Formosa Pharmaceuticals, Inc. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

For the three months ended March 31, 2025 and 2024

(Stock Code: 6838)

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Formosa Pharmaceuticals, Inc. and Subsidiaries

For the three months ended March 31, 2025 and 2024 Consolidated Financial Statements and Independent Auditors' Review Report

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Independent Auditors' Review Report

(2025) Review Report No. 25000244

To Formosa Pharmaceuticals, Inc.:

Preface

Formosa Pharmaceuticals, Inc. and subsidiaries (hereinafter referred to as "the Group") consolidated balance sheets as of March 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for the periods from January 1 to March 31, 2025 and 2024, and notes to the consolidated financial statements (including summary of material accounting policies) have been reviewed by us.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission, and our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

We conducted our reviews in accordance with Statement of Auditing Standards No. 2410 "Review of Financial Statements" of the Republic of China. A review of consolidated financial statements consists of making inquiries (primarily of persons responsible for financial and accounting matters), applying analytical procedures, 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 review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements have not been prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission, and therefore fail to present fairly the consolidated financial position of the Group as of March 31, 2025 and 2024, and its consolidated financial performance and consolidated cash flows for the three months ended March 31, 2025 and 2024.

PricewaterhouseCoopers

Certified Public Accountant
Teng, Sheng-Wei
Yen, Yu-Fang

Financial Supervisory Commission
Approval Document No.: FSC Approval No. 1020013788
FSC Approval No. 1080323093

May 6, 2025

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Formosa Pharmaceuticals, Inc. and Subsidiaries

consolidated balance sheets

March 31, 2025, December 31, 2024 and March 31, 2024

Unit: NT$ thousand

			March 31, 2025		December 31, 2024		March 31, 2024	
	Assets	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 264,729	13	$ 425,785	20	$ 309,435	18
1136	Financial assets measured at amortized cost-current	6(2)	1,330,000	65	1,220,000	58	865,670	50
1170	Accounts receivable, net		297	-	-	-	64,000	3
1200	Other receivables		40,122	2	37,426	2	31,095	2
1220	Current income tax assets		3,309	-	2,977	-	1,631	-
130X	Inventories		1,920	-	2,893	-	-	-
1410	Prepayments	6(3) and 7	39,874	2	38,191	2	49,662	3
1470	Other current assets		1,327	-	518	-	801	-
11XX	Total current assets		1,681,578	82	1,727,790	82	1,322,294	76
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income-non-current	6(4)	503	-	5,151	-	14,049	1
1600	Property, plant and equipment	6(5)	13,285	1	4,458	-	4,682	-
1755	Right-of-use assets	6(6) and 7	23,987	1	25,428	1	28,056	2
1780	Intangible assets	6(7)	333,295	16	342,391	16	367,517	21
1900	Other non-current assets		7,054	-	7,054	1	653	-
15XX	Total non-current assets		378,124	18	384,482	18	414,957	24
1XXX	**Total assets**		$ 2,059,702	100	$ 2,112,272	100	$ 1,737,251	100

(Continued on next page)

Formosa Pharmaceuticals, Inc. and Subsidiaries
consolidated balance sheets
March 31, 2025, December 31, 2024 and March 31, 2024

Unit: NT$ thousand

Code	Liabilities and equity	Notes	March 31, 2025 Amount	%	December 31, 2024 Amount	%	March 31, 2024 Amount	%
	Current liabilities							
2130	Contract liabilities - current	6(17)	$ 25,102	1	$ 4,507	-	$ 7,534	-
2200	Other payables	6(8)	168,895	8	181,007	9	191,028	11
2220	Other payables - related parties	7	953	-	6,750	1	4,304	-
2280	Lease liabilities - current		5,047	1	5,497	-	5,148	-
2300	Other current liabilities	6(11) (25)	512	-	190	-	80,778	5
21XX	**Total current liabilities**		200,509	10	197,951	10	288,792	16
	Non-current liabilities							
2520	Financial liabilities at amortized cost - non-current	6(9) and 7	66,410	3	65,570	3	64,000	4
2527	Contract liabilities - non-current	6(17)	4,209	-	23,479	1	4,779	-
2570	Deferred income tax liabilities		3,828	-	3,951	-	4,322	-
2580	Lease liabilities - non-current		19,350	1	20,304	1	23,146	2
2600	Other non-current liabilities	6(7) and (11) (25) and 7	255,678	13	252,445	12	246,400	14
25XX	**Total non-current liabilities**		349,475	17	365,749	17	342,647	20
2XXX	**Total liabilities**		549,984	27	563,700	27	631,439	36
	Equity							
	Share capital	6(13)						
3110	Common stock capital		1,509,771	73	1,509,771	71	1,341,421	77
	Capital surplus	6(14)						
3200	Capital surplus		2,278,962	110	2,278,738	108	1,781,018	102
	Accumulated deficit	6(15)						
3350	Accumulated deficit pending compensation		(2,193,684)	(106)	(2,152,937)	(102)	(1,971,394)	(113)
	Other equity	6(16)						
3400	Other equity		(85,928)	(4)	(87,594)	(4)	(45,805)	(2)
31XX	**Total equity attributable to owners of parent**		1,509,121	73	1,547,978	73	1,105,240	64
36XX	**Non-controlling interests**		597	-	594	-	572	-
3XXX	**Total equity**		1,509,718	73	1,548,572	73	1,105,812	64
	Significant Contingent Liabilities and Unrecognized Commitments	9						
	Significant Subsequent Events	11						
3X2X	**Total liabilities and equity**		$ 2,059,702	100	$ 2,112,272	100	$ 1,737,251	100

The accompanying notes form an integral part of these consolidated financial statements, please read them together.

Chairman: Cheng, Chen-Yu | President: Erick Co | Principal accounting officer: Tsao, Nai-Hsien

Formosa Pharmaceuticals, Inc. and Subsidiaries
Consolidated statements of comprehensive income
For the three months ended March 31, 2025 and 2024

Unit: NT$ thousand
(Except loss per share, which is expressed in New Taiwan Dollars)

Code	Item	Notes	For the three months ended March 31, 2025 Amount	%	For the three months ended March 31, 2024 Amount	%
4000	Operating revenue	6(17)	$ 594	100	$ 127,800	100
5000	Operating costs		(1,260)	(212)	(15,975)	(12)
5900	Operating (gross loss) gross profit		(666)	(112)	111,825	88
	operating expenses	6(22) and 7				
6100	Selling expenses		(4,273)	(719)	-	-
6200	General and administrative expenses		(10,374)	(1747)	(10,963)	(9)
6300	Research and development expenses		(19,600)	(3300)	(87,483)	(68)
6000	Total operating expenses		(34,247)	(5766)	(98,446)	(77)
6900	Operating (loss) income		(34,913)	(5878)	13,379	11
	Non-operating income and expense					
7100	Interest income	6(18)	6,246	1052	4,233	3
7010	Other revenue		-	-	25	-
7020	Other gains and losses	6(19)	(12,131)	(2042)	(17,847)	(14)
7050	Financial costs	6(6)(20)	(116)	(20)	(132)	-
7000	Total non-operating income and expenses		(6,001)	(1010)	(13,721)	(11)
7900	**Loss before income tax**		(40,914)	(6888)	(342)	-
7950	Income tax benefit (expense)	6(23)	123	21	(19,077)	(15)
8200	**Loss for the period**		($ 40,791)	(6867)	($ 19,419)	(15)
	Other comprehensive income					
	Items not to be reclassified to profit or loss					
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	6(16)	($ 4,649)	(783)	($ 13,211)	(11)
	Items that may be subsequently reclassified to profit or loss					
8361	Exchange differences on translation of foreign operations		6,362	1071	(2,708)	(2)
8300	**Other comprehensive income (net of income tax)**		$ 1,713	288	($ 15,919)	(13)
8500	**Total comprehensive income for the period**		($ 39,078)	(6579)	($ 35,338)	(28)
	Net income (loss) attributable to:					
8610	Owners of parent		($ 40,745)	(6859)	($ 19,471)	(15)
8620	Non-controlling interests		(46)	(8)	52	-
			($ 40,791)	(6867)	($ 19,419)	(15)
	Total comprehensive income attributable to:					
8710	Owners of parent		($ 39,081)	(6580)	($ 35,369)	(28)
8720	Non-controlling interests		3	1	31	-
			($ 39,078)	(6579)	($ 35,338)	(28)
	Loss per share	6(24)				
9750	Loss per share		($ 0.27)		($ 0.15)	
9850	Diluted loss per share		($ 0.27)		($ 0.15)	

The accompanying notes form an integral part of these consolidated financial statements, please read them together.

