

**FORMOSA LABORATORIES, INC. AND
SUBSIDIARIES**
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 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 Subsidiaries (the "Group") as at September 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2025 and 2024, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Teng, Sheng-Wei

Yen, Yu-Fang

For and on Behalf of PricewaterhouseCoopers, Taiwan

November 13, 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
SEPTEMBER 30, 2025, DECEMBER 31, 2024 AND SEPTEMBER 30, 2024
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	September 30, 2025		December 31, 2024		September 30, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,104,988	8	\$ 1,364,538	10	\$ 1,278,076	9
1110	Financial assets at fair value through profit or loss - current	6(2) and 8	116,674	1	118,852	1	140,688	1
1136	Current financial assets at amortised cost, net	6(4)	1,225,800	9	1,220,000	9	1,150,000	8
1150	Notes receivable, net	6(5)	551	-	-	-	721	-
1170	Accounts receivable, net	6(5)	825,875	6	1,178,581	9	911,280	7
1180	Accounts receivable - related parties	7	45,642	1	17,424	-	25,317	-
1200	Other receivables		19,436	-	59,428	-	57,117	-
1210	Other receivables - related parties	7	51	-	35	-	34	-
1220	Current income tax assets		4,828	-	2,977	-	2,506	-
130X	Inventory	6(6)	1,768,391	13	1,711,571	12	1,882,831	14
1410	Prepayments		157,446	1	192,092	1	134,047	1
1470	Other current assets		3,082	-	2,522	-	2,887	-
11XX	Total current assets		5,272,764	39	5,868,020	42	5,585,504	40
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 8	1,346,051	10	1,363,846	10	1,663,656	12
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	102,275	1	100,533	1	114,248	1
1550	Investments accounted for under equity method	6(7)	21,827	-	17,045	-	19,207	-
1600	Property, plant and equipment	6(8) and 8	6,143,669	45	6,097,341	44	6,104,255	44
1755	Right-of-use assets		89,328	1	107,062	1	105,608	1
1780	Intangible assets	6(9)	360,946	3	215,040	1	219,756	1
1840	Deferred income tax assets		121,621	1	93,037	1	98,804	1
1900	Other non-current assets	6(8)(10) and 8	85,503	-	33,457	-	27,842	-
15XX	Total non-current assets		8,271,220	61	8,027,361	58	8,353,376	60
1XXX	Total assets		\$ 13,543,984	100	\$ 13,895,381	100	\$ 13,938,880	100

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FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2025, DECEMBER 31, 2024 AND SEPTEMBER 30, 2024
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	September 30, 2025		December 31, 2024		September 30, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(12) and 8	\$ 1,150,053	9	\$ 683,000	5	\$ 843,949	6
2110	Short-term notes and bills payable	6(13)	-	-	49,982	-	159,958	1
2130	Current contract liabilities	6(22)	159,451	1	62,188	-	65,124	1
2150	Notes payable		-	-	910	-	-	-
2170	Accounts payable		240,652	2	218,026	2	263,520	2
2200	Other payables	6(14)	788,790	6	828,481	6	765,120	6
2220	Other payables to related parties	7	1,096	-	3,100	-	315	-
2230	Current income tax liabilities		25,306	-	69,448	1	55,149	-
2280	Current lease liabilities		21,652	-	26,072	-	24,267	-
2320	Long-term liabilities, current portion	6(15) and 8	416,279	3	388,145	3	420,871	3
2399	Other current liabilities	9	34,651	-	26,441	-	26,546	-
21XX	Total current liabilities		<u>2,837,930</u>	<u>21</u>	<u>2,355,793</u>	<u>17</u>	<u>2,624,819</u>	<u>19</u>
Non-current liabilities								
2520	Non-current financial liabilities at amortised cost	6(11) and 7	60,890	-	65,570	1	63,300	-
2527	Non-current contract liabilities	6(22)	27,136	-	28,941	-	42,727	-
2540	Long-term borrowings	6(15) and 8	1,850,278	14	2,669,752	19	2,346,557	17
2570	Deferred income tax liabilities		15,057	-	20,970	-	20,709	-
2580	Non-current lease liabilities		70,029	1	82,408	1	81,823	1
2600	Other non-current liabilities	6(9)	125,331	1	25,175	-	23,273	-
25XX	Total non-current liabilities		<u>2,148,721</u>	<u>16</u>	<u>2,892,816</u>	<u>21</u>	<u>2,578,389</u>	<u>18</u>
2XXX	Total liabilities		<u>4,986,651</u>	<u>37</u>	<u>5,248,609</u>	<u>38</u>	<u>5,203,208</u>	<u>37</u>
Equity attributable to owners of parent								
3110	Share capital	1 and 6(18)	1,202,560	9	1,202,560	9	1,202,560	9
3200	Common stock		3,570,339	26	3,773,468	27	3,773,360	27
3200	Capital surplus	6(17)(19)						
3200	Retained earnings	6(20)						
3310	Legal reserve		513,729	4	498,069	3	498,069	4
3320	Special reserve		18,218	-	19	-	19	-
3350	Unappropriated retained earnings		2,330,548	17	2,228,157	16	2,281,836	16
3400	Other equity interest	6(21)	(15,441)	-	(18,198)	-	(8,039)	-
31XX	Equity attributable to owners of the parent		<u>7,619,953</u>	<u>56</u>	<u>7,684,075</u>	<u>55</u>	<u>7,747,805</u>	<u>56</u>
36XX	Non-controlling interest	4(3)	<u>937,380</u>	<u>7</u>	<u>962,697</u>	<u>7</u>	<u>987,867</u>	<u>7</u>
3XXX	Total equity		<u>8,557,333</u>	<u>63</u>	<u>8,646,772</u>	<u>62</u>	<u>8,735,672</u>	<u>63</u>
Significant Contingent Liabilities and Unrecognised Contract Commitments								
3X2X	Total liabilities and equity		<u>\$ 13,543,984</u>	<u>100</u>	<u>\$ 13,895,381</u>	<u>100</u>	<u>\$ 13,938,880</u>	<u>100</u>

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2025		2024		2025		2024	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(22) and 7	\$ 1,160,622	100	\$ 1,030,885	100	\$ 3,547,171	100	\$ 3,379,500	100
5000 Operating costs	6(6)(27) and 7	(668,850)	(58)	(606,725)	(59)	(2,057,470)	(58)	(1,890,470)	(56)
5900 Net operating margin		491,772	42	424,160	41	1,489,701	42	1,489,0300	44
Operating expenses	6(27) and 7								
6100 Selling expenses		(63,436)	(5)	(46,596)	(4)	(176,990)	(5)	(156,342)	(4)
6200 General and administrative expenses		(76,450)	(7)	(68,174)	(7)	(212,162)	(6)	(230,244)	(7)
6300 Research and development expenses		(173,661)	(15)	(191,148)	(18)	(555,909)	(16)	(614,612)	(18)
6450 Impairment gain and reversal of impairment loss (expected credit loss) determined in accordance with IFRS 9	12(2)								
		(23,595)	(2)	(5,898)	(1)	(20,163)	-	(21,489)	(1)
6000 Total operating expenses		(337,142)	(29)	(311,816)	(30)	(965,224)	(27)	(1,022,687)	(30)
6900 Operating profit		154,630	13	112,344	11	524,477	15	466,343	14
Non-operating income and expenses									
7100 Interest income	6(23)	6,682	1	6,522	1	23,538	1	21,467	1
7010 Other income	6(24)	1,657	-	2,964	-	53,045	2	4,718	-
7020 Other gains and losses	6(25)	180,880	16	(88,958)	(9)	(213,752)	(6)	(219,105)	(7)
7050 Finance costs	6(26)	(7,098)	(1)	(9,864)	(1)	(26,697)	(1)	(29,655)	(1)
7060 Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(7)								
		2,606	-	(605)	-	5,355	-	(1,042)	-
7000 Total non-operating income and expenses		184,727	(16)	(89,941)	(9)	(158,511)	(4)	(233,617)	(7)
7900 Profit before income tax		339,357	29	22,403	2	365,966	11	242,726	7
7950 Income tax expense	6(29)	(42,446)	(3)	(27,502)	(2)	(96,018)	(3)	(10,642)	(3)
8200 Profit for the period		<u>(\$ 296,911)</u>	<u>26</u>	<u>(\$ 5,099)</u>	<u>-</u>	<u>\$ 269,948</u>	<u>8</u>	<u>\$ 132,084</u>	<u>4</u>
Components of other comprehensive income that will not be reclassified to profit or loss									
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)								
		<u>\$ 3,762</u>	<u>-</u>	<u>(\$ 662)</u>	<u>-</u>	<u>\$ 1,743</u>	<u>-</u>	<u>(\$ 39,021)</u>	<u>(1)</u>
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss									
		<u>3,762</u>	<u>-</u>	<u>(\$ 662)</u>	<u>-</u>	<u>1,743</u>	<u>-</u>	<u>(\$ 39,021)</u>	<u>(1)</u>
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations		198	-	12,295	1	(491)	-	3,333	-
8399 Income tax relating to the components of other comprehensive income	6(30)								
		<u>88</u>	<u>-</u>	<u>(1,318)</u>	<u>-</u>	<u>(125)</u>	<u>-</u>	<u>(384)</u>	<u>-</u>
8360 Other comprehensive income (loss) that will be reclassified to profit or loss									
		<u>286</u>	<u>-</u>	<u>10,977</u>	<u>1</u>	<u>(616)</u>	<u>-</u>	<u>2,949</u>	<u>-</u>
8300 Total other comprehensive income (loss) for the period		<u>\$ 4,048</u>	<u>-</u>	<u>\$ 10,315</u>	<u>1</u>	<u>\$ 1,127</u>	<u>-</u>	<u>(\$ 36,072)</u>	<u>(1)</u>
8500 Total comprehensive income for the period		<u>\$ 300,959</u>	<u>26</u>	<u>\$ 5,216</u>	<u>1</u>	<u>\$ 271,075</u>	<u>8</u>	<u>\$ 96,012</u>	<u>3</u>
Profit (loss) attributable to:									
8610 Owners of the parent		\$ 324,105	28	\$ 22,371	3	\$ 293,786	8	\$ 210,281	6
8620 Non-controlling interest		(27,194)	(2)	(27,470)	(3)	(23,838)	-	(78,197)	(2)
		<u>\$ 296,911</u>	<u>26</u>	<u>(\$ 5,099)</u>	<u>-</u>	<u>\$ 269,948</u>	<u>8</u>	<u>\$ 132,084</u>	<u>4</u>
Comprehensive income (loss) attributable to:									
8710 Owners of the parent		\$ 327,575	28	\$ 28,099	3	\$ 296,542	9	\$ 196,075	6
8720 Non-controlling interest		(26,616)	(2)	(22,883)	(2)	(25,467)	-	(100,063)	(3)
		<u>\$ 300,959</u>	<u>26</u>	<u>\$ 5,216</u>	<u>1</u>	<u>\$ 271,075</u>	<u>8</u>	<u>\$ 96,012</u>	<u>3</u>
Earnings per share (in dollars)	6(30)								
9750 Basic earnings per share		<u>\$ 2.70</u>	<u>\$ 0.19</u>	<u>\$ 2.44</u>	<u>\$ 1.75</u>				
9850 Diluted earnings per share		<u>\$ 2.68</u>	<u>\$ 0.19</u>	<u>\$ 2.43</u>	<u>\$ 1.74</u>				

