

**FORMOSA LABORATORIES, INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2026 AND 2025**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Formosa Laboratories, Inc. and Subsidiaries (the "Group") as at June 30, 2026 and 2025, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2026 and 2025, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Teng, Sheng-Wei

Tsai, Pei-Hua

For and on Behalf of PricewaterhouseCoopers, Taiwan

August 13, 2026

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

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2026, DECEMBER 31, 2025 AND JUNE 30, 2025
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	June 30, 2026		December 31, 2025		June 30, 2025	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 863,133	6	\$ 1,140,826	8	\$ 1,184,181	9
1110	Financial assets at fair value through profit or loss - current	6(2) and 8	93,512	1	150,418	1	104,091	1
1136	Current financial assets at amortised cost, net	6(4)	1,112,900	8	1,202,900	9	1,330,000	10
1150	Notes receivable, net	6(5)	223	-	-	-	1,147	-
1170	Accounts receivable, net	6(5)	861,526	6	1,046,002	8	881,201	7
1180	Accounts receivable - related parties	7	37,941	-	45,514	-	63,507	-
1200	Other receivables		45,837	1	72,023	1	29,595	-
1210	Other receivables - related parties	7	602	-	401	-	59	-
1220	Current income tax assets		6,587	-	5,163	-	3,678	-
130X	Inventory	6(6)	2,022,835	15	1,715,718	12	1,735,337	13
1410	Prepayments	7	311,280	2	168,495	1	192,034	1
1470	Other current assets		3,309	-	1,640	-	2,250	-
11XX	Total current assets		5,359,685	39	5,549,100	40	5,527,080	41
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 8	994,202	7	1,168,890	8	1,190,549	9
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	69,478	-	92,182	1	98,514	1
1550	Investments accounted for under equity method	6(7)	22,800	-	24,528	-	19,058	-
1600	Property, plant and equipment	6(8) and 8	6,602,909	47	6,122,066	44	6,080,841	45
1755	Right-of-use assets		108,656	1	103,593	1	94,599	1
1780	Intangible assets	6(9)	356,689	3	353,111	3	365,824	2
1840	Deferred income tax assets		130,817	1	116,584	1	124,971	1
1900	Other non-current assets	6(8)(10) and 8	262,457	2	303,263	2	80,336	-
15XX	Total non-current assets		8,548,008	61	8,284,217	60	8,054,692	59
1XXX	Total assets		\$ 13,907,693	100	\$ 13,833,317	100	\$ 13,581,772	100

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FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2026, DECEMBER 31, 2025 AND JUNE 30, 2025
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	June 30, 2026		December 31, 2025		June 30, 2025	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(12) and 8	\$ 683,000	5	\$ 1,113,000	8	\$ 455,022	3
2110	Short-term notes and bills payable	6(13)	-	-	-	-	99,957	1
2130	Current contract liabilities	6(22)	107,950	1	125,915	1	135,925	1
2150	Notes payable		-	-	-	-	303	-
2170	Accounts payable		371,640	3	274,356	2	272,926	2
2200	Other payables	6(14)	1,116,224	8	857,372	6	1,066,434	8
2220	Other payables to related parties	7	4,697	-	136	-	205	-
2230	Current income tax liabilities		82,988	1	30,941	-	83,018	1
2280	Current lease liabilities		27,157	-	23,763	-	23,623	-
2320	Long-term liabilities, current portion	6(15) and 8	428,341	3	440,337	3	416,320	3
2399	Other current liabilities	6(9)	56,439	-	34,505	1	62,372	-
21XX	Total current liabilities		<u>2,878,436</u>	<u>21</u>	<u>2,900,325</u>	<u>21</u>	<u>2,616,105</u>	<u>19</u>
	Non-current liabilities							
2520	Non-current financial liabilities at amortised cost	6(11) and 7	63,700	-	62,860	-	58,600	-
2527	Non-current contract liabilities	6(22)	32,545	-	26,077	-	22,486	-
2540	Long-term borrowings	6(15) and 8	2,413,598	17	1,949,414	14	2,421,142	18
2570	Deferred income tax liabilities		8,432	-	13,456	-	13,092	-
2580	Non-current lease liabilities		85,138	1	83,068	1	72,677	1
2600	Other non-current liabilities	6(9)	129,875	1	127,975	1	121,210	1
25XX	Total non-current liabilities		<u>2,733,288</u>	<u>19</u>	<u>2,262,850</u>	<u>16</u>	<u>2,709,207</u>	<u>20</u>
2XXX	Total liabilities		<u>5,611,724</u>	<u>40</u>	<u>5,163,175</u>	<u>37</u>	<u>5,325,312</u>	<u>39</u>
	Equity attributable to owners of parent							
	Share capital	1 and 6(18)						
3110	Common stock		1,202,560	9	1,202,560	8	1,202,560	9
	Capital surplus	6(19)						
3200	Capital surplus		3,570,410	26	3,570,380	26	3,570,374	26
	Retained earnings	6(20)						
3310	Legal reserve		557,916	4	513,729	4	513,729	4
3320	Special reserve		26,360	-	18,218	-	18,218	-
3350	Unappropriated retained earnings		2,103,833	15	2,478,635	18	2,006,443	15
	Other equity interest	6(21)						
3400	Other equity interest		(34,681)	-	(26,339)	-	(18,911)	-
31XX	Equity attributable to owners of the parent		<u>7,426,398</u>	<u>54</u>	<u>7,757,183</u>	<u>56</u>	<u>7,292,413</u>	<u>54</u>
36XX	Non-controlling interest	4(3)	869,571	6	912,959	7	964,047	7
3XXX	Total equity		<u>8,295,969</u>	<u>60</u>	<u>8,670,142</u>	<u>63</u>	<u>8,256,460</u>	<u>61</u>
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9						
3X2X	Total liabilities and equity		<u>\$ 13,907,693</u>	<u>100</u>	<u>\$ 13,833,317</u>	<u>100</u>	<u>\$ 13,581,772</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
SIX MONTHS ENDED JUNE 30, 2026 AND 2025

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

	Items	Notes	Three months ended June 30				Six months ended June 30			
			2026		2025		2026		2025	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 1,111,056	100	\$ 1,242,828	100	\$ 2,175,062	100	\$ 2,386,549	100
5000	Operating costs	6(6)(27)(28)	(677,261)	(61)	(725,798)	(58)	(1,283,923)	(59)	(1,388,620)	(58)
5900	Net operating margin		<u>433,795</u>	<u>39</u>	<u>517,030</u>	<u>42</u>	<u>891,139</u>	<u>41</u>	<u>997,929</u>	<u>42</u>
	Operating expenses	6(27)(28) and 7								
6100	Selling expenses		(58,200)	(5)	(63,087)	(5)	(115,550)	(5)	(113,554)	(5)
6200	General and administrative expenses		(62,053)	(6)	(67,644)	(6)	(129,854)	(6)	(135,712)	(6)
6300	Research and development expenses		(222,294)	(20)	(204,900)	(17)	(408,350)	(19)	(382,248)	(16)
6450	Impairment (loss) gain	12(2)	(5,118)	-	(5,026)	-	(474)	-	(3,432)	-
6000	Total operating expenses		<u>(347,665)</u>	<u>(31)</u>	<u>(340,657)</u>	<u>(28)</u>	<u>(654,228)</u>	<u>(30)</u>	<u>(628,082)</u>	<u>(27)</u>
6900	Operating profit		<u>86,130</u>	<u>8</u>	<u>176,373</u>	<u>14</u>	<u>236,911</u>	<u>11</u>	<u>369,847</u>	<u>15</u>
	Non-operating income and expenses									
7100	Interest income	6(23)	7,898	1	10,358	1	13,659	1	16,856	1
7010	Other income	6(24)	622	-	49,930	4	1,405	-	51,388	2
7020	Other gains and losses	6(25)	(117,264)	(211)	(353,828)	(28)	(214,279)	(10)	(394,632)	(16)
7050	Finance costs	6(26)	(4,722)	-	(8,725)	(1)	(11,795)	(1)	(19,599)	(1)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(7)	<u>1,775</u>	<u>-</u>	<u>2,207</u>	<u>-</u>	<u>(1,165)</u>	<u>-</u>	<u>2,749</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>(111,691)</u>	<u>(10)</u>	<u>(300,058)</u>	<u>(24)</u>	<u>(212,175)</u>	<u>(10)</u>	<u>(343,238)</u>	<u>(14)</u>
7900	Profit (loss) before income tax		<u>(25,561)</u>	<u>(2)</u>	<u>(123,685)</u>	<u>(10)</u>	<u>24,736</u>	<u>1</u>	<u>26,609</u>	<u>1</u>
7950	Income tax expense	6(29)	<u>(27,033)</u>	<u>(2)</u>	<u>(4,195)</u>	<u>-</u>	<u>(62,365)</u>	<u>(3)</u>	<u>(53,572)</u>	<u>(2)</u>
8200	Profit (loss) for the period		<u>\$ 52,594</u>	<u>(4)</u>	<u>\$ 127,880</u>	<u>10</u>	<u>(\$ 37,629)</u>	<u>(2)</u>	<u>(\$ 26,963)</u>	<u>(1)</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>\$ 28,066</u>	<u>2</u>	<u>(\$ 1,815)</u>	<u>-</u>	<u>\$ 28,170</u>	<u>1</u>	<u>(\$ 2,019)</u>	<u>-</u>
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>28,066</u>	<u>2</u>	<u>(1,815)</u>	<u>-</u>	<u>28,170</u>	<u>1</u>	<u>(2,019)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		(2,464)	-	(7,823)	(1)	(3,655)	-	(689)	-
8399	Income tax relating to the components of other comprehensive income	6(21)(29)	<u>(584)</u>	<u>-</u>	<u>455</u>	<u>-</u>	<u>(366)</u>	<u>-</u>	<u>(213)</u>	<u>-</u>
8360	Other comprehensive loss that will be reclassified to profit or loss		<u>(3,048)</u>	<u>-</u>	<u>(7,368)</u>	<u>(1)</u>	<u>(4,021)</u>	<u>-</u>	<u>(902)</u>	<u>-</u>
8300	Total other comprehensive loss for the period		<u>\$ 25,018</u>	<u>2</u>	<u>(\$ 9,183)</u>	<u>(1)</u>	<u>\$ 24,149</u>	<u>1</u>	<u>(\$ 2,921)</u>	<u>-</u>
8500	Total comprehensive income (loss) for the period		<u>(\$ 27,576)</u>	<u>(2)</u>	<u>(\$ 137,063)</u>	<u>11</u>	<u>(\$ 13,480)</u>	<u>(1)</u>	<u>\$ 29,884</u>	<u>(1)</u>
	Profit (loss) attributable to:									
8610	Owners of the parent		(\$ 14,479)	(1)	(\$ 150,864)	(12)	\$ 4,276	-	(\$ 30,319)	(1)
8620	Non-controlling interest		<u>(38,115)</u>	<u>(3)</u>	<u>22,984</u>	<u>2</u>	<u>(41,905)</u>	<u>(2)</u>	<u>3,356</u>	<u>-</u>
			<u>(\$ 52,594)</u>	<u>(4)</u>	<u>(\$ 127,880)</u>	<u>(10)</u>	<u>(\$ 37,629)</u>	<u>(2)</u>	<u>(\$ 26,963)</u>	<u>(1)</u>
	Comprehensive income (loss) attributable to:									
8710	Owners of the parent		\$ 11,953	2	(\$ 156,803)	(13)	\$ 29,953	1	(\$ 31,033)	(1)
8720	Non-controlling interest		<u>(39,529)</u>	<u>(4)</u>	<u>19,740</u>	<u>2</u>	<u>(43,433)</u>	<u>(2)</u>	<u>1,149</u>	<u>-</u>
			<u>(\$ 27,576)</u>	<u>(2)</u>	<u>\$ 137,063</u>	<u>(11)</u>	<u>(\$ 13,480)</u>	<u>(1)</u>	<u>(\$ 29,884)</u>	<u>(1)</u>
	(Loss) earnings per share (in dollars)	6(30)								
9750	Basic (loss) earnings per share		<u>(\$ 0.12)</u>		<u>(\$ 1.25)</u>		<u>\$ 0.04</u>		<u>(\$ 0.25)</u>	
9850	Diluted (loss) earnings per share		<u>(\$ 0.12)</u>		<u>(\$ 1.25)</u>		<u>\$ 0.04</u>		<u>(\$ 0.25)</u>	