Chairman: Cheng, Chen-Yu   President: Erick Co   Principal accounting officer: Tsao, Nai-Hsien

Formosa Pharmaceuticals, Inc. and Subsidiaries Consolidated Statements of Changes in Equity

For the three months ended March 31, 2025 and 2024

Unit: NT$ thousand

		Equity attributable to owners of parent									
			Capital surplus				Other equity				
	Notes	Common stock capital	Additional paid-in capital	Employee stock options	Others	Accumulated deficit pending compensation	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income Unrealized valuation gain or loss	Total	Non-controlling interests	Total
2024											
Balance at January 1, 2024		$ 1,341,421	$ 1,775,220	$ 5,010	$ 208	($ 1,951,923)	($ 25,267)	($ 4,640)	$ 1,140,029	$ 541	$ 1,140,570
Loss for the period		-	-	-	-	(19,471)	-	-	(19,471)	52	(19,419)
Other comprehensive income (loss) for the period		-	-	-	-		(2,687)	(13,211)	(15,898)	(21)	(15,919)
Total comprehensive income for the period		-	-	-	-	(19,471)	(2,687)	(13,211)	(35,369)	31	(35,338)
Employee stock option compensation cost	6(12)	-	-	580			-	-	580		580
Balance at March 31, 2024		$ 1,341,421	$ 1,775,220	$ 5,590	$ 208	($ 1,971,394)	($ 27,954)	($ 17,851)	$ 1,105,240	$ 572	$ 1,105,812
2025											
Balance at January 1, 2025		$ 1,509,771	$ 2,250,487	$ 5,887	$ 22,364	($ 2,152,937)	($ 28,845)	($ 58,749)	$ 1,547,978	$ 594	$ 1,548,572
Loss for the period		-	-	-	-	(40,745)	-	-	(40,745)	(46)	(40,791)
Other comprehensive income (loss) for the period		-	-	-	-	-	6,313	(4,649)	1,664	49	1,713
Total comprehensive income for the period		-	-	-	-	(40,745)	6,313	(4,649)	(39,081)	3	(39,078)
Employee stock option compensation cost	6(12)	-	-	224	-	-	-	-	224	-	224
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(4)	-	-	-	-	(2)	-	2	-	-	-
Balance at March 31, 2025		$ 1,509,771	$ 2,250,487	$ 6,111	$ 22,364	($ 2,193,684)	($ 22,532)	($ 63,396)	$ 1,509,121	$ 597	$ 1,509,718

The accompanying notes form an integral part of these consolidated financial statements, please read them together.

Chairman: Cheng, Chen-Yu President: Erick Co Principal accounting officer: Tsao, Nai-Hsien

Formosa Pharmaceuticals, Inc. and Subsidiaries
Consolidated statements of cash flows
For the three months ended March 31, 2025 and 2024

Unit: NT$ thousand

	Notes	For the three months ended March 31, 2025 Amount	For the three months ended March 31, 2024 Amount
Cash flows from operating activities			
Loss before income tax		($ 40,914)	($ 342)
Adjustments			
Adjustments to reconcile profit or loss			
Depreciation expenses	6(5) and(6) (21)	1,894	1,865
Amortization expenses	6(7)(21)	9,136	8,646
Interest expenses	6(20)	116	132
Interest income	6(18)	(6,246)	(4,233)
Employee stock option compensation cost	6(12)	224	580
Loss on fair value measurement of contingent consideration	6(19) (25)		
Net changes in operating assets/liabilities		-	6,961
Net changes in operating assets			
Accounts receivable		(297)	(64,000)
Other receivables		(317)	(699)
Inventories		973	-
Prepayments		(1,683)	(11,110)
Other current assets		(809)	(366)
Net changes in operating liabilities		1,325	60,683
Contract liabilities		(38,259)	(66,341)
Other payables		(5,797)	(2,687)
Other payables - related parties		322	565
Other current liabilities		(80,332)	(59,030)
Cash outflow generated from operations		3,535	5,434
Interest received		(116)	(132)
Interest paid		(76,913)	(53,728)
Net Cash outflow from operating activities			
Cash flows from investing activities			
Acquisitions of financial assets at amortized cost-current	6(2)	(560,000)	(364,779)
Disposals of financial assets at amortized cost-current	6(2)	450,000	332,732
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income		1	-
Acquisition of property, plant and equipment Net cash outflow from investing activities	6(25)	(9,381)	(525)
Net cash outflow from investing activities		(119,380)	(32,572)
Cash flows from financing activities			
Repayment of lease principal	6(26)	(1,404)	(1,494)
Net cash outflow from financing activities		(1,404)	(1,494)
Effect of exchange rate changes on cash and cash equivalents		36,641	12,524
Decrease in cash and cash equivalents for the period		(161,056)	(75,270)
Cash and cash equivalents at beginning of period		425,785	384,705
Cash and cash equivalents at end of period		$ 264,729	$ 309,435

The accompanying notes form an integral part of these consolidated financial statements, please read them together.

Chairman: Cheng, Chen-Yu   President: Erick Co   Principal accounting officer: Tsao, Nai-Hsien

Formosa Pharmaceuticals, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements of Financial Statements.

For the three months ended March 31, 2025 and 2024

Unit: NT$ thousand

(Unless Otherwise Specified)

I. Company History

Formosa Pharmaceuticals, Inc. (hereinafter referred to as "the Company") was approved for establishment by the Ministry of Economic Affairs on December 6, 2010. The Company and its subsidiaries (hereinafter referred to as "the Group") are primarily engaged in new drug development and transfers. Formosa Laboratories, Inc. holds 40.66% equity interest in the Group and is the parent company of the Group.

II. Date and Procedures of Financial Statements Approval

These consolidated financial statements were approved and issued by the Board of Directors on May 6, 2025.

III. Adoption of New and Amended Standards and Interpretations

(I) Impact of adoption of newly issued and amended International Financial Reporting Standards endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as "FSC")

The following table summarizes the new standards, amendments and revisions to International Financial Reporting Standards and interpretations endorsed and issued into effect by the FSC that are applicable in 2025:

New/Amended/Revised Standards and Interpretations	Effective Date Issued by International Accounting Standards Board
Amendments to IAS 21 "Lack of Exchangeability	January 1, 2025

The Group has assessed that the above standards and interpretations have no significant impact on the Group's financial position and financial performance.

(II) Impact of Not Yet Adopted New and Amended International Financial Reporting Standards Endorsed by the FSC

The following table summarizes the new, amended and revised standards and interpretations of International Financial Reporting Standards endorsed by the FSC that are effective from 2025:

New/Amended/Revised Standards and Interpretations	Effective Date Issued by International Accounting Standards Board
Partial Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments	January 1, 2026

The Group has assessed that the above standards and interpretations have no significant impact on the Group's financial position and financial performance.

(III) Impact of International Financial Reporting Standards Issued by IASB but Not Yet Endorsed by the FSC

The following table summarizes the new, amended and revised standards and interpretations of International Financial Reporting Standards issued by IASB but not yet endorsed by the FSC:

New/Amended/Revised Standards and Interpretations	Effective Date Issued by International Accounting Standards Board
Partial Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Involving Natural Electricity	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Pending IASB's decision
IFRS 17 "Insurance Contracts	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosure	January 1, 2027
Annual Improvements to IFRS Standards - Volume 11	January 1, 2026

Except for the following, the Group has assessed that the above standards and interpretations have no significant impact on the Group's financial position and financial performance. The related impact amounts will be disclosed upon completion of the assessment:

IFRS 18 "Presentation and Disclosure in Financial Statements

IFRS 18 "Presentation and Disclosure in Financial Statements" replaces IAS 1 and updates the structure of the statement of comprehensive income, adds disclosures of management performance measures, and strengthens the principles of aggregation and disaggregation applied to primary financial statements and notes.

IV. Summary of Material Accounting Policies

The main accounting policies adopted in preparing these consolidated financial statements are described below. Unless otherwise stated, these policies have been consistently applied to all reporting periods.

(I) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission.

(II) Basis of Preparation

1. Except for financial liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income that are measured at fair value, these consolidated financial statements have been prepared on a historical cost basis.

2. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), and Interpretations and Interpretative Bulletins endorsed and issued into effect by the Financial Supervisory Commission requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of Consolidation

1. Principles of Preparing Consolidated Financial Statements

(1) The Group includes all subsidiaries in the preparation of the consolidated financial statements. Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date the Group obtains control and are excluded from the consolidated financial statements from the date the Group loses control.