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent										
	Capital Reserves			Retained Earnings			Other Equity Interest				
	Share capital - common stock	Capital surplus, additional paid-in capital	Capital Surplus, from actual acquisition or disposal of subsidiaries	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
2024											
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
Profit for the period	-	-	-	-	-	-	210,281	-	-	210,281	(78,197)
Other comprehensive income (loss)	-	-	-	-	-	-	-	1,537	(15,743)	(14,206)	(21,866)
Total comprehensive income (loss)	-	-	-	-	-	-	210,281	1,537	(15,743)	196,075	(100,063)
Appropriations and distribution of retained earnings, 2023	6(20)	-	-	-	-	-	-	-	-	-	96,012
Legal reserve	-	-	-	-	12,111	-	(12,111)	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(54,965)	54,965	-	-	-	-
Cash dividends	-	-	-	-	-	-	(240,512)	-	-	(240,512)	- (240,512)
From differences between equity purchase price and carrying amount arising from actual disposal of subsidiaries	-	-	1,586	-	-	-	-	-	-	1,586	2,003
Changes in ownership interests in subsidiaries	-	-	-	194,237	-	-	-	-	-	194,237	436,212
Amortisation of compensation cost of employee stock options	6(17)	-	-	25,467	-	-	-	-	25,467	10,466	35,933
Balance at September 30, 2024	\$ 1,202,560	\$ 3,083,576	\$ 1,586	\$ 688,198	\$ 498,069	\$ 19	\$ 2,281,836	(\$ 12,148)	\$ 4,109	\$ 7,747,805	\$ 987,867
2025											
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
Profit for the period	-	-	-	-	-	-	293,786	-	-	293,786	(23,838)
Other comprehensive income (loss)	-	-	-	-	-	-	-	504	2,252	2,756	(1,629)
Total comprehensive income (loss)	-	-	-	-	-	-	293,786	504	2,252	296,542	(25,467)
Disposal of investments in equity instruments designated at fair value through other comprehensive income by subsidiaries	-	-	-	-	-	-	-	(1)	-	1	-
Appropriations and distribution of retained earnings, 2024	6(20)	-	-	-	-	-	-	(1)	-	-	-
Legal reserve	-	-	-	-	15,660	-	(15,660)	-	-	-	-
Special reserve	-	-	-	-	-	18,199	(18,199)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(157,535)	-	-	(157,535)	- (157,535)
Cash payment from capital surplus	6(19)	-	-	-	-	-	-	-	-	(203,232)	- (203,232)
Amortisation of compensation cost of employee stock options	6(17)	-	-	103	-	-	-	-	103	150	253
Balance at September 30, 2025	\$ 1,202,560	\$ 3,083,576	\$ 1,586	\$ 688,409	\$ 513,729	\$ 18,218	\$ 2,330,548	(\$ 14,838)	(\$ 603)	\$ 7,619,953	\$ 937,380

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 365,966	\$ 242,726
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	386,581	359,809
Amortisation	6(27)	22,226	18,702
Expected credit impairment loss	12(2)	20,163	21,489
Net loss on financial assets (liabilities) at fair value through profit or loss	6(25)	32,479	201,406
Interest expense	6(26)	26,697	29,655
Interest income	6(23)	(23,538)	(21,467)
Compensation cost of employee stock options	6(17)	253	35,933
Share of (profit) loss of associates accounted for using equity method	6(7)	(5,355)	1,042
Proceeds from disposal of property, plant and equipment	6(25)	5,098	646
Gains arising from lease modifications	6(25)	(5)	(59)
Expenses transferred from prepayments for equipment (shown as other non-current assets)	6(8)	1,867	-
Loss arising from contingent consideration	6(25)	-	6,961
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(551)	(721)
Accounts receivable		332,560	15,410
Accounts receivable - related parties		(28,235)	(13,487)
Other receivables		37,590	4,790
Other receivables - related parties		(16)	(6)
Inventory		(56,820)	(285,364)
Prepayments		34,646	(24,592)
Other current assets		(560)	(872)
Changes in operating liabilities			
Current contract liabilities		96,318	(117,251)
Notes payable		(910)	(1,017)
Accounts payable		22,626	61,411
Other payables		(39,161)	(79,923)
Other payables - related parties		(2,004)	(2,321)
Other current liabilities		(8,210)	(6,315)
Other non-current liabilities		(41,433)	(100)
Cash inflow generated from operations		1,194,692	606,331
Interest received		23,378	21,472
Interest paid		(26,815)	(30,663)
Income taxes paid		(174,072)	(153,010)
Net cash flows from operating activities		<u>1,017,183</u>	<u>444,130</u>

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FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	<u>Nine months ended September 30</u>	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of disposal of financial assets at fair value through profit or loss		(\$ 19,942)	\$ -
Proceeds from disposal of financial assets at fair value through profit or loss		7,436	8,106
Acquisition of financial assets at amortised cost		(1,415,800)	(1,314,779)
Proceeds from disposal of financial assets at amortised cost		1,410,000	997,511
Acquisition of property, plant and equipment	6(33)	(375,893)	(404,282)
Proceeds from disposal of property, plant and equipment		9,202	36,634
Acquisition of intangible assets	6(33)	(36,816)	(677)
Prepayments for equipment (shown as other non-current assets)	6(8)	(78,257)	(33,245)
(Increase) decrease in refundable deposits		(1,797)	509
Investments accounted for under equity method		67	60
Net cash flow from acquisition of subsidiaries	6(32)	- (27,487)	
Acquisition of subsidiaries	6(33)	- (79,289)	
Net cash flows used in investing activities		<u>(501,800)</u>	<u>(816,939)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term loans	6(34)	467,053	(592,647)
(Decrease) increase in short-term notes and bills payable	6(34)	(49,982)	59,999
Proceeds from long-term debt	6(34)	3,660,000	4,070,000
Repayments of long-term debt (including current portion)	6(34)	(4,451,340)	(3,789,253)
Payments of lease liabilities	6(34)	(22,234)	(22,038)
Payment of cash dividends	6(20)	(360,767)	(240,512)
Subsidiary cash increase and employee stock options	6(31)	-	630,449
Proceeds from disposal of ownership interests in subsidiaries (without losing control)	6(31)	-	3,589
Net cash flows from financing activities		<u>(757,270)</u>	<u>119,587</u>
Effect of exchange rate changes on cash and cash equivalents		(17,663)	5,285
Net decrease in cash and cash equivalents		(259,550)	(247,937)
Cash and cash equivalents at beginning of period		<u>1,364,538</u>	<u>1,526,013</u>
Cash and cash equivalents at end of period		<u>\$ 1,104,988</u>	<u>\$ 1,278,076</u>

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 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 November 13, 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 endorsed by the FSC effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
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
Annual Improvements to IFRS Accounting Standards - Volume 11	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
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 18, 'Presentation and disclosure in financial statements'	January 1, 2027 (Note)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027

Note: The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

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

IFRS 18, 'Presentation and disclosure in financial statements'

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

apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 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 these consolidated financial statements is the same as that for the 2024 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2025	December 31, 2024	September 30, 2024	
Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	Research and development of new biotechnology medicine	40.66	40.66	40.66	Note 1 and Note 2
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Research and development of new biotechnology medicine	100	100	100	
Formosa Laboratories, Inc.	Epione Investment Cayman Limited	Investment company	100	100	100	
Epione Investment Cayman Limited	Epione Investment HK Limited	Investment company	100	100	100	
Epione Investment HK Limited	Shanghai Epione Enterprise 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	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 September 30, 2025, although the Company's equity interest held in Formosa Pharmaceuticals Inc. did not exceed 50%, the Company was its single major shareholder and has significant influence over its business activities, which met the controlling factor in paragraph 7 of IFRS 10, 'Consolidated Financial Statements'. Accordingly, Formosa

Pharmaceuticals Inc. was included in the consolidated financial statements.

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

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

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

E. Significant restrictions: None.

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

As of September 30, 2025, December 31, 2024 and September 30, 2024, the non-controlling interest amounted to \$937,380, \$962,697 and \$987,867, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		September 30, 2025		December 31, 2024	
		Amount	Ownership (%)	Amount	Ownership (%)
Formosa Pharmaceuticals Inc.	Taiwan	\$ 937,380	59.34%	\$ 962,697	59.34%
Formosa Pharmaceuticals Inc.	Taiwan			\$ 987,867	59.34%

Summarised financial information of the subsidiaries:

Balance sheets

	Formosa Pharmaceuticals Inc.		
	September 30, 2025	December 31, 2024	September 30, 2024
Current assets	\$ 1,545,329	\$ 1,727,790	\$ 1,744,877
Non-current assets	560,803	384,482	404,962
Current liabilities	(161,397)	(197,951)	(187,471)
Non-current liabilities	(434,298)	(365,749)	(358,106)
Total net assets	<u>\$ 1,510,437</u>	<u>\$ 1,548,572</u>	<u>\$ 1,604,262</u>

Statements of comprehensive income

	Formosa Pharmaceuticals Inc.	
	Three months ended September 30,	
	2025	2024
Revenue	\$ 911	\$ 4,333
Loss before income tax	(\$ 59,294)	(\$ 45,446)
Income tax benefit (expense)	123	(691)
Loss for the period	(59,171)	(46,137)
Other comprehensive income, net of tax	967	8,464
Total comprehensive loss for the period	<u>(\$ 58,204)</u>	<u>(\$ 37,673)</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 29</u>	<u>(\$ 11)</u>
	Formosa Pharmaceuticals Inc.	
	Nine months ended September 30,	
	2025	2024
Revenue	\$ 6,269	\$ 137,461
Loss before income tax	(\$ 35,959)	(\$ 142,655)
Income tax benefit (expense)	307	(19,705)
Loss for the period	(35,652)	(162,360)
Other comprehensive loss, net of tax	(2,736)	(40,330)
Total comprehensive loss for the period	<u>(\$ 38,388)</u>	<u>(\$ 202,690)</u>
Comprehensive (loss) income attributable to non-controlling interest	<u>(\$ 66)</u>	<u>\$ 25</u>

Statements of cash flows

	Formosa Pharmaceuticals Inc.	
	Nine months ended September 30,	
	2025	2024
Net cash used in operating activities	(\$ 19,686)	(\$ 102,465)
Net cash used in investing activities	(82,155)	(403,765)
Net cash (used in) provided by financing activities	(4,465)	625,921
Effect of exchange rates on cash and cash equivalents	(27,647)	10,219
(Decrease) increase in cash and cash equivalents	(133,953)	129,910
Cash and cash equivalents, beginning of period	425,785	384,705
Cash and cash equivalents, end of period	<u>\$ 291,832</u>	<u>\$ 514,615</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 September 30, 2025. 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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Petty cash and cash on hand	\$ 314	\$ 325	\$ 301
Demand deposits	901,774	1,294,752	1,211,199
Time deposits	202,900	69,461	66,576
	<u>\$ 1,104,988</u>	<u>\$ 1,364,538</u>	<u>\$ 1,278,076</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group has no cash and cash equivalents pledged to others.