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
		Capital Reserves				Retained Earnings			Other Equity Interest				
				Capital surplus, difference between consideration and carrying amount of subsidiaries acquired or disposed	Capital Surplus, changes in ownership interests in subsidiaries				Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		Non-controlling interest	Total equity
Notes	Share capital - common stock	Capital surplus, additional paid-in capital				Legal reserve	Special reserve	Unappropriated retained earnings			Total		
<u>SIX MONTHS ENDED JUNE 30, 2025</u>													
Balance at January 1, 2025	\$ 1,202,560	\$ 3,083,576	\$ 1,586	\$ 688,306	\$ 498,069	\$ 19	\$ 2,228,157	(\$ 15,342)	(\$ 2,856)	\$ 7,684,075	\$ 962,697	\$ 8,646,772	
Loss for the period	-	-	-	-	-	-	(30,319)	-	(30,319)	-	3,356	(26,963)	
Other comprehensive income (loss)	-	-	-	-	-	-	-	853	(1,567)	(714)	(2,207)	(2,921)	
Total comprehensive income (loss)	-	-	-	-	-	-	(30,319)	853	(1,567)	(31,033)	1,149	(29,884)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income by subsidiaries	6(21)	-	-	-	-	-	(1)	-	1	-	-	-	
Appropriations and distribution of retained earnings, 2024	6(20)	-	-	-	-	15,660	-	(15,660)	-	-	-	-	
Legal reserve		-	-	-	-	-	18,199	(18,199)	-	-	-	-	
Special reserve		-	-	-	-	-	-	(157,535)	-	(157,535)	-	(157,535)	
Cash dividends		-	-	-	-	-	-	-	-	(203,232)	-	(203,232)	
Cash payment from capital surplus	6(19)	-	(203,232)	-	-	-	-	-	-	(203,232)	-	(203,232)	
Amortisation of compensation cost of employee stock options	6(17)	-	-	-	138	-	-	-	-	138	201	339	
Balance at June 30, 2025	\$ 1,202,560	\$ 2,880,344	\$ 1,586	\$ 688,444	\$ 513,729	\$ 18,218	\$ 2,006,443	(\$ 14,489)	(\$ 4,422)	\$ 7,292,413	\$ 964,047	\$ 8,256,460	
<u>SIX MONTHS ENDED JUNE 30, 2026</u>													
Balance at January 1, 2026	\$ 1,202,560	\$ 2,880,344	\$ 1,586	\$ 688,450	\$ 513,729	\$ 18,218	\$ 2,478,635	(\$ 17,277)	(\$ 9,062)	\$ 7,757,183	\$ 912,959	\$ 8,670,142	
Profit for the period	-	-	-	-	-	-	4,276	-	-	4,276	(41,905)	(37,629)	
Other comprehensive income (loss)	6(21)	-	-	-	-	-	-	(2,590)	28,267	25,677	(1,528)	24,149	
Total comprehensive income (loss)	-	-	-	-	-	-	4,276	(2,590)	(28,267)	29,953	(43,433)	(13,480)	
Appropriations and distribution of retained earnings, 2025	6(20)	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve		-	-	-	-	44,187	-	(44,187)	-	-	-	-	
Special reserve		-	-	-	-	-	8,142	(8,142)	-	-	-	-	
Cash dividends		-	-	-	-	-	(360,768)	-	-	(360,768)	-	(360,768)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)(21)	-	-	-	-	-	34,019	-	(34,019)	-	-	-	
Amortisation of compensation cost of employee stock options	6(17)	-	-	-	30	-	-	-	-	30	45	75	
Balance at June 30, 2026	\$ 1,202,560	\$ 2,880,344	\$ 1,586	\$ 688,480	\$ 557,916	\$ 26,360	\$ 2,103,833	(\$ 19,867)	(\$ 14,8314)	\$ 7,426,398	\$ 869,571	\$ 8,295,969	

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30 2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 24,736	\$ 26,609
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	267,811	257,289
Amortisation	6(27)	17,000	14,120
Expected credit impairment (gain) loss	12(2)	474	(3,432)
Net loss on financial assets (liabilities) at fair value through profit or loss	6(2)(25)	194,977	204,786
Interest expense	6(26)	11,795	19,599
Interest income	6(23)	(13,659)	(16,856)
Compensation cost of employee stock options	6(17)(28)	75	339
Share of (profit) loss of associates accounted for using equity method	6(7)	1,165	(2,749)
Proceeds from disposal of property, plant and equipment	6(25)	-	87
Gains arising from lease modifications	6(25)	-	(5)
Expenses transferred from prepayments for equipment (shown as other non-current assets)	6(8)	8,266	1,938
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(223)	(1,147)
Accounts receivable		183,999	300,826
Accounts receivable - related parties		7,577	(46,097)
Other receivables		22,947	33,968
Other receivables - related parties		(201)	(24)
Inventory		(307,117)	(23,766)
Prepayments		(142,785)	58
Other current assets		(1,669)	272
Other non-current assets		(1,038)	-
Changes in operating liabilities			
Current contract liabilities		(11,497)	67,282
Notes payable		-	(607)
Accounts payable		97,284	54,900
Other payables		(113,820)	(90,592)
Other payables - related parties		4,561	(2,895)
Other current liabilities		21,934	35,931
Other non-current liabilities		536	(1,655)
Cash inflow generated from operations		273,128	828,179
Interest received		16,896	11,310
Interest paid		(11,734)	(19,577)
Income taxes paid		(31,362)	(79,317)
Net cash flows from operating activities		246,928	740,595

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FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30 2026	2025
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(\$ 34,116)	(\$ 19,942)
Proceeds from disposal of financial assets at fair value through profit or loss		70,733	3,213
Acquisition of financial assets at amortised cost		(1,060,000)	(560,000)
Proceeds from disposal of financial assets at amortised cost		1,150,000	450,000
Acquisition of property, plant and equipment	6(31)	(484,635)	(243,067)
Proceeds from disposal of property, plant and equipment		-	735
Acquisition of intangible assets	6(31)	(31,874)	(34,693)
Prepayments for equipment (shown as other non-current assets)	6(8)	(191,273)	(57,526)
Increase in refundable deposits		(321)	(889)
Investments accounted for under equity method		60	67
Proceeds from disposal of financial assets at fair value through other comprehensive income - non-current	6(3)	50,875	-
Net cash flows used in investing activities		(530,551)	(462,102)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	6(32)	(430,000)	(227,978)
Increase in short-term notes and bills payable	6(32)	-	49,975
Proceeds from long-term debt	6(32)	3,568,598	2,570,000
Repayments of long-term debt (including current portion)	6(32)	(3,116,410)	(2,790,435)
Payments of lease liabilities	6(32)	(15,587)	(15,239)
Net cash flows provided by (used in) financing activities		6,601	(413,677)
Effect of exchange rate changes on cash and cash equivalents		(671)	(45,173)
Net decrease in cash and cash equivalents		(277,693)	(180,357)
Cash and cash equivalents at beginning of period		1,140,826	1,364,538
Cash and cash equivalents at end of period		\$ 863,133	\$ 1,184,181

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2026 AND 2025

(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 June 30, 2026, the Company’s authorised and paid-in capital were \$1,600,000 and \$1,202,560, respectively, with a par value of \$10 (in dollars) per share.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on August 13, 2026.

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 2026 are as follows:

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

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

Specific provisions of Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'

Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

(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 2027 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027 (Note 1)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a hyperinflationary presentation currency'	January 1, 2027
Amendments to IAS 28, 'Amendments to the fair value option in IAS28 investments in associates and joint ventures'	January 1, 2027 (Note 2)

Note 1: The entities shall apply IFRS 18 starting from January 1, 2028. Additionally, entities can choose to adopt IFRS 18 earlier.

Note 2: The entities shall apply the amendment simultaneously with IFRS 18.

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.

(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 20, 'Regulatory assets and regulatory liabilities' January	January 1, 2029

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.

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, 2025, 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, 2025.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

- (b) Financial assets at fair value through other comprehensive income financial assets measured at fair value.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of this consolidated financial report is the same as that of the 2025 consolidated financial report.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2026	December 31, 2025	June 30, 2025	
Formosa Laboratories, Inc.	Formosa Pharmaceuticals Inc.	Research and development of new biotechnology medicine	40.66	40.66	40.66	Note
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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			June 30, 2026	December 31, 2025	June 30, 2025	
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: 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.

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

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

E. Significant restrictions: None.

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

As of June 30, 2026, December 31, 2025 and June 30, 2025, the non-controlling interest amounted to \$869,571, \$912,959 and \$964,047, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		June 30, 2026		December 31, 2025	
		Ownership		Ownership	
		Amount	(%)	Amount	(%)
Formosa Pharmaceuticals Inc.	Taiwan	\$ 869,571	59.34%	\$ 912,959	59.34%

Name of subsidiary	Principal place of business	Non-controlling interest	
		June 30, 2025	
		Ownership	
		Amount	(%)
Formosa Pharmaceuticals Inc.	Taiwan	\$ 964,047	59.34%

Summarised financial information of the subsidiaries:

Balance sheets

	Formosa Pharmaceuticals Inc.		
	June 30, 2026	December 31, 2025	June 30, 2025
Current assets	\$ 1,388,793	\$ 1,515,929	\$ 1,619,645
Non-current assets	537,111	555,305	529,180
Current liabilities	(94,938)	(166,417)	(164,366)
Non-current liabilities	(459,156)	(447,647)	(415,732)
Total net assets	<u>\$ 1,371,810</u>	<u>\$ 1,457,170</u>	<u>\$ 1,568,727</u>

	Formosa Pharmaceuticals Inc.	
	Three months ended June 30,	
	2026	2025
Revenue	\$ 3,026	\$ 4,764
Profit (loss) before income tax	(65,375)	64,249
Income tax (expense) benefit	(2,247)	61
Profit (loss) for the period	(67,622)	64,310
Other comprehensive loss, net of tax	(2,371)	(5,416)
Total comprehensive income (loss) for the period	<u>(\$ 69,993)</u>	<u>\$ 58,894</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 6)</u>	<u>(\$ 98)</u>

	Formosa Pharmaceuticals Inc.	
	Six months ended June 30,	
	2026	2025
Revenue	\$ 48,448	\$ 5,358
Profit (loss) before income tax	(80,372)	23,335
Income tax (expense) benefit	(2,502)	184
Profit (loss) for the period	(82,874)	23,519
Other comprehensive loss, net of tax	(2,561)	(3,703)
Total comprehensive income (loss) for the period	<u>(\$ 85,435)</u>	<u>\$ 19,816</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 4</u>	<u>(\$ 95)</u>

		Formosa Pharmaceuticals Inc.	
		Six months ended June 30,	
		2026	2025
Net cash (used in) provided by operating activities	(\$ 216,355)	\$ 7,307	
Net cash used in investing activities	(82,262)	(151,253)	
Net cash used in financing activities	(3,348)	(2,815)	
Effect of exchange rates on cash and cash equivalents	2,411	(48,272)	
Decrease in cash and cash equivalents	(135,030)	(195,033)	
Cash and cash equivalents, beginning of period	241,785	425,785	
Cash and cash equivalents, end of period	\$ 106,755	\$ 230,752	