(2) Intercompany transactions, balances and unrealized gains and losses between companies within the Group have been eliminated. The accounting policies of subsidiaries are consistent with those adopted by the Group.

(3) The components of profit or loss and other comprehensive income are attributed to owners of parent and non-controlling interests; total

comprehensive income is also attributed to owners of parent and non-controlling interests even if this results in a deficit balance in non-controlling interests.

(4) Changes in shareholdings of subsidiaries that do not result in loss of control (transactions with non-controlling interests) are treated as equity transactions, that is, as transactions with owners. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.

2. Subsidiaries included in the consolidated financial statements:

			Percentage of ownership (%)			
Investor	Subsidiary Name	Nature of business	March 31, 2025	December 31, 2024	March 31, 2024	Description
Formosa Pharmaceuticals, Inc.	Activus Pharma Co., Ltd.	Development and research of biotechnology medicine	99.23	99.23	99.23	

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

4. Adjustments and treatments for subsidiaries with different accounting periods: None.

5. Significant restrictions: None.

6. Subsidiaries with non-controlling interests that are material to the Group: None.

(IV) <u>Foreign Currency Translation</u>

Each item listed in the financial reports of every entity within the Group is measured using the currency of the primary economic environment in which the entity operates (i.e., functional currency). These consolidated financial statements are presented in the Company's functional currency "New Taiwan Dollars" as the presentation currency.

1. Foreign Currency Transactions and Balances

(1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or measurement dates, and the resulting translation differences are recognized in current profit or loss.

(2) Foreign currency monetary assets and liabilities balances are revalued using the exchange rates prevailing at the balance sheet date, and the

resulting translation differences from such revaluation are recognized in current profit or loss.

(3) Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are translated using the exchange rates prevailing at the balance sheet date, and the resulting exchange differences from such translation are recognized in current profit or loss; those measured at fair value through other comprehensive income are translated using the exchange rates prevailing at the balance sheet date, and the resulting exchange differences are recognized in other comprehensive income. For those not measured at fair value, they are measured using the historical exchange rates at the dates of initial transactions.

(4) All other exchange gains and losses are reported under "Other gains and losses" in the income statement based on the nature of the transactions.

2. Translation of Foreign Operations

For all group entities whose functional currency differs from the presentation currency, their results of operations and financial position are translated into the presentation currency as follows:

(1) Assets and liabilities presented in each balance sheet are translated using the closing exchange rate at the date of that balance sheet;

(2) Income and expenses presented in each statement of comprehensive income are translated using the average exchange rates for the period; and

(3) All exchange differences arising from translation are recognized in other comprehensive income.

(4) Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

(V) <u>Classification Criteria for Current and Non-current Assets and Liabilities</u>

1. Assets that meet one of the following conditions are classified as current assets:

(1) Expected to be realized in the normal operating cycle, or intended to be sold or consumed.

(2) Held primarily for trading purposes.

(3) Expected to be realized within twelve months after the reporting period.

(4) Cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all assets that do not meet the above conditions as non-current.

2. Liabilities that meet one of the following conditions are classified as current liabilities:

(1) Expected to be settled within the normal operating cycle.

(2) Held primarily for trading purposes.

(3) Due to be settled within twelve months after the reporting period.

(4) Does not have the right to defer settlement of the liability for at least twelve months after the reporting period. The Group classifies all liabilities that do not meet the above conditions as non-current.

(VI) Cash equivalents

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

(VII) Financial assets measured at fair value through other comprehensive income

1. Refers to an irrevocable election made at initial recognition to present changes in fair value of equity instrument investments not held for trading in other comprehensive income; or debt instrument investments that simultaneously meet the following conditions:

(1) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

(2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. The Group adopts trade date accounting for financial assets measured at fair value through other comprehensive income that meet regular way

transactions.

3. The Group measures these assets at fair value plus transaction costs at initial recognition, and subsequently measures them at fair value. Changes in fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, the cumulative gains or losses previously recognized in other comprehensive income shall not be subsequently reclassified to profit or loss, but are transferred to retained earnings. When the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow to the Group, and the amount of dividends can be measured reliably, the Group recognizes dividend income in profit or loss.

(VIII) <u>Financial assets measured at amortized cost</u>

The Group holds time deposits that do not qualify as cash equivalents. Due to their short holding periods, the impact of discounting is insignificant, and therefore these deposits are measured at their investment amount.

(IX) <u>Accounts receivable</u>

1. Refers to receivables that represent an unconditional right to receive payment for the transfer of goods or services based on contractual agreements.

2. For non-interest bearing short-term accounts receivable, due to the insignificant impact of discounting, the Group measures them at their original invoice amount.

(X) <u>Impairment of financial assets</u>

At each balance sheet date, the Group considers all reasonable and supportable information for financial assets measured at amortized cost. For assets whose credit risk has not increased significantly since initial recognition, the allowance for impairment loss is measured based on 12-month expected credit losses; for those whose credit risk has increased significantly since initial recognition, the allowance for impairment loss is measured based on lifetime expected credit losses.

(XI) <u>Derecognition of financial assets</u>

When the Group's contractual rights to receive cash flows from financial assets expire, the financial assets are derecognized.

(XII) Inventories

Inventories are measured at the lower of cost and net realizable value, with cost determined using the weighted average method. The cost of finished goods and work in process includes raw materials, direct labor, other direct costs and manufacturing overhead related to production (allocated based on normal capacity), but excludes borrowing costs. When comparing the lower of cost and net realizable value, the item-by-item comparison method is used. Net realizable value refers to the estimated selling price in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(XIII) Property, plant and equipment

1. Property, plant and equipment are recorded based on acquisition cost.

2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part should be derecognized. All other maintenance costs are recognized in profit or loss for the current period.

3. Property, plant and equipment are subsequently measured using the cost model, with depreciation calculated using the straight-line method over their estimated useful lives. If components of property, plant and equipment are significant, they are depreciated separately.

4. At the end of each financial year, the Group reviews the residual value, useful life, and depreciation method of each asset. When the expected residual value and useful life differ from previous estimates, or when there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, changes are accounted for as changes in accounting estimates in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The useful lives of the various assets are as follows:

Testing equipment	5 years
Leasehold improvements	3 years
Machinery and equipment	6 years

(XIV) Lessee's lease transactions - Right-of-use assets/Lease liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they become available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as expenses on a straight-line basis over the lease term.

2. The lease liability is recognized at the present value of the unpaid lease payments discounted at the Group's incremental borrowing rate on the lease commencement date. Lease payments are fixed payments less any lease incentives receivable. Subsequently, the lease liability is measured at amortized cost using the interest method, with interest expenses accrued over the lease term. When there are changes in the lease term or lease payments not arising from contract modifications, the lease liability will be reassessed and will be remeasured with adjustments made to the right-of-use assets.

3. Right-of-use assets are recognized at cost on the lease commencement date. The cost includes:

   (1) The initial measurement amount of lease liabilities;

   (2) Any lease payments made at or before the commencement date; and

   (3) Any initial direct costs incurred;

   Subsequently measured using the cost model, depreciation expenses are recognized over the shorter of the useful life of the right-of-use assets or the lease term. When lease liabilities are reassessed, the right-of-use assets are adjusted for any remeasurement of the lease liabilities.

(XV) Intangible assets

1. Computer software is recorded at cost and amortized on a straight-line basis over its estimated useful life of 3.67~5 years.

2. Technical expertise is recorded at cost and amortized on a straight-line basis over its estimated economic benefit period of 14~20 years.

3. Goodwill arises from business combinations using the acquisition method.

(XVI) Impairment of non-financial assets

1. At the balance sheet date, the Group estimates the recoverable amount of assets that show signs of impairment. When the recoverable amount is lower than its carrying amount, an impairment loss is recognized. The recoverable amount refers to an asset's fair value less costs of disposal or

its value in use, whichever is higher.

2. Goodwill is regularly assessed for its recoverable amount. When the recoverable amount is lower than its carrying amount, an impairment loss is recognized. Impairment losses on goodwill are not reversed in subsequent years.

3. Goodwill is allocated to cash-generating units for the purpose of impairment testing. This allocation is based on operating segments, allocating goodwill to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that generated the goodwill.

(XVII) Financial liabilities measured at fair value through profit or loss

1. These are financial liabilities designated as at fair value through profit or loss upon initial recognition. The Group designates financial liabilities as at fair value through profit or loss upon initial recognition when one of the following conditions is met:

   (1) It is a hybrid (combined) contract; or

   (2) Can eliminate or significantly reduce measurement or recognition inconsistencies; or

   (3) It is an instrument managed and evaluated on a fair value basis according to written risk management policies.

