545	(19,628)	100,917	
	Other comprehensive income	-	-	-	-	-	-	2,671	2,554	5,225	1,037	6,262	
	Total comprehensive income (loss)	-	-	-	-	-	120,545	2,671	2,554	125,770	(18,591)	107,179	
	Disposal of investments in equity instruments designated at fair value through other comprehensive income by subsidiaries	6(3)	-	-	-	-	(1)	-	1	-	-	-	
	Amortisation of compensation cost of employee stock options	6(17)	-	-	92	-	-	-	-	-	92	132	224
	Balance at March 31, 2025	\$ 1,202,560	\$ 3,083,576	\$ 1,586	\$ 688,398	\$ 498,069	\$ 19	\$ 2,348,701	(\$ 12,671)	(\$ 301)	\$ 7,809,937	\$ 944,238	\$ 8,754,175

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31	
		2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		\$ 150,294	(\$ 40,213)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	129,169	120,071
Amortisation	6(26)	6,504	6,320
Expected credit impairment (gain) loss	12(2)	(8,458)	19,730
Net loss on financial assets (liabilities) at fair value through profit	6(24)	37,512	250,220
Interest expense	6(25)	10,874	10,468
Interest income	6(23)	(6,498)	(4,848)
Compensation cost of employee stock options	6(17)	224	580
Share of (profit) loss of associates accounted for using equity method	6(7)	(542)	3,509
Proceeds from disposal of property, plant and equipment	6(24)	206	667
Gain from lease modification	6(24)	(5)	-
Expenses transferred from prepayment for equipment (shown as other non-current assets)	6(8)	1,629	-
Contingent consideration measures losses	6(24)	-	6,961
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(1,021)	(2,669)
Accounts receivable		214,980	(10,044)
Accounts receivable - related parties		(15,598)	(11,587)
Other receivables		20,415	18,424
Other receivables - related parties		3	(5)
Inventory		8,768	(92,218)
Prepayments		7,970	(5,742)
Other current assets		(2,475)	53
Changes in operating liabilities			
Current contract		(10,907)	(67,936)
Notes payable		(304)	(411)
Accounts payable		47,637	33,777
Other payables		(150,032)	28,342
Other payables - related parties		(3,011)	(2,447)
Other current liabilities		10,321	2,700
Other non-current liabilities		410	(98)
Cash inflow generated from operations		448,065	263,604
Interest received		3,787	6,048
Interest paid		(10,584)	(11,064)
Income taxes paid		(15)	(61)
Net cash flows from operating activities		441,253	258,527

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FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31 2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit		(\$ 18,000)	\$ -
Proceeds from disposal of financial assets at fair value through profit		3,213	-
Acquisition of financial assets at amortised cost		(560,000)	(364,779)
Proceeds from disposal of financial assets at amortised cost		450,000	332,732
Acquisition of property, plant and equipment	6(32)	(128,821)	(104,779)
Proceeds from disposal of property, plant and equipment		616	36,431
Acquisition of intangible assets	6(9)	-	(360)
Prepayment for equipment (shown as other non-current assets)	6(8)	(38,912)	(32,387)
(Increase) decrease in refundable deposits		(7)	805
Prepayment for investments (shown as other non-current assets)		(1,942)	-
Net cash flows used in investing activities		(293,853)	(132,337)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term loans	6(33)	250,000	(310,000)
Increase in short-term notes and bills payable	6(33)	13	109,962
Proceeds from long-term debt	6(33)	1,020,000	750,000
Repayments of long-term debt (including current portion)	6(33)	(1,379,529)	(678,735)
Payments of lease liabilities	6(33)	(8,264)	(7,440)
Net cash flows used in financing activities		(117,780)	(136,213)
Effect of exchange rate changes on cash and cash equivalents		44,325	(39,206)
Net increase (decrease) in cash and cash equivalents		73,945	(49,229)
Cash and cash equivalents at beginning of period		1,364,538	1,526,013
Cash and cash equivalents at end of period		\$ 1,438,483	\$ 1,476,784

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

1. HISTORY AND ORGANIZATION

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

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

After the merger, the Company is primarily engaged in the manufacturing and sales of active pharmaceutical ingredients, including medical active pharmaceutical ingredients and ultraviolet absorbers. The Company's shares were listed in the Taiwan Stock Exchange starting from March 1, 2011. As of December 31, 2025, the Company’s authorised capital and paid-in capital were \$1,600,000 and \$1,202,560, respectively, with a par value of \$10 (in dollars) per share.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on May 8, 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[®]”) 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 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026

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

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

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

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

A. Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'

The IASB issued the amendments to update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in

other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

B. IFRS 18, 'Presentation and disclosure in financial statements'

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2024, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2024.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income financial assets measured at fair value.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial

statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of this consolidated financial report is the same as that of the 2024 consolidated financial report.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	Research and development of new biotechnology medicine	40.66	40.66	45.84	Notes 1 and 2
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Research and development of new biotechnology medicine	100	100	100	
Formosa Laboratories, Inc.	Epione Investment Cayman Limited	Medicine, chemical trade and investment business	100	100	100	
Epione Investment Cayman Limited	Epione Investment HK Limited	Medicine, chemical trade and investment business	100	100	100	
Epione Investment HK Limited	Shanghai Epione Eenterprise Co., Ltd.	Wholesale and import and export of chemical raw materials and products and commission agency	100	100	100	
Formosa Pharmaceuticals Inc.	Activus Pharma Co., Ltd.	Research and development of new biotechnology medicine	99.23	99.23	99.23	
Formosa Laboratories, Inc.	SynChem-Formosa, Inc.	Research of organic synthesis, process development and medicinal chemistry contracts	100	100	-	Note 3

Note 1: The Group sold 0.07% of its equity in Formosa Pharmaceuticals Inc. on August 9, 2024. Additionally, due to the exercise of stock options by Formosa Pharmaceuticals Inc.

employees in the second quarter of 2024 and the issuance of new shares through a cash capital increase in the second quarter of 2023, the Group's ownership percentage has decreased to 40.66% and 45.84%, respectively. For detailed information, please refer to Note 6(30).

Note 2: On March 31, 2025, although the Company's equity interest held in Formosa Pharmaceuticals Inc. did not exceed 50%, the Company was its single major shareholder and conducted its relevant activities, which met the controlling factor in paragraph 7 of IFRS 10, 'Consolidated Financial Statements'. Accordingly, Formosa Pharmaceuticals Inc. was included in the consolidated financial statements.

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

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

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

E. Significant restrictions: None.

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

As of March 31, 2025, December 31, 2024 and March 31, 2024, the non-controlling interest amounted to \$944,238, \$962,697 and \$628,290, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		March 31, 2025		December 31, 2024	
		Amount	Ownership (%)	Amount	Ownership (%)
Formosa Pharmaceuticals Inc.	Taiwan	\$ 944,238	59.34%	\$ 962,697	59.34%

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

Summarised financial information of the subsidiaries:

Balance sheets

	Formosa Pharmaceuticals Inc.		
	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	\$ 1,681,578	\$ 1,727,790	\$ 1,322,294
Non-current assets	378,124	384,482	414,957
Current liabilities	(200,509)	(197,951)	(288,792)
Non-current liabilities	(349,475)	(365,749)	(342,647)
Total net assets	<u>\$ 1,509,718</u>	<u>\$ 1,548,572</u>	<u>\$ 1,105,812</u>

	Formosa Pharmaceuticals Inc.	
	Three months ended March 31,	
	2025	2024
Revenue	\$ 594	\$ 127,800
Loss before income tax	(\$ 40,914)	(\$ 342)
Income tax benefit (expense)	123	(19,077)
Loss for the period	(40,791)	(19,419)
Other comprehensive loss, net of tax	(1,713)	(15,919)
Total comprehensive loss for the period	<u>(\$ 42,504)</u>	<u>(\$ 35,338)</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 3</u>	<u>\$ 31</u>

	Formosa Pharmaceuticals Inc.	
	Three months ended March 31,	
	2025	2024
Net cash used in operating activities	(\$ 76,913)	(\$ 53,728)
Net cash used in investing activities	(119,380)	(32,572)
Net cash used in financing activities	(1,404)	(1,494)
Effect of exchange rates on cash and cash equivalents	36,641	12,524
Decrease in cash and cash equivalents	(161,056)	(75,270)
Cash and cash equivalents, beginning of period	425,785	384,705
Cash and cash equivalents, end of period	<u>\$ 264,729</u>	<u>\$ 309,435</u>

(4) Employee benefits

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

(5) Income tax

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

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

There have been no significant changes as of March 31, 2025. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2024.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Petty cash and cash on hand	\$ 326	\$ 325	\$ 355
Demand deposits	1,387,938	1,294,752	1,466,429
Time deposits	50,219	69,461	10,000
	<u>\$ 1,438,483</u>	<u>\$ 1,364,538</u>	<u>\$ 1,476,784</u>