(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 June 30, 2026. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2025.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2026	December 31, 2025	June 30, 2025
Petty cash and cash on hand	\$ 449	\$ 446	\$ 327
Demand deposits	862,684	987,480	1,183,854
Time deposits	-	152,900	-
	<u>\$ 863,133</u>	<u>\$ 1,140,826</u>	<u>\$ 1,184,181</u>

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

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

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks			
EirGenix, Inc.	\$ 48,448	\$ 59,906	\$ 59,614
TOT Biopharm International Company Limited	14,528	44,281	36,288
Hcmed Innovations Co., Ltd.	10,051	-	-
Emerging stocks			
TaiRx, Inc.	4,560	7,422	7,899
Hcmed Innovations Co., Ltd.	-	22,753	-
Unlisted stocks			
APRINOIA Therapeutics Inc.	15,925	-	-
Derivatives			
- the redemption rights of convertible bonds	-	16,056	290
	<u>\$ 93,512</u>	<u>\$ 150,418</u>	<u>\$ 104,091</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks			
EirGenix, Inc.	\$ 877,337	\$ 1,084,803	\$ 1,079,530
Emerging stocks			
Hcmed Innovations Co., Ltd.	-	-	27,880
TLC BioSciences Corp.	30,594	-	-
Unlisted stocks			
AG Global Inc.	-	-	-
AmMax Bio, Inc.	24,411	24,087	23,139
Forward BioT Venture Capital	60,000	60,000	60,000
DAIWA T-J Bio III	1,860	-	-
	<u>\$ 994,202</u>	<u>\$ 1,168,890</u>	<u>\$ 1,190,549</u>

- A. The Group recognised net loss amounting to (\$103,576), (\$167,274), (\$194,977) and (\$204,786) on financial assets at fair value through profit or loss for the three months and six months ended June 30, 2026 and 2025, 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	June 30, 2026	December 31, 2025	June 30, 2025
Non-current items:			
Equity instruments			
Listed stocks			
Eyenovia, Inc.	\$ 1,377	\$ 1,540	\$ 4,389
Unlisted stocks			
Oncomatryx Biopharma, S.A.	51,948	74,927	79,475
PharmaSTAR Inc.	16,153	15,715	14,650
	<u>\$ 69,478</u>	<u>\$ 92,182</u>	<u>\$ 98,514</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.
- B. In 2025, the Group incurred a cumulative disposal loss of \$2 due to the reverse stock split conducted by Eyenovia, Inc. There was no such situation for the six months ended June 30, 2026. Additionally, Eyenovia, Inc. was renamed as Hyperion DeFi, Inc. in 2025.
- C. In 2026, the Group disposed of a 0.71% equity interest in Oncomatryx Biopharma, S.A. The fair value of the consideration received was \$50,875, and the transaction resulted in a cumulative disposal gain of \$34,019.
- D. Amounts recognised in comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended June 30,	
	2026	2025
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 28,066	(\$ 1,815)
Cumulative losses reclassified to retained earnings due to derecognition	<u>(\$ 34,019)</u>	<u>\$ 1</u>

	Six months ended June 30,	
	2026	2025
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 28,170	(\$ 2,019)
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 34,019)	(\$ 1)

D. As at June 30, 2026, December 31, 2025 and June 30, 2025, 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 \$69,478, \$92,182 and \$98,514, 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	June 30, 2026	December 31, 2025	June 30, 2025
Current items:			
Time deposits with a maturity of more than three months	\$ 1,112,900	\$ 1,202,900	\$ 1,330,000

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

	Three months ended June 30,	
	2026	2025
Interest income	\$ 4,793	\$ 5,679
	Six months ended June 30,	
	2026	2025
Interest income	\$ 9,588	\$ 10,891

B. As at June 30, 2026, December 31, 2025 and June 30, 2025, 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 \$1,112,900, \$1,202,900 and \$1,330,000, respectively.

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

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposits are financial institutions

with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable, net

	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable	\$ 223	\$ -	\$ 1,147
Accounts receivable	\$ 876,553	\$ 1,060,552	\$ 901,385
Less: Allowance for uncollectible accounts	(15,027)	(14,550)	(20,184)
	<u>\$ 861,526</u>	<u>\$ 1,046,002</u>	<u>\$ 881,201</u>

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

	June 30, 2026		December 31, 2025	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 677,807	\$ 223	\$ 791,712	\$ -
Up to 30 days past due	81,355	-	215,657	-
31~ 90 days past due	57,422	-	38,003	-
91~ 180 days past due	36,208	-	9,038	-
181 days past due	23,761	-	6,142	-
	<u>\$ 876,553</u>	<u>\$ 223</u>	<u>\$ 1,060,552</u>	<u>\$ -</u>

	June 30, 2025	
	Accounts receivable	Notes receivable
Not past due	\$ 734,416	\$ 1,147
Up to 30 days past due	101,260	-
31~ 90 days past due	60,524	-
91~ 180 days past due	-	-
181 days past due	5,185	-
	<u>\$ 901,385</u>	<u>\$ 1,147</u>

The above ageing analysis was based on past due date.

- B. As of June 30, 2026, December 31, 2025 and June 30, 2025, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2025, the balance of receivables from contracts with customers amounted to \$1,178,581.
- C. The Group did not hold any collateral for the security of notes and accounts receivable.
- D. As at June 30, 2026, December 31, 2025 and June 30, 2025, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$223, \$0, \$1,147, and \$861,526, \$1,046,002, \$881,201, respectively.

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

(6) Inventories

June 30, 2026			
		Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
	Cost		
Goods	\$ 2,079	(\$ 2,078)	\$ 1
Raw materials	750,594	(68,351)	682,243
Work in progress	672,798	(163,228)	509,570
Finished goods	1,178,221	(347,200)	831,021
	<u>\$ 2,603,692</u>	<u>(\$ 580,857)</u>	<u>\$ 2,022,835</u>
December 31, 2025			
		Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
	Cost		
Goods	\$ 2,399	(\$ 2,078)	\$ 321
Raw materials	565,331	(73,132)	492,199
Work in progress	592,767	(151,434)	441,333
Finished goods	1,057,019	(275,154)	781,865
	<u>\$ 2,217,516</u>	<u>(\$ 501,798)</u>	<u>\$ 1,715,718</u>
June 30, 2025			
		Allowance for valuation losses and loss on obsolete and slow-moving inventories	Carrying amount
	Cost		
Goods	\$ 2,079	(\$ 1,592)	\$ 487
Raw materials	610,318	(86,080)	524,238
Work in progress	685,501	(166,084)	519,417
Finished goods	929,258	(238,063)	691,195
	<u>\$ 2,227,156</u>	<u>(\$ 491,819)</u>	<u>\$ 1,735,337</u>

Current expenses related to inventories are as follows:

	Three months ended June 30,	
	2026	2025
Cost of goods sold	\$ 585,394	\$ 635,975
Loss on valuation decline and scrapped inventory	41,847	66,759
Cost of services	50,239	21,535
Others	(219)	1,529
	<u>\$ 677,261</u>	<u>\$ 725,798</u>

	Six months ended June 30,	
	2026	2025
Cost of goods sold	\$ 1,131,708	\$ 1,224,097
Loss on valuation decline and scrapped inventory	79,059	112,618
Cost of services	70,636	50,709
Others	2,520	1,196
	<u>\$ 1,283,923</u>	<u>\$ 1,388,620</u>

(7) Investments accounted for using equity method

	June 30, 2026	December 31, 2025	June 30, 2025
A. R. Z Taiwan Limited	\$ -	\$ -	\$ -
Formosa Laboratories Japan, Inc.	22,800	24,528	19,058
	<u>\$ 22,800</u>	<u>\$ 24,528</u>	<u>\$ 19,058</u>

- A. The Group's share of profit or loss of associates accounted for using the equity method for the three months and six months ended June 30, 2026 and 2025 were \$1,775, \$2,749, (\$1,165) and \$2,207, respectively.
- B. The percentage of A. R. Z Taiwan Limited's and Formosa Laboratories Japan, Inc.'s assets, liabilities, income and profit or loss presented in the Group was minimal, and the two companies were not significant associates. Accordingly, the related accounts are not disclosed separately.

(8) Property, plant and equipment

	Land	Buildings and structures (Note 3)	Machinery and equipment	Utilities equipment	Testing equipment	Pollution- prevention equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment acceptance	Total	Prepayments for business facilities (Note 1)
At January 1, 2026												
Cost	\$ 655,950	\$ 2,541,032	\$ 3,661,879	\$ 97,668	\$ 542,218	\$ 243,287	\$ 168,788	\$ 21,118	\$ 448,447	\$ 2,100,832	\$ 10,481,219	\$ 296,760
Accumulated depreciation	-	(770,677)	(2,563,062)	(86,180)	(343,062)	(174,889)	(115,560)	(18,503)	(287,220)	-	(4,359,153)	-
	<u>\$ 655,950</u>	<u>\$ 1,770,355</u>	<u>\$ 1,098,817</u>	<u>\$ 11,488</u>	<u>\$ 199,156</u>	<u>\$ 68,398</u>	<u>\$ 53,228</u>	<u>\$ 2,615</u>	<u>\$ 161,227</u>	<u>\$ 2,100,832</u>	<u>\$ 6,122,066</u>	<u>\$ 296,760</u>
2026												
Opening net book amount as at January 1	\$ 655,950	\$ 1,770,355	\$ 1,098,817	\$ 11,488	\$ 199,156	\$ 68,398	\$ 53,228	\$ 2,615	\$ 161,227	\$ 2,100,832	\$ 6,122,066	\$ 296,760
Additions (Note 2)	-	237	16,841	-	9,574	-	118	596	3,259	497,097	527,722	191,273
Transfers (Note 4)	-	9,136	58,238	-	21,373	4,246	17,217	348	7,903	86,335	204,796	(233,332)
Reclassifications	-	-	4,908	-	(4,908)	-	-	-	-	-	-	(46,233)
Depreciation charge	-	(51,165)	(136,685)	(999)	(25,259)	(7,432)	(8,574)	(444)	(21,303)	-	(251,861)	-
Net exchange differences	-	-	-	-	182	-	1	3	-	-	186	-
Closing net book amount as at June 30	<u>\$ 655,950</u>	<u>\$ 1,728,563</u>	<u>\$ 1,042,119</u>	<u>\$ 10,489</u>	<u>\$ 200,118</u>	<u>\$ 65,212</u>	<u>\$ 61,990</u>	<u>\$ 3,118</u>	<u>\$ 151,086</u>	<u>\$ 2,684,264</u>	<u>\$ 6,602,909</u>	<u>\$ 208,468</u>
At June 30, 2026												
Cost	\$ 655,950	\$ 2,550,406	\$ 3,749,577	\$ 97,668	\$ 560,276	\$ 247,533	\$ 186,130	\$ 22,135	\$ 459,609	\$ 2,684,264	\$ 11,213,548	\$ 208,468
Accumulated depreciation	-	(821,843)	(2,707,458)	(87,179)	(360,158)	(182,321)	(124,140)	(19,017)	(308,523)	-	(4,610,639)	-
	<u>\$ 655,950</u>	<u>\$ 1,728,563</u>	<u>\$ 1,042,119</u>	<u>\$ 10,489</u>	<u>\$ 200,118</u>	<u>\$ 65,212</u>	<u>\$ 61,990</u>	<u>\$ 3,118</u>	<u>\$ 151,086</u>	<u>\$ 2,684,264</u>	<u>\$ 6,602,909</u>	<u>\$ 208,468</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 transfers during the period arose from prepayments for equipment transferred to intangible assets and operating expenses.