2. The Group measures these at fair value upon initial recognition, recognizes related transaction costs in profit or loss, and subsequently measures them at fair value with gains or losses recognized in profit or loss.

(XVIII) Financial liabilities at amortized cost

The Group initially recognizes financial liabilities at amortized cost at their issuance amount, and subsequently recognizes interest expenses in profit or loss over the circulation period using the interest method for amortization. When there is a change in estimated payments, the revised estimated cash flows are discounted at the original effective interest rate to recalculate the amortized cost of the financial liability, with the adjustment recognized in profit or loss.

(XIX) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the obligations specified in the contract are fulfilled, cancelled or expired.

(XX) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount expected to be paid and recognized as expenses when the related services are provided.

2. Pensions

   Under the defined contribution plan, the amount of pension fund to be contributed is recognized as current pension costs on an accrual basis. Prepaid contributions are recognized as assets to the extent that a cash refund or a reduction in future payments is available.

3. Employees' and directors' compensation

   Employees' and directors' compensation are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be reasonably estimated. When there is a difference between the actual distribution amount subsequently resolved and the estimated amount, it is treated as a change in accounting estimate.

(XXI) Employee share-based payments

For equity-settled share-based payment arrangements, employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation costs over the vesting period with a corresponding adjustment to equity. The fair value of equity instruments should reflect the impact of market vesting conditions and non-vesting conditions. The recognized compensation cost is adjusted according to the expected number of awards that will meet service conditions and non-market vesting conditions, until the final amount is recognized based on the vested quantity at the vesting date. The grant date of the aforementioned share-based payment arrangements is the date when both the subscription price and number of shares are determined.

(XXII) Income tax

1. Income tax expenses include current and deferred income tax. Except for income tax related to items included in other comprehensive income or directly recognized in equity, which are respectively recognized in other comprehensive income or directly in equity, income tax is recognized in profit or loss.

2. The Group calculates current income tax based on the tax rates that have been enacted or substantively enacted at the balance sheet date in countries where it operates and generates taxable income. Management periodically evaluates the status of income tax filings with respect to applicable tax regulations, and where applicable, estimates income tax liabilities based on expected payments to tax authorities. The additional income tax levied on undistributed earnings under the Income Tax Act is recognized as undistributed earnings income tax expense based on the actual distribution of earnings after the shareholders' meeting approves the earnings distribution proposal in the year following the year in which the earnings were generated.

3. Deferred income tax is accounted for using the balance sheet method, recognizing temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. Deferred income tax is measured at the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

4. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized, and unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.

5. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available for the use of unused income tax credits carried forward from research and development expenditures and other sources.

6. Income tax expense for interim periods is calculated by applying the estimated annual effective tax rate to pre-tax income for the interim period, and related information is disclosed in accordance with the aforementioned policies.

(XXIII) Share capital

Common stock is classified as equity. The incremental costs directly attributable to the issuance of new shares or subscription rights are recorded as a deduction from equity, net of income tax.

(XXIV) Revenue recognition

1. Research and development revenue

(1) The Group provides drug research and development and related services. Service revenue is recognized in the financial reporting period when services are rendered to customers. For fixed-price contracts, revenue is recognized based on the proportion of actual services provided to the total services to be provided as of the balance sheet date. The percentage of completion of services is estimated based on the proportion of services performed to date to the total services to be performed as of the financial reporting date. At the beginning of the contract, when the total input costs cannot be reliably measured, revenue is recognized in an amount equal to the costs incurred to satisfy the performance obligation if such costs are expected to be recoverable in the future. Customers pay the contract price according to the agreed payment schedule.

(2) The Group revises its estimates of revenue, costs, and completion progress as circumstances change. Any estimated increases or decreases in revenue or costs resulting from changes in estimates are reflected in profit or loss in the period when the circumstances that led to the revision become known to management.

2. Intellectual Property License Revenue

The Group enters into contracts with customers to license its patent technology to customers. Since the license is distinct, the license revenue is recognized either over the license period or at the point when control of the rights is transferred to customers, depending on the nature of the license. Customers pay a non-refundable upfront fee at the time of signing the contract and make milestone payments when each milestone is achieved. When the Group undertakes activities that significantly affect the patent technology and directly impact the licensed customers, and these activities do not result in the transfer of goods or services to customers, the nature of the license is to provide the right to access intellectual property, and the related royalties are recognized as revenue on a straight-line basis over the license period. If the license does not meet the aforementioned conditions, its nature is to provide the right to use intellectual property, and revenue is recognized at the point when the license is transferred.

(XXV) Operating Segments

The Group's operating segments information is reported in a manner consistent with the internal management reports provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources to operating segments and assessing their performance. The Group has identified its Board of Directors as the chief operating decision-maker.

V. Main Sources of Material Accounting Judgments, Estimates, and Assumption Uncertainties

In preparing these consolidated financial statements, management has exercised judgment in determining the accounting policies to be adopted, and has made accounting estimates and assumptions based on reasonable expectations of future events according to the circumstances at the balance sheet date. The material accounting estimates and assumptions made may differ from actual results, and will be continuously evaluated and adjusted considering historical experience and other factors. Such estimates and assumptions pose risks that may result in significant adjustments to the carrying amounts of assets and liabilities in the next financial year. The Group has no material accounting judgments in the application of accounting policies; please refer to the following for explanations of significant accounting estimates and assumption uncertainties:

Significant Accounting Estimates and Assumptions:

(I) Goodwill Impairment Assessment

The assessment of goodwill impairment relies on the Group's subjective judgment, based on evaluating the recoverable amount using the discounted value of expected future cash flows, and analyzing the reasonableness of related assumptions. For details on goodwill impairment assessment, please refer to Note 6(7).

As of March 31, 2025, the carrying amount of the Group's goodwill was $30,544.

(II) Technical Know-how Impairment Assessment

When assessing whether there are indications of impairment for technical know-how, the Group considers both internal and external information, including factors such as government regulatory changes, project research and development planning and progress, as well as market prospects for the technology. Changes in socioeconomic conditions and company strategy may lead to significant changes in these estimates in the future.

As of March 31, 2025, the carrying amount of the Group's technical know-how was $302,336.

VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Petty cash	$ 20	$ 20	$ 20
Demand deposits	214,490	356,304	309,415
Time deposits	50,219	69,461	-
	$ 264,729	$ 425,785	$ 309,435

1. The Group deals with financial institutions of good credit quality, and maintains relationships with multiple financial institutions to diversify credit risk. The probability of default is expected to be very low.

2. The Group has not pledged any cash and cash equivalents as collateral.

(II) Financial assets measured at amortized cost

	March 31, 2025	December 31, 2024	March 31, 2024
Time deposits with maturities over 3 months and within 1 year	$ 1,330,000	$ 1,220,000	$ 865,670

1. Details of financial assets at amortized cost recognized in profit or loss are as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Interest income	$ 5,212	$ 3,850

2. The maximum exposure to credit risk of the Group's financial assets measured at amortized cost, without taking into account any collaterals held or other credit enhancements, amounted to $1,330,000, $1,220,000 and $865,670 as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

3. The Group has not pledged any financial assets measured at amortized cost as collateral.

4. Please refer to Note 12(2) for credit risk information on financial assets measured at amortized cost.

(III) Prepayments

	March 31, 2025	December 31, 2024	March 31, 2024
Tax overpayment	$ 11,652	$ 11,254	$ 13,855
Prepaid service fees (Note)	25,747	24,431	34,701
Others	2,475	2,506	1,106
	$ 39,874	$ 38,191	$ 49,662

Note: Please refer to Note 7(3)3. for details.

(IV) Financial assets measured at fair value through other comprehensive income

Item	March 31, 2025	December 31, 2024	March 31, 2024
Non-current items:			
Equity instruments			
Listed and OTC stocks	$ 63,899	$ 63,900	$ 31,900
Valuation adjustments	(63,396)	(58,749)	(17,851)
	$ 503	$ 5,151	$ 14,049

1. The Group has chosen to classify its strategic equity investments as financial assets measured at fair value through other comprehensive income. The fair values of these investments were $503, $5,151, and $14,049 as of March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

2. In 2025, the Group sold fractional shares due to the reverse stock split of Eyenovia, Inc. The company's stock with a fair value of $1, resulting in a cumulative disposal loss of $2; there was no such situation in 2024.