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 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	43,800	51,166	51,166
Emerging stocks			
TaiRx, Inc.	9,490	9,490	9,490
Derivatives			
- the redemption rights of convertible bonds	306	1,305	1,305
	81,881	90,246	90,246
Valuation adjustment	34,793	28,606	50,442
	<u>\$ 116,674</u>	<u>\$ 118,852</u>	<u>\$ 140,688</u>

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
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Non-current items:

Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks			
EirGenix, Inc.	\$ 588,756	\$ 588,756	\$ 588,756
Unlisted stocks			
Hcmed Innovations Co., Ltd.	19,658	17,716	17,716
AG Global Inc.	35,340	35,340	35,340
AmMax Bio, Inc.	31,285	31,285	31,284
Forward BioT Venture Capital	60,000	42,000	42,000
	735,039	715,097	715,096
Valuation adjustment	611,012	648,749	948,560
	<u>\$ 1,346,051</u>	<u>\$ 1,363,846</u>	<u>\$ 1,663,656</u>

A. The Group recognised net loss amounting to \$172,307, (\$36,522), (\$32,479) and (\$201,406) on financial assets at fair value through profit or loss for the three months and nine months ended September 30, 2025 and 2024, respectively.

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

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

Items	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Non-current items:			
Equity instruments			
Listed stocks			
Eyenovia, Inc.	\$ 63,899	\$ 63,900	\$ 63,900
Unlisted stocks			
Oncomatryx Biopharma, S.L.	57,135	57,135	78,656
PHARMASTAR INC.	14,895	14,895	15,353
	135,929	135,930	157,909
Valuation adjustment	(33,654)	(35,397)	(43,661)
	<u>\$ 102,275</u>	<u>\$ 100,533</u>	<u>\$ 114,248</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 \$102,275, \$100,533 and \$114,248 as at September 30, 2025, December 31, 2024 and September 30, 2024, respectively.

B. In 2025, the Group incurred a cumulative disposal loss of \$1 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 September 30,	
	2025	2024
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 3,762)	(\$ 662)
Cumulative losses reclassified to retained earnings due to derecognition	\$ -	\$ -
	Nine months ended September 30,	
	2025	2024
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 1,743)	(\$ 39,021)
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 1)	\$ -

D. As at September 30, 2025, December 31, 2024 and September 30, 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 \$102,275, \$100,533 and \$114,248, respectively.

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

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	September 30, 2025	December 31, 2024	September 30, 2024
Current items:			
Time deposits with a maturity of more than three months	\$ 1,225,800	\$ 1,220,000	\$ 1,150,000

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

	Three months ended September 30,	
	2025	2024
Interest income	\$ 5,991	\$ 5,403

	Nine months ended September 30,	
	2025	2024
Interest income	\$ 16,882	\$ 12,231

B. As at September 30, 2025, December 31, 2024 and September 30, 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 \$1,225,800, \$1,220,000 and \$1,150,000, respectively.

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

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

(5) Notes and accounts receivable, net

	September 30, 2025	December 31, 2024	September 30, 2024
Notes receivable	\$ 551	\$ -	\$ 721
Accounts receivable	\$ 869,650	\$ 1,210,032	\$ 940,077
Less: Allowance for uncollectible accounts	(43,775)	(31,451)	(28,797)
	<u>\$ 825,875</u>	<u>\$ 1,178,581</u>	<u>\$ 911,280</u>

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

	September 30, 2025		December 31, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 709,449	\$ 551	\$ 998,070	\$ -
Up to 30 days past due	73,100	-	156,380	-
31~ 90 days past due	81,401	-	48,038	-
91~ 180 days past due	-	-	174	-
181 days past due	5,700	-	7,370	-
	<u>\$ 869,650</u>	<u>\$ 551</u>	<u>\$ 1,210,032</u>	<u>\$ -</u>

	September 30, 2024	
	Accounts receivable	Notes receivable
Not past due	\$ 759,358	\$ 721
Up to 30 days past due	116,197	-
31~ 90 days past due	45,080	-
91~ 180 days past due	9,323	-
181 days past due	10,119	-
	<hr/>	<hr/>
	\$ 940,077	\$ 721

The above ageing analysis was based on past due date.

- B. As of September 30, 2025, December 31, 2024 and September 30, 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 September 30, 2025, December 31, 2024 and September 30, 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 were \$551, \$0, \$721, and \$825,875, \$1,178,581, \$911,280, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	September 30, 2025		
	Cost	Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
Goods	\$ 2,079	(\$ 1,592)	\$ 487
Raw materials	611,979	(92,440)	519,539
Work in progress	680,582	(165,131)	515,451
Finished goods	971,792	(238,878)	732,914
	<hr/>	<hr/>	<hr/>
	\$ 2,266,432	(\$ 498,041)	\$ 1,768,391

	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
	<hr/>	<hr/>	<hr/>
	\$ 2,090,773	(\$ 379,202)	\$ 1,711,571

	September 30, 2024		
	Cost	Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
Goods	\$ 27,828	(\$ 488)	\$ 27,340
Raw materials	703,960	(64,446)	639,514
Work in progress	508,160	(143,665)	364,495
Finished goods	1,049,330	(197,848)	851,482
	<u>\$ 2,289,278</u>	<u>(\$ 406,447)</u>	<u>\$ 1,882,831</u>

Current expenses related to inventories are as follows:

	Three months ended September 30,	
	2025	2024
Cost of goods sold	\$ 625,269	\$ 521,105
Loss on valuation decline and scrapped inventory		
(Gain from price recovery of inventory)	6,222	59,660
Cost of services	33,933	26,556
Others	3,426	(596)
	<u>\$ 668,850</u>	<u>\$ 606,725</u>
Nine months ended September 30,		
	2025	2024
Cost of goods sold	\$ 1,849,366	\$ 1,715,846
Loss on valuation decline and scrapped inventory		
(Gain from price recovery of inventory)	118,840	114,954
Cost of services	84,642	60,878
Others	4,622	(1,208)
	<u>\$ 2,057,470</u>	<u>\$ 1,890,470</u>

(7) Investments accounted for using equity method

	September 30, 2025	December 31, 2024	September 30, 2024
A. R. Z Taiwan Limited	\$ -	\$ 11	\$ 258
Formosa Laboratories Japan, Inc.	21,827	17,034	18,949
	<u>\$ 21,827</u>	<u>\$ 17,045</u>	<u>\$ 19,207</u>

- A. The Group's share of profit or loss of associates accounted for using the equity method for the three months and nine months ended September 30, 2025 and 2024 were \$2,606, (\$605), \$5,355 and (\$1,042), 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 under acceptance	Unfinished construction and equipment	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	\$ 28,161
Accumulated depreciation	-	(674,042)	(2,317,026)	(84,182)	(304,206)	(161,072)	(103,243)	(18,182)	(254,467)	-	(3,916,420)	-
	\$ 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	\$ 28,161
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	\$ 28,161
Additions (Note 2)	-	639	47,498	-	39,500	873	4,004	239	16,259	292,104	401,116	78,257
Disposals	-	-	(822)	-	-	-	-	-	-	(13,478)	(14,300)	-
Transfers (Note 4)	-	2,636	52,735	-	29,130	642	13,674	-	32,035	(108,020)	22,832	(27,464)
Depreciation charge	-	(71,889)	(202,334)	(1,498)	(37,164)	(10,239)	(10,854)	(627)	(28,701)	-	(363,306)	-
Net exchange differences	-	-	-	-	(9)	-	(4)	(1)	-	-	(14)	-
Closing net book amount as at September 30	\$ 655,950	\$ 1,709,816	\$ 1,103,593	\$ 11,988	\$ 217,163	\$ 67,490	\$ 53,827	\$ 2,815	\$ 156,551	\$ 2,164,476	\$ 6,143,669	\$ 78,954
At September 30, 2025												
Cost	\$ 655,950	\$ 2,455,550	\$ 3,596,693	\$ 97,668	\$ 557,603	\$ 238,800	\$ 165,736	\$ 20,947	\$ 433,626	\$ 2,164,476	\$ 10,387,049	\$ 78,954
Accumulated depreciation	-	(745,734)	(2,493,100)	(85,680)	(340,440)	(171,310)	(111,909)	(18,132)	(277,075)	-	(4,243,380)	-
	\$ 655,950	\$ 1,709,816	\$ 1,103,593	\$ 11,988	\$ 217,163	\$ 67,490	\$ 53,827	\$ 2,815	\$ 156,551	\$ 2,164,476	\$ 6,143,669	\$ 78,954

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

Note 2: Including capitalised interests.

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

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

	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 acceptance	Prepayments for business facilities (Note 1)
	Land								Total	
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
Accumulated depreciation	-	(583,992)	(2,058,926)	(82,179)	(262,106)	(145,105)	(90,827)	(11,933)	(223,926)	- (3,458,994)
	<u>\$ 655,950</u>	<u>\$ 1,793,122</u>	<u>\$ 1,189,856</u>	<u>\$ 15,489</u>	<u>\$ 188,038</u>	<u>\$ 80,462</u>	<u>\$ 28,079</u>	<u>\$ 3,763</u>	<u>\$ 113,558</u>	<u>\$ 1,956,822</u>
									<u>\$ 6,025,139</u>	<u>\$ 26,870</u>
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
Additions (Note 2)	-	4,524	21,749	-	22,335	1,985	16,213	248	4,870	345,392
Acquired through business combinations	-	-	-	-	-	-	-	178	-	178
Disposals	-	-	(1,202)	-	-	-	-	-	(30)	(36,048)
Transfers (Note 4)	-	7,775	25,484	-	12,373	291	13,112	-	6,102	(28,798)
Reclassifications	-	-	177	-	(177)	-	-	-	-	-
Depreciation charge	-	(66,922)	(193,197)	(1,504)	(31,464)	(12,343)	(9,032)	(710)	(22,265)	- (337,437)
Closing net book amount as at September 30	<u>\$ 655,950</u>	<u>\$ 1,805,421</u>	<u>\$ 1,235,887</u>	<u>\$ 15,489</u>	<u>\$ 222,746</u>	<u>\$ 82,738</u>	<u>\$ 57,404</u>	<u>\$ 4,189</u>	<u>\$ 124,500</u>	<u>\$ 2,237,368</u>
										<u>\$ 6,104,255</u>
										<u>\$ 22,263</u>
At September 30, 2024										
Cost	\$ 655,950	\$ 2,389,413	\$ 3,294,990	\$ 97,668	\$ 484,675	\$ 227,843	\$ 148,231	\$ 16,122	\$ 348,426	\$ 2,237,368
Accumulated depreciation	-	(650,914)	(2,252,123)	(83,683)	(293,570)	(157,448)	(99,859)	(12,643)	(246,191)	- (3,796,431)
	<u>\$ 655,950</u>	<u>\$ 1,738,499</u>	<u>\$ 1,042,867</u>	<u>\$ 13,985</u>	<u>\$ 191,105</u>	<u>\$ 70,395</u>	<u>\$ 48,372</u>	<u>\$ 3,479</u>	<u>\$ 102,235</u>	<u>\$ 2,237,368</u>
										<u>\$ 6,104,255</u>
										<u>\$ 22,263</u>

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

Note 2: Including capitalised interests.