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

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

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks			
EirGenix, Inc.	\$ 28,285	\$ 28,285	\$ 28,285
TOT Biopharm International Company Limited	48,596	51,166	51,262
Emerging stocks			
TaiRx, Inc.	9,490	9,490	14,646
Derivatives			
- the redemption rights of convertible bonds	305	1,305	1,305
	86,676	90,246	95,498
Valuation adjustment	35,357	28,606	43,408
	<u>\$ 122,033</u>	<u>\$ 118,852</u>	<u>\$ 138,906</u>

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks			
EirGenix, Inc.	\$ 588,756	\$ 588,756	\$ 588,756
Emerging stocks			
Hemed Innovations Co., Ltd.	17,716	17,716	
Unlisted stocks			
Hemed Innovations Co., Ltd.	-	-	17,716
AG Global Inc.	35,340	35,340	35,340
AmMax Bio, Inc.	31,285	31,285	31,285
Forward BioT Venture Capital	60,000	42,000	42,000
	<u>733,097</u>	<u>715,097</u>	<u>715,097</u>
Valuation adjustment	<u>604,843</u>	<u>648,749</u>	<u>909,053</u>
	<u>\$ 1,337,940</u>	<u>\$ 1,363,846</u>	<u>\$ 1,624,150</u>

- A. The Group recognised net loss amounting to \$37,512 and \$250,220 on financial assets at fair value through profit or loss for the three months then ended, respectively.
- B. Details of the Group's financial assets at fair value through profit or loss pledged to others as collateral are provided in Note 8.

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

<u>Items</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Non-current items:			
Equity instruments			
Listed stocks			
Eyenovia, Inc.	\$ 63,899	\$ 63,900	\$ 31,900
Unlisted stocks			
Oncomatrix Biopharma, S.L.	57,135	57,135	57,135
PHARMASTAR INC.	14,895	14,895	14,895
	<u>135,929</u>	<u>135,930</u>	<u>103,930</u>
Valuation adjustment	<u>(35,600)</u>	<u>(35,397)</u>	<u>5,886</u>
	<u>\$ 100,329</u>	<u>\$ 100,533</u>	<u>\$ 109,816</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$100,329, \$100,533 and \$109,816 as at March 31, 2025, December 31, 2024 and March 31, 2024, respectively.
- B. In 2025, the Group incurred a cumulative disposal loss of \$2 due to the reverse stock split

conducted by Eyenovia, Inc. There was no such situation in 2024.

- C. Amounts recognised in comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended March 31,	
	2025	2024
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 204)	(\$ 11,453)
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 2)	\$ -

- D. As at March 31, 2025, December 31, 2024 and March 31, 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$100,329, \$100,533 and \$109,816, respectively.
- E. The Group had no financial assets at fair value through other comprehensive income pledged to others as collateral.
- F. For relevant credit risk information on financial assets measured at fair value through other comprehensive income, please refer to Note 12(b).

(4) Financial assets at amortised cost

Items	March 31, 2025	December 31, 2024	March 31, 2024
Current items:			
Time deposits with a maturity of more than three months	\$ 1,330,000	\$ 1,220,000	\$ 865,670

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

	Three months ended March 31,	
	2025	2024
Interest income	\$ 5,212	\$ 3,850

- B. As at March 31, 2025, December 31, 2024 and March 31, 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company were \$1,330,000, \$1,220,000 and \$865,670, respectively.
- C. The Company has no financial assets at amortized cost pledged to others as collateral.
- D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable, net

	March 31, 2025	December 31, 2024	March 31, 2024
Notes receivable	\$ 1,021	\$ -	\$ 2,669
Accounts receivable	\$ 995,052	\$ 1,210,032	\$ 965,531
Less: Allowance for uncollectible accounts	(22,988)	(31,451)	(27,039)
	<u>\$ 972,064</u>	<u>\$ 1,178,581</u>	<u>\$ 938,492</u>

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

	March 31, 2025		December 31, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 842,868	\$ 1,021	\$ 998,070	\$ -
Up to 30 days past due	91,435	-	156,380	-
31~ 90 days past due	53,090	-	48,038	-
91~ 180 days past due	-	-	174	-
181 days past due	<u>7,659</u>	<u>-</u>	<u>7,370</u>	<u>-</u>
	<u>\$ 995,052</u>	<u>\$ 1,021</u>	<u>\$ 1,210,032</u>	<u>\$ -</u>

	March 31, 2024	
	Accounts receivable	Notes receivable
Not past due	\$ 843,060	\$ 2,669
Up to 30 days past due	70,385	-
31~ 90 days past due	46,728	-
91~ 180 days past due	-	-
181 days past due	<u>5,358</u>	<u>-</u>
	<u>\$ 965,531</u>	<u>\$ 2,669</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2025, December 31, 2024 and March 31, 2024, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2024, the balance of receivables from contracts with customers amounted to \$948,175.
- C. The Group did not hold any collateral for the security of notes and accounts receivable.
- D. As at March 31, 2025, December 31, 2024 and March 31, 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$1,021, \$0, \$2,669, and \$972,064, \$1,178,581, \$938,492, respectively.

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

(6) Inventories

March 31, 2025			
	Cost	Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
Goods	\$ 2,074	(\$ 1,590)	\$ 484
Raw materials	634,615	(75,362)	559,253
Work in progress	573,168	(119,579)	453,589
Finished goods	918,006	(228,529)	689,477
	<u>\$ 2,127,863</u>	<u>(\$ 425,060)</u>	<u>\$ 1,702,803</u>
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	456,525	(101,596)	354,929
Finished goods	966,987	(195,511)	771,476
	<u>\$ 2,090,773</u>	<u>(\$ 379,202)</u>	<u>\$ 1,711,571</u>
March 31, 2024			
	Cost	Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
Goods	\$ 21,812	(\$ 512)	\$ 21,300
Raw materials	595,817	(70,710)	525,107
Work in progress	476,130	(85,800)	390,330
Finished goods	924,334	(171,386)	752,948
	<u>\$ 2,018,093</u>	<u>(\$ 328,408)</u>	<u>\$ 1,689,685</u>

Current expenses related to inventories are as follows:

	Three months ended March 31,	
	2025	2024
Cost of goods sold	\$ 588,122	\$ 557,337
Loss on valuation decline and scrapped inventory	45,859	14,547
Cost of services	29,174	20,456
Others	(333)	(307)
	<u>\$ 662,822</u>	<u>\$ 592,033</u>

(7) Investments accounted for using equity method

	March 31, 2025	December 31, 2024	March 31, 2024
A. R. Z Taiwan Limited	(\$ 113)	\$ 11	\$ 112
Formosa Laboratories Japan, Inc.	<u>18,761</u>	<u>17,034</u>	<u>15,781</u>
	18,648	17,045	15,893
Transfer to other non-current liabilities	<u>113</u>	<u>-</u>	<u>-</u>
	<u>\$ 18,761</u>	<u>\$ 17,045</u>	<u>\$ 15,893</u>

- A. The Group's share of profit or loss of associates accounted for using the equity method for the three months ended March 31, 2025 and 2024 was \$542 and (\$3,509), respectively.
- B. The percentage of A. R. Z Taiwan Limited's and Formosa Laboratories Japan, Inc.'s assets, liabilities, income and profit or loss presented in the Group was minimal, and the two companies were not significant associates. Accordingly, the related accounts are not disclosed separately.