3. The details of financial assets measured at fair value through other comprehensive income recognized in profit or loss and comprehensive income are as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Equity instruments at fair value through other comprehensive income		
Fair value changes recognized in other comprehensive income	($ 4,649)	($ 13,211)
Accumulated losses transferred to retained earnings due to derecognition	($ 2)	$ -

4. Without considering the collaterals held or other credit enhancements, the maximum exposure to credit risk of the Group's financial assets measured at fair value through other comprehensive income as of March 31, 2025, December 31, 2024, and March 31, 2024, were $503, $5,151, and $14,049, respectively.

5. The Group has not pledged any financial assets measured at fair value through other comprehensive income as collateral.

6. For related credit risk information on financial assets measured at fair value through other comprehensive income, please refer to Note 12(2).

(V) Property, plant and equipment

	2025			
	Machinery and Equipment	Testing equipment	Leasehold improvements	Total
January 1				
Cost	$ 3,896	$ 4,239	$ 701	$ 8,836
Accumulated depreciation	(2,505)	(1,688)	(185)	(4,378)
	$ 1,391	$ 2,551	$ 516	$ 4,458
January 1	$ 1,391	$ 2,551	$ 516	$ 4,458
Additions	-	9,280	-	9,280
Depreciation expenses	(139)	(270)	(44)	(453)
March 31	$ 1,252	$ 11,561	$ 472	$ 13,285
March 31				
Cost	$ 3,896	$ 13,519	$ 701	$ 18,116
Accumulated depreciation	(2,644)	(1,958)	(229)	(4,831)
	$ 1,252	$ 11,561	$ 472	$ 13,285

	2024			
	Machinery and Equipment	Testing equipment	Leasehold improvements	Total
January 1				
Cost	$ 3,896	$ 3,485	$ 453	$ 7,834
Accumulated depreciation	(1,948)	(1,114)	(19)	(3,081)
	$ 1,948	$ 2,371	$ 434	$ 4,753
January 1	$ 1,948	$ 2,371	$ 434	$ 4,753
Additions	-	-	248	248
Depreciation expenses	(139)	(145)	(35)	(319)
March 31	$ 1,809	$ 2,226	$ 647	$ 4,682
March 31				
Cost	$ 3,896	$ 3,485	$ 701	$ 8,082
Accumulated depreciation	(2,087)	(1,259)	(54)	(3,400)
	$ 1,809	$ 2,226	$ 647	$ 4,682

(VI) <u>Lease Transactions - Lessee</u>

1. The leased assets of the Group include buildings and official vehicles, with lease terms typically ranging from 1 to 10 years. The lease contracts are individually negotiated and contain various terms and conditions. Other than the leased assets not being used as loan collateral, no other restrictions are imposed.

2. The carrying amount of right-of-use assets and recognized depreciation expenses are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
	Carrying amount	Carrying amount	Carrying amount
Official vehicles	$ 506	$ 567	$ 751
Buildings	23,481	24,861	27,305
	$ 23,987	$ 25,428	$ 28,056

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
	Depreciation expenses	Depreciation expenses
Official vehicles	$ 61	$ 61
Buildings	1,380	1,485
	$ 1,441	$ 1,546

3. The Group's additions to right-of-use assets for the three months ended March 31, 2025 and 2024 were both $0.

4. Information on profit and loss items related to lease contracts is as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	$ 116	$ 132
Expense on short-term lease contracts	155	6
Expense on low-value asset leases	7	-

5. The Group's total lease cash outflows for the three months ended March 31, 2025 and 2024 were $1,682 and $1,632, respectively.

6. When determining the lease term, the Group takes into consideration all facts and circumstances that create economic incentives to exercise extension options. The lease term will be reassessed when significant events occur that affect the assessment of whether to exercise extension options or not to exercise termination options.

(VII) Intangible assets

	Goodwill	Technical know-how: APP13007 Ophthalmic anti-inflammatory drugs	Technical know-how: APP13002 Antibiotic eye medications	Technical know-how: TSY-0110 Anti-breast cancer drugs	Technical know-how: TSY-0210 Antibiotics with low risk of drug resistance	Computer software	Total
January 1, 2025							
Cost	$ 82,166	231,912	1,259	193,851	84,150	1,890	595,228
Accumulated amortization and impairment	(51,622)	(100,949)	(581)	(84,384)	(14,377)	(924)	(252,837)
	$ 30,544	$ 130,963	$ 678	$ 109,467	$ 69,773	$ 966	$ 342,391
2025							
January 1	$ 30,544	$ 130,963	$ 678	$ 109,467	$ 69,773	$ 966	$ 342,391
Amortization expenses	-	(4,093)	(20)	(3,420)	(1,052)	(551)	(9,136)
Net exchange differences	-	-	40	-	-	-	40
March 31	$ 30,544	$ 126,870	$ 698	$ 106,047	$ 68,721	$ 415	$ 333,295
March 31, 2025							
Cost	$ 82,166	$ 231,912	$ 1,336	$ 193,851	$ 84,150	$ 1,890	$ 595,305
Accumulated amortization and impairment	(51,622)	(105,042)	(638)	(87,804)	(15,429)	(1,475)	(262,010)
	$ 30,544	$ 126,870	$ 698	$ 106,047	$ 68,721	$ 415	$ 333,295

		Technical know-how					
	Goodwill	APP13007 Ophthalmic anti-inflammatory drugs	APP13002 Antibiotic eye medications	TSY-0110 Anti-breast cancer drugs	TSY-0210 Antibiotics with low risk of drug resistance	Computer software	Total
January 1, 2024							
Cost	$ 82,166	231,912	1,303	193,851	84,150	910	594,292
Accumulated amortization and impairment	(51,622)	(84,579)	(520)	(70,700)	(10,169)	(519)	(218,109)
	$ 30,544	$ 147,333	$ 783	$ 123,151	$ 73,981	$ 391	$ 376,183
2024	30,544	147,333	783	123,151	73,981	391	376,183
January 1	$ -	$ 4,093	$ 20	$ 3,420	$ 1,052	$ 61	$ 6,646
Amortization expenses	-	( )	(20)	(-)	(-)	(-)	(20)
Net exchange differences	30,544	143,240	743	119,731	72,929	330	367,517
March 31	$	$	$	$	$	$	$
	82,166	231,912	1,269	193,851	84,150	910	594,258
March 31, 2024	51,622	88,672	526	74,120	11,221	580	226,741
Cost	$ 30,544	$ 143,240	$ 743	$ 119,731	$ 72,929	$ 330	$ 367,517
Accumulated amortization and impairment	(82,166)	(231,912)	(1,303)	(193,851)	(84,150)	(910)	(594,292)
	$ 51,622	$ 84,579	$ 520	$ 70,700	$ 10,169	$ 519	$ 218,109

1. Details of intangible assets amortization are as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
General and administrative expenses	$ 546	$ 56
Research and development expenses	8,590	8,590
	$ 9,136	$ 8,646

2. The recoverable amount of goodwill is evaluated based on value in use, and the value in use is calculated based on the projected economic benefits of related research and development projects.

   Based on the recoverable amount calculated from value in use exceeding the carrying amount, no impairment of goodwill has occurred. The main factors considered in calculating value in use are operating profit margin, growth rate and discount rate.

   Management determines the budgeted operating profit margin based on their expectations of market development; the growth rate adopted refers to industry expectations; the discount rate adopted refers to the weighted average cost of capital of peer companies. The discount rates used from January 1 to March 31, 2025 and 2024 were 19.49% and 18.51%, respectively.

3. In November 2018, based on external expert valuation reports, the Group acquired the biosimilar drug development results (TSY-0110) of Kadcyla® (ado-trastuzumab emtansine, T-DM1) from Formosa Laboratories, Inc. for $193,851. According to the contract signed between both parties, in addition to paying $33,847 at signing, milestone license fees will need to be paid upon completion of various development stages. After the drug is marketed, royalties will be paid based on a certain percentage of sales. As of March 31, 2025, December 31, 2024, and March 31, 2024, the aforementioned milestone license fees totaled USD 5,200 thousand (equivalent to NT$172,666, NT$170,482, and NT$166,400 respectively), which have been estimated and recorded (listed under "Other non-current liabilities").

4. In August 2021, based on external expert valuation reports, the Group acquired the research and development results (TSY-0210) of Streptogramin (anti-infective/antibiotic) from Formosa Laboratories, Inc. for $84,150. According to the contract signed between both parties, in addition to paying $14,025 at signing, milestone license fees will need to be paid upon completion of various development stages. As of March 31, 2025, December 31, 2024, and March 31, 2024, the aforementioned milestone license fees totaled USD 2,500 thousand (equivalent to NT$83,012, NT$81,963, and NT$80,000 respectively), which have been estimated and recorded (listed

under "Other non-current liabilities").