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

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

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 September 30,	
	2025	2024
Amount capitalised	\$ 10,398	\$ 10,301
Range of the interest rates for capitalisation	1.9725%	1.9425%
Nine months ended September 30,		
	2025	2024
Amount capitalised	\$ 30,497	\$ 28,860
Range of the interest rates for capitalisation	1.9725%~2.04%	1.8775%~1.9425%

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

(9) Intangible assets

	2025					
	Professional expertise					
	APP13007	APP13002	TSY-310	Computer software	Other intangible assets	Total
At January 1						
Cost	\$ 112,025	\$ 231,912	\$ 1,259	\$ -	\$ 103,893	\$ 1,351
Accumulated amortisation and impairment	(51,622)	(100,949)	(581)	-	(82,092)	(156)
	<u>\$ 60,403</u>	<u>\$ 130,963</u>	<u>\$ 678</u>	<u>\$ -</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
Additions	-	-	-	159,233	5,774	-
Reclassifications (Note)	-	-	-	-	2,766	-
Amortisation charge	-	(12,278)	(60)	(3,017)	(6,305)	(202)
Net exchange differences	-	-	(11)	-	-	6
Closing net book amount as at September 30	<u>\$ 60,403</u>	<u>\$ 118,685</u>	<u>\$ 607</u>	<u>\$ 156,216</u>	<u>\$ 24,036</u>	<u>\$ 999</u>
						<u>\$ 360,946</u>
At September 30						
Cost	\$ 112,025	\$ 231,912	\$ 1,235	\$ 159,233	\$ 112,343	\$ 1,351
Accumulated amortisation and impairment	(51,622)	(113,227)	(628)	(3,017)	(88,307)	(352)
	<u>\$ 60,403</u>	<u>\$ 118,685</u>	<u>\$ 607</u>	<u>\$ 156,216</u>	<u>\$ 24,036</u>	<u>\$ 999</u>
						<u>\$ 360,946</u>

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

	Professional expertise					
	APP13007	APP13002				
	Ophthalmic anti-inflammatory agents	Antibiotic medicament for eyes	Computer software	Other intangible assets		Total
	Goodwill					
At January 1						
Cost	\$ 82,166	\$ 231,912	\$ 1,303	\$ 100,282		\$ 415,663
Accumulated amortisation and impairment	(51,622)	(84,579)	(520)	(74,511)	-	(211,232)
	<u>\$ 30,544</u>	<u>\$ 147,333</u>	<u>\$ 783</u>	<u>\$ 25,771</u>	<u>-</u>	<u>\$ 204,431</u>
Opening net book amount as at January 1	\$ 30,544	\$ 147,333	\$ 783	\$ 25,771		\$ 204,431
Additions	-	-	-	677		677
Acquired from business combinations	29,859	-	-	-	1,351	31,210
Reclassifications (Note)	-	-	-	1,513		1,513
Amortisation charge	- (12,278)	(59)	(5,663)	(89)	(18,089)	
Net exchange differences	-	-	15	-	(1)	14
Closing net book amount as at September 30	<u>\$ 60,403</u>	<u>\$ 135,055</u>	<u>\$ 739</u>	<u>\$ 22,298</u>	<u>\$ 1,261</u>	<u>\$ 219,756</u>
At September 30						
Cost	\$ 112,025	\$ 231,912	\$ 1,334	\$ 102,472	\$ 1,351	\$ 449,094
Accumulated amortisation and impairment	(51,622)	(96,857)	(595)	(80,174)	(90)	(229,338)
	<u>\$ 60,403</u>	<u>\$ 135,055</u>	<u>\$ 739</u>	<u>\$ 22,298</u>	<u>\$ 1,261</u>	<u>\$ 219,756</u>

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

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

	Three months ended September 30,	
	2025	2024
Operating costs	\$ 1,430	\$ 1,110
Administrative expenses	563	648
Research and development expenses	6,040	4,234
	<hr/>	<hr/>
	\$ 8,033	\$ 5,992

	Nine months ended September 30,	
	2025	2024
Operating costs	\$ 3,928	\$ 3,524
Administrative expenses	2,218	1,975
Research and development expenses	15,716	12,590
	<u>\$ 21,862</u>	<u>\$ 18,089</u>

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

	2025	2024
Formosa Pharmaceuticals Inc.	\$ 30,544	\$ 30,544
SynChem-Formosa, Inc.	29,859	29,859
	<u>\$ 60,403</u>	<u>\$ 60,403</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. For the nine months ended September 30, 2025 and 2024:

	September 30, 2025	September 30, 2024
Formosa Pharmaceuticals Inc.	19.49%	17.89%
SynChem-Formosa, Inc.	16.48%	14.68%

D. In May 2025, based on external expert valuation reports, the Group acquired the research and development results of Almac Discovery's bispecific antibody drug conjugate (ADC) (TSY-310) for \$159,233. The Company paid \$30,330 upon signing of the contract. Additional milestone license fees will be payable upon completion of various development stages. After the drug is marketed and sold, royalties will be paid based on a certain percentage of sales revenue. As of September 30, 2025, the unpaid consideration amounted to USD 4,250 thousand (equivalent to NT\$129,391), of which USD 1,000 thousand (equivalent to NT\$30,445) is presented under "Other current liabilities", and the remaining balance is recorded under "Other non-current liabilities".

(10) Other non-current assets

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Prepayments for business facilities	\$ 78,955	\$ 28,160	\$ 22,264
Guarantee deposits paid (Note)	5,937	4,318	4,447
Others	611	979	1,131
	<u>\$ 85,503</u>	<u>\$ 33,457</u>	<u>\$ 27,842</u>

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

(11) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Non-current items:			
New medicine development revenue share agreement	\$ 60,890	\$ 65,570	\$ 63,300

On April 18, 2022, the Group and EirGenix Inc. entered into a new medicine development revenue share agreement for TSY-0110 (EG12043) (the ‘product’) to replace the previous signed development and manufacturing related collaboration contract. During the development stage, the raw material of the product shall be provided at a reasonable market price by EirGenix Inc.. The Group shall be responsible for the research and development of the product and the implementation of production and manufacturing after the development of the product has been completed. Both parties can launch the product in the global market and shall be entitled to a 50% authorisation income on any revenue or income generated from the development and commercialisation of the product. Under the agreement, the Group will share the future authorisation income with EirGenix Inc. and is entitled to a consideration of US\$30,000 thousand, which will be received in accordance with the schedule as specified in the contract. As of September 30, 2025, the Group has received US\$2,000 thousand.

(12) Short-term borrowings

	<u>September 30, 2025</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 63,000	1.82%	Refer to Note 8
Unsecured borrowings	1,050,000	1.82%~1.85%	None
Other short-term borrowings	37,053	1.85%	"
	<u>\$ 1,150,053</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>September 30, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 143,000	1.82%~1.84%	Refer to Note 8
Unsecured borrowings	700,000	1.805%~1.84%	None
Other short-term borrowings	949	-	"
	<u>\$ 843,949</u>		

Interest expense recognised in profit or loss amounted to \$4,968, \$4,050, \$15,040 and \$16,388 for the three months and nine months ended September 30, 2025 and 2024, respectively.

(13) Short-term notes and bills payable

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Commercial paper payable	\$ -	\$ 50,000	\$ 160,000
Less: Unamortized discount	-	(18)	(42)
	<u>\$ -</u>	<u>\$ 49,982</u>	<u>\$ 159,958</u>
Range of the interest rates	<u>\$ -</u>	<u>1.97%</u>	<u>1.96%</u>

(14) Other payables

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Salaries and bonus payable	\$ 224,475	\$ 252,164	\$ 210,515
Payable on machinery and equipment	115,509	90,286	91,933
Service expenses payable	78,234	119,687	117,664
Accrued commission	61,137	51,009	43,887
Employees' compensation and directors' and supervisors' remuneration payable	46,617	52,650	44,726
Consumables payable	45,844	42,247	40,754
Repairs and maintenance expense payable	37,772	35,297	34,708
Utilities expense payable	31,348	24,534	27,673
Payables for intangible assets	30,985	-	-
Revenue share payable	7,611	16,393	15,825
Import and export charges payable	7,056	8,924	9,686
Withholding tax payable	1,642	41,054	37,980
Others	<u>100,560</u>	<u>94,236</u>	<u>89,769</u>
	<u>\$ 788,790</u>	<u>\$ 828,481</u>	<u>\$ 765,120</u>

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2025
Mid-term and long-term bank borrowings				
Mega International Commercial Bank (Note 1)	2025.2.25 ~ 2028.5.31 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
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2023.8.4 ~ 2026.8.4 Quarterly and average repayment starting from April 2024.	2.33%	"	10,325
O-Bank Co., Ltd. (Note 1)	2025.5.23 ~ 2027.5.22 The principal will be repaid upon maturity.	2.38%	None	40,000
E.SUN Bank Taoyuan Corporate Banking Center (Note 1)	2025.2.25 ~ 2028.2.25 The principal will be repaid upon maturity. 2024.2.6 ~ 2027.2.6 The principal will be repaid upon maturity.	2.27%	"	100,000
Entie Commercial Bank, Ltd. He Ping Branch	2025.4.30 ~ 2027.4.30 The principal will be repaid upon maturity.	2.12%	"	200,000
DBS Bank Limited (Note 1)	2025.6.30 ~ 2027.6.30 The principal will be repaid upon maturity.	2.18%	"	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.	1.98%	"	41,667
CHANG HWA COMMERCIAL BANK, LTD.	2024.11.8 ~ 2027.11.8 Quarterly and average repayment starting from June 2023.	2.33%	"	300,000
SUNNY BANK	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024. 2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023. 2025.3.31 ~ 2028.3.31 (Note 1) The principal will be repaid upon maturity.	2.19%	"	269,231
		2.20%	Note 2	117,534
		2.20%	None	367,800
Less: Current portion (shown as other current liabilities)				2,266,557
				(416,279)
				\$ 1,850,278

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2024
Mid-term and long-term bank borrowings				
Mega International Commercial Bank (Note 1)	2023.2.25 ~ 2026.2.24 The principal will be repaid upon maturity. 2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2022.	2.15% 2.33%	Note 2 "	\$ 400,000 20,649
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021. 2022.7.28 ~ 2025.7.28 Quarterly and average repayment starting from April 2024. 2023.8.4 ~ 2026.8.4 Quarterly and average repayment starting from May 2024.	2.38% 2.38%	" "	6,125 12,300
O-Bank Co., Ltd. (Note 1)	2024.6.15 ~ 2026.6.4 The principal will be repaid upon maturity.	2.38%	None	70,000
E.SUN Bank Taoyuan Corporate Banking Center (Note 1)	2024.2.6 ~ 2027.2.6 The principal will be repaid upon maturity.	2.32%	"	200,000
Entic Commercial Bank, Ltd. He Ping Branch	2024.4.30 ~ 2026.4.30 The principal will be repaid upon maturity.	2.12% 2.21%	"	200,000
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)	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. 2024.11.8 ~ 2027.11.8 Quarterly and average repayment starting from June 2023.	2.16% 2.19%	"	12,500 300,000
SUNNY BANK	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024. 2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023. 2023.03.10 ~ 2026.03.10 (Note 1) The principal will be repaid upon maturity.	2.20% 2.20%	Note 2 None	384,615 167,241
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.	2.20% 2.36%	"	297,800 50,000
Less: Current portion (shown as other current liabilities)				3,057,897 (388,145) \$ 2,669,752