(8) Property, plant and equipment

	Land	Buildings and structures (Note 3)	Machinery and equipment	Utilities equipment	Testing equipment	Pollution- prevention equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (Note 1)
At January 1, 2025												
Cost	\$ 655,950	\$ 2,452,472	\$ 3,523,542	\$ 97,668	\$ 489,912	\$ 237,286	\$ 150,250	\$ 21,386	\$ 391,425	\$ 1,993,870	\$ 10,013,761	\$ 28,160
Accumulated depreciation	-	(674,042)	(2,317,026)	(84,182)	(304,206)	(161,072)	(103,243)	(18,182)	(254,467)	-	(3,916,420)	-
	<u>\$ 655,950</u>	<u>\$ 1,778,430</u>	<u>\$ 1,206,516</u>	<u>\$ 13,486</u>	<u>\$ 185,706</u>	<u>\$ 76,214</u>	<u>\$ 47,007</u>	<u>\$ 3,204</u>	<u>\$ 136,958</u>	<u>\$ 1,993,870</u>	<u>\$ 6,097,341</u>	<u>\$ 28,160</u>
2025												
Opening net book amount as at January 1	\$ 655,950	\$ 1,778,430	\$ 1,206,516	\$ 13,486	\$ 185,706	\$ 76,214	\$ 47,007	\$ 3,204	\$ 136,958	\$ 1,993,870	\$ 6,097,341	\$ 28,160
Additions (Note 2)	-	-	4,458	-	10,780	-	1,808	-	902	84,379	102,327	38,912
Disposals	-	-	(822)	-	-	-	-	-	-	-	(822)	-
Transfers (Note 4)	-	1,300	40,195	-	20,513	642	7,829	-	11,801	(80,254)	2,026	(5,288)
Depreciation charge	-	(24,069)	(69,142)	(500)	(11,236)	(3,445)	(3,464)	(213)	(9,216)	-	(121,285)	-
Net exchange differences	-	-	-	-	4	-	1	-	-	-	5	-
Closing net book amount as at March 31	<u>\$ 655,950</u>	<u>\$ 1,755,661</u>	<u>\$ 1,181,205</u>	<u>\$ 12,986</u>	<u>\$ 205,767</u>	<u>\$ 73,411</u>	<u>\$ 53,181</u>	<u>\$ 2,991</u>	<u>\$ 140,445</u>	<u>\$ 1,997,995</u>	<u>\$ 6,079,592</u>	<u>\$ 61,784</u>
At March 31, 2025												
Cost	\$ 655,950	\$ 2,453,575	\$ 3,554,339	\$ 97,668	\$ 522,101	\$ 237,928	\$ 157,809	\$ 21,166	\$ 399,029	\$ 1,997,995	\$ 10,097,560	\$ 61,784
Accumulated depreciation	-	(697,914)	(2,373,134)	(84,682)	(316,334)	(164,517)	(104,628)	(18,175)	(258,584)	-	(4,017,968)	-
	<u>\$ 655,950</u>	<u>\$ 1,755,661</u>	<u>\$ 1,181,205</u>	<u>\$ 12,986</u>	<u>\$ 205,767</u>	<u>\$ 73,411</u>	<u>\$ 53,181</u>	<u>\$ 2,991</u>	<u>\$ 140,445</u>	<u>\$ 1,997,995</u>	<u>\$ 6,079,592</u>	<u>\$ 61,784</u>

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

Note 2: Including capitalised interests.

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

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

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

Note 2: Including capitalised interests.

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

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

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

	Three months ended March 31,	
	2025	2024
Amount capitalised	\$ 10,054	\$ 8,994
Range of the interest rates for capitalisation	2.04%	1.8775%

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

(9) Intangible assets

	2025					
	Goodwill	Professional expertise		Computer software	Other intangible assets	Total
		APP13007 Ophthalmic anti-inflammatory agents	APP13002 Ophthalmic anti-inflammatory for eyes			
At January 1						
Cost	\$ 112,025	\$ 231,912	\$ 1,259	\$ 103,893	\$ 1,351	\$ 450,440
Accumulated amortisation and impairment	(51,622)	(100,949)	(581)	(82,092)	(156)	(235,400)
	<u>\$ 60,403</u>	<u>\$ 130,963</u>	<u>\$ 678</u>	<u>\$ 21,801</u>	<u>\$ 1,195</u>	<u>\$ 215,040</u>
Opening net book amount as at January 1	\$ 60,403	\$ 130,963	\$ 678	\$ 21,801	\$ 1,195	\$ 215,040
Reclassifications (Note)	-	-	-	1,633	-	1,633
Amortisation charge	-	(4,093)	(20)	(2,164)	(69)	(6,346)
Net exchange differences	-	-	40	-	-	40
Closing net book amount as at March 31	<u>\$ 60,403</u>	<u>\$ 126,870</u>	<u>\$ 698</u>	<u>\$ 21,270</u>	<u>\$ 1,126</u>	<u>\$ 210,367</u>
At March 31						
Cost	\$ 112,025	\$ 231,912	\$ 1,336	\$ 105,526	\$ 1,351	\$ 452,150
Accumulated amortisation and impairment	(51,622)	(105,042)	(638)	(84,256)	(225)	(241,783)
	<u>\$ 60,403</u>	<u>\$ 126,870</u>	<u>\$ 698</u>	<u>\$ 21,270</u>	<u>\$ 1,126</u>	<u>\$ 210,367</u>

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

2024					
	Goodwill	Professional expertise		Computer software	Total
		APP13007 Ophthalmic anti-inflammatory agents	APP13002 Ophthalmic anti-inflammatory for eyes		
At January 1					
Cost	\$ 82,166	\$ 231,912	\$ 1,303	\$ 100,282	\$ 415,663
Accumulated amortisation and impairment	(51,622)	(84,579)	(520)	(74,511)	(211,232)
	<u>\$ 30,544</u>	<u>\$ 147,333</u>	<u>\$ 783</u>	<u>\$ 25,771</u>	<u>\$ 204,431</u>
Opening net book amount as at January 1	\$ 30,544	\$ 147,333	\$ 783	\$ 25,771	\$ 204,431
Additions	-	-	-	360	360
Reclassifications (Note)	-	-	-	1,153	1,153
Amortisation charge	-	(4,093)	(20)	(1,958)	(6,071)
Net exchange differences	-	-	(20)	-	(20)
Closing net book amount as at March 31	<u>\$ 30,544</u>	<u>\$ 143,240</u>	<u>\$ 743</u>	<u>\$ 25,326</u>	<u>\$ 199,853</u>
At March 31					
Cost	\$ 82,166	\$ 231,912	\$ 1,269	\$ 101,795	\$ 417,142
Accumulated amortisation and impairment	(51,622)	(88,672)	(526)	(76,469)	(217,289)
	<u>\$ 30,544</u>	<u>\$ 143,240</u>	<u>\$ 743</u>	<u>\$ 25,326</u>	<u>\$ 199,853</u>

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

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

	Three months ended March 31,	
	2025	2024
Operating costs	\$ 1,199	\$ 1,130
Administrative expenses	910	679
Research and development expenses	4,237	4,262
	<u>\$ 6,346</u>	<u>\$ 6,071</u>

B. Goodwill is allocated as follows to the Group’s cash-generating units:

	March 31, 2025	March 31, 2024
Formosa Pharmaceuticals Inc.	\$ 30,544	\$ 30,544
SynChem-Formosa, Inc.	29,859	-
	<u>\$ 60,403</u>	<u>\$ 30,544</u>

C. Goodwill is allocated to the Group’s cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on the value in use which was calculated from the expected economic income of related research and development projects. The recoverable amount of all cash-generating units calculated using the

value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are operating profit margin, growth rate and discount rate. Management determined budgeted net operating profit margin based on its expectations of market development. The assumptions used for growth rates are based on expectations of industry; the assumption used for discount rate is the weighted average capital cost of the same industry. The key assumptions used by the external appraiser in calculating value-in-use are as follows:

	March 31, 2025	March 31, 2024
Formosa Pharmaceuticals Inc.	19.49%	18.51%
SynChem-Formosa, Inc.	14.68%	-

(10) Other non-current assets

	March 31, 2025	December 31, 2024	March 31, 2024
Prepayments for business facilities	\$ 61,785	\$ 28,160	\$ 56,346
Prepayments for investment (Note 1)	1,942	-	-
Guarantee deposits paid (Note 2)	4,145	4,318	3,979
Others	819	979	1,493
	<u>\$ 68,691</u>	<u>\$ 33,457</u>	<u>\$ 61,818</u>

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

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

(11) Financial liabilities at amortised cost

Items	March 31, 2025	December 31, 2024	March 31, 2024
Non-current items:			
New medicine development revenue share agreement	<u>\$ 66,410</u>	<u>\$ 65,570</u>	<u>\$ 64,000</u>

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

Inc. and is entitled to a consideration of US\$30,000 thousand, which will be received in accordance with the schedule as specified in the contract. As of March 31, 2025, the Group has received US\$2,000 thousand.

(12) Short-term borrowings

	<u>March 31, 2025</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 63,000	1.82%	Refer to Note 8
Unsecured borrowings	870,000	1.82~1.85%	None
	<u>\$ 933,000</u>		
	<u>December 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
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>		
	<u>March 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 364,000	1.75~1.805%	Refer to Note 8
Unsecured borrowings	760,000	1.75~1.805%	None
	<u>\$ 1,124,000</u>		

Interest expense recognised in profit or loss amounted to \$5,010 and \$6,478 for the three months ended March 31, 2025 and 2024, respectively.