(VIII) Other payables

	March 31, 2025	December 31, 2024	March 31, 2024
Salaries and bonuses payable	$ 4,442	$ 7,850	$ 4,319
Service fees payable	103,702	113,758	125,765
Withholding tax payable	41,583	41,054	38,400
Profit sharing payable	16,603	16,393	20,000
Equipment payable	-	101	176
Others	2,565	1,851	2,368
	$ 168,895	$ 181,007	$ 191,028

(IX) Financial liabilities at amortized cos

Item	March 31, 2025	December 31, 2024	March 31, 2024
Non-current items:			
New drug development profit sharing agreement	$ 66,410	$ 65,570	$ 64,000

On April 18, 2022, the Group signed a new drug development profit sharing agreement with EirGenix, Inc. (hereinafter referred to as "EirGenix") for TSY-0110 (EG12043) (hereinafter referred to as "the Product"), replacing the original development and manufacturing cooperation agreement. During the development phase, raw materials for the Product will be provided by EirGenix at reasonable market prices. The Group is responsible for the research and development of the Product, as well as the implementation of production and manufacturing after the Product development is completed. Either party can commercialize the Product in the global market, and both parties will receive fifty percent of any revenue or benefits obtained from the development and commercialization of the Product. According to the aforementioned agreement, the Group will pay a consideration of USD 30,000 thousand for the licensing benefits, which will be received based on contract signing and development milestones. As of March 31, 2025, the Group has received USD 2,000 thousand.

(X) Pension

1. The Company has established a defined contribution pension plan in accordance with the "Labor Pension Act", which applies to local employees. For employees who choose to adopt the labor pension system stipulated in the "Labor Pension Act", the Group contributes 6% of their monthly salaries to their individual pension accounts at the Bureau of Labor Insurance. Upon retirement, employees can receive their pension payment either as monthly pension payments or as a lump sum based on their individual pension

accounts and accumulated earnings.

2. For the periods from January 1 to March 31, 2025 and 2024, the Group recognized pension costs of $351 and $311 respectively under the aforementioned pension plan.

(XI) Other current liabilities and other non-current liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Other current liabilities:			
Payable for acquisition of company (Note 1)	$ -	$ -	$ 80,000
Others	512	190	778
	$ 512	$ 190	$ 80,778
Other non-current liabilities:			
Payable for intangible assets (Note 2)	$ 255,678	$ 252,445	$ 246,400

Note 1: On August 10, 2017, the Company acquired 100% equity interest in Activus Pharma Co., Ltd. for a cash consideration of $107,294 (USD 3,500 thousand and JPY 5,000 thousand) and contingent consideration of $170,097 (estimated USD 5,621 thousand). Activus Pharma Co., Ltd. primarily focuses on drug development using nanoparticle crushing technology and possesses a small molecule nanotechnology platform. This can strengthen the Company's deployment in nanotechnology processes and expand market presence through established partnerships from this base.

The aforementioned contingent consideration is payable based on the progress of clinical trials, patents, and new drug applications, up to a maximum of USD 8,500 thousand. Additionally, when future drug sales occur, payments will be made according to a certain percentage of sales as specified in the contract. As of March 31, 2025, December 31, 2024, and March 31, 2024, the accumulated contract payments were USD 8,500 thousand, USD 8,500 thousand, and USD 6,000 thousand respectively; as of March 31, 2025, December 31, 2024, and March 31, 2024, the unpaid considerations were $0, $0, and $80,000 (USD 0 thousand, USD 0 thousand, and USD 2,500 thousand) respectively, which were listed under "Other current liabilities".

Note 2: This mainly refers to the purchase of specialized technology from related parties. Please refer to Notes 6(7)3 and 4 for details.

(XII) Share-based payments

1. From January 1 to March 31, 2025 and 2024, the Group's share-based payment arrangements were as follows:

Type of agreement	Grant date	Number of grants	Contract period	Vesting conditions
Employee Stock options plan	2022.3.9	600 thousand shares	5 years	2~4 years
Cash capital increase reserved for employee subscription	2024.6.20	1,680 thousand shares	Not applicable	Immediate vesting

2. The detailed information of the Employee Stock Options Plan is as follows:

	2025		2024	
	Number of stock options (shares)	Weighted average exercise price (NTD)	Number of stock options (shares)	Weighted average exercise price (NTD)
Outstanding stock options at January 1	455,000	$ 38.50	490,000	$ 39.70
Stock options exercised during the period	-	-	-	-
Stock options forfeited during the period	-		-	-
Outstanding stock options at March 31	455,000	$ 38.50	490,000	$ 39.70
Exercisable stock options at March 31	332,500	$ 38.50	245,000	$ 39.70

3. The expiry dates and exercise prices of the outstanding stock options at the balance sheet date are as follows:

		March 31, 2025	
Approval date	Expiry date	Number of shares	Exercise price (NT$)
March 9, 2022	March 8, 2027	455,000	$ 38.50

		December 31, 2024	
Approval date	Expiry date	Number of shares	Exercise price (NT$)
March 9, 2022	March 8, 2027	455,000	$ 38.50

		March 31, 2024	
Approval date	Expiry date	Number of shares	Exercise price (NT$)
March 9, 2022	March 8, 2027	490,000	$ 39.70

4. The Group used the Black-Scholes option pricing model to estimate the fair value of stock options granted on March 9, 2022. The relevant information is as follows:

Type of agreement	Grant date	Weighted average share price (NT$)	Exercise price	Expected volatility (Note)	Expected duration	Expected dividend	Risk-free interest rate	Fair value per unit (NT$)
Employee Stock options plan	2022.3.9	$39.5% (Note 1)	38.5	$49.67% (Note 2)	3.5-4.5 years	0%	0.56%	13.8687~ 15.0536

Note 1: Set based on the closing price of the underlying stock on the OTC Securities Exchange on the grant date.

Note 2: Estimated using samples of daily closing prices from comparable companies with similar expected duration periods.

5. The Group uses the Black-Scholes option pricing model to estimate the fair value of stock options granted through cash capital increase with employee subscription rights. The relevant information is as follows:

Type of agreement	Grant date	Stock price	Exercise price	Expected volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per unit (NT$)
Cash capital increase reserved for employee subscription	2024.6.20	56.7 (Note 1)	$36	19.98% (Note 2)	0.06 years	-	1.22%	$20.7263

Note 1: Set based on the closing price of the underlying stock on the OTC Securities Exchange on the grant date.

Note 2: Estimated using samples of daily closing prices from the underlying company, looking back from the grant date for a period similar to the expected duration of the stock options.

6. Expenses arising from share-based payment transactions are as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Equity-settled	$ 224	$ 580

7. Employee Stock Option Plan-111: According to the employee stock option regulations, the exercise price of employee stock option certificates was adjusted to NT$38.5 on August 9, 2024. The aforementioned adjustment to the exercise price did not have a significant impact on the fair value of the stock options.

(XIII) Share capital

1. As of March 31, 2025, the Company's authorized capital was $2,000,000, divided into 200,000 thousand shares, with paid-in capital of $1,509,771 and par value of $10 per share. All payments for the Company's issued shares have been received.

2. The number of outstanding common shares (in thousands) at the beginning and end of the period for the Company is as follows:

	2025	2024
January 1 (same as March 31)	150,977	134,142

3. On June 20, 2024, the Company's Board of Directors resolved to issue 16,800 thousand new common shares through cash capital increase, with a par value of NT$10 per share, for public offering before initial listing on the Main Board. The capital increase base date was August 9, 2024, and the registration of changes has been completed.

(XIV) Capital surplus

According to the Company Act, capital surplus from share premium in excess of par value and donations received can only be used to offset losses. When the Company has no accumulated losses, it can be distributed as new shares or cash to shareholders in proportion to their original shareholdings. Additionally, according to the relevant provisions of the Securities and Exchange Act, when using the aforementioned capital surplus for capital increase, the annual total amount is limited to no more than 10% of the paid-in capital. The Company shall not use capital surplus to offset capital losses unless the legal reserve is insufficient to cover such losses.

(XV) Accumulated earnings (losses)

1. According to the Company's Articles of Incorporation, if there are earnings in the annual closing, the Company shall first pay taxes, offset losses, and then set aside 10% as legal reserve. However, this requirement shall not apply when the legal reserve has reached the total paid-in capital of the Company. After setting aside or reversing special reserve in accordance with relevant laws and regulations, and adding the undistributed earnings from previous periods to the shareholders' accumulated distributable earnings, the Board of Directors shall prepare a profit distribution proposal and submit it to the shareholders' meeting for resolution on distribution or retention as deemed necessary for business operations.