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2024
Mid-term and long-term bank borrowings				
Mega International Commercial Bank (Note 1)	2024.2.25 ~ 2027.2.24 The principal will be repaid upon maturity. 2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2021.	2.13% 2.33%	Note 2 "	\$ 400,000 24,091
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2021.3.30 ~ 2025.3.30 Quarterly and average repayment starting from June 2021. 2022.7.28 ~ 2025.7.28 Quarterly and average repayment starting from April 2023. 2023.8.4 ~ 2026.8.4 Quarterly and average repayment starting from April 2024.	2.38%	"	12,250 16,400
CTBC Bank Co., Ltd. Tao-Yuan Branch.	2024.2.28 ~ 2026.2.28 The principal will be repaid upon maturity.	2.27%	"	80,000 150,000
E.SUN Bank Taoyuan Corporate Banking Center	2024.2.6 ~ 2027.2.6 The principal will be repaid upon maturity.	2.12%	"	200,000
O-Bank Co., Ltd. (Note 1)	2024.6.05 ~ 2026.6.04 The principal will be repaid upon maturity.	2.34%	"	200,000
Bank Sinopac Company Limited	2024.4.20 ~ 2026.4.20 The principal will be repaid upon maturity.	2.10%	"	100,000
DBS Bank Limited (Note 1)	2024.6.30 ~ 2026.6.30 The principal will be repaid upon maturity.	1.97%	"	120,000
Taishin International Bank (Note 1)	2023.7.31 ~ 2025.7.31 The principal will be repaid upon maturity.	2.29%	"	200,000
Entie Commercial Bank, Ltd. He Ping Branch	2023.4.30 ~ 2026.4.30 The principal will be repaid upon maturity.	2.19%	"	200,000
TAICHUNG COMMERCIAL BANK Co., Ltd. LINKOU BRANCH (Note 1)	2023.11.30 ~ 2026.11.30 Quarterly and average repayment starting from February 2024.	2.33%	"	75,000
CHANG HWA COMMERCIAL BANK, LTD.	2021.7.9 ~ 2024.7.9 Quarterly and average repayment starting from June 2023.	2.16%	"	25,000
SUNNY BANK	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024. 2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023. 2023.3.10 ~ 2026.3.10 (Note 1) The principal will be repaid upon maturity.	2.20% 2.20% 2.20%	Note 2 None "	423,077 183,810 297,800
Bank of Panhsin	2023.9.1 ~ 2025.9.1 Starting from December 2023, \$10 million will be repaid every quarter. The remaining balance shall be paid off in lump sum upon maturity.	2.36%	"	60,000 2,767,428 (\$ 420,871) \$ 2,346,557
Less: Current portion (shown as other current liabilities)				

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

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

- A. Under the loan agreements, the Group is required to compute and maintain certain financial covenants based on the annual and semi-annual consolidated financial statements. As of September 30, 2025, December 31, 2024 and September 30, 2024, the Group has met all the required covenants.
- B. As at September 30, 2025, December 31, 2024 and September 30, 2024, the Group had total undrawn borrowing facilities of \$2,474,157, \$2,323,710 and \$2,323,710, 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, \$210, \$1,920 and \$630 for the three months and nine months ended September 30, 2024 and 2023, respectively.
 - (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 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 and nine months ended September 30, 2025 and 2024 were \$10,566, \$10,100, \$31,194 and \$29,304, respectively.

(17) Share-based payment

A. For the nine months ended September 30, 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	600 shares (in thousands)	5 years	2~4 years' service
Formosa Pharmaceuticals Inc.- Cash capital increase reserved for employee subscription	2024.06.20	1,680 shares (in thousands)	NA	Vested immediately

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

	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	-	-	(35,000)	39.186
Options expired	(60,000)	38.50	-	-
Options outstanding at September 30	<u>395,000</u>	<u>\$ 38.50</u>	<u>455,000</u>	<u>\$ 38.50</u>
Options exercisable at September 30	<u>287,500</u>	<u>\$ 38.50</u>	<u>210,000</u>	<u>\$ 38.50</u>

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

	September 30, 2025		
	Issue date approved	Expiry date	No. of shares (in dollars)
2022.03.09	2027.03.08	395,000	\$ 38.50
December 31, 2024			
	Exercise price		
	Issue date approved	Expiry date	No. of shares (in dollars)
2022.03.09	2027.03.08	455,000	\$ 38.50

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

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

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

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

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

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

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Formosa Pharmaceuticals Inc.-Cash capital increase reserved for employee subscription	2024.06.20	\$ 56.70 (Note 1)	\$ 36.00	19.98%	0.06 years (Note 2)	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 September 30,	
	2025	2024
Equity-settled	(\$ 86)	\$ 268

	Nine months ended September 30,	
	2025	2024
	\$	\$
Equity-settled	253	35,933

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 September 30, 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. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Group has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. 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 capital surplus, which was approved by the shareholders during their meeting on June 20, 2025.
- 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. On June 20, 2025 and June 25, 2024, the Group's shareholders resolved the appropriations of 2024 and 2023 earnings, respectively, as follows:

	Year ended December 31,			
	2024		2023	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 15,660		\$ 12,111	
Special reserve	18,199		(54,964)	
Cash dividends	157,535	\$ 1.31	240,512	\$ 2.00
	<u>\$ 191,394</u>		<u>\$ 197,659</u>	

(21) Other equity items

	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	2,252	-	2,252
Revaluation transferred to retained earnings – gross	1	-	1
Currency translation differences:			
–Subsidiaries and associates	-	629	629
–Tax on subsidiaries and associates	-	(125)	(125)
At September 30	(\$ 603)	(\$ 14,838)	(\$ 15,441)
	2024		
	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Currency translation differences	Total
At January 1	\$ 19,852	(\$ 13,685)	\$ 6,167
Valuation adjustment	(15,743)	-	(15,743)
Currency translation differences:			
–Subsidiaries and associates	-	1,921	1,921
–Tax on subsidiaries and associates	-	(384)	(384)
At September 30	\$ 4,109	(\$ 12,148)	(\$ 8,039)

(22) Operating revenue

	Three months ended September 30,	
	2025	2024
Revenue from contracts with customers		
Sales revenue	\$ 1,124,969	\$ 990,327
Service revenue	35,653	40,558
	\$ 1,160,622	\$ 1,030,885

	Nine months ended September 30,	
	2025	2024
Revenue from contracts with customers		
Sales revenue	\$ 3,424,573	\$ 3,197,250
Service revenue	117,834	54,249
Authorization revenue	4,764	128,001
	<u>\$ 3,547,171</u>	<u>\$ 3,379,500</u>

A. Disaggregation of revenue from contracts with customers

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

	Three months ended September 30, 2025				
	At a point in time		Over time		
	Sales revenue	Technology licensing	Service revenue	Total	
United States	\$ 281,197	\$ -	\$ 2,549	\$ 283,746	
India	214,863	-	-		214,863
Netherlands	128,658	-	-		128,658
China	103,157	-	-		103,157
Taiwan	85,925	-	25,343		111,268
Germany	85,387	-	-		85,387
Japan	47,949	-	1,643		49,592
Others	177,833	-	6,118		183,951
	<u>\$ 1,124,969</u>	<u>\$ -</u>	<u>\$ 35,653</u>	<u>\$ 1,160,622</u>	

	Three months ended September 30, 2024				
	At a point in time		Over time		
	Sales revenue	Technology licensing	Service revenue	Total	
United States	\$ 69,035	\$ -	\$ 7,993		77,028
India	286,025	-	-		286,025
Netherlands	103,675	-	-		103,675
China	21,259	-	-		21,259
Taiwan	44,579	-	31,852		76,431
Germany	92,846	-	-		92,846
Japan	76,925	-	-		76,925
Switzerland	47,362	-	-		47,362
Others	248,621	-	713		249,334
	<u>\$ 990,327</u>	<u>\$ -</u>	<u>\$ 40,558</u>	<u>\$ 1,030,885</u>	

Nine months ended September 30, 2025

	At a point in time		Over time		Total	
	Technology licensing		Service revenue			
	Sales revenue					
United States	\$ 666,774	-	\$ 17,573	\$ 684,347		
India	623,680	-	-	623,680		
Netherlands	478,557	-	-	478,557		
China	251,863	-	-	251,863		
Taiwan	161,773	-	78,686	240,459		
Germany	208,960	-	-	208,960		
Japan	186,330	-	1,744	188,074		
Others	846,636	4,764	19,831	871,231		
	<u>\$ 3,424,573</u>	<u>\$ 4,764</u>	<u>\$ 117,834</u>	<u>\$ 3,547,171</u>		

Nine months ended September 30, 2024

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

B. Contract assets and liabilities

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

	September 30, 2025	December 31, 2024	September 30, 2024	January 1, 2022
Contract liabilities	<u>\$ 186,586</u>	<u>\$ 91,129</u>	<u>\$ 107,851</u>	<u>\$ 193,102</u>

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

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

	Three months ended September 30,	
	2025	2024
Revenue recognised that was included in the contract liability balance at the beginning of the period	<u>\$ 7,386</u>	<u>\$ 19,667</u>

	Nine months ended September 30,	
	2025	2024
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 21,566	\$ 147,126

C. For the aforementioned technology license, the Group and Grandpharma (China) Co., Ltd. entered into a contract for collaborative development and authorisation agreement on new medicines in China, Hong Kong, Macao, etc. The Group transferred professional knowledge and provided related data to Grandpharma (China) Co., Ltd. who was responsible for clinical development. When Grandpharma (China) Co., Ltd. successfully develops new medicines, it will obtain the right of production and sales in China, Hong Kong and Macao. Under the contract, the Group can charge signing bonus, milestone payment and royalties proportionately to the sales amount in the future. From the contract signing date to September 30, 2025, the accumulated revenue was \$59,023.

D. The Group and Eyenovia, Inc. (EYEN) entered into a new drug licensing agreement for the United States. In March 2024, the Group transferred the drug license and the rights for production and sales in the U.S. to EYEN. Under the contract, the Group is entitled to receive signing bonuses, development milestone payments, and sales milestone payments from EYEN. On June 6, 2025, both parties mutually agreed to terminate the licensing agreement. According to the contract, from the termination date onwards, all claims and obligations between the parties are permanently waived, and EYEN will return the U.S. drug license. From the contract signing date to the termination date, the Group has recognised cumulative revenue of \$127,800.