	Land	Buildings and structures (Note 3)	Machinery and equipment	Utilities equipment	Testing equipment	Pollution- prevention equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (Note 1)
At January 1, 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)	-
	<u>\$ 655,950</u>	<u>\$ 1,778,430</u>	<u>\$ 1,206,516</u>	<u>\$ 13,486</u>	<u>\$ 185,706</u>	<u>\$ 76,214</u>	<u>\$ 47,007</u>	<u>\$ 3,204</u>	<u>\$ 136,958</u>	<u>\$ 1,993,870</u>	<u>\$ 6,097,341</u>	<u>\$ 28,161</u>
2025												
Opening net book amount as at January 1	\$ 655,950	\$ 1,778,430	\$ 1,206,516	\$ 13,486	\$ 185,706	\$ 76,214	\$ 47,007	\$ 3,204	\$ 136,958	\$ 1,993,870	\$ 6,097,341	\$ 28,161
Additions (Note 2)	-	639	30,475	-	20,151	873	2,480	-	7,208	157,279	219,105	57,526
Disposals	-	-	(822)	-	-	-	-	-	-	-	(822)	-
Transfers (Note 4)	-	2,636	51,050	-	23,387	642	8,968	-	29,275	(109,116)	6,842	(11,065)
Depreciation charge	-	(48,027)	(135,488)	(999)	(23,859)	(6,901)	(7,119)	(421)	(18,774)	-	(241,588)	-
Net exchange differences	-	-	-	-	(31)	-	(6)	-	-	-	(37)	-
Closing net book amount as at June 30	<u>\$ 655,950</u>	<u>\$ 1,733,678</u>	<u>\$ 1,151,731</u>	<u>\$ 12,487</u>	<u>\$ 205,354</u>	<u>\$ 70,828</u>	<u>\$ 51,330</u>	<u>\$ 2,783</u>	<u>\$ 154,667</u>	<u>\$ 2,042,033</u>	<u>\$ 6,080,841</u>	<u>\$ 74,622</u>
At June 30, 2025												
Cost	\$ 655,950	\$ 2,455,550	\$ 3,577,985	\$ 97,668	\$ 532,668	\$ 238,800	\$ 159,563	\$ 20,518	\$ 422,109	\$ 2,042,033	\$ 10,202,844	\$ 74,622
Accumulated depreciation	-	(721,872)	(2,426,254)	(85,181)	(327,314)	(167,972)	(108,233)	(17,735)	(267,442)	-	(4,122,003)	-
	<u>\$ 655,950</u>	<u>\$ 1,733,678</u>	<u>\$ 1,151,731</u>	<u>\$ 12,487</u>	<u>\$ 205,354</u>	<u>\$ 70,828</u>	<u>\$ 51,330</u>	<u>\$ 2,783</u>	<u>\$ 154,667</u>	<u>\$ 2,042,033</u>	<u>\$ 6,080,841</u>	<u>\$ 74,622</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 transfers during the period arose from prepayments for equipment transferred to intangible assets and operating expenses.

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

	Three months ended June 30,	
	2026	2025
Amount capitalised	\$ 14,250	\$ 10,045
Range of the interest rates for capitalisation	2.0975%	1.9725%
	Six months ended June 30,	
	2026	2025
Amount capitalised	\$ 26,056	\$ 20,099
Range of the interest rates for capitalisation	1.9625%~2.0975%	1.9725%~2.04%

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

(9) Intangible assets

	2026						
	Goodwill	Professional expertise		TSY-310 Antibody-drug conjugates	Computer software	Other intangible assets	Total
		APP13007 Ophthalmic anti- inflammatory agents	APP13002 Ophthalmic anti- inflammatory for eyes				
At January 1							
Cost	\$ 112,025	\$ 231,912	\$ 1,205	\$ 159,233	\$ 112,427	\$ 1,351	\$ 618,153
Accumulated amortisation and impairment	(51,622)	(117,320)	(632)	(4,825)	(90,225)	(418)	(265,042)
	<u>\$ 60,403</u>	<u>\$ 114,592</u>	<u>\$ 573</u>	<u>\$ 154,408</u>	<u>\$ 22,202</u>	<u>\$ 933</u>	<u>\$ 353,111</u>
Opening net book amount as at January 1	\$ 60,403	\$ 114,592	\$ 573	\$ 154,408	\$ 22,202	\$ 933	\$ 353,111
Additions	-	-	-	-	216	-	216
Reclassifications (Note)	-	-	-	-	20,270	-	20,270
Amortisation charge	-	(8,185)	(38)	(3,619)	(4,922)	(132)	(16,896)
Net exchange differences	-	-	(12)	-	-	-	(12)
Closing net book amount as at June 30	<u>\$ 60,403</u>	<u>\$ 106,407</u>	<u>\$ 523</u>	<u>\$ 150,789</u>	<u>\$ 37,766</u>	<u>\$ 801</u>	<u>\$ 356,689</u>
At June 30							
Cost	\$ 112,025	\$ 231,912	\$ 1,177	\$ 159,233	\$ 123,354	\$ 1,351	\$ 629,052
Accumulated amortisation and impairment	(51,622)	(125,505)	(654)	(8,444)	(85,588)	(550)	(272,363)
	<u>\$ 60,403</u>	<u>\$ 106,407</u>	<u>\$ 523</u>	<u>\$ 150,789</u>	<u>\$ 37,766</u>	<u>\$ 801</u>	<u>\$ 356,689</u>

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

2025							
	Professional expertise						Total
	Goodwill	APP13007 Ophthalmic anti- inflammatory agents	APP13002 Ophthalmic anti- inflammatory for eyes	TSY-310 Antibody-drug conjugates	Computer software	Other intangible assets	
At January 1							
Cost	\$ 112,025	\$ 231,912	\$ 1,259	\$ -	\$ 103,893	\$ 1,351	\$ 450,440
Accumulated amortisation and impairment	(51,622)	(100,949)	(581)	-	(82,092)	(156)	(235,400)
	<u>\$ 60,403</u>	<u>\$ 130,963</u>	<u>\$ 678</u>	<u>\$ -</u>	<u>\$ 21,801</u>	<u>\$ 1,195</u>	<u>\$ 215,040</u>
Opening net book amount as at January 1	\$ 60,403	\$ 130,963	\$ 678	\$ -	\$ 21,801	\$ 1,195	\$ 215,040
Additions	-	-	-	159,233	3,111	-	162,344
Reclassifications (Note)	-	-	-	-	2,285	-	2,285
Amortisation charge	-	(8,185)	(40)	(1,206)	(4,262)	(136)	(13,829)
Net exchange differences	-	-	(20)	-	-	4	(16)
Closing net book amount as at June 30	<u>\$ 60,403</u>	<u>\$ 122,778</u>	<u>\$ 618</u>	<u>\$ 158,027</u>	<u>\$ 22,935</u>	<u>\$ 1,063</u>	<u>\$ 365,824</u>
At June 30							
Cost	\$ 112,025	\$ 231,912	\$ 1,219	\$ 159,233	\$ 109,200	\$ 1,351	\$ 614,940
Accumulated amortisation and impairment	(51,622)	(109,134)	(601)	(1,206)	(86,265)	(288)	(249,116)
	<u>\$ 60,403</u>	<u>\$ 122,778</u>	<u>\$ 618</u>	<u>\$ 158,027</u>	<u>\$ 22,935</u>	<u>\$ 1,063</u>	<u>\$ 365,824</u>

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

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

	Three months ended June 30,	
	2026	2025
Operating costs	\$ 2,128	\$ 1,299
Administrative expenses	573	745
Research and development expenses	6,043	5,439
	<u>\$ 8,744</u>	<u>\$ 7,483</u>
	Six months ended June 30,	
	2026	2025
Operating costs	\$ 3,730	\$ 2,498
Administrative expenses	1,053	1,655
Research and development expenses	12,113	9,676
	<u>\$ 16,896</u>	<u>\$ 13,829</u>

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Formosa Pharmaceuticals Inc.	\$ 30,544	\$ 30,544	\$ 30,544
SynChem-Formosa, Inc.	29,859	29,859	29,859
	<u>\$ 60,403</u>	<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 six months ended June 30, 2026 and 2025:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Formosa Pharmaceuticals Inc.	16.96%	16.96%	19.49%
SynChem-Formosa, Inc.	17.88%	17.88%	14.68%

D. In May 2025, based on external expert valuation reports, the Group acquired the research and development results (TSY-310) of Almac Discovery's bispecific antibody drug conjugate (ADC) for \$159,233. According to the contract signed between both parties, in addition to paying NT\$60,660, the Company will need to pay milestone license fees upon completion of various development stages, and after the related drug is marketed, pay royalties based on a certain percentage of sales. The aggregate unpaid consideration for the aforementioned milestone license fees as of June 30, 2026, December 31, 2025, and June 30, 2025, amounted to US\$3,250 thousand, US\$4,250 thousand, and US\$4,250 thousand, respectively (equivalent to NT\$103,512 thousand, NT\$133,578 thousand, and NT\$124,525 thousand, respectively). The amounts presented under "other payables" were \$0, \$31,430, and \$29,300, respectively, with the remaining consideration presented under "Other non-current liabilities."

(10) Other non-current assets

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Prepayments for business facilities	\$ 208,468	\$ 250,527	\$ 74,622
Rent expense payable	47,273	46,233	-
Guarantee deposits paid (Note)	6,280	5,959	5,028
Others	436	544	686
	<u>\$ 262,457</u>	<u>\$ 303,263</u>	<u>\$ 80,336</u>

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

(11) Financial liabilities at amortised cost

Items	June 30, 2026	December 31, 2025	June 30, 2025
Non-current items:			
New medicine development revenue share agreement	\$ 63,700	\$ 62,860	\$ 58,600

On April 18, 2022, the Group and EirGenix Inc. entered into a new medicine development revenue share agreement for TSY-0110 (EG12043) (the ‘product’) to replace the previous signed development and manufacturing related collaboration contract. During the development stage, the raw material of the product shall be provided at a reasonable market price by EirGenix Inc. The Group shall be responsible for the research and development of the product and the implementation of production and manufacturing after the development of the product has been completed. Both parties can launch the product in the global market and shall be entitled to a 50% authorisation income on any revenue or income generated from the development and commercialization of the product. Under the agreement, the Group will share the future authorization income with EirGenix Inc. and is entitled to a consideration of US\$30,000 thousand, which will be received in accordance with the schedule as specified in the contract. As of June 30, 2026, the Group has received US\$2,000 thousand.

(12) Short-term borrowings

	June 30, 2026	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 63,000	1.82%	Refer to Note 8
Unsecured borrowings	620,000	1.82~1.85%	None
	<u>\$ 683,000</u>		
	December 31, 2025	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 63,000	1.82%	Refer to Note 8
Unsecured borrowings	1,050,000	1.82%~1.85%	None
	<u>\$ 1,113,000</u>		
	June 30, 2025	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 63,000	1.82%	Refer to Note 8
Unsecured borrowings	392,022	1.82~1.85%	None
	<u>\$ 455,022</u>		

Interest expense recognised in profit or loss amounted to \$4,590, \$5,063, \$10,101 and \$10,072 for the three months and six months ended June 30, 2026 and 2025, respectively.