2. The Company's dividend policy takes into account current and future development plans, investment environment, capital requirements, domestic and international competition, and shareholder interests when determining the distribution of accumulated distributable earnings to shareholders through retention or distribution in the form of stock dividends, cash dividends, or a combination of both. The cash dividend distribution shall not be less than 10% of the total shareholder dividends, with the remainder being stock dividends.

(XVI) Other equity items

	2025		
	Unrealized gains and losses on financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Total
January 1	($ 58,749)	($ 28,845)	($ 87,594)
Valuation adjustments	(4,649)	-	(4,649)
Revaluation transferred to retained earnings	2	-	2
Foreign currency translation differences - Group	-	6,313	6,313
March 31	($ 63,396)	($ 22,532)	($ 85,928)

	2024		
	Unrealized gains and losses on financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Total
January 1	($ 4,640)	($ 25,267)	($ 29,907)
Valuation adjustments	(13,211)	-	(13,211)
Foreign currency translation differences - Group	-	(2,687)	(2,687)
March 31	($ 17,851)	($ 27,954)	($ 45,805)

(XVII) Operating Revenue

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Revenue from contracts with customers	$ 594	$ 127,800

1. Disaggregation of revenue from contracts with customers

The Group's revenue is derived from technology licensing and services that are transferred over time and at a point in time. Revenue can be disaggregated into the following major product lines and geographical regions:

For the three months ended March 31, 2025	Service revenue	Technology licensing	Total
Revenue from external customer contracts recognized at a point in time	$ 594	$ -	$ 594

For the three months ended March 31, 2024	Service revenue	Technology licensing	Total
Revenue from external customer contracts recognized at a point in time	$ -	$ 127,800	$ 127,800

2. Contract liabilities

The Group recognizes contract liabilities related to revenue from customer contracts as follows:

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Contract liabilities	$ 29,311	$ 27,986	$ 12,313	$ 72,996

The Group's contract liabilities at the beginning of the period from January 1 to March 31, 2025 and 2024 were transferred to revenue in the amounts of $297 and $63,800, respectively.

3. The Group has signed new drug cooperation development and licensing agreements with Grand Pharmaceutical Group Limited (hereinafter referred to as Grand Pharma) for regions including Mainland China, Hong Kong, and Macau. The Group transfers expertise and provides relevant data to Grand Pharma, which is responsible for subsequent clinical development. After Grand Pharma successfully develops the new drug, it will obtain production and sales rights in Mainland China, Hong Kong, and Macau. According to the contract terms, the Group can receive signing fees, milestone payments, and royalties calculated as a specified percentage of future sales from Grand Pharma. From the signing date to March 31, 2025, the Group has accumulated recognized revenue of $59,023.

4. The Group has signed a new drug licensing agreement with Eyenovia, Inc. (hereinafter referred to as EYEN) for the United States region. The Group transferred the drug license for the United States region to EYEN in March 2024, and EYEN obtained production and sales rights. According to the

contract terms, the Group can receive signing fees, development milestone payments, and sales milestone payments from EYEN. As of March 31, 2025, the Group has received USD 2,000 thousand and 1,101 thousand shares of EYEN's common stock, which are listed under "Financial assets measured at fair value through other comprehensive income - non-current". From the signing date to March 31, 2025, the Group has accumulated recognized revenue of $127,800.

5. The Group has signed new drug licensing agreements with various partners for regions including Canada, Middle East and North Africa, Brazil, Israel, Portugal, Switzerland, and India. The partners will obtain commercialization and sales rights in regions including Canada, Middle East and North Africa, Brazil, Israel, Portugal, Switzerland, and India. According to the terms of each contract, the Group can receive signing fees, development milestone payments, and sales milestone payments from various partners. As of March 31, 2025, the Group has received payments equivalent to NT$25,101 (listed under "Contract liabilities"). From the signing dates of each contract to March 31, 2025, the Group has not yet recognized any revenue.

(XVIII) Interest income

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Interest income from bank deposits	$ 1,034	$ 383
Financial assets measured at amortized cost Interest income	5,212	3,850
	$ 6,246	$ 4,233

(XIX) Other gains and losses

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Foreign exchange losses	($ 12,131)	($ 10,886)
Loss on measurement of contingent consideration (Note)	-	(6,961)
	($ 12,131)	($ 17,847)

Note: This represents the contingent consideration arising from the Company's acquisition of 100% equity interest in Activus Pharma Co., Ltd., which is measured based on the progress of clinical trials, patents and new drug applications. Please refer to Note 6(11) for details.

(XX) Financial costs

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Interest expenses	$ 116	$ 132

(XXI) Additional information of expenses by nature

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Employee benefits expenses	$ 10,412	$ 9,459
Right-of-use assets and property, plant	$ 1,894	$ 1,865
Amortization of intangible assets	$ 9,136	$ 8,646

(XXII) Employee benefits expenses

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Salary expenses	$ 8,843	$ 7,832
Employee stock option compensation cost	224	580
Labor insurance and national health insurance expenses	673	572
Pension	351	311
Other personnel expenses	321	164
	$ 10,412	$ 9,459

1. According to the Company's Articles of Incorporation, if the Company has profit for the year after offsetting accumulated deficits, at least 5% of the remaining profit shall be distributed as employees' compensation, and no more than 2% shall be distributed as directors' compensation.

2. Due to net loss before tax for the periods from January 1 to March 31, 2025 and 2024, the Company did not accrue employees' compensation and directors' compensation.

(XXIII) Income tax

1. Income tax expenses

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Current tax:		
Income tax generated from current income	$ -	$ 19,200
Deferred tax:		
Origination and reversal of temporary differences	(123)	(123)
Income tax expenses	($ 123)	$ 19,077

2. The Company's profit-seeking enterprise income tax returns have been assessed by the tax authority through 2022.

(XXIV) Loss per share

	For the three months ended March 31, 2025		
	Amount after tax	Weighted average number of common shares outstanding (in thousands)	Loss per share (NT$)
Basic and diluted loss per share			
Loss for the period attributable to owners of the parent company	($ 40,745)	150,977	($ 0.27)

	For the three months ended March 31, 2024		
	Amount after tax	Weighted average number of common shares outstanding (in thousands)	Loss per share (NT$)
Basic and diluted loss per share			
Loss for the period attributable to owners of the parent company	($ 19,471)	134,142	($ 0.15)

(XXV) Supplementary cash flow

Investment activities with partial cash

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Acquisition of subsidiaries	$ -	$ -
Add: Opening balance of contingent consideration payable (shown under other current/non-current liabilities)	-	69,931
Effect of exchange rate changes	-	3,108
Loss on fair value measurement of contingent consideration	-	6,961
Less: Ending balance of contingent consideration payable (shown under other current liabilities)	-	(80,000)
Cash paid during the period	$ -	$ -

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Purchase of property, plant and equipment	$ 9,280	$ 248
Add: Opening balance of payables for equipment	101	453
Less: Ending balance of payables for equipment	-	(176)
Cash paid during the period	$ 9,381	$ 525

(XXVI) Changes in liabilities from financing activities

	2025		
	New drug development profit sharing agreement	Lease liabilities	Total liabilities from financing activities
January 1	$ 65,570	$ 25,801	$ 91,371
Changes in cash flow from financing activities	-	(1,404)	(1,404)
Other non-cash changes	840	-	840
March 31	$ 66,410	$ 24,397	$ 90,807

	2024		
	New drug development profit sharing agreement	Lease liabilities	Total liabilities from financing activities
January 1	$ 61,410	$ 29,788	$ 91,198
Changes in cash flow from financing activities	-	(1,494)	(1,494)
Other non-cash changes	2,590	-	2,590
March 31	$ 64,000	$ 28,294	$ 92,294

VII. Related Party Transactions

(I) Parent company and ultimate controller

Since Formosa Laboratories, Inc. is the Company's largest single shareholder and directs the Company's key operational activities, it is the Company's ultimate parent company. Due to the Company's successive cash capital increases and introduction of new investors since 2018, as of March 31, 2025, Formosa Laboratories, Inc.'s shareholding in the Company is 40.66%.

(II) Names and relationships of related parties

Names of related parties	Relationship with the Group
EirGenix, Inc.	Parent company
Formosa Laboratories, Inc.	Other related parties

(III) Significant transactions with related parties

1. General and administrative expenses

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Parent company	$ 376	$ 200

These are services such as administrative resource management provided by the parent company, with payment terms negotiated between both parties and collections made according to agreed periods.