(13) Short-term notes and bills payable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Commercial paper payable	\$ 50,000	\$ 50,000	\$ 210,000
Less: Unamortized commercial paper payable	(5)	(18)	(79)
	<u>\$ 49,995</u>	<u>\$ 49,982</u>	<u>\$ 209,921</u>
Interest rate	<u>1.97%</u>	<u>1.97%</u>	<u>1.83%</u>

(14) Other payables

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Salaries and bonus payable	\$ 129,947	\$ 252,164	\$ 127,661
Service expenses payable	112,815	119,687	131,893
Employees' compensation and directors' and supervisors' remuneration payable	69,132	52,650	34,759
Payable on machinery and equipment	63,792	90,286	32,444
Accrued commission	49,995	51,009	65,596
Consumables payable	47,119	42,247	53,268
Withholding tax payable	41,583	41,054	40,353
Repairs and maintenance expense payable	36,392	35,297	38,400
Utilities expense payable	24,265	24,534	20,255
Revenue share payable	16,603	16,393	20,000
Import and export charges payable	7,307	8,924	11,316
Others	79,533	94,236	70,704
	<u>\$ 678,483</u>	<u>\$ 828,481</u>	<u>\$ 646,649</u>

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	March 31, 2025
Mid-term and long-term bank borrowings				
Mega International Commercial Bank (Note 1)	2024.2.25 ~ 2027.2.24 The principal will be repaid upon maturity.	2.15%	Note 2	\$ 400,000
	2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2021.	2.33%	"	17,208
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2021.7.28 ~ 2025.7.28 Quarterly and average repayment starting from June 2024.	2.38%	"	8,200
	2022.8.4 ~ 2026.8.4 Quarterly and average repayment starting from May 2025.	2.38%	None	60,000
O-Bank Co., Ltd. (Note 1)	2024.6.5 ~ 2026.6.4 The principal will be repaid upon maturity.	2.27%	"	150,000
E.SUN Bank Taoyuan Corporate Banking Center	2024.2.6 ~ 2027.2.6 The principal will be repaid upon maturity.	2.12%	"	200,000
Entie Commercial Bank, Ltd. He Ping Branch (Note 1)	2024.4.30 ~ 2026.4.30 The principal will be repaid upon maturity.	2.22%	"	150,000
Bank SinoPac Co., Ltd. (Note 1)	2024.2.6 ~ 2027.4.20 The principal will be repaid upon maturity.	2.10%	"	100,000
DBS Bank Limited (Note 1)	2023.6.30 ~ 2025.6.30 The principal will be repaid upon maturity.	1.98%	"	120,000
TAICHUNG COMMERCIAL BANK Co., Ltd. LINKOU BRANCH (Note 1)	2023.11.30 ~ 2026.11.30 Quarterly and average repayment starting from February 2024.	2.33%	"	58,334
Taishin International Bank (Note 1)	2023.7.31 ~ 2025.7.31 The principal will be repaid upon maturity.	2.33%	"	300,000
CHANG HWA COMMERCIAL BANK LTD.	2024.11.8 ~ 2027.11.8 Quarterly and average repayment starting from June 2023.	2.19%	"	300,000
SUNNY BANK.	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	2.20%	Note 2	346,154
	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	2.20%	None	150,672
	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%	"	40,000
				2,698,368
Less: Current portion (shown as other current liabilities)				(392,921)
				<u>\$ 2,305,447</u>

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)	2024.2.25 ~ 2026.2.24 The principal will be repaid upon maturity. 2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2021.	2.15%	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. 2021.7.28 ~ 2025.7.28 Quarterly and average repayment starting from June 2024.	2.38%	"	6,125
		2.38%	"	12,300
	2022.8.4 ~ 2026.8.4 Quarterly and average repayment starting from May 2025.	2.38%	None	70,000
O-Bank Co., Ltd. (Note 1)	2023.6.5 ~ 2026.6.4 The principal will be repaid upon maturity.	2.32%	"	200,000
E.SUN Bank Taoyuan Corporate Banking Center	2024.2.6 ~ 2027.2.6 The principal will be repaid upon maturity.	2.12%	"	200,000
Entie Commercial Bank, Ltd. He Ping Branch (Note 1)	2024.4.30 ~ 2026.4.30 The principal will be repaid upon maturity.	2.21%	"	200,000
Bank SinoPac Co., Ltd. (Note 1)	2024.2.6 ~ 2027.4.30 The principal will be repaid upon maturity.	2.10%	"	100,000
DBS Bank Limited (Note 1)	2024.6.30 ~ 2026.6.30 The principal will be repaid upon maturity.	1.97%	"	120,000
Taishin International Bank (Note 1)	2024.7.31 ~ 2026.7.31 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. LINKOU BRANCH (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 December 2022.	2.16%	"	12,500
	2024.11.8 ~ 2027.11.8 Quarterly and average repayment starting from June 2023.	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)
				\$ 2,669,752

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	March 31, 2024
Mid-term and long-term bank borrowings				
Mega International Commercial Bank (Note 1)	2024.2.25 ~ 2027.2.24 The principal will be repaid upon maturity. 2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2021.	2.08%	Note 2	\$ 350,000
		2.20%	"	30,974
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2020.9.15 ~ 2024.9.15 Quarterly and average repayment starting from December 2021.	2.00%	"	10,333
	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021.	2.25%	"	30,625
	2021.7.28 ~ 2025.7.28 Quarterly and average repayment starting from June 2024.	2.25%	"	24,600
	2022.8.4 ~ 2026.8.4 Quarterly and average repayment starting from May 2025.	2.25%	None	100,000
E.SUN Bank Taoyuan Corporate Banking Center	2023.2.6 ~ 2026.2.6 The principal will be repaid upon maturity.	2.00%	"	150,000
O-Bank Co., Ltd. (Note 1)	2023.6.15 ~ 2025.6.14 The principal will be repaid upon maturity.	2.15%	"	200,000
DBS Bank Limited (Note 1)	2023.6.30 ~ 2025.6.30 The principal will be repaid upon maturity.	1.90%	"	100,000
Taishin International Bank (Note 1)	2023.7.31 ~ 2025.7.31 The principal will be repaid upon maturity.	2.10%	"	200,000
Entie Commercial Bank, Ltd. He Ping Branch (Note 1)	2023.5.31 ~ 2025.5.31 The principal will be repaid upon maturity.	1.99%	"	100,000
TAICHUNG COMMERCIAL BANK Co., Ltd. LINKOU BRANCH (Note 1)	2023.11.30 ~ 2026.11.30 Quarterly and average repayment starting from February 2024.	2.20%	"	91,667
CHANG HWA COMMERCIAL BANK, LTD.	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	2.03%	"	25,000
	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from December 2022.	2.03%	"	50,000
SUNNY BANK.	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	2.08%	Note 2	500,000
	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	2.08%	None	216,947
	2023.3.10 ~ 2026.3.10 (Note 1) The principal will be repaid upon maturity.	2.08%	"	297,800
Bank of Panhsin	2023.9.1 ~ 2025.9.1 Starting from December 2023, \$10 million will be repaid every quarter. The remaining balance shall be paid off in lump sum upon maturity.	2.24%	"	80,000
				2,557,946
Less: Current portion (shown as other current liabilities)				(479,579)
				\$ 2,078,367

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

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

- A. Under the loan agreements, the Group is required to compute and maintain certain financial covenants based on the annual and semi-annual consolidated financial statements. As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group has met all the required covenants.
- B. As at March 31, 2025, December 31, 2024 and March 31, 2024, the Group had total undrawn borrowing facilities of \$2,511,210, \$2,293,710 and \$1,895,730, respectively.

(16) Pensions

A. Defined benefit plans

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$640 and \$210 for the three months ended March 31, 2025 and 2024, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2025 amount to \$962.

B. Defined contribution plans

- (a) The Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Group for the three months ended March 31, 2025 and 2024 were \$10,278 and \$9,741, respectively.

(17) Share-based payment

A. For the three months ended March 31, 2025 and 2024, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Formosa Pharmaceuticals Inc.- Employee stock options	2022.03.09	6 hundred thousand shares	5 years	2~4 years' service
Formosa Pharmaceuticals Inc.- Cash capital increase reserved for employee preemption	2024.06.20	1,680 hundred thousand shares	NA	Vested immediately

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

	2025		2024	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	455,000	\$ 38.50	490,000	\$ 39.70
Options exercised	-	-	-	-
Options expired	-	-	-	-
Options outstanding at March 31	<u>455,000</u>	<u>\$ 38.50</u>	<u>490,000</u>	<u>\$ 39.70</u>
Options exercisable at March 31	<u>332,500</u>	<u>\$ 38.50</u>	<u>245,000</u>	<u>\$ 39.70</u>

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

		March 31, 2025	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
2022.03.09	2027.03.08	455,000	\$ 38.50
		December 31, 2024	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
2022.03.09	2027.03.08	455,000	\$ 38.50

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

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

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (in dollars)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Formosa Pharmaceuticals Inc.- Employee stock options	2022.03.09	\$39.50 (Note 1)	\$ 38.50	49.67% (Note 2)	3.5 ~ 4.5 years	0%	0.56%	\$13.8687 ~ 15.0536

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

Note 2: The expected price volatility was estimated based on the closing price of stocks of comparable companies with a period which approximates the expected duration.

E. The fair value of cash capital increase reserved for employee preemption on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (in dollars)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Formosa Pharmaceuticals Inc.-Cash capital increase reserved for employee preemption	2024.06.20	\$56.70 (Note 1)	\$ 36.00	19.98% (Note 2)	0.06 years	0%	1.22%	\$ 20.7263

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

Note 2: The estimation is based on the closing prices of the target company on dates that are approximately the same length of time prior to the grant date as the expected duration of the stock options.