(13) Short-term notes and bills payable

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Commercial paper payable	\$ -	\$ -	\$ 100,000
Less: Unamortized commercial paper payable	-	-	(43)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,957</u>
Interest rate	<u>\$ -</u>	<u>\$ -</u>	<u>1.96%</u>

(14) Other payables

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Payables for dividends	\$ 360,768	\$ -	\$ 360,767
Salaries and bonus payable	187,578	267,948	180,795
Payable on machinery and equipment	160,285	117,187	66,324
Employees' compensation and directors' remuneration payable	74,420	57,600	78,843
Consumables payable	51,500	52,655	60,157
Accrued commission	45,856	59,664	52,569
Service expenses payable	45,320	84,016	84,216
Repairs and maintenance expense payable	32,754	43,017	32,085
Utilities expense payable	30,545	23,413	32,599
Pension expense payable	12,033	12,151	11,211
Revenue share payable	10,761	7,858	15,016
Rent expense payable	7,840	8,021	6,990
Import and export charges payable	8,245	6,745	6,952
Withholding tax payable	3,918	1,721	1,607
Insurance expense payable	11,433	4,608	13,610
Payables for intangible assets	240	31,670	-
Others	72,728	79,098	62,693
	<u>\$ 1,116,224</u>	<u>\$ 857,372</u>	<u>\$ 1,066,434</u>

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2026
Mid-term and long-term bank borrowings				
Mega International Commercial Bank (Note 1)	2026.6.1 ~ 2029.5.31 The principal will be repaid upon maturity.	2.16%	Note 2	\$ 350,798
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2023.8.4 ~ 2026.8.4 Quarterly and average repayment starting from May 2024.	2.38%	None	10,000
	2026.3.2 ~ 2029.3.2 Quarterly and average repayment starting from May 2026.	2.27%	"	100,000
O-Bank Co., Ltd. (Note 1)	2026.5.26 ~ 2028.5.25 The principal will be repaid upon maturity.	2.27%	"	100,000
E.SUN Bank Taoyuan Corporate Banking Center (Note 1)	2025.2.25 ~ 2028.2.25 The principal will be repaid upon maturity.	2.11%	"	100,000
	2024.2.6 ~ 2028.2.6 The principal will be repaid upon maturity.	2.11%	"	200,000
DBS Bank Limited (Note 1)	2026.6.30 ~ 2028.6.30 The principal will be repaid upon maturity.	1.98%	"	120,000
CTBC Bank Co., Ltd. Tao-Yuan Branch (Note 1)	2026.2.28 ~ 2028.2.28 The principal will be repaid upon maturity.	2.22%		300,000
Taishin International Bank (Note 1)	2025.7.31 ~ 2027.7.31 The principal will be repaid upon maturity.	2.28%	"	100,000
TAICHUNG COMMERCIAL BANK Co., Ltd. LINKOU BRANCH	2023.11.30 ~ 2026.11.30 Quarterly and average repayment starting from February 2024.	2.33%	"	16,667
CHANG HWA COMMERCIAL BANK, LTD.	2024.11.8 ~ 2027.11.8 Quarterly and average repayment starting from February 2026.	2.19%	"	225,000
Band of Taiwan Nankan Branch (Note 1)	2026.2.25 ~ 2028.2.25 The principal will be repaid upon maturity.	2.20%		130,000
SUNNY BANK East Taoyuan Branch	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	2.20%	Note 2	153,846
SUNNY BANK East Taoyuan Branch	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	2.20%	None	67,828
SUNNY BANK East Taoyuan Branch (Note 1)	2026.3.19 ~ 2028.3.31 The principal will be repaid upon maturity.	2.20%	Note 2	867,800
				2,841,939
Less: Current portion (shown as other current liabilities)				(428,341)
				<u>\$ 2,413,598</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 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.	2.15%	Note 2	\$ 400,000
	2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2022.	2.33%	"	6,883
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2023.8.4 ~ 2026.8.4 Quarterly and average repayment starting from May 2025.	2.38%	None	30,000
O-Bank Co., Ltd. (Note 1)	2025.5.23 ~ 2027.5.22 The principal will be repaid upon maturity.	2.27%	"	100,000
E.SUN Bank Taoyuan Corporate Banking Center (Note 1)	2024.2.6 ~ 2027.2.6 The principal will be repaid upon maturity.	2.07%	"	200,000
	2025.2.25 ~ 2028.2.25 The principal will be repaid upon maturity.	2.12%	"	100,000
CTBC Bank Co., Ltd. Tao-Yuan Branch (Note 1)	2025.7.31 ~ 2027.7.31 The principal will be repaid upon maturity.	2.22%	"	120,000
Taishin International Bank. (Note 1)	2025.7.31 ~ 2027.7.31 The principal will be repaid upon maturity.	2.33%	"	200,000
TAICHUNG COMMERCIAL BANK Co., Ltd. LINKOU BRANCH (Note 1)	2023.11.30~2026.11.30 The principal will be repaid upon maturity.	2.33%	"	33,333
CHANG HWA COMMERCIAL BANK, LTD.	2024.11.8 ~ 2027.11.8 Quarterly and average repayment starting from June 2023.	2.19%	"	300,000
Entie Commercial Bank, Ltd. He Ping Branch (Note 1)	2025.4.30 ~ 2027.4.30 The principal will be repaid upon maturity.	2.18%	"	200,000
SUNNY BANK.	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	2.20%	Note 2	230,769
	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	2.20%	None	100,966
	2025.3.31 ~ 2028.3.31 (Note 1) The principal will be repaid upon maturity.	2.20%	"	367,800
				<u>2,389,751</u>
Less: Current portion (shown as other current liabilities)				(440,337)
				<u>\$ 1,949,414</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 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.	2.15%	Note 2	\$ 360,000
	2021.5.3 ~ 2026.5.3 Quarterly and average repayment starting from August 2022.	2.33%	"	13,766
THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2022.7.28 ~ 2025.7.28 Quarterly and average repayment starting from April 2023.	2.38%	"	4,100
	2023.8.4 ~ 2026.8.4 Quarterly and average repayment starting from May 2024.	2.38%	None	50,000
O-Bank Co., Ltd. (Note 1)	2025.5.23 ~ 2027.5.22 The principal will be repaid upon maturity.	2.27%	"	200,000
E.SUN Bank Taoyuan Corporate Banking Center (Note 1)	2025.2.25 ~ 2028.2.25 The principal will be repaid upon maturity.	2.07%	"	100,000
	2024.2.6 ~ 2027.2.6 The principal will be repaid upon maturity.	2.12%	"	200,000
Entie Commercial Bank, Ltd. He Ping Branch (Note 1)	2025.4.30 ~ 2027.4.30 The principal will be repaid upon maturity.	2.18%	"	200,000
Bank SinoPac Co., Ltd. (Note 1)	2025.5.9 ~ 2027.4.30 The principal will be repaid upon maturity.	2.10%	"	100,000
DBS Bank Limited (Note 1)	2025.6.30 ~ 2027.6.30 The principal will be repaid upon maturity.	1.98%	"	120,000
Taishin International Bank (Note 1)	2024.7.31 ~ 2026.7.31 The principal will be repaid upon maturity.	2.28%	"	300,000
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%	"	50,000
CHANG HWA COMMERCIAL BANK, LTD.	2024.11.8 ~ 2027.11.8 Quarterly and average repayment starting from December 2022.	2.19%	"	300,000
SUNNY BANK.	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2024.	2.20%	Note 2	307,692
	2022.5.24 ~ 2027.5.24 Quarterly and average repayment starting from May 2023.	2.20%	None	134,104
	2025.3.31 ~ 2028.3.31 (Note 1) The principal will be repaid upon maturity.	2.20%	"	367,800
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%	"	30,000
				2,837,462
Less: Current portion (shown as other current liabilities)				(416,320)
				\$ 2,421,142

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

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

A. Under the loan agreements, the Group is required to compute and maintain certain financial covenants based on the annual and semi-annual consolidated financial statements. As of June 30, 2026, December 31, 2025 and June 30, 2025, the Group has met all the required covenants.

B. As at June 30, 2026, December 31, 2025 and June 30, 2025, the Group had total undrawn borrowing facilities of \$3,170,412, \$2,210,210 and \$2,709,188, 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 \$512, \$640, \$1,024 and \$1,280 for the three months and six months ended June 30, 2026 and 2025, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2026 amount to \$980.

B. Defined contribution plans

- (a) The Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plans of the Group for the three months and six months ended June 30, 2026 and 2025 were \$10,934, \$10,351, \$22,011 and \$20,629, respectively.

(17) Share-based payment

A. For the six months ended June 30, 2026 and 2025, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Formosa Pharmaceuticals Inc.- Employee stock options	2022.03.09	6 hundred thousand shares	5 years	2~4 years' service

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

	2026		2025	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	395,000	\$ 38.50	455,000	\$ 38.50
Options expired	-	-	-	-
Options exercised	-	-	-	-
Options outstanding at June 30	<u>395,000</u>	<u>\$ 38.50</u>	<u>455,000</u>	<u>\$ 38.50</u>
Options exercisable at June 30	<u>395,000</u>	<u>\$ 38.50</u>	<u>332,500</u>	<u>\$ 38.50</u>

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

		June 30, 2026	
		No. of shares	Exercise price (in dollars)
Issue date approved	Expiry date	395,000	\$ 38.50
2022.03.09	2027.03.08		
		December 31, 2025	
		No. of shares	Exercise price (in dollars)
Issue date approved	Expiry date	395,000	\$ 38.50
2022.03.09	2027.03.08		
		June 30, 2025	
		No. of shares	Exercise price (in dollars)
Issue date approved	Expiry date	455,000	\$ 38.50
2022.03.09	2027.03.08		

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

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

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

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

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

	Three months ended June 30,	
	2026	2025
Equity-settled	\$ -	\$ 115
	Six months ended June 30,	
	2026	2025
Equity-settled	\$ 75	\$ 339

F. 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 June 30, 2026, the Group's authorised capital was \$1,600,000, consisting of 160,000 thousand shares of ordinary stock (including 8,000 thousand shares reserved for employee stock options issued by the Group), and the paid-in capital was \$1,202,560 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(19) Capital surplus

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

the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

- C. 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.

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, current year's earnings, if any, shall first be used to pay all taxes and offset prior years' deficit and then 10% of the remaining amount shall be set aside as legal reserve (until the legal reserve equals the paid-in capital), and the Group shall appropriate or reverse special reserve in accordance with laws or regulations of the authority. The remainder, if any, along with prior years' accumulated undistributed earnings shall be distributed as shareholders' bonus or retained for operating requirements which shall be proposed by the Board of Directors and resolved by the shareholders.
- B. The Group's dividend distribution policy was based on the Group's financial structure, operation status and capital budget, etc., along with the consideration of shareholders' interest and balancing dividends. The distribution of earnings shall be in the form of stock or cash or both, and the cash dividends shall account for at least 10% of total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Group's paid-in capital.
- D.(a) In accordance with the regulations, the Group shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Group as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriations of earnings for 2025 and 2024 had been resolved at the shareholders' meeting on June 24, 2026 and June 20, 2025, respectively. Details are summarized below:

	Year ended December 31,			
	2025		2024	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 44,187		\$ 15,660	
Special reserve	8,142		18,199	
Cash dividends	360,768	\$ 3.00	157,535	\$ 1.31
	<u>\$ 413,097</u>		<u>\$ 191,394</u>	

(21) Other equity items

Six months ended June 30, 2026			
	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Currency translation differences	Total
At January 1	(\$ 9,062)	(\$ 17,277)	(\$ 26,339)
Valuation adjustment	28,267	-	28,267
Revaluation transferred to retained earnings – gross	(34,019)	-	(34,019)
Currency translation differences:			
–Subsidiaries and associates	-	(2,224)	(2,224)
–Tax on subsidiaries and associates	-	(366)	(366)
At June 30	<u>(\$ 14,814)</u>	<u>(\$ 19,867)</u>	<u>(\$ 34,681)</u>

	Six months ended June 30, 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	(1,567)	-	(1,567)
Revaluation transferred to retained earnings – gross	1	-	1
Currency translation differences:			
–Subsidiaries and associates	-	1,066	1,066
–Tax on subsidiaries and associates	-	(213)	(213)
At June 30	(\$ 4,422)	(\$ 14,489)	(\$ 18,911)