E. The Group entered into a new drug licensing agreement with Harrow, Inc. (hereinafter referred to as "HROW") for the United States. The Group will transfer the drug license for the U.S. region, granting HROW commercialization rights in the United States. According to the terms of the agreement, the Group is entitled to receive royalties and sales milestone payments from HROW. From the contract signing date to September 30, 2025, the Group has not yet recognised any revenue.

F. The Group has signed new drug licensing agreements with various partners in regions including Central and South America (Canada, Mexico, Brazil, Chile), Europe (Portugal, Switzerland), Israel, the Middle East and North Africa, South Africa, and India. Each partner has obtained commercialization and sales rights in their respective regions. According to the terms of the agreements, the Group is entitled to receive signing bonuses, development milestone payments, and sales milestone payments from each partner. As of September 30, 2025, the Group has received a total of NT\$37,782 (listed under "Contract Liabilities"). From the signing dates of the agreements up to September 30, 2025, the Group has recognised cumulative revenue of NT\$3,117.

(23) Interest income

	Three months ended September 30,	
	2025	2024
Interest income from bank deposits	\$ 686	\$ 1,119
Financial assets at amortised cost		
Interest income	5,991	5,403
Other interest income	5	-
	<u>\$ 6,682</u>	<u>\$ 6,522</u>
	Nine months ended September 30,	
	2025	2024
Interest income from bank deposits	\$ 6,651	\$ 9,236
Financial assets at amortised cost		
Interest income	16,882	12,231
Other interest income	5	-
	<u>\$ 23,538</u>	<u>\$ 21,467</u>

(24) Other income

	Three months ended September 30,	
	2025	2024
Others	<u>\$ 1,657</u>	<u>\$ 2,964</u>
	Nine months ended September 30,	
	2025	2024
Offsetting the payable withholding tax benefits (Note)	\$ 38,429	\$ -
Refund benefits	10,638	-
Others	3,978	4,718
	<u>\$ 53,045</u>	<u>\$ 4,718</u>

Note: This amount arose from the termination agreement between the Group and EYEN. Please refer to Note 6(22)4 for detailed explanation.

(25) Other gains and losses

	Three months ended September 30,	
	2025	2024
Loss on disposal of property, plant and equipment	(\$ 5,011)	\$ 9
Loss arising from lease modifications	-	(1)
Net currency exchange gains (losses)	13,703	(52,163)
Net gains (losses) on financial assets at fair value through profit or loss	172,307	(36,523)
Others	(119)	(280)
	<u>\$ 180,880</u>	<u>(\$ 88,958)</u>

	Nine months ended September 30,	
	2025	2024
(Loss) gain on disposal of property, plant and equipment	(\$ 5,098)	(\$ 646)
Gains arising from lease modifications	5	59
Net currency exchange losses	(175,750)	(9,686)
Net losses on financial assets at fair value through profit or loss	(32,479)	(201,406)
Loss arising from contingent consideration (Note)	-	(6,961)
Others	(430)	(465)
	<u>(\$ 213,752)</u>	<u>(\$ 219,105)</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.

(26) Finance costs

	Three months ended September 30,	
	2025	2024
Interest expense:		
Bank borrowings	\$ 16,541	\$ 18,991
Others	955	1,174
	17,496	20,165
Less: Capitalisation of qualifying assets	(10,398)	(10,301)
Finance costs	<u>\$ 7,098</u>	<u>\$ 9,864</u>
	Nine months ended September 30,	
	2025	2024
Interest expense:		
Bank borrowings	\$ 54,151	\$ 56,686
Others	3,043	1,829
	57,194	58,515
Less: Capitalisation of qualifying assets	(30,497)	(28,860)
Finance costs	<u>\$ 26,697</u>	<u>\$ 29,655</u>

(27) Expenses by nature

Employee benefit expense
 Depreciation charges on right-of-use assets, property, plant and equipment
 Amortisation charges on intangible assets and other non-current assets

Three months ended September 30,	
2025	2024
\$ 318,466	\$ 301,405
\$ 129,292	\$ 118,796
\$ 8,016	\$ 6,160

Employee benefit expense
 Depreciation charges on right-of-use assets, property, plant and equipment
 Amortisation charges on intangible assets and other non-current assets

Nine months ended September 30,	
2025	2024
\$ 924,837	\$ 914,196
\$ 386,581	\$ 359,809
\$ 22,226	\$ 18,702

(28) Employee benefit expense

Wages and salaries
 Labour and health insurance fees
 Pension costs
 Other personnel expenses
 Employee stock options

Three months ended September 30,	
2025	2024
\$ 278,255	\$ 264,767
21,937	20,204
11,205	10,309
7,155	5,857
(86)	268
\$ 318,466	\$ 301,405

Wages and salaries
 Labour and health insurance fees
 Pension costs
 Other personnel expenses
 Employee stock options

Nine months ended September 30,	
2025	2024
\$ 802,476	\$ 767,161
68,254	61,634
33,114	29,934
20,740	19,534
253	35,933
\$ 924,837	\$ 914,196

A. In accordance with the Articles of Incorporation, if the Company has a profit for the year, at least 5% of the distributable profit shall be appropriated as employees' compensation, and no more than 2% shall be appropriated as directors' remuneration. However, if the Company has accumulated losses, an amount sufficient to offset such losses shall be reserved in advance and reported to the shareholders' meeting.

Of the employees' compensation mentioned above, no less than 20% shall be allocated to rank-and-file employees for remuneration distribution or salary adjustments. The recipients of

employees' compensation may include employees of certain controlled or subsidiary companies who meet specified criteria, and the method of distribution shall be determined by the Board of Directors.

- B. For the three months and nine months ended September 30, 2025 and 2024, employees' compensation was accrued at \$12,600, \$12,600, \$37,800 and \$37,800, respectively; while directors' remuneration was accrued at \$7,746, \$939, \$8,739 and \$6,926, respectively. The aforementioned amounts were recognised in salary expenses. For the nine months ended September 30, 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' and supervisors' remuneration resolved by the Board of Directors were \$46,200 and \$6,450, respectively, and the amounts were consistent with the amounts recognised in the financial report of 2024.
- D. Information about employees' compensation and directors' and supervisors' remuneration of the Group as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense

(a) Components of income tax:

	Three months ended September 30,	
	2025	2024
Current tax:		
Current tax on profit for the period	\$ 37,044	\$ 43,431
Total current tax	37,044	43,431
Deferred tax:		
Origination and reversal of temporary differences	5,402	(15,929)
Income tax expense	<u>\$ 42,446</u>	<u>\$ 27,502</u>
	Nine months ended September 30,	
	2025	2024
Current tax:		
Current tax on profit for the period	\$ 120,503	\$ 153,338
Prior year income tax under (over) estimation	10,138	(24,681)
Total current tax	130,641	128,657
Deferred tax:		
Origination and reversal of temporary differences	(34,623)	(18,015)
Income tax expense	<u>\$ 96,018</u>	<u>\$ 110,642</u>

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

	Three months ended September 30,	
	2025	2024
Currency translation differences	(\$ 88)	\$ 1,318
Nine months ended September 30,		
	2025	2024
Currency translation differences	\$ 125	\$ 384

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.

(30) Earnings per share

	Three months ended September 30, 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	\$ 324,105	120,256	\$ 2.70
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 324,105	120,256	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		-	579
Profit attributable to ordinary shareholders of the parent	\$ 324,105	120,835	\$ 2.68

Three months ended September 30, 2024

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 22,371	120,256	\$ 0.19
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 22,371	120,256	
Assumed conversion of all dilutive potential ordinary shares		390	
Employees' compensation			
Profit attributable to ordinary shareholders of the parent	\$ 22,371	120,646	\$ 0.19

Nine months ended September 30, 2025

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 293,786	120,256	\$ 2.44
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 293,786	120,256	
Assumed conversion of all dilutive potential ordinary shares		752	
Employees' compensation			
Profit attributable to ordinary shareholders of the parent	\$ 293,786	121,008	\$ 2.43

	Nine months ended September 30, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 210,281	120,256	\$ 1.75
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 210,281	120,256	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		-	432
Profit attributable to ordinary shareholders of the parent	\$ 210,281	120,688	\$ 1.74

(31) 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:

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

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

On August 9, 2024, the Group disposed of 0.07% of shares of its subsidiary - Formosa Pharmaceuticals. Inc. for a total cash consideration of \$3,589. The carrying amount of non-controlling interest in Formosa Pharmaceuticals. Inc. was \$596 at the disposal date. This transaction resulted in an increase in the non-controlling interest by \$2,003 and an increase in

the equity attributable to owners of the parent by \$1,586. The effect of changes in interests in Formosa Pharmaceuticals, Inc. on the equity attributable to owners of the parent for the year ended December 31, 2024 is shown below:

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

(32) Business combinations

A. On June 1, 2024, the Group acquired 100% equity interest in SynChem-Formosa, Inc. in cash in the amount of \$28,898, and had control over the company. SynChem-Formosa, Inc. operates CDMO business in the U.S. The Group expects that the Group's market size can be expanded and increased after the acquisition.

B. The following table summarises the consideration paid for SynChem-Formosa, Inc. and the fair values of the assets acquired and liabilities assumed at the acquisition date:

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

(33) Supplemental cash flow information

A. Investing activities with partial cash payments

	Nine months ended September 30,	
	2025	2024
Purchase of property, plant and equipment	\$ 401,116	\$ 417,316
Add: Opening balance of payable on equipment	90,286	78,899
Less: Ending balance of payable on equipment	(115,509)	(91,933)
Cash paid during the period	<u>\$ 375,893</u>	<u>\$ 404,282</u>
Purchase of intangible assets	\$ 165,007	\$ -
Add: Beginning contingent consideration payable (shown as 'other current/non-current liabilities')	-	-
Net exchange differences	1,740	-
Less: Ending contingent consideration (shown as 'other current/non-current liabilities')	(129,931)	-
Cash paid during the period	<u>\$ 36,816</u>	<u>\$ -</u>

	Nine months ended September 30,	
	2025	2024
Acquisition of subsidiaries		
Add: Beginning contingent consideration payable (shown as 'other current/non-current liabilities')	\$ -	\$ 69,931
Net exchange differences	-	2,397
Loss from measurement of contingent consideration	-	6,961
Cash paid during the period	<u>\$ -</u>	<u>\$ 79,289</u>

B. Financing activities with no cash flow effects

	Nine months ended September 30,	
	2025	2024
Cash dividends declared but not paid	\$ -	\$ -

(34) 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	467,053	(49,982)	(791,340)	(22,234)	-	(396,503)
Changes in other non-cash items	-	-	-	5,435	(4,680)	755
At September 30	\$ 1,150,053	\$ -	\$ 2,266,557	\$ 91,681	\$ 60,890	\$ 3,569,181

	2024					
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liability	New medicine development revenue share agreement	Liabilities from financing activities-gross
At January 1	\$ 1,434,000	\$ 99,959	\$ 2,486,681	\$ 42,750	\$ 61,410	\$ 4,124,800
Changes in cash flow from financing activities	(592,647)	59,999	280,747	(22,038)	-	(273,939)
Changes in other non-cash items	2,596	-	-	85,378	1,890	89,864
At September 30	\$ 843,949	\$ 159,958	\$ 2,767,428	\$ 106,090	\$ 63,300	\$ 3,940,725

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

Note: The corporate director representative of the company is the spouse of the Company's Chairman and General Manager. This corporate director representative resigned on June 12, 2025; therefore, from June 12, 2025 onwards, the individual is no longer considered a related party of the Group.