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

	Three months ended March 31,	
	2025	2024
Equity-settled	\$ 224	\$ 580

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

(18) Share capital

As of March 31, 2025, the Group's authorised capital was \$1,600,000, consisting of 160,000 thousand shares of ordinary stock (including 8,000 thousand shares reserved for employee stock options issued by the Group), and the paid-in capital was \$1,202,560 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(19) Capital surplus

- A. Pursuant to the R.O.C. Group Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Group has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. On May 8, 2025, the Board of Directors of the Company resolved to distribute cash dividends of \$203,232 (NT\$1.69 per share) from the capital surplus. This resolution has not yet been approved by the shareholders.
- C. Refer to 6(17) for details of capital surplus, share options.

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, current year's earnings, if any, shall first be used to pay all taxes and offset prior years' deficit and then 10% of the remaining amount shall be set aside as legal reserve (until the legal reserve equals the paid-in capital), and the Group shall appropriate or reverse special reserve in accordance with laws or regulations of the authority. The remainder, if any, along with prior years' accumulated undistributed earnings shall be distributed as shareholders' bonus or retained for operating requirements which shall be proposed by the Board of Directors and resolved by the shareholders.
- B. The Group's dividend distribution policy was based on the Group's financial structure, operation status and capital budget, etc., along with the consideration of shareholders' interest and balancing dividends. The distribution of earnings shall be in the form of stock or cash or both,

and the cash dividends shall account for at least 10% of total dividends distributed.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Group's paid-in capital.
- D.(a) In accordance with the regulations, the Group shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Group as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- E. The appropriations of 2024 earnings had been proposed by the Board of Directors on May 8, 2025, and the appropriations of 2023 earnings had been resolved at the shareholders' meeting on June 25, 2024. Details are summarized below:

	Year ended December 31,			
	2024		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 15,660		\$ 12,111	
Special reserve	18,198		(54,964)	
Cash dividends	157,536	\$ 1.31	240,512	\$ 2.00
	<u>\$ 191,394</u>		<u>\$ 197,659</u>	

As of May 8, 2025, the aforementioned appropriations of 2024 earnings have not yet been resolved by the shareholders.

(21) Other equity items

Three months ended March 31, 2025			
	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Currency translation differences	Total
At January 1	(\$ 2,856)	(\$ 15,342)	(\$ 18,198)
Valuation adjustment	2,554	-	2,554
Revaluation transferred to retained earnings – gross	1	-	1
Currency translation differences:			
–Subsidiaries and associates	-	3,339	3,339
–Tax on subsidiaries and associates	-	(668)	(668)
At March 31	(\$ 301)	(\$ 12,671)	(\$ 12,972)

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

(22) Operating revenue

	Three months ended March 31,	
	2025	2024
Revenue from contracts customers		
Sales revenue	\$ 1,101,420	\$ 992,704
Service revenue	42,301	13,599
Authorization	-	127,800
	<u>\$ 1,143,721</u>	<u>\$ 1,134,103</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following geographical regions, product sales and service provision are classified under the Active Pharmaceutical Ingredients (API) segment, as presented in the segment information. Please refer to Note 14(3) for details.

	Three months ended March 31, 2025			
	At a point in time		Over time	
	Sales revenue	Technology licensing	Service revenue	Total
Netherlands	\$ 196,273	\$ -	\$ -	\$ 196,273
India	177,148	-	-	177,148
United States	162,548	-	12,896	175,444
China	87,872	-	-	87,872
Japan	79,718	-	-	79,718
Spain	64,893	-	6,941	71,834
Germany	71,446	-	-	71,446
Taiwan	13,350	-	21,870	35,220
Others	248,172	-	594	248,766
	<u>\$ 905,147</u>	<u>\$ -</u>	<u>\$ 42,301</u>	<u>\$ 1,143,721</u>

Three months ended March 31, 2024				
	At a point in time		Over time	
	Sales revenue	Technology licensing	Service revenue	Total
India	\$ 222,302	\$ -	\$ -	222,302
United States	70,736	127,800	3,230	201,766
Netherlands	122,751	-	-	122,751
Taiwan	93,172	-	13,573	106,745
Germany	75,460	-	-	75,460
Japan	52,012	-	8,754	60,766
China	59,965	-	-	59,965
Spain	24,719	-	3,585	28,304
Others	271,587	-	(15,543)	256,044
	<u>\$ 992,704</u>	<u>\$ 127,800</u>	<u>\$ 13,599</u>	<u>\$ 1,134,103</u>

B. Contract assets and liabilities

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

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Contract liabilities	<u>\$ 112,222</u>	<u>\$ 91,129</u>	<u>\$ 125,166</u>	<u>\$ 193,102</u>

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

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

	Three months ended March 31,	
	2025	2024
Revenue recognised that was included in the contract liability balance at the beginning of the period	<u>\$ 7,792</u>	<u>\$ 103,888</u>

- C. For the aforementioned technology license, the Group and Grandpharma (China) Co., Ltd. entered into a contract for collaborative development and authorisation agreement on new medicines in China, Hong Kong, Macao, etc. The Group transferred professional knowledge and provided related data to Grandpharma (China) Co., Ltd. who was responsible for clinical development. When Grandpharma (China) Co., Ltd. successfully develops new medicines, it will obtain the right of production and sales in China, Hong Kong and Macao. Under the contract, the Group can charge signing bonus, milestone payment and royalties proportionately to the sales amount in the future. From the contract signing date to March 31, 2025, the accumulated revenue was \$59,023.

- D. The Group and Eyenovia, Inc. (EYEN) entered into a contract for authorisation on new medicines in the U.S. The Group will transfer the drug license and the right of production and sales in the US. Under the contract, the Group can charge EYEN for signing bonus, development milestones and sales milestones. As of March 31, 2025, the Group has received US\$2,000 and 14 thousand ordinary shares of EYEN, shown as ‘non-current financial assets at fair value through other comprehensive income’. From the contract signing date to March 31, 2025, the Group has recognised revenue of \$127,800.
- E. The Group has signed new drug licensing agreements with various partners for the regions of Canada, the Middle East and North Africa, Brazil, Israel, Portugal, Switzerland, and India Liechtenstein. Each partner will obtain commercialization and sales rights in these respective regions. According to the terms of the agreements, the Group is entitled to receive signing bonuses, development milestone payments, and sales milestone payments from each partner. As of March 31, 2025, the Group has received a total of NT\$25,101 (listed under “Contract Liabilities”). From the signing dates of the agreements up to March 31, 2025, the Group has not yet recognised any revenue.

(23) Interest income

	Three months ended March 31,	
	2025	2024
Interest income from bank deposits	\$ 1,286	\$ 998
Financial assets at amortised cost		
Interest income	5,212	3,850
	<u>\$ 6,498</u>	<u>\$ 4,848</u>

(24) Other gains and losses

	Three months ended March 31,	
	2025	2024
Net loss on disposal of property, plant and equipment	(\$ 206)	(\$ 667)
Gains arising from lease modifications	5	-
Net currency exchange (losses) gains	(3,091)	38,337
Net losses on financial assets at fair value through profit or loss	(37,512)	(250,220)
Loss arising from contingent consideration (Note)	-	(6,961)
Others	-	(100)
	<u>(\$ 40,804)</u>	<u>(\$ 219,611)</u>

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

(25) Finance costs

	Three months ended March 31,	
	2025	2024
Interest expense:		
Bank borrowings	\$ 19,843	\$ 19,291
Others	1,085	171
	20,928	19,462
Less: Capitalisation of qualifying assets	(10,054)	(8,994)
Finance costs	\$ 10,874	\$ 10,468

(26) Expenses by nature

	Three months ended March 31,	
	2025	2024
Employee benefit expense	\$ 295,078	\$ 286,709
Depreciation charges on right-of-use assets, property, plant and equipment	\$ 129,169	\$ 120,071
Amortisation charges on intangible assets and other non-current assets	\$ 6,504	\$ 6,320

(27) Employee benefit expense

	Three months ended March 31,	
	2025	2024
Wages and salaries	\$ 251,778	\$ 247,295
Labour and health insurance fees	24,668	22,067
Pension costs	10,918	9,951
Other personnel expenses	7,490	6,816
Employee stock options	224	580
	\$ 295,078	\$ 286,709

- A. In accordance with the Articles of Incorporation, an amount equal to at least 5% of the Company's distributable profit of the current year shall be appropriated as employees' compensation and not higher than 2% as directors' remuneration.
- B. For the three months ended March 31, 2025 and 2024, employees' compensation was accrued at \$12,600 and \$0, respectively; while directors' remuneration was accrued at \$3,882 and \$0, respectively. The aforementioned amounts were recognised in salary expenses. For the three months ended March 31, 2025, the Group has accrued the compensation and remuneration according to the profit of current year and the percentage range as regulated in the Company's Articles of Incorporation.