(22) Operating revenue

	Three months ended June 30,	
	2026	2025
Revenue from contracts with customers		
Sales revenue	\$ 1,024,184	\$ 1,198,184
Service revenue	86,730	39,880
Authorization	142	4,764
	<u>\$ 1,111,056</u>	<u>\$ 1,242,828</u>
	Six months ended June 30,	
	2026	2025
Revenue from contracts with customers		
Sales revenue	\$ 1,984,845	\$ 2,299,604
Service revenue	145,188	82,181
Authorization	45,029	4,764
	<u>\$ 2,175,062</u>	<u>\$ 2,386,549</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 June 30, 2026				
	At a point in time		Over time	
	Sales revenue	Technology licensing	Service revenue	Total
United States	\$ 153,289	\$ -	\$ 24,646	\$ 177,935
India	172,483	-	-	172,483
Netherlands	173,428	-	-	173,428
Japan	65,253	-	464	65,717
Taiwan	55,249	-	47,089	102,338
China	47,446	-	-	47,446
Germany	20,699	-	-	20,699
Others	336,337	142	14,531	351,010
	<u>\$ 1,024,184</u>	<u>\$ 142</u>	<u>\$ 86,730</u>	<u>\$ 1,111,056</u>
Three months ended June 30, 2025				
	At a point in time		Over time	
	Sales revenue	Technology licensing	Service revenue	Total
United States	\$ 223,029	\$ -	\$ 2,128	\$ 225,157
India	231,669	-	-	231,669
Netherlands	153,626	-	-	153,626
Japan	58,663	-	101	58,764
Taiwan	62,498	-	31,473	93,971
China	60,834	-	-	60,834
Germany	52,127	-	-	52,127
Others	355,738	4,764	6,178	366,680
	<u>\$ 1,198,184</u>	<u>\$ 4,764</u>	<u>\$ 39,880</u>	<u>\$ 1,242,828</u>
Six months ended June 30, 2026				
	At a point in time		Over time	
	Sales revenue	Technology licensing	Service revenue	Total
United States	\$ 350,360	\$ -	\$ 63,485	\$ 413,845
India	327,408	-	-	327,408
Netherlands	264,992	-	-	264,992
Japan	159,291	-	4,440	163,731
Taiwan	81,598	3,218	62,271	147,087
China	85,083	-	-	85,083
Germany	72,930	-	-	72,930
Others	643,183	41,811	14,992	699,986
	<u>\$ 1,984,845</u>	<u>\$ 45,029</u>	<u>\$ 145,188</u>	<u>\$ 2,175,062</u>

Six months ended June 30, 2025				
	At a point in time		Over time	
	Sales revenue	Technology licensing	Service revenue	Total
United States	\$ 385,577	\$ -	\$ 15,024	\$ 400,601
India	408,817	-	-	408,817
Netherlands	349,899	-	-	349,899
Japan	138,381	-	101	138,482
Taiwan	75,848	-	53,343	129,191
China	148,706	-	-	148,706
Germany	123,573	-	-	123,573
Others	668,803	4,764	13,713	687,280
	<u>\$ 2,299,604</u>	<u>\$ 4,764</u>	<u>\$ 82,181</u>	<u>\$ 2,386,549</u>

B. Contract assets and liabilities

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

	June 30, 2026	December 31, 2025	June 30, 2025	January 1, 2025
Contract liabilities	<u>\$ 140,495</u>	<u>\$ 151,992</u>	<u>\$ 158,411</u>	<u>\$ 91,129</u>

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

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

	Three months ended June 30,	
	2026	2025
Revenue recognised that was included in the contract liability balance at the beginning of the period	<u>\$ 31,077</u>	<u>\$ 6,388</u>
	Six months ended June 30,	
	2026	2025
Revenue recognised that was included in the contract liability balance at the beginning of the period	<u>\$ 55,259</u>	<u>\$ 14,180</u>

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

amount in the future. From the contract signing date to June 30, 2026 and 2025, the Group has not yet recognised any revenue.

- 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. The Group recognized revenue of \$1,814 and \$0 for the six-month periods ended June 30, 2026 and 2025, respectively.
- 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. The Group recognized licensing revenue of \$41,811 and \$4,764 for the six-month periods June 30, 2026 and 2025.

(23) Interest income

	Three months ended June 30,	
	2026	2025
Interest income from bank deposits	\$ 3,105	\$ 4,679
Financial assets at amortised cost		
Interest income	4,793	5,679
	<u>\$ 7,898</u>	<u>\$ 10,358</u>
	Six months ended June 30,	
	2026	2025
Interest income from bank deposits	\$ 4,071	\$ 5,965
Financial assets at amortised cost		
Interest income	9,588	10,891
	<u>\$ 13,659</u>	<u>\$ 16,856</u>

(24) Other income

	Three months ended June 30,	
	2026	2025
Offsetting the payable withholding tax benefits (Note)	\$ -	\$ 38,429
Refund benefits	-	10,638
Others	622	863
	<u>\$ 622</u>	<u>\$ 49,930</u>
	Six months ended June 30,	
	2026	2025
Offsetting the payable withholding tax benefits (Note)	\$ -	\$ 38,429
Refund benefits	-	10,638
Others	1,405	2,321
	<u>\$ 1,405</u>	<u>\$ 51,388</u>

(25) Other gains and losses

	Three months ended June 30,	
	2026	2025
Gain on disposal of property, plant and equipment	\$ -	\$ 119
Net currency exchange losses	(13,359)	(186,362)
Net losses on financial assets at fair value through profit or loss	(103,576)	(167,274)
Miscellaneous disbursements	(329)	(311)
	<u>(\$ 117,264)</u>	<u>(\$ 353,828)</u>
	Six months ended June 30,	
	2026	2025
Loss on disposal of property, plant and equipment	\$ -	(\$ 87)
Gains arising from lease modifications	-	5
Net currency exchange losses	(18,931)	(189,453)
Net losses on financial assets at fair value through profit or loss	(194,977)	(204,786)
Miscellaneous disbursements	(371)	(311)
	<u>(\$ 214,279)</u>	<u>(\$ 394,632)</u>

(26) Finance costs

	Three months ended June 30,	
	2026	2025
Interest expense:		
Bank borrowings	\$ 17,869	\$ 17,767
Others	1,103	1,003
	18,972	18,770
Less: Capitalisation of qualifying assets	(14,250)	(10,045)
Finance costs	\$ 4,722	\$ 8,725

	Six months ended June 30,	
	2026	2025
Interest expense:		
Bank borrowings	\$ 35,613	\$ 37,610
Others	2,238	2,088
	37,851	39,698
Less: Capitalisation of qualifying assets	(26,056)	(20,099)
Finance costs	\$ 11,795	\$ 19,599

(27) Expenses by nature

	Three months ended June 30,	
	2026	2025
Employee benefit expense	\$ 314,865	\$ 311,293
Depreciation charges on right-of-use assets, property, plant and equipment	\$ 133,666	\$ 128,120
Amortisation charges on intangible assets and other non-current assets	\$ 8,796	\$ 7,616

	Six months ended June 30,	
	2026	2025
Employee benefit expense	\$ 621,480	\$ 606,371
Depreciation charges on right-of-use assets, property, plant and equipment	\$ 267,811	\$ 257,289
Amortisation charges on intangible assets and other non-current assets	\$ 17,000	\$ 14,120

(28) Employee benefit expense

	Three months ended June 30,	
	2026	2025
Wages and salaries	\$ 273,576	\$ 272,443
Labour and health insurance fees	22,351	21,649
Pension costs	11,446	10,991
Other personnel expenses	7,492	6,095
Employee stock options	-	115
	<u>\$ 314,865</u>	<u>\$ 311,293</u>
	Six months ended June 30,	
	2026	2025
Wages and salaries	\$ 535,962	\$ 524,221
Labour and health insurance fees	48,347	46,317
Pension costs	23,035	21,909
Other personnel expenses	14,061	13,585
Employee stock options	75	339
	<u>\$ 621,480</u>	<u>\$ 606,371</u>

- 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 six months ended June 30, 2026 and 2025, employees' compensation was accrued at \$2,600, \$12,600, \$15,200 and \$25,200, respectively; while directors' remuneration was accrued at \$264, (\$2,889), \$1,620 and \$993, respectively. The aforementioned amounts were recognised in salary expenses. For the six months ended June 30, 2026, the Group has accrued the employees' compensation and directors' remuneration based on the profit of current year and the percentage range as stipulated in the Company's Articles of Incorporation.
- C. On March 12, 2026, the employees' compensation and directors' remuneration resolved by the Board of Directors were \$50,400 and \$7,200, respectively, and the amounts were consistent with the amounts recognised in the financial report of 2025.

D. Information about employees' compensation and directors' remuneration of the Group as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense

(a) Components of income tax:

	Three months ended June 30,	
	2026	2025
Current tax:		
Current tax on profits for the period	\$ 42,691	\$ 28,354
Prior year income tax (over) under estimation	(4,157)	8,741
Total current tax	38,534	37,095
Deferred tax:		
Origination and reversal of temporary differences	(11,501)	(32,900)
Income tax expense	<u>\$ 27,033</u>	<u>\$ 4,195</u>
	Six months ended June 30,	
	2026	2025
Current tax:		
Current tax on profits for the period	\$ 86,145	\$ 83,459
Prior year income tax (over) under estimation	(4,157)	10,138
Total current tax	81,988	93,597
Deferred tax:		
Origination and reversal of temporary differences	(19,623)	(40,025)
Income tax expense	<u>\$ 62,365</u>	<u>\$ 53,572</u>

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

	Three months ended June 30,	
	2026	2025
Currency translation differences	\$ 584	(\$ 455)
	Six months ended June 30,	
	2026	2025
Currency translation differences	\$ 366	\$ 213

B. The income tax returns of the Company and Epione Pharmaceuticals, Inc. through 2024 and Formosa Pharmaceuticals Inc. through 2022 have been assessed and approved by the Tax Authority.

(30) Loss (earnings) per share

Three months ended June 30, 2026			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u> (Note)			
Loss attributable to ordinary shareholders of the parent	(\$ 14,479)	120,256	(\$ 0.12)
Three months ended June 30, 2025			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u> (Note)			
Loss attributable to ordinary shareholders of the parent	(\$ 150,864)	120,256	(\$ 1.25)
Six months ended June 30, 2026			
	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	\$ 4,276	120,256	\$ 0.04
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,276	120,256	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	700	
Profit attributable to ordinary shareholders of the parent	\$ 4,276	120,956	\$ 0.04
Six months ended June 30, 2025			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u> (Note)			
Loss attributable to ordinary shareholders of the parent	(\$ 30,319)	120,256	(\$ 0.25)

Note: The Group incurred net losses for the three months ended June 30, 2026 and 2025, and the six months ended June 30, 2025. Therefore, the inclusion of potential ordinary shares would have an anti-dilutive effect. As a result, the calculation of diluted loss per share is the same as that of basic loss per share.

(31) Supplemental cash flow information

Investing activities with partial cash payments

	Six months ended June 30,	
	2026	2025
Purchase of property, plant and equipment	\$ 527,722	\$ 219,105
Add: Opening balance of payable on equipment	117,187	90,286
Less: Ending balance of payable on equipment	(160,274)	(66,324)
Cash paid during the period	<u>\$ 484,635</u>	<u>\$ 243,067</u>

	Six months ended June 30,	
	2026	2025
Purchase of intangible assets	\$ 216	\$ 162,344
Add: Beginning contingent consideration payable (shown as ‘other current/non-current liabilities’)	133,818	-
Net exchange differences	1,593	(3,126)
Less: Ending contingent consideration (shown as ‘other current/non-current liabilities’)	(103,753)	(124,525)
Cash paid during the period	<u>\$ 31,874</u>	<u>(\$ 127,651)</u>

(32) Changes in liabilities from financing activities

	2026				
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liability	New medicine development revenue share agreement	Liabilities from financing activities-gross
At January 1	\$ 1,113,000	\$ 2,389,751	\$ 106,831	\$ 62,860	\$ 3,672,442
Changes in cash flow from financing activities	(430,000)	452,188	(15,587)	-	6,601
Changes in other non-cash items	-	-	21,051	840	21,891
At June 30	<u>\$ 683,000</u>	<u>\$ 2,841,939</u>	<u>\$ 112,295</u>	<u>\$ 63,700</u>	<u>\$ 3,700,934</u>

	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	(227,978)	49,975	(220,435)	(15,239)	-	(413,677)
Changes in other non-cash items	-	-	-	3,059	(6,970)	(3,911)
At June 30	<u>\$ 455,022</u>	<u>\$ 99,957</u>	<u>\$ 2,837,462</u>	<u>\$ 96,300</u>	<u>\$ 58,600</u>	<u>\$ 3,547,341</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

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

Names of related parties	Relationship with the Company
TaiRx, Inc.	Other related party (Note)
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 June 30,	
	2026	2025
Sales of goods:		
Associates	\$ 27,895	\$ 58,663
Other related parties	3,633	15,387
	<u>\$ 31,528</u>	<u>\$ 74,050</u>

	Six months ended June 30,	
	2026	2025
Sales of goods:		
Associates	\$ 102,921	\$ 89,621
Other related parties	7,675	15,756
	<u>\$ 110,596</u>	<u>\$ 105,377</u>

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

	Three months ended June 30,	
	2026	2025
Sales of services:		
Other related parties	\$ 16,573	\$ 9,965

	Six months ended June 30,	
	2026	2025
Sales of services:		
Other related parties	\$ 22,368	\$ 11,883

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. Service expenses (shown as research and development expenses)

	Three months ended June 30,	
	2026	2025
Other related parties	\$ 21,625	\$ -
	Six months ended June 30,	
	2026	2025
Other related parties	\$ 31,675	\$ -

The services relate to operations, manufacturing, and research methods outsourced to related parties. As no comparable transactions of a similar nature are available for reference, the terms were determined through mutual agreement between the parties. The payment terms do not differ significantly from those of ordinary transactions.