(3) Significant related party transactions

A. Operating revenue

	Three months ended September 30,	
	2025	2024
Sales of goods:		
Associates	\$ 47,949	\$ 12,680
Other related parties	93	2,283
	<u>\$ 48,042</u>	<u>\$ 14,963</u>
	Nine months ended September 30,	
	2025	2024
Sales of goods:		
Associates	\$ 137,570	\$ 48,430
Other related parties	15,849	22,161
	<u>\$ 153,419</u>	<u>\$ 70,591</u>

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

	Three months ended September 30,	
	2025	2024
Sales of services:		
Other related parties	\$ 855	\$ 920
	Nine months ended September 30,	
	2025	2024
Sales of services:		
Other related parties	\$ 12,738	\$ 3,543

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 September 30,	
	2025	2024
Purchases of goods:		
Other related parties	\$ -	\$ -
	Nine months ended September 30,	
	2025	2024
Purchases of goods:		
Other related parties	\$ -	\$ 2,135

Goods and services are purchased from associates and an entity controlled by key management

personnel on normal commercial terms and conditions.

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

	Three months ended September 30,	
	2025	2024
Other related parties	\$ -	\$ 227
Nine months ended September 30,		
	2025	2024
Other related parties	\$ -	\$ 1,884

D. Accounts receivable

	September 30, 2025	December 31, 2024	September 30, 2024
Associates	\$ 44,380	\$ 10,714	\$ 22,298
Other related parties	1,286	6,715	3,026
Loss allowance	(22)	(5)	(7)
	<u>\$ 45,644</u>	<u>\$ 17,424</u>	<u>\$ 25,317</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

	September 30, 2025	December 31, 2024	September 30, 2024
Other receivables			
Associates	\$ -	\$ 26	\$ 34
Other related parties	51	9	-
	<u>\$ 51</u>	<u>\$ 35</u>	<u>\$ 34</u>

F. Other payables

	September 30, 2025	December 31, 2024	September 30, 2024
Other related parties	\$ 1,096	\$ 3,100	\$ 315

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

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

	September 30, 2025	December 31, 2024	September 30, 2024
Other receivables	\$ 60,890	\$ 65,570	\$ 63,300

The above represents consideration due from other related parties under a new medicine development revenue share agreement of TSY-0110. Refer to Note 6(11).

(4) Key management compensation

	Three months ended September 30,	
	2025	2024
Salaries and other short-term employee benefits	\$ 25,011	\$ 20,017
Post-employment benefits	383	298
Share-based payments	66	88
	<u>\$ 25,460</u>	<u>\$ 20,403</u>
Nine months ended September 30,		
	2025	
	\$ 61,834	\$ 64,605
Salaries and other short-term employee benefits	1,100	1,012
Post-employment benefits	260	13,214
Share-based payments		
	<u>\$ 63,194</u>	<u>\$ 78,831</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2025	December 31, 2024	September 30, 2024	
Financial assets at fair value through profit or loss	\$ 684,000	\$ 684,000	\$ 84,360	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	1,520,305	1,577,323	1,595,142	"
Machinery and equipment	113,815	128,570	133,318	Guarantee for mid-term and long-term borrowings facility
Pollution-prevention equipment	3,134	3,790	4,009	"
Unfinished construction and equipment under acceptance	446,660	440,931	438,849	"
Guarantee deposits paid (shown as "other non-current assets")	1,001	962	1,099	Performance guarantee
	<u>\$ 3,424,865</u>	<u>\$ 3,491,526</u>	<u>\$ 2,912,727</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

	September 30, 2025	December 31, 2024	September 30, 2024
Property, plant and equipment	\$ 451,075	\$ 282,971	\$ 247,997

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

During the nine months ended September 30, 2025, the Group's strategy, which was unchanged from 2024, was to maintain the gearing ratio within a certain range. The gearing ratios at September 30, 2025, December 31, 2024 and September 30, 2024 were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Total borrowings	\$ 3,416,610	\$ 3,790,879	\$ 3,771,335
Less: Cash and cash equivalents	(1,104,988)	(1,364,538)	(1,278,076)
Net debt	2,311,622	2,426,341	2,493,259
Total equity	8,557,333	8,646,772	8,735,672
Total capital	\$ 10,868,955	\$ 11,073,113	\$ 11,228,931
Gearing ratio	22.69%	21.92%	22.20%

(2) Financial instruments

A. Financial instruments by category

	September 30, 2025	December 31, 2024	September 30, 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	\$ 1,462,725	\$ 1,482,698	\$ 1,804,344
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 102,275	\$ 100,533	\$ 114,248

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,104,988	\$ 1,364,538	\$ 1,278,076
Financial assets at amortised cost	1,225,800	1,220,000	1,150,000
Notes and accounts receivable (including related parties)	872,068	1,196,005	937,318
Other receivables due from related parties	19,487	59,463	57,151
Guarantee deposits paid (shown as “other non-current assets”)	5,937	4,318	4,447
	<u>\$ 3,228,280</u>	<u>\$ 3,844,324</u>	<u>\$ 3,426,992</u>
Financial liabilities			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 1,150,053	\$ 683,000	\$ 843,949
Short-term notes and bills payable	-	49,982	159,958
Notes and accounts payable	240,652	218,936	263,520
Other payables	789,886	831,581	765,435
New medicine development revenue share agreement	60,890	65,570	63,300
Long-term borrowings (shown as other liabilities)	2,266,557	3,057,897	2,767,428
	<u>\$ 4,508,038</u>	<u>\$ 4,906,966</u>	<u>\$ 4,863,590</u>
Lease liability (including current portion)	<u>\$ 91,681</u>	<u>\$ 108,480</u>	<u>\$ 106,090</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Group used in various functional currency, primarily with respect to the USD, JPY and EUR. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require each entity of the Group to manage their foreign exchange risk against their functional currency. Each entity of the Group is required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and EUR expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group's businesses involve some non-functional currency operations. (The functional currency of the company and some of its subsidiaries is the NTD, while the functional currency of certain subsidiaries is RMB and JPY) The information on assets and liabilities

denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2025				
	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)	
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	\$ 37,122	30.45	\$ 1,111,027	
USD:JPY	3,200	147.930	98,046	
Non-monetary items				
JPY:NTD	593,651	0.2058	122,173	
USD:NTD	1,448	30.45	44,070	
EUR:NTD	2,315	35.77	82,761	
HKD:NTD	9,871	3.913	38,626	
Financial liabilities				
Monetary items				
USD:NTD	23,813	30.45	724,716	
December 31, 2024				
	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)	
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	\$ 49,332	32.785	\$ 1,594,761	
USD:JPY	3,200	156.19	106,253	
Non-monetary items				
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	
Financial liabilities				
Monetary items				
USD:NTD	19,751	32.785	646,169	

September 30, 2024

Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)		
Financial assets		
Monetary items		
USD:NTD	\$ 41,744	32.00 \$ 1,321,198
USD:JPY	32,000	142.38 101,280
Non-monetary items		
JPY:NTD	558,806	0.22 124,223
USD:NTD	2,226	31.65 70,443
EUR:NTD	2,315	35.38 81,894
HKD:NTD	10,256	4.08 41,791
Financial liabilities		
Monetary items		
USD:NTD	22,058	32.00 698,136

iv. The exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2025 and 2024, amounted to \$13,704, (\$52,163), (\$175,750), and (\$9,686), respectively.

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

Nine months ended September 30, 2025		
Sensitivity analysis		
Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)		
Financial assets		
Monetary items		
USD:NTD	1%	\$ 11,110 \$ -
USD:JPY	1%	980 -
Financial liabilities		
Monetary items		
USD:NTD	1%	7,247 -

Nine months ended September 30, 2024				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	13,212	\$ -
USD:JPY	1%		1,013	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		6,981	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise equity instruments issued by domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine months ended September 30, 2025 and 2024 would have increased/decreased by \$21,106 and \$18,043, 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 \$675 and \$1,142, respectively, as a result of other comprehensive income on equity investment classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arose from short-term notes and bills payable, short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which was partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the nine months ended September 30, 2025 and 2024, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
- ii. At September 30, 2025 and 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 nine months ended September 30, 2024 and 2023 would have decreased by \$1,360 and

\$1,660, respectively. The main factor is that increases in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and financial assets stated at amortised cost.
- ii. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision roll rate matrix based on the loss rate methodology to estimate the expected credit loss.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. The Group distinguished customers into optimal customers and non-optimal customers based on the customers' rating. Related information is as follows:
 - (i) The loss allowance for optimal customers' accounts was estimated to be 0.05% by using expected loss rate method. As of September 30, 2025, December 31, 2024 and September 30, 2024, the balances of loss allowance were \$260, \$219 and \$181, respectively. The accounts receivable from optimal customers of Formosa Pharmaceuticals, Inc. are estimated for allowance for losses at 0% expected credit loss rate. As of September 30, 2025, December 31, 2024 and September 30, 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 September 30, 2025, December 31, 2024 and September 30, 2024, related information is as follows:

	Expected loss rate	Total book value	Loss allowance
<u>September 30, 2025</u>			
Not past due	1.68%	\$ 256,210	\$ 4,308
Up to 30 days past due	12.03%	\$ 55,852	\$ 6,721
31~ 90 days past due	18.65%~47.35%	\$ 81,017	\$ 31,304
91~ 180 days past due	78.08%~100%	-	-
181 days past due	100.00%	\$ 1,206	\$ 1,206
Total		<u>\$ 394,285</u>	<u>\$ 43,539</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	78.08%~100%	\$ 69	\$ 69
181 days past due	100.00%	\$ 1,298	\$ 1,298
Total		<u>\$ 496,519</u>	<u>\$ 23,416</u>
<u>September 30, 2024</u>			
Not past due	1.18%	\$ 308,979	\$ 3,637
Up to 30 days past due	16.65%	\$ 26,003	\$ 4,328
31~ 90 days past due	55.92%~100%	\$ 8,255	\$ 8,255
91~ 180 days past due	100.00%	\$ 8,194	\$ 8,194
181 days past due	100.00%	\$ 4,209	\$ 4,209
Total		<u>\$ 355,640</u>	<u>\$ 28,623</u>

(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 September 30, 2025, December 31, 2024 and September 30, 2024, the allowance for credit losses was \$0, \$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:

	2025		
	Non-related parties	Related parties	Total
Balance at January 1	\$ 31,451	\$ 5	\$ 31,456
Provision for impairment loss	20,146	17	20,163
Amounts written off due to uncollectability	(7,821)	-	(7,821)
Balance at September 30	<u>\$ 43,776</u>	<u>\$ 22</u>	<u>\$ 43,798</u>

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

For provisioned loss on September 30, 2025 and 2024, the impairment losses (reversal) arising from customers' contracts are \$20,163 and \$21,489, respectively.