- C. On March 12, 2025, the employees' compensation and directors' remuneration resolved by the Board of Directors were \$46,200 and \$6,450, respectively, and the amount is consistent with the amount recognised in the financial report of 2024.
- D. Information about employees' compensation and directors' remuneration of the Group as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax:

	Three months ended March 31,	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 55,105	\$ 52,436
Prior year income tax underestimation	1,397	-
Total current tax	56,502	52,436
Deferred tax:		
Origination and reversal of temporary differences	(7,125)	6,013
Income tax expense	<u>\$ 49,377</u>	<u>\$ 58,449</u>

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

	Three months ended March 31,	
	2025	2024
Currency translation differences	<u>\$ 668</u>	<u>(\$ 298)</u>

- B. The income tax returns of the Company and Epione Pharmaceuticals, Inc. through 2023 and Formosa Pharmaceuticals Inc. through 2022 have been assessed and approved by the Tax Authority.

(29) Earnings (loss) per share

Three months ended March 31, 2025			
	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	\$ 120,545	120,256	\$ 1.00
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	120,545	120,256	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	720	
Profit attributable to ordinary shareholders of the parent	\$ 120,545	\$ 120,976	\$ 1.00

Three months ended March 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 96,019)	120,256	(\$ 0.80)

(30) Transactions with non-controlling interest

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

On June 20, 2024, the Board of Directors of the subsidiary, Formosa Pharmaceuticals, Inc., approved cash capital increases by issuing 16,800 thousand new shares. 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%, respectively. These transactions resulted to an increase in non-controlling interest by \$436,212 and an increase in the equity attributable to the owners of the parent by \$194,237. The effect of changes in the owner's equity of Formosa Pharmaceuticals, Inc. on the owner's equity attributable to the parent company for the year ended December 31, 2024 is shown below:

	<u>Year ended December 31, 2024</u>
Cash	\$ 630,449
Increase in the carrying amount of non-controlling interest	(436,212)
Capital surplus	
- recognition of changes in ownership interest in subsidiaries	<u>\$ 194,237</u>

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:

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

(31) Business combinations

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

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

(32) Supplemental cash flow information

Investing activities with partial cash payments

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Purchase of property, plant and equipment	\$ 102,327	\$ 91,476
Add: Opening balance of payable on equipment	90,286	78,899
Less: Ending balance of payable on equipment	(63,792)	(65,596)
Cash paid during the period	\$ 128,821	\$ 104,779
	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Acquisition of subsidiary	\$ -	\$ -
Add: Opening balance of payable on contingent consideration (shown as other liabilities)	-	69,931
Net exchange differences	-	3,108
Loss from measurement of contingent consideration	-	6,961
Less: Ending contingent consideration (shown as “other current/non-current liabilities”)	-	(80,000)
Cash paid during the period	\$ -	\$ -

(33) Changes in liabilities from financing activities

	2025					
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liability	New medicine development revenue share agreement	Liabilities from financing activities-gross
At January 1	\$ 683,000	\$ 49,982	\$ 3,057,897	\$ 108,480	\$ 65,570	\$ 3,964,929
Changes in cash flow from financing activities	250,000	13	(359,529)	(8,264)	-	(117,780)
Changes in other non-cash items	-	-	-	5,820	840	6,660
At March 31	<u>\$ 933,000</u>	<u>\$ 49,995</u>	<u>\$ 2,698,368</u>	<u>\$ 106,036</u>	<u>\$ 66,410</u>	<u>\$ 3,853,809</u>

	2024					
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liability	New medicine development revenue share agreement	Liabilities from financing activities-gross
At January 1	\$ 1,434,000	\$ 99,959	\$ 2,486,681	\$ 42,750	\$ 61,410	\$ 4,124,800
Changes in cash flow from financing activities	(310,000)	109,962	71,265	(7,440)	-	(136,213)
Changes in other non-cash items	-	-	-	558	2,590	3,148
At March 31	<u>\$ 1,124,000</u>	<u>\$ 209,921</u>	<u>\$ 2,557,946</u>	<u>\$ 35,868</u>	<u>\$ 64,000</u>	<u>\$ 3,991,735</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

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

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

(3) Significant related party transactions

A. Operating revenue

	Three months ended March 31,	
	2025	2024
Sales of goods:		
Associates	\$ 30,958	\$ 17,030
Other related parties	369	13,077
	<u>\$ 31,327</u>	<u>\$ 30,107</u>

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

	Three months ended March 31,	
	2025	2024
Sales of services:		
Other related parties	<u>\$ 1,918</u>	<u>\$ 1,662</u>

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

B. Purchases

	Three months ended March 31,	
	2025	2024
Purchases of goods:		
Other related parties	<u>\$ -</u>	<u>\$ 2,135</u>

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

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

	Three months ended March 31,	
	2025	2024
Other related parties	<u>\$ -</u>	<u>\$ 1,657</u>

D. Accounts receivable

	March 31, 2025	December 31, 2024	March 31, 2024
Associates	\$ 31,391	\$ 10,714	\$ 17,428
Other related parties	1,636	6,715	5,996
Loss allowance	(10)	(5)	(6)
	<u>\$ 33,017</u>	<u>\$ 17,424</u>	<u>\$ 23,418</u>

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

E. Other income and other receivables

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Other receivables			
Associates	\$ 32	\$ 26	\$ 33
Other related parties	-	9	-
	<u>\$ 32</u>	<u>\$ 35</u>	<u>\$ 33</u>

F. Other payables

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Other related parties	<u>\$ 89</u>	<u>\$ 3,100</u>	<u>\$ 189</u>

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

G. Financial liabilities at amortised cost

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Other related parties	<u>\$ 66,410</u>	<u>\$ 65,570</u>	<u>\$ 64,000</u>

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

(4) Key management compensation

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Salaries and other short-term employee benefits	\$ 24,870	\$ 21,581
Post-employment benefits	349	371
Share-based payments	128	190
	<u>\$ 25,347</u>	<u>\$ 22,142</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	March 31, 2025	December 31, 2024	March 31, 2024	
Financial assets at fair value through profit or loss	\$ 684,000	\$ 684,000	\$ 826,500	Guarantee for short-term borrowings
Land	655,950	655,950	655,950	Guarantee for short-term borrowings and mid-term and long-term borrowings facility
Buildings and structures	1,557,620	1,577,323	1,629,043	"
Machinery and equipment	123,646	128,570	143,059	Guarantee for mid-term and long-term borrowings facility
Pollution-prevention equipment	3,572	3,790	4,446	"
Unfinished construction and equipment under acceptance	442,880	440,931	435,239	"
Guarantee deposits paid (shown as "other non-current assets")	1,021	962	745	Performance guarantee
	<u>\$ 3,468,689</u>	<u>\$ 3,491,526</u>	<u>\$ 3,694,982</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment	<u>\$ 389,197</u>	<u>\$ 282,971</u>	<u>\$ 330,187</u>

(2) On August 10, 2017, the Group acquired a 100% equity interest in Activus Pharma. Co., Ltd. by cash of \$107,294 (US\$ 3,500 thousand and JPY 5,000) plus a contingent consideration of \$170,097 (US\$5,621 thousand). Activus Pharma Co., Ltd. is primarily engaged in the research and development of medicine of nano grinding technology and is a micromolecule nanotechnology platform company. The above acquisition can strengthen the Group's nanomanufacturing process, and expand market with this technology and existing collaboration.

The aforementioned contingent price will be paid in accordance with the progress for application of clinical testing, patent and new medicine. The maximum amount is US\$8,500 thousand, which will be paid based on a certain percentage of the sales amount as specified in the contract when the product is launched in the market. As of March 31, 2025, December 31, 2024 and March 31, 2024, accumulated payments of the contact price were US\$8,500 thousand, US\$8,500 thousand and US\$6,000 thousand, respectively. As of March 31, 2025, December 31, 2024 and March 31, 2024,

the outstanding payment of \$0, \$0 and \$80,000 (US\$0 thousand , US\$0 thousand and US\$2,500 thousand) was shown as other non-current liabilities, respectively.

- C. As of March 31, 2025, the Group has signed laboratory service contracts with future payment obligations amounting to \$210,063.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- A. Information about the appropriations of 2024 earnings of the Group is provided in Notes 6(19)B. and 6(20)E.
- B. Formosa Pharmaceuticals, Inc., signed a new drug licensing agreement with Laboratorios Saval S.A. on April 25, 2025, for the region of Central and South America. Under the agreement, Formosa Pharmaceuticals, Inc. will grant commercialization rights for the new drug in Central and South America and will receive signing bonuses, development milestone payments, and sales milestone payments.
- C. Formosa Pharmaceuticals, Inc., received Board approval on May 6, 2025, to sign an exclusive licensing agreement amendment with its Canadian partner, APOTEX INC., for the region of Mexico. Under the agreement, Formosa Pharmaceuticals, Inc. will grant commercialization rights for the new drug in Mexico.
- D. Formosa Pharmaceuticals, Inc., received Board approval on May 6, 2025, to sign an exclusive licensing agreement with Alamo Discovery (ADISC) for the "bispecific antibody-drug conjugate (ADC) ALM-401." Under the agreement, Formosa Pharmaceuticals, Inc. will obtain exclusive rights to the ALM-401 development project and will lead the product's development and commercialization.