C. Accounts receivable

	June 30, 2026	December 31, 2025	June 30, 2025
Associates	\$ 26,119	\$ 38,585	\$ 40,677
Other related parties	11,842	6,951	22,849
Loss allowance	(20)	(23)	(19)
	<u>\$ 37,941</u>	<u>\$ 45,513</u>	<u>\$ 63,507</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.

D. Other income and other receivables

	June 30, 2026	December 31, 2025	June 30, 2025
Other receivables			
Associates	\$ 41	\$ 41	\$ 12
Other related parties	561	360	47
	<u>\$ 602</u>	<u>\$ 401</u>	<u>\$ 59</u>

The above represents receivables for advances made on behalf of others.

E. Prepayments

	June 30, 2026	December 31, 2025	June 30, 2025
Other related parties	<u>\$ 28,274</u>	<u>\$ 25,347</u>	<u>\$ -</u>

These are prepaid service fees for commissioned experimental, production, and research methods.

F. Other payables

	June 30, 2026	December 31, 2025	June 30, 2025
Other related parties	<u>\$ 4,697</u>	<u>\$ 136</u>	<u>\$ 205</u>

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

G. Financial liabilities at amortised cost

	June 30, 2026	December 31, 2025	June 30, 2025
Other related parties	<u>\$ 63,700</u>	<u>\$ 62,860</u>	<u>\$ 58,600</u>

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

(4) Key management compensation

	Three months ended June 30,	
	2026	2025
Salaries and other short-term employee benefits	\$ 16,733	\$ 11,953
Post-employment benefits	382	368
Share-based payments	-	65
	<u>\$ 17,115</u>	<u>\$ 12,386</u>

	Six months ended June 30,	
	2026	2025
Salaries and other short-term employee benefits	\$ 37,186	\$ 36,823
Post-employment benefits	764	717
Share-based payments	48	193
	<u>\$ 37,998</u>	<u>\$ 37,733</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2026	December 31, 2025	June 30, 2025	
Financial assets at fair value through profit or loss	\$ 474,050	\$ 586,150	\$ 595,580	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	1,664,161	1,585,020	1,539,957	"
Machinery and equipment	-	-	118,739	Guarantee for mid-term and long-term borrowings facility
Pollution-prevention equipment	-	-	3,353	"
Unfinished construction and equipment under acceptance	116,610	115,489	444,787	"
Guarantee deposits paid (shown as "other non-current assets")	2,175	1,855	1,905	Performance guarantee
	<u>\$ 2,912,946</u>	<u>\$ 2,944,464</u>	<u>\$ 3,360,271</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

	June 30, 2026	December 31, 2025	June 30, 2025
Property, plant and equipment	<u>\$ 1,506,297</u>	<u>\$ 816,492</u>	<u>\$ 395,555</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

During the six months ended June 30, 2026, the Group's strategy, which was unchanged from 2025, was to maintain the gearing ratio within a certain range. The gearing ratios at June 30, 2026, December 31, 2025 and June 30, 2025 were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Total borrowings	\$ 3,524,939	\$ 3,502,751	\$ 3,392,441
Less: Cash and cash equivalents	(863,133)	(1,140,826)	(1,184,181)
Net debt	2,661,806	2,361,925	2,208,260
Total equity	8,295,969	8,670,142	8,256,460
Total capital	\$ 10,957,775	\$ 11,032,067	\$ 10,464,720
Gearing ratio	24.29%	21.41%	21.10%

(2) Financial instruments

A. Financial instruments by category

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,087,714	\$ 1,319,308	\$ 1,294,640
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 69,478	\$ 92,182	\$ 98,514
Financial assets at amortised cost			
Cash and cash equivalents	\$ 863,133	\$ 1,140,826	\$ 1,184,181
Financial assets at amortised cost	1,112,900	1,202,900	1,330,000
Notes and accounts receivable (including related parties)	899,690	1,091,516	945,855
Other receivables due from related parties	46,439	72,424	29,654
Guarantee deposits paid (shown as "other non-current assets")	6,280	5,959	5,028
	\$ 2,928,442	\$ 3,513,625	\$ 3,494,718

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 683,000	\$ 1,113,000	\$ 455,022
Short-term notes and bills payable	-	-	99,957
Notes and accounts payable	371,640	274,356	273,229
Other payables	1,120,921	857,508	1,066,639
Long-term borrowings (including current portion)	63,700	62,860	58,600
Contingent consideration (shown as other liabilities)	2,841,939	2,389,751	2,837,462
	<u>\$ 5,081,200</u>	<u>\$ 4,697,475</u>	<u>\$ 4,790,909</u>
Lease liability (including current portion)	<u>\$ 112,295</u>	<u>\$ 106,831</u>	<u>\$ 96,300</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.
- iii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

June 30, 2026			
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 37,352	31.85	\$ 1,189,693
USD:JPY	3,200	162.25	102,045
<u>Non-monetary items</u>			
JPY:NTD	646,890	0.1960	128,497
USD:NTD	2,864	31.85	91,229
EUR:NTD	1,431	36.29	51,949
HKD:NTD	3,560	4.08	14,528
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	23,252	31.85	740,576
December 31, 2025			
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 41,999	31.430	\$ 1,313,436
USD:JPY	3,200	105.52	106,253
<u>Non-monetary items</u>			
JPY:NTD	636,915	0.2010	127,892
USD:NTD	1,378	31.430	44,043
EUR:NTD	2,314	36.90	85,375
HKD:NTD	10,966	4.04	44,281
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	24,148	31.43	757,779

	June 30, 2025		
	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 43,472	29.30	\$ 1,273,730
USD:JPY	3,200	144.51	94,260
<u>Non-monetary items</u>			
JPY:NTD	568,771	0.2034	115,688
USD:NTD	1,457	29.30	42,694
EUR:NTD	2,314	34.35	79,475
HKD:NTD	9,723	3.732	36,288
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	25,573	29.30	756,541

- iv. The exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2026 and 2025, amounted to \$13,359, \$186,362, \$18,931 and \$189,453, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Six months ended June 30, 2026			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 11,897	\$ -
USD:JPY	1%	1,020	-
<u>Non-monetary items</u>			
JPY:NTD	1%	1,285	-
USD:NTD	1%	431	175
EUR:NTD	1%	-	519
HKD:NTD	1%	145	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	7,406	-

Six months ended June 30, 2025			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 12,737	\$ -
USD:JPY	1%	943	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	7,565	-

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 six months ended June 30, 2026 and 2025 would have increased/decreased by \$10,877 and \$23,747, 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 \$695 and \$985, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arose from short-term notes and bills payable, short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which was partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the six months ended June 30, 2026 and 2025, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
- ii. At June 30, 2026, December 31, 2025 and June 30, 2025, if the borrowing interest rate increased by 0.1% (such as 1% increased to 1.1%) with all other variables held constant, the profit, net of tax for the six months ended June 30, 2026 and 2025 would have

decreased by \$1,137 and \$1,135, respectively. The main factor is that increases in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and financial assets stated at amortised cost.
- ii. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision roll rate matrix based on the loss rate methodology to estimate the expected credit loss.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. The Group distinguished customers into optimal customers and non-optimal customers based on the customers' rating. Related information is as follows:
 - (i) The loss allowance for optimal customers' accounts was estimated to be 0.05% by using expected loss rate method. As of June 30, 2026, December 31, 2025 and June 30, 2025, the balances of loss allowance were \$277, \$334 and \$171, 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 June 30, 2026, December 31, 2025, and June 30, 2025, 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 June 30, 2026, December 31, 2025 and June 30, 2025, related information is as follows:

	Expected loss rate	Total book value	Loss allowance
<u>June 30, 2026</u>			
Not past due	0.96%	\$ 269,777	\$ 2,603
Up to 30 days past due	4.92%	38,466	1,893
31~ 90 days past due	13.47~28.96%	47,985	9,013
91~ 180 days past due	69.10~100%	-	-
181 days past due	100.00%	1,261	1,261
Total		<u>\$ 357,489</u>	<u>\$ 14,770</u>
<u>December 31, 2025</u>			
Not past due	0.96%	\$ 283,070	\$ 2,731
Up to 30 days past due	4.92%	130,101	6,404
31~ 90 days past due	13.47~28.96%	24,575	3,860
91~ 180 days past due	69.10~100%	-	-
181 days past due	100.00%	1,245	1,245
Total		<u>\$ 438,991</u>	<u>\$ 14,240</u>
<u>June 30, 2025</u>			
Not past due	1.68%	\$ 312,866	\$ 5,261
Up to 30 days past due	12.03%	19,614	2,360
31~ 90 days past due	18.65~47.35%	60,341	11,251
91~ 180 days past due	78.08~100%	-	-
181 days past due	100.00%	1,160	1,160
Total		<u>\$ 393,981</u>	<u>\$ 20,032</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 June 30, 2026, December 31, 2025 and June 30, 2025, the allowance for credit losses was \$0.