(c) Liquidity risk

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

Non-derivative financial liabilities:

September 30, 2025				
	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
New medicine development revenue share agreement	\$ -	\$ -	\$ 60,890	\$ -
Short-term borrowings	1,152,615	-	-	-
Accounts payable	240,652	-	-	-
Other payables	789,886	-	-	-
Lease liability (including current portion)	25,109	18,549	11,938	52,615
Long-term borrowings (including current portion)	352,260	1,152,776	851,159	-
Other non-current liabilities (including current portion)	<u>-</u>	<u>30,445</u>	<u>68,501</u>	<u>-</u>
	<u>\$ 2,560,522</u>	<u>\$ 1,201,770</u>	<u>\$ 992,488</u>	<u>\$ 52,615</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:

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, contract assets, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, short-term

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

C. As of September 30, 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:

September 30, 2025	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair				
value through profit or				
loss - equity securities	\$ 1,378,382	\$ -	\$ 24,043	\$ 1,402,425
Venture Fund	-	-	60,000	60,000
Convertible bonds	300	-	-	300
Financial assets at fair				
value through other				
comprehensive income -				
equity securities	4,292	-	97,983	102,275
Total	\$ 1,382,974	\$ -	\$ 182,026	\$ 1,565,000
December 31, 2024	Level 1	Level 2	Level 3	Total
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	2,335	2,816	95,382	100,533
Total	\$ 1,417,143	\$ 2,816	\$ 163,272	\$ 1,583,231

September 30, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss - equity securities	\$ 1,729,373	\$ -	\$ 31,650	\$ 1,761,023
Venture Fund	1,321	-	42,000	43,321
Convertible bonds	-	-	-	-
Financial assets at fair value through other comprehensive income - equity securities	8,028	8,498	97,722	114,248
Total	<u>\$ 1,738,722</u>	<u>\$ 8,498</u>	<u>\$ 171,372</u>	<u>\$ 1,918,592</u>

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

- 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.
- Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance and discounted cash flow method.

D. The following chart is the movement of Level 3 for the nine months ended September 30, 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	(1,848)	8,574	-	6,961
Gains and losses recognised in other comprehensive income	2,602	3,713	-	-
Acquired during the period	18,000	52,025	-	-
Payment during the period	-	-	-	(79,289)
Transfers out from level 3	- (28,733)	-	-	-
Effect due to changes in exchange rates	-	-	-	2,397
At September 30	<u>\$ 182,026</u>	<u>\$ 171,372</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

	Fair value at September 30, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>97,983</u>	Latest transaction prices in inactive market	Not applicable	1.51~9.56 (4.09)	Not applicable
Venture Fund	\$ <u>60,000</u>	Net assets value method	Not applicable	-	Not applicable
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 assets value method	Not applicable	-	Not applicable
Non-derivative equity instrument:					
Unlisted shares	\$ <u>145,898</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
Venture Fund	\$ <u>42,000</u>	Net assets value method	Not applicable	-	Not applicable

13. SUPPLEMENTARY DISCLOSURES

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

(1) Significant transactions information

A. Loans to others: Refer to table 1.

- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 3.
- F. Trading in derivative instruments undertaken 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:

Nine months ended September 30, 2025

	API	Other operating departments	Elimination	Total
Revenue from external customers	\$ 3,534,689	\$ 12,482	\$ -	\$ 3,547,171
Inter-segment revenue	4,148	-	(4,148)	-
Total segment revenue	<u>\$ 3,538,837</u>	<u>\$ 12,482</u>	<u>(\$ 4,148)</u>	<u>\$ 3,547,171</u>
Segment income	<u>\$ 293,786</u>	<u>(\$ 56,052)</u>	<u>\$ 32,214</u>	<u>\$ 269,948</u>

Segment income (loss), including:

Depreciation and amortisation	\$ 384,509	\$ 39,706	(\$ 15,408)	\$ 408,807
Income tax expense	(\$ 96,382)	\$ 307	\$ 57	(\$ 96,018)
Recognised investment profit or loss accounted for using equity method	\$ 5,355	\$ -	\$ -	\$ 5,355

Nine months ended September 30, 2024

	API	Other operating departments	Elimination	Total
Revenue from external customers	\$ 3,235,834	\$ 143,666	\$ -	\$ 3,379,500
Inter-segment revenue	25,216	-	(25,216)	-
Total segment revenue	<u>\$ 3,261,050</u>	<u>\$ 143,666</u>	<u>(\$ 25,216)</u>	<u>\$ 3,379,500</u>
Segment income	<u>\$ 210,281</u>	<u>(\$ 172,654)</u>	<u>\$ 94,457</u>	<u>\$ 132,084</u>

Segment income (loss), including:

Depreciation and amortisation	\$ 361,245	\$ 32,901	(\$ 15,635)	\$ 378,511
Income tax expense	(\$ 90,963)	(\$ 19,704)	\$ 25	(\$ 110,642)
Recognised investment profit or loss accounted for using equity method	(\$ 1,042)	\$ -	\$ -	(\$ 1,042)

(4) Reconciliation for segment income (loss)

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Loans to others

Nine months ended September 30, 2025

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Maximum outstanding balance during the nine months			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		
				Is a related party	ended 2025	Balance at September 30, 2025					Item	Value					
0	Formosa Laboratories, Inc.	SynChem-Formosa Inc.	Other receivables due from related parties	Y	\$ 121,780	\$ 91,335	\$ 56,323	-	2	\$ -	Revolving funds	\$ -	None	\$ 761,995	\$ 1,523,991	Note 2	
1	Formosa Pharmaceuticals, Inc.	Activus Pharma Co., Ltd.	Other receivables-related parties	Y	8,000	-	-	3.244%	2	-	Revolving funds	-	None	-	452,973	528,468	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 3: Formosa Pharmaceuticals, Inc. loans to others:

(1) Ceiling of loans to individual (short-term financing) is 30% of the creditor's net asset of latest financial statements.

(2) Total ceiling of loans to individual (short-term financing) is 35% of the creditor's net asset of latest financial statements.

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2025

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities		As of September 30, 2025				
		issuer	General ledger account	Number of shares	Carrying amount	Ownership (%)	Fair value	Footnote
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	\$ 1,304,263	6.06	\$ 1,304,263	
Formosa Laboratories, Inc.	TOT Biopharm International Company Limited common stocks	None	Financial assets at fair value through profit or loss - current	4,384,300	38,626	0.66	38,626	
Formosa Laboratories, Inc.	TaiRx, Inc. common stocks	Other related party	Financial assets at fair value through profit or loss - current	346,000	9,494	0.31	9,494	
Formosa Laboratories, Inc.	AG Global Inc Unlisted stocks	None	Financial assets at fair value through profit or loss - non-current	1,041,666	-	1.33	-	
Formosa Laboratories, Inc.	Oncomatryx Biopharma, S.L. common stocks	None	Non-current financial assets at fair value through other comprehensive income	303,713	82,761	3.12	82,761	
Formosa Laboratories, Inc.	PHARMASTAR INC. common stocks	None	Non-current financial assets at fair value through other comprehensive income	500,000	15,223	20.00	15,223	
Formosa Laboratories, Inc.	Hcmed Innovations Co., Ltd. common stocks	None	Financial assets at fair value through profit or loss - non-current	388,623	25,999	1.20	25,999	
Formosa Laboratories, Inc.	Forward BioT Venture Capital	None	Financial assets at fair value through profit or loss - non-current	-	60,000	6.72	60,000	
Formosa Laboratories, Inc.	AmMAX Bio, Inc. stocks	None	Financial assets at fair value through profit or loss - non-current	934,578	24,043	1.48	24,043	
Epione Pharmaceuticals, Inc.	AcBel Polytech Inc. II unsecured convertible bonds	None	Financial assets at fair value through profit or loss - current	3,000	300	-	300	

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

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

September 30, 2025

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at		Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			September 30, 2025 (Note)	Turnover rate	Amount	Action taken		
Activus Pharma Co., Ltd.	Formosa Pharmaceuticals Inc.	Same ultimate parent company	\$ 98,046	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
 Nine months ended September 30, 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	Transaction	
							Percentage of consolidated total operating revenues or total assets (Note 3)	
1	Activus Pharma Co., Ltd.	Formosa Pharmaceuticals Inc.	3	Other receivables	\$ 98,046	Note 6		1%

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

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

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

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

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

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

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

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Information on investees

Nine months ended September 30, 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 September 30, 2025				Net income of investee for the nine months ended September 30, 2025	Investment income (loss) recognised by the Company for the nine months ended September 30, 2025	Footnote		
						Balance as at September 30,	Balance as at December 31,	Number of shares	Ownership (%)	Book value				
				2025	2024									
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%	\$ 641,466	(\$ 34,963)	(\$ 18,366)				
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Taiwan	Research and development of new biotechnology medicine	40,000	40,000	4,000,000	100.00%	12,846	(135)	(135)				
Formosa Laboratories, Inc.	A.R.Z Taiwan Limited	Taiwan	Agency sales of raw materials and intermediates	2,716	2,716	271,620	45.00%	-	(790)	(11)				
Formosa Laboratories, Inc.	Formosa Laboratories Japan, Inc.	Japan	Agency sales of medicine and intermediates	1,105	1,105	400	40.00%	21,827	13,415	5,366				
Formosa Laboratories, Inc.	SynChem-Formosa, Inc.	United States	Research of organic synthesis, process development and medicinal chemistry contracts	28,898	28,898	311,996	100.00%	(11,066)	(18,946)	(26,663)				
Formosa Laboratories, Inc.	Epione Investment Cayman Limited	Cayman Islands	Investment company	18,482	18,482	619,000	100.00%	4,803	(1,319)	(1,319)				
Epione Investment Cayman Limited	Epione Investment HK Limited	Hong Kong	Investment company	16,287	16,287	544,500	100.00%	4,358	(1,110)	(1,110)				
Formosa Pharmaceuticals Inc.	Activus Pharma Co., Ltd.	Japan	Research and development of new biotechnology medicine	274,633	274,633	1,942	99.23%	100,346	(6,702)	(6,710)				

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 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 nine months ended September 30, 2025	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2025	Net income of investee for the nine months ended September 30, 2025	Ownership held by the Company	Investment income (loss) recognised by the Company for the nine months ended September 30, 2025	Book value of investments in Mainland China as of September 30, 2025	Accumulated amount of investment remitted back to Taiwan as of September 30, 2025	Footnote	
Shanghai Epione Enterprise Co., Ltd.	Wholesale and import and export of chemical raw materials and products and commission agency	\$ 15,223	Note 1	\$ 15,223	\$ -	\$ -	\$ 15,223	(%) 100%	(\$ 1,006)	\$ 1,006	\$ 4,111	\$ -	Note 2

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

Note 2: The investment loss for the nine months ended September 30, 2025 is calculated based on the Company's financial statements which were reviewed by independent auditors.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 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.	\$ 55,814	\$ 154,733	\$ 4,571,972

Note 3: The total investment amount approved by the Investment Commission, MOEA, was USD 5,082 thousand at the exchange rate of 30.445 and translated into \$154,733.

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

Note 5: The Company's accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2025 was \$40,591, including investment in TOT Biopharm International Company Limited.