12. OTHERS

(1) Capital management

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

During the three months ended March 31, 2025, the Group's strategy, which was unchanged from 2024, was to maintain the gearing ratio within a certain range. The gearing ratios at March 31, 2025, December 31, 2024 and March 31, 2024 were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Total borrowings	\$ 3,681,363	\$ 3,790,879	\$ 3,891,867
Less: Cash and cash equivalents	(1,438,483)	(1,364,538)	(1,476,784)
Net debt	2,242,880	2,426,341	2,415,083
Total equity	8,754,175	8,646,772	8,097,999
Total capital	\$ 10,997,055	\$ 11,073,113	\$ 10,513,082
Gearing ratio	20.40%	21.92%	22.97%

(2) Financial instruments

A. Financial instruments by category

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,459,973	\$ 1,482,698	\$ 1,763,056
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 100,329	\$ 100,533	\$ 109,816
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,438,483	\$ 1,364,538	\$ 1,476,784
Financial assets at amortised cost	1,330,000	1,220,000	865,670
Notes and accounts receivable (including related parties)	1,006,102	1,196,005	964,579
Other receivables due from related parties	62,392	59,463	43,773
Guarantee deposits paid (shown as “other non-current assets”)	4,145	4,318	3,979
	\$ 3,841,122	\$ 3,844,324	\$ 3,354,785
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 933,000	\$ 683,000	\$ 1,124,000
Short-term notes and bills payable	49,995	49,982	209,921
Notes and accounts payable	266,269	218,936	236,492
Other payables	678,572	831,581	646,838
Long-term borrowings (including current portion)	66,410	65,570	64,000
Contingent consideration (shown as other liabilities)	2,698,368	3,057,897	2,557,946
	\$ 4,692,614	\$ 4,906,966	\$ 4,839,197
Lease liability (including current portion)	\$ 106,035	\$ 108,480	\$ 35,868

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Group used in various functional currency, primarily with respect to the USD, JPY and EUR. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require each entity of the Group to manage their foreign exchange risk against their functional currency. Each entity of the Group is required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and EUR expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2025			
(Foreign currency: functional currency)	Foreign currency amount		Carrying amount
	(in thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 52,667	33.205	\$ 1,669,503
USD:JPY	3,200	149.10	106,561
<u>Non-monetary items</u>			
JPY:NTD	575,223	0.2227	128,102
USD:NTD	1,470	33.205	48,805
EUR:NTD	2,314	35.97	83,223
HKD:NTD	9,836	4.268	41,979
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	21,999	33.205	727,980

	December 31, 2024		
	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 49,332	32.785	\$ 1,594,761
USD:JPY	3,200	156.19	106,253
<u>Non-monetary items</u>			
JPY:NTD	600,058	0.2099	125,952
USD:NTD	1,641	32.785	53,794
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	19,751	32.785	646,169

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

- iv. The exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2025 and 2024, amounted to (\$3,091) and \$38,337, respectively.

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

Three months ended March 31, 2025				
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%	\$	16,695	\$ -
USD:JPY	1%		1,066	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		7,280	-
Three months ended March 31, 2024				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	17,124	\$ -
USD:JPY	1%		1,089	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		7,612	-

Price risk

- The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- The Group's investments in equity securities comprise equity instruments issued by domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for

the three months ended March 31, 2025 and 2024 would have increased/decreased by \$14,600 and \$17,631, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased by \$1,003 and \$1,098, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arose from short-term notes and bills payable, short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which was partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the three months ended March 31, 2025 and 2024, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
- ii. At March 31, 2025, December 31, 2024 and March 31, 2024, if the borrowing interest rate increased by 0.1% (such as 1% increased to 1.1%) with all other variables held constant, the profit, net of tax for the three months ended March 31, 2025 and 2024 would have decreased by \$540 and \$512, respectively. The main factor is that increases in interest expense result from floating rate borrowings.

(b) Credit risk

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

- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. The Group distinguished customers into optimal customers and non-optimal customers based on the customers' rating. Related information is as follows:
- (i) The loss allowance for optimal customers' accounts was estimated to be 0.03% by using expected loss rate method. As of March 31, 2025, December 31, 2024 and March 31, 2024, the balances of loss allowance were \$182, \$219 and \$201, respectively. The accounts receivable from optimal customers of Formosa Pharmaceuticals, Inc. are estimated for allowance for losses at a 0% expected credit loss rate. As of March 31, 2025, December 31, 2024, and March 31, 2024, there were no allowances for losses recorded.
- (ii) The loss allowance for non-optimal customers' accounts was estimated by using provision roll rate matrix. As of March 31, 2025, December 31, 2024 and March 31, 2024, related information is as follows:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>March 31, 2025</u>			
Not past due	1.68%	\$ 347,009	\$ 5,835
Up to 30 days past due	12.03%	57,079	6,869
31~ 90 days past due	18.65~47.35%	5,123	976
91~ 180 days past due	78.08~100%	-	-
181 days past due	100.00%	1,315	1,315
Total		<u>\$ 410,526</u>	<u>\$ 14,995</u>
	<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%	76,787	8,821
31~ 90 days past due	18.65~47.35%	18,582	6,506
91~ 180 days past due	7.08~100%	69	69
181 days past due	100.00%	1,298	1,298
Total		<u>\$ 496,519</u>	<u>\$ 23,416</u>

	Expected loss rate	Total book value	Loss allowance
<u>March 31, 2024</u>			
Not past due	1.18%	\$ 249,465	\$ 2,936
Up to 30 days past due	16.65%	37,473	6,238
31~ 90 days past due	55.92~100%	29,332	16,403
91~ 180 days past due	100.00%	-	-
181 days past due	100.00%	1,267	1,267
Total		<u>\$ 317,537</u>	<u>\$ 26,844</u>

(iii) The Group individually assessed customers with credit risk or those that have defaulted, estimating an allowance for expected credit losses at 100%. As of March 31, 2025, December 31, 2024 and March 31, 2024, the allowance for credit losses was \$7,821, \$7,821 and \$0, respectively.

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

<u>Three months ended March 31, 2025</u>			
	Non-related parties	Related parties	Total
Balance at January 1	\$ 31,451	\$ 5	\$ 31,456
Provision for impairment loss (8,463)	5	(8,458)
Balance at March 31	<u>\$ 22,988</u>	<u>\$ 10</u>	<u>\$ 22,998</u>

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

For provisioned loss on March 31, 2025 and 2024, the impairment (reversal) losses arising from customers' contracts were (\$8,458) and \$19,730, respectively.

(c) Liquidity risk

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

Non-derivative financial liabilities:

March 31, 2025	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
New medicine development revenue share agreement	\$ -	\$ -	\$ 66,410	\$ -
Short-term borrowings	935,041	-	-	-
Short-term notes and bills payable	49,995	-	-	-
Notes payable	606	-	-	-
Accounts payable	265,663	-	-	-
Other payables	678,572	-	-	-
Lease liability (including current portion)	29,002	20,304	14,565	60,007
Long-term borrowings (including current portion)	448,111	1,867,617	170,718	297,979
	<u>\$ 2,406,990</u>	<u>\$ 1,887,921</u>	<u>\$ 251,693</u>	<u>\$ 357,986</u>

Non-derivative financial liabilities:

December 31, 2024	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
New medicine development revenue share agreement	\$ -	\$ -	\$ 65,570	\$ -
Short-term borrowings	683,966	-	-	-
Short-term notes and bills payable	49,982	-	-	-
Notes payable	910	-	-	-
Accounts payable	218,026	-	-	-
Other payables	831,581	-	-	-
Lease liability (including current portion)	29,820	19,838	15,419	61,477
Long-term borrowings (including current portion)	451,428	1,842,409	864,839	-
	<u>\$ 2,265,713</u>	<u>\$ 1,862,247</u>	<u>\$ 945,828</u>	<u>\$ 61,477</u>

Non-derivative financial liabilities:

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of the Group's financial instruments not measured at fair value comprise cash and cash equivalents, contract assets, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, corporate bonds payable and long-term borrowings (including current portion) are approximate to their fair values.

C. As of March 31, 2025, some of the stocks invested by the Group that are listed on the stock exchange have reached the end of their lock-up period, and therefore have been reclassified from Level 2 to Level 1.