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

	Six months ended June 30, 2026		
	Non-related parties	Related parties	Total
Balance at January 1	\$ 14,550	\$ 23	\$ 14,573
Provision for impairment loss	477	(3)	474
Balance at June 30	<u>\$ 15,027</u>	<u>\$ 20</u>	<u>\$ 15,047</u>

	Six months ended June 30, 2025		
	Non-related parties	Related parties	Total
Balance at January 1	\$ 31,451	\$ 5	\$ 31,456
Provision for impairment loss (	3,446)	14	(3,432)
Amounts written off due to uncollectibility	(7,821)	-	(7,821)
Balance at June 30	<u>\$ 20,184</u>	<u>\$ 19</u>	<u>\$ 20,203</u>

For provisioned loss on June 30, 2026 and 2025, the impairment losses (reversal) arising from customers' contracts were \$474 and (\$3,432), 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:

June 30, 2026	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
New medicine development revenue share agreement	\$ -	\$ -	\$ 63,700	\$ -
Short-term borrowings	683,714	-	-	-
Accounts payable	371,640	-	-	-
Other payables	1,120,921	-	-	-
Lease liability (including current portion)	31,240	22,593	18,271	55,612
Long-term borrowings (including current portion)	485,643	1,207,254	1,269,358	-
Other non-current liabilities (including current portion)	-	55,738	47,775	-
	<u>\$ 2,693,158</u>	<u>\$ 1,285,585</u>	<u>\$ 1,399,104</u>	<u>\$ 55,612</u>

Non-derivative financial liabilities:

December 31, 2025	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
New medicine development revenue share agreement	\$ -	\$ -	\$ 62,860	\$ -
Short-term borrowings	1,115,589	-	-	-
Accounts payable	274,356	-	-	-
Other payables	857,508	-	-	-
Lease liability (including current portion)	27,303	22,138	14,361	59,577
Long-term borrowings (including current portion)	465,246	1,120,622	881,070	-
Other non-current liabilities (including current portion)	-	31,430	70,718	-
	<u>\$ 2,740,002</u>	<u>\$ 1,174,190</u>	<u>\$ 1,029,009</u>	<u>\$ 59,577</u>

Non-derivative financial liabilities:

June 30, 2025	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
New medicine development revenue share agreement	\$ -	\$ -	\$ 64,900	\$ -
Short-term borrowings	455,464	-	-	-
Short-term notes and bills payable	99,957	-	-	-
Notes payable	303	-	-	-
Accounts payable	272,926	-	-	-
Other payables	1,066,639	-	-	-
Lease liability (including current portion)	27,380	19,318	13,087	56,186
Long-term borrowings (including current portion)	473,937	1,556,452	917,314	-
Other non-current liabilities (including current portion)	29,300	29,300	65,925	-
	<u>\$ 2,425,906</u>	<u>\$ 1,605,070</u>	<u>\$ 1,061,226</u>	<u>\$ 56,186</u>

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

June 30, 2026	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss - equity securities	\$ 985,518	\$ -	\$ 40,336	\$ 1,025,854
Venture fund	-	-	61,860	61,860
Financial assets at fair value through other comprehensive income - equity securities	1,377	-	68,101	69,478
Total	<u>\$ 986,895</u>	<u>\$ -</u>	<u>\$ 170,297</u>	<u>\$ 1,157,192</u>
December 31, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss - equity securities	\$ 1,219,165	\$ -	\$ 24,087	\$ 1,243,252
Venture fund	-	-	60,000	60,000
Convertible bonds	341	-	15,715	16,056
Financial assets at fair value through other comprehensive income - equity securities	1,541	-	90,641	92,182
Total	<u>\$ 1,221,047</u>	<u>\$ -</u>	<u>\$ 190,443</u>	<u>\$ 1,411,490</u>

June 30, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss - equity securities	\$ 1,211,210	\$ -	\$ 23,140	\$ 1,234,350
Venture fund	-	-	60,000	60,000
Convertible bonds	290	-	-	290
Financial assets at fair value through other comprehensive income - equity securities	4,389	-	94,125	98,514
Total	<u>\$ 1,215,889</u>	<u>\$ -</u>	<u>\$ 177,265</u>	<u>\$ 1,393,154</u>

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

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

D. The following chart is the movement of Level 3 for the six months ended June 30, 2026 and 2025:

	<u>Equity securities and derivative instruments</u>	
	<u>2026</u>	<u>2025</u>
At January 1	\$ 190,443	\$ 163,272
Recognised in profit or loss	353	(2,752)
Gains and losses recognised in other comprehensive income	(5,684)	(1,256)
Acquired during the period	2,041	18,000
Sold during the period	(16,856)	-
At June 30	<u>\$ 170,297</u>	<u>\$ 177,264</u>

E. 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.

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

	Fair value at June 30, 2026	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>108,437</u>	Comparable to the regulations for publicly traded companies	Equity ratio	1.44~28.71 (8.1)	The higher the multiplier, the higher the fair value
Venture fund	\$ <u>61,860</u>	Net asset value	Not applicable	-	Not applicable
	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>114,728</u>	Latest transaction prices in inactive market	Not applicable	1.51~9.56 (4.09)	Not applicable
Venture fund	\$ <u>60,000</u>	Net asset value	Not applicable	-	Not applicable
Non-derivative debt instrument:					
Corporate	\$ <u>15,715</u>	Latest transaction prices in inactive market	Not applicable	-	Not applicable
	Fair value at June 30, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ <u>117,265</u>	Comparable to the regulations for publicly traded companies	Equity ratio	1.51~9.56 (4.09)	The higher the multiplier, the higher the fair value
Venture fund	\$ <u>60,000</u>	Net asset value	Not applicable	-	Not applicable

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

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

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

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

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

Six months ended June 30, 2026

	API	Other operating departments	Elimination	Total
Revenue from external customers	\$ 2,119,160	\$ 55,902	\$ -	\$ 2,175,062
Inter-segment revenue	17,690	-	(17,690)	-
Total segment revenue	<u>\$ 2,136,850</u>	<u>\$ 55,902</u>	<u>(\$ 17,690)</u>	<u>\$ 2,175,062</u>
Segment income	<u>\$ 4,276</u>	<u>(\$ 102,177)</u>	<u>\$ 60,272</u>	<u>(\$ 37,629)</u>
Segment income (loss), including				
Depreciation and amortisation	\$ 266,057	\$ 29,352	(\$ 10,598)	\$ 284,811
Income tax expense	(\$ 59,900)	(\$ 2,502)	\$ 37	(\$ 62,365)
Recognised investment profit or loss accounted for using equity method	<u>(\$ 1,165)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 1,165)</u>

Six months ended June 30, 2025

	API	Other operating departments	Elimination	Total
Revenue from external customers	\$ 2,376,755	\$ 9,794	\$ -	\$ 2,386,549
Inter-segment revenue	821	-	(821)	-
Total segment revenue	<u>\$ 2,377,576</u>	<u>\$ 9,794</u>	<u>(\$ 821)</u>	<u>\$ 2,386,549</u>
Segment income	<u>(\$ 30,319)</u>	<u>\$ 12,714</u>	<u>(\$ 9,358)</u>	<u>(\$ 26,963)</u>
Segment income (loss), including				
Depreciation and amortisation	\$ 256,318	\$ 25,199	(\$ 10,108)	\$ 271,409
Income tax expense	(\$ 53,795)	\$ 184	\$ 39	(\$ 53,572)
Recognised investment profit or loss accounted for using equity method	<u>\$ 2,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,749</u>

(4) Reconciliation for segment income (loss)

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Loans to others

Six months ended June 30, 2026

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six months ended June 30, 2026	Balance at June 30, 2026	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Formosa Laboratories, Inc.	SynChem-Formosa Inc.	Other receivables due from related parties	Y	\$ 191,000	\$ 127,400	\$ 95,550	-	2	\$ -	Revolving funds	\$ -	None	\$ -	\$ 742,640	\$ 1,485,280	Note 2

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)
June 30, 2026

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2026				Footnote
				Number of shares	Carrying amount	Ownership (%)	Fair value	
Formosa Laboratories, Inc.	EirGenix, Inc. common stocks	Other related party	Current/non-current financial assets at fair value through profit or loss	18,552,818	\$ 925,785	6.05	\$ 925,785	
Formosa Laboratories, Inc.	TOT Biopharm International Company Limited common stocks	None	Financial assets at fair value through profit or loss - current	1,090,700	14,528	0.14	14,528	
Formosa Laboratories, Inc.	TaiRx, Inc. common stocks	Other related party	Financial assets at fair value through profit or loss - current	346,000	4,560	0.31	4,560	
Formosa Laboratories, Inc.	AG Global Inc Unlisted stocks	None	Financial assets at fair value through profit or loss - noncurrent	1,041,666	-	1.33	-	
Formosa Laboratories, Inc.	Oncomatryx Biopharma, S.A. common stocks	None	Non-current financial assets at fair value through other comprehensive income	214,111	51,948	1.69	51,948	
Formosa Laboratories, Inc.	PharmaSTAR Inc. common stocks	None	Non-current financial assets at fair value through other comprehensive income	500,000	16,153	20.00	16,153	
Formosa Laboratories, Inc.	Hcmcd Innovations Co., Ltd. common stocks	None	Financial assets at fair value through profit or loss - noncurrent	154,623	10,051	0.47	10,051	
Formosa Laboratories, Inc.	Forward BioT Venture Capital	None	Financial assets at fair value through profit or loss - noncurrent	-	60,000	6.72	60,000	
Formosa Laboratories, Inc.	AmMAX Bio, Inc. stocks	None	Financial assets at fair value through profit or loss - noncurrent	934,578	24,411	1.41	24,411	
Formosa Laboratories, Inc.	APRINOIA Therapeutics Inc. stocks	None	Financial assets at fair value through profit or loss - current	98,815	15,925	0.34	15,925	
Formosa Laboratories, Inc.	DAIWA T-J Bio III	None	Financial assets at fair value through profit or loss - noncurrent	50	1,860	0.23	1,860	
Formosa Laboratories, Inc.	TLC BioSciences Corp. stocks	None	Financial assets at fair value through profit or loss - noncurrent	158,000	30,594	0.12	30,594	

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
June 30, 2026

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2026 (Note)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Activus Pharma Co., Ltd.	Formosa Pharmaceuticals Inc.	Same ultimate parent company	\$ 102,045	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
Six months ended June 30, 2026

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Transaction		Percentage of consolidated total operating revenues or total
					Amount (Note 4)	Transaction terms	
1	Activus Pharma Co., Ltd.	Formosa Pharmaceuticals Inc.	3	Other receivables	\$ 102,045	Note 6	1%

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

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

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

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

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

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

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

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

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Information on investees

Six months ended June 30, 2026

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2026			Net income of investee for the six months ended June 30, 2026	Investment income (loss) recognised by the Company for the six months ended June 30, 2026	Footnote
				Balance as at June 30, 2026	Balance as at December 31, 2025	Number of shares	Ownership (%)	Book value			
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%	\$ 593,867	(\$ 82,874)	(\$ 30,279)	
Formosa Laboratories, Inc.	Epione Pharmaceuticals, Inc.	Taiwan	Research and development of new biotechnology medicine	40,000	40,000	4,000,000	100.00%	12,904	44	44	
Formosa Laboratories, Inc.	A.R.Z Taiwan Limited	Taiwan	Agency sales of raw materials and intermediates	2,716	2,716	271,620	45.00%	-	1,055	-	
Formosa Laboratories, Inc.	Formosa Laboratories Japan, Inc.	Japan	Agency sales of medicine and intermediates	1,105	1,105	400	40.00%	22,800	(2,913)	(1,165)	
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%	-	(18,498)	(18,593)	
Formosa Laboratories, Inc.	Epione Investment Cayman Limited	Cayman Islands	Investment company	18,482	18,482	619,000	100.00%	2,769	(848)	(848)	
Epione Investment Cayman Limited	Epione Investment HK Limited	Hong Kong	Investment company	16,287	16,287	544,500	100.00%	2,484	(721)	(721)	
Formosa Pharmaceuticals Inc.	Activus Pharma Co., Ltd.	Japan	Research and development of new biotechnology medicine	274,633	274,633	1,942	99.23%	103,837	2,912	2,852	

FORMOSA LABORATORIES, INC. AND SUBSIDIARIES

Information on investments in Mainland China

Six months ended June 30, 2026

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, 2026	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2026		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2026	Net income of investee for the six months ended June 30, 2026	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2026	Book value of investments in Mainland China as of June 30, 2026	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2026	Footnote
				Remitted to Mainland China	Remitted back to Taiwan								
Shanghai Epione Enterprise Co., Ltd.	Wholesale and import and export of chemical raw materials and products and commission agency	\$ 15,925	Note 1	\$ 15,925	\$ -	\$ -	\$ 15,925	(\$ 678)	100%	(\$ 678)	\$ 2,298	\$ -	Note 2

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

Note 2: The investment loss for the six months ended June 30, 2026 is calculated based on the Company's financial statements which were reviewed by independent accountants.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2026 (Note 5)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Formosa Laboratories, Inc.	\$ 58,390	\$ 161,874	\$ 4,455,840

Note 3: The total investment amount approved by the Investment Commission, MOEA, was USD 5,082 thousand at the exchange rate of 31.85 and translated into \$161,874.

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

Note 5: The Company's accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2026 was \$42,465, including investment in TOT Biopharm International Company Limited.