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

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

March 31, 2025	<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	\$ 1,373,444	\$ -	\$ 26,223	\$ 1,399,667
Venture fund	-	-	60,000	60,000
Convertible bonds	306	-	-	306
Financial assets at fair value through other comprehensive income - equity securities	<u>503</u>	<u>-</u>	<u>99,826</u>	<u>100,329</u>
Total	<u>\$ 1,374,253</u>	<u>\$ -</u>	<u>\$ 186,049</u>	<u>\$ 1,560,302</u>

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
Convertible bonds	1,318	-	-	1,318
Financial assets at fair value through other comprehensive income - equity securities	<u>2,335</u>	<u>2,816</u>	<u>95,382</u>	<u>100,533</u>
Total	<u>\$ 1,417,143</u>	<u>\$ 2,816</u>	<u>\$ 163,272</u>	<u>\$ 1,583,231</u>
March 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss - equity securities	\$ 1,667,217	\$ -	\$ 52,524	\$ 1,719,741
Venture fund	-	-	42,000	42,000
Convertible bonds	1,315	-	-	1,315
Financial assets at fair value through other comprehensive income - equity securities	<u>-</u>	<u>14,049</u>	<u>95,767</u>	<u>109,816</u>
Total	<u>\$ 1,668,532</u>	<u>\$ 14,049</u>	<u>\$ 190,291</u>	<u>\$ 1,872,872</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>

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

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

active market, adjusted by the restricted effects, and calculated by inputting available market information in the model at the balance sheet date.

E. The following chart is the movement of Level 3 for the three months ended March 31, 2025 and 2024:

	Equity securities and derivative instruments		New medicine development revenue share agreement	
	2025	2024	2025	2024
At January 1	\$ 163,272	\$ 135,793	\$ -	\$ 69,931
Recognised in profit or loss	333	714	-	6,961
Gains and losses recognised in other comprehensive income	4,444	1,759	-	-
Acquired during the period	18,000	52,025	-	-
Effect due to changes in exchange rates	-	-	-	3,108
At March 31	<u>\$ 186,049</u>	<u>\$ 190,291</u>	<u>\$ -</u>	<u>\$ 80,000</u>

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

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

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

	Fair value at March 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 99,826</u>	Comparable to the regulations for publicly traded companies	Equity ratio	1.51~9.56 (4.09)	The higher the multiplier, the higher the fair value
Venture fund	<u>\$ 60,000</u>	Net asset value	Not applicable	-	Not applicable

	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 March 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>148,291</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Venture fund	\$ <u>42,000</u>	Net asset value	Not applicable	-	Not applicable
Non-derivative debt instrument:					
Payable for the acquisition of a company	\$ <u>80,000</u>	Income method of royalty saving method	Discount rate	100%	The higher the discount rate, the lower the fair value

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.

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.

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

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

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

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

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

Three months ended March 31, 2025

	API	Other operating departments	Elimination	Total
Revenue from external customers	\$ 1,139,443	\$ 4,278	\$ -	\$ 1,143,721
Inter-segment revenue	435	-	(435)	-
Total segment revenue	<u>\$ 1,139,878</u>	<u>\$ 4,278</u>	<u>(\$ 435)</u>	<u>\$ 1,143,721</u>
Segment income	<u>\$ 120,545</u>	<u>(\$ 40,960)</u>	<u>\$ 21,332</u>	<u>\$ 100,917</u>
Segment income (loss), including				
Depreciation and amortisation	<u>\$ 128,735</u>	<u>\$ 11,992</u>	<u>(\$ 5,054)</u>	<u>\$ 135,673</u>
Expense of income tax	<u>(\$ 49,520)</u>	<u>\$ 123</u>	<u>\$ 20</u>	<u>(\$ 49,377)</u>
Recognised investment profit or loss accounted for using equity method	<u>\$ 542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 542</u>

Three months ended March 31, 2024

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

(4) Reconciliation for segment income (loss)

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Loans to others

Three months ended March 31, 2025

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three months ended	Balance at March 31, 2025	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
					March 31, 2025								Item	Value			
0	Formosa Laboratories, Inc.	SynChem-Formosa Inc.	Other receivables due from related parties	Y	\$ 99,615	\$ 99,615	\$ 26,564	-	2	\$ -	Revolving funds	\$ -	None	\$ -	\$ 780,994	\$ 1,561,987	Note 2
1	Formosa Pharmaceuticals, Inc.	Activus Pharma Co., Ltd.	Other receivables-related parties	Y	8,000	8,000	-	3.244%	2	-	Revolving funds	-	None	-	452,736	528,192	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. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2025

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2025				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	\$ 1,294,986	6.06	\$ 1,294,986	
Formosa Laboratories, Inc.	TOT Biopharm International Company Limited common stocks	None	Financial assets at fair value through profit or loss - current	4,864,300	41,979	0.66	41,979	
Formosa Laboratories, Inc.	TaiRx, Inc. common stocks	Other related party	Financial assets at fair value through profit or loss - current	346,000	11,979	0.31	11,979	
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	83,223	3.12	83,223	
Formosa Laboratories, Inc.	PHARMASTAR INC.common stocks	None	Non-current financial assets at fair value through other comprehensive income	500,000	16,603	20.00	16,603	
Formosa Laboratories, Inc.	Hcmed Innovations Co., Ltd. common stocks	None	Financial assets at fair value through profit or loss - noncurrent	360,062	24,500	1.20	24,500	
Formosa Laboratories, Inc.	Forward BioT Venture Capital	None	Financial assets at fair value through profit or loss - noncurrent	-	60,000	6.72	60,000	
Formosa Laboratories, Inc.	AmMAX Bio, Inc. stocks	None	Financial assets at fair value through profit or loss - noncurrent	934,578	26,223	1.48	26,223	
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 LABORATORIES, INC. AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
March 31, 2025

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2025 (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	\$ 106,561	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. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Three months ended March 31, 2025

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount (Note 4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	Activus Pharma Co., Ltd.	Formosa Pharmaceuticals Inc.	3	Other receivables	\$ 106,561	Note 6	1%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The aforementioned threshold of disclosure was NT\$10 million above. Aforementioned related party transactions were written-off when preparing the consolidated financial statements.

Note 5: The transaction price and terms were based on mutual agreement.

Note 6: Represents receivables from authorised transaction in 2018 and was based on terms from mutual agreement, and the transaction price was \$196,928. Because it was a business transfer in the Group, the profit or loss was not recognised.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Information on investees

Three months ended March 31, 2025

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2025			Net income of	Investment	Footnote
				Balance as at March 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value	investee for the	income (loss)	
									three months ended March 31, 2025	recognised by the Company for the three months ended March 31, 2025	
Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	Taiwan	Research and development of new biotechnology medicine	\$ 1,229,635	\$ 1,229,635	61,387,653	40.66%	\$ 645,793	(\$ 40,745)	(\$ 14,193)	
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Taiwan	Research and development of new biotechnology medicine	40,000	40,000	4,000,000	100.00%	12,930	(51)	(51)	
Formosa Laboratories, Inc.	A.R.Z Taiwan Limited	Taiwan	Agency sales of raw materials and intermediates	2,716	2,716	271,620	45.00%	(113)	(276)	(124)	
Formosa Laboratories, Inc.	Formosa Labarotories Japan, Inc.	Japan	Agency sales of medicine and intermediates	1,105	1,105	400	40.00%	18,761	1,666	666	
Formosa Laboratories, Inc.	SynChem-Formosa, Inc.	United States	Research of orgainc synthesis, process development and medicinal chemistry contracts	28,898	28,898	311,996	100.00%	5,816	370	(7,253)	
Formosa Laboratories, Inc.	Epione Investment Cayman Limited	Cayman Islands	Medicine, chemical trade and investment business	18,482	18,482	619,000	100.00%	5,979	(489)	(489)	
Epione Investment Cayman Limited	Epione Investment HK Limited	Hong Kong	Medicine, chemical trade and investment business	16,287	16,287	544,500	100.00%	5,411	(404)	(404)	
Formosa Pharmaceuticals Inc.	Activus Pharma Co., Ltd.	Japan	Research and development of new biotechnology medicine	274,633	274,633	1,942	99.23%	109,341	(5,915)	(5,890)	

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Three months ended March 31, 2025

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, 2025	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2025	Net income of investee for the three months ended March 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2025	Book value of investments in Mainland China as of March 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2025	Footnote
Shanghai Epione Enterprise Co., Ltd.	Wholesale and import and export of chemical raw materials and products and commission agency	\$ 16,603	Note 1	\$ 16,603	\$ -	\$ -	\$ 16,603	(\$ 385)	100%	(\$ 385)	\$ 5,079	\$ -	Note 2

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

Note 2: The investment loss for the three months ended March 31, 2025 is calculated based on the Company's financial statements which were reviewed by independent accountants.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2025 (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.	\$ 60,874	\$ 168,761	\$ 4,685,962

Note 3: The total investment amount approved by the Investment Commission, MOEA, was USD 5,082 thousand at the exchange rate of 33.205 and translated into \$168,761.

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

Note 5: The Company's accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2025 was \$44,271, including investment in TOT Biopharm International Company Limited.