2. Research and development expenses

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Parent company	$ 1,477	$ 10,754
Other related parties	-	1,657
	$ 1,477	$ 12,411

These are experimental, production and research methods commissioned to the parent company and other related parties. There are no similar transactions for reference. The terms are negotiated between both parties, and payment terms are not significantly different from general transactions.

3. Prepayments

	March 31, 2025	December 31, 2024	March 31, 2024
Parent company	$ -	$ -	$ 7,989
Other related parties	623	623	623
	$ 623	$ 623	$ 8,612

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

4. Other payables

	March 31, 2025	December 31, 2024	March 31, 2024
Parent company	$ 953	$ 3,881	$ 4,304
Other related parties	-	2,869	-
	$ 953	$ 6,750	$ 4,304

Other payables to related parties mainly arise from management services and research and development transactions, with payments due on the 25th of the month following the transaction date.

5. Financial liabilities at amortized cost

	March 31, 2025	December 31, 2024	March 31, 2024
Other related parties	$ 66,410	$ 65,570	$ 64,000

These are project fees from the profit-sharing agreement for TSY-0110 new drug development received from other related parties. For related details, please refer to Note 6(9).

6. Other current/non-current liabilities

The unpaid amounts for technical know-how obtained by the Group from the parent company are recorded under other current and non-current liabilities. For related details, please refer to Notes 6(7) and (11).

7. Lease transactions - Lessee's lease liabilities

A. Ending balance:

	March 31, 2025	December 31, 2024	March 31, 2024
Parent company	$ 21,371	$ 21,982	$ 24,156

B. Interest expenses:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Parent company	$ 102	$ 115

(IV) Key management personnel compensation information

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Short-term employee benefits	$ 7,711	$ 3,280
Post-employment benefits	107	81
Share-based payments	128	190
	$ 7,946	$ 3,551

VIII. Pledged assets

None.

IX. Significant Contingent Liabilities and Unrecognized Commitments

Except as described in Notes 6(7), (9), (11) and Note 7(3), as of March 31, 2025 the Group has signed experimental service contracts with future payment obligations amounting to $210,063.

X. Significant casualty loss

None.

XI. Significant Subsequent Events

(I) To meet operational needs, the Company plans to renew the lease with Formosa Laboratories, Inc. for one office on the 5th floor and partial laboratory space on the 6th floor of Building V as right-of-use assets, amounting to NT$3,396 thousand.

(II) On April 25, 2025, the Company signed a new drug licensing agreement with Laboratorios Saval S.A. for the Central and South American regions. According to the agreement, the Company will license the commercialization rights of the new drug in Central and South America, and receive signing fees, development milestone payments, and sales milestone payments.

(III) On May 6, 2025, the Company's Board of Directors approved to sign a supplementary agreement to the exclusive licensing contract with its Canadian licensing partner APOTEX INC., adding new drug licensing for the Mexican region. According to the agreement, the Company will license the commercialization rights of the new drug in Mexico.

(IV) On May 6, 2025, the Company's Board of Directors resolved to sign an exclusive licensing agreement with Alamc Discovery (ADISC) for the "Bispecific Antibody-Drug Conjugate (ADC) ALM-401". After licensing, the Company will obtain exclusive rights to the ALM-401 research project and lead product development and commercialization.

XII. Others

(I) Capital Management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern, maintain an optimal capital structure to reduce the cost of capital, and provide returns for shareholders. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Please refer to the balance sheets of each period for the relevant liability and capital ratios.

(II) Financial Instruments

1. Types of Financial Instruments

	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets			
Investments in equity instruments designated to be measured at fair value through other comprehensive income	$ 503	$ 5,151	$ 14,049
Financial assets measured at amortized cost - cash and cash equivalents	$ 264,729	$ 425,785	$ 309,435
Financial assets measured at amortized cost	1,330,000	1,220,000	865,670
Accounts receivable	297	-	64,000
Other receivables	40,122	37,426	31,095
Refundable deposits (shown as "other non-current assets")	1,140	1,140	653
	$ 1,636,288	$ 1,684,351	$ 1,270,853
Financial liabilities			
Financial liabilities measured at amortized cost - other payables (including related parties)	$ 169,848	$ 187,757	$ 195,332
New drug development profit sharing agreement	66,410	65,570	64,000
Contingent consideration payable (shown as "other current/non-current liabilities")	255,678	252,445	264,400
	$ 491,936	$ 505,772	$ 505,732
Lease liabilities	$ 24,397	$ 25,801	$ 28,294

2. Risk management policies

The Group adopts a comprehensive risk management and control system to clearly identify, measure and control all types of risks faced by the Group (including market risk, credit risk, liquidity risk and cash flow risk), enabling the Group's management to effectively control and measure market risk, credit risk, liquidity risk and cash flow risk.

3. Nature and extent of significant financial risks

(1) Market risk

Foreign exchange rate risk

A. The Group operates internationally and therefore is exposed to foreign exchange risk arising from transactions denominated in currencies different from the functional currencies of the Company and its subsidiaries, primarily with respect to the US dollar and Japanese yen. The relevant foreign exchange risks arise from future commercial transactions and recognized assets and liabilities.

B. The Group's management has established policies requiring companies within the Group to manage foreign exchange risks relative to their functional currencies. Companies within the Group should hedge their overall foreign exchange risk through the Group's finance department. To manage foreign exchange risks arising from future commercial transactions and recognized assets and liabilities, each entity within the Company utilizes forward exchange contracts through the Company's finance department. Foreign exchange risk arises when future commercial transactions, recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

C. The Group's operations involve several non-functional currencies (the Company's functional currency is New Taiwan Dollar, and subsidiaries' functional currency is Japanese Yen), therefore it is affected by exchange rate fluctuations. The information on foreign currency assets and liabilities that are significantly affected by exchange rate fluctuations is as follows:

	March 31, 2025		
	Foreign currency	Exchange rate	Carrying amount TWD
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	& 1,816	33.205	& 60,300
USD: JPY	3,200	149.10	106,561
Non-monetary items			
USD: NTD	15	33.205	503
USD: JPY	490,979	0.2227	109,341
Financial liabilities			
Monetary items			
USD: NTD	16,418	33.205	545,168

	December 31, 2024		
	Foreign currency	Exchange rate	Carrying amount TWD
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	& 2,266	32.785	& 74,291
USD: JPY	3,200	156.19	106,253
Non-monetary items			
USD: NTD	157	32.785	5,151
USD: JPY	518,904	0.2099	108,918
Financial liabilities			
Monetary items			
USD: NTD	16,791	32.785	550,493

	March 31, 2024		
	Foreign currency	Exchange rate	Carrying amount TWD
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	& 6,102	32.00	& 195,264
USD: JPY	3,400	151.40	108,872
Non-monetary items			
USD: NTD	439	32.00	14,049
USD: JPY	501,513	0.2115	106,070
Financial liabilities			
Monetary items			
USD: NTD	20,039	32.00	641,248

D. Due to exchange rate fluctuations, the Group recognized foreign currency exchange losses on monetary items amounting to ($12,131) and ($10,886) for January 1 to March 31, 2025 and 2024, respectively.

E. The Group's foreign currency market risk analysis due to significant exchange rate fluctuations is as follows:

	For the three months ended March 31, 2025		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 603	$ -
USD: JPY	1%	1,066	-
Financial liabilities			
Monetary items			
USD: NTD	1%	5,452	-

	For the three months ended March 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 1,953	$ -
USD: JPY	1%	1,089	-
Financial liabilities			
Monetary items			
USD: NTD	1%	6,412	-

Price risk

A. The Group's equity instruments exposed to price risk are those held and classified as financial assets measured at fair value through other comprehensive income. To manage the price risk of investments in equity instruments, the Group diversifies its investment portfolio according to the limits set by the Group.

B. The Group primarily invests in equity instruments issued by foreign companies, and the prices of these equity instruments are affected by uncertainties in the future value of the investment targets. If the prices of these equity instruments increase or decrease by 1%, with all other factors remaining constant, the after-tax net income for January 1 to March 31, 2025 and 2024 would increase or decrease by $5 and $140 respectively, due to gains or losses from equity investments classified as fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group has no borrowings, therefore there is no risk from interest rate fluctuations.

(2) Credit risk

A. The Group's main credit risk comes from deposits placed with banks and financial institutions. The Company Bank deposits are all placed with financial institutions that have good credit ratings.

B. The Group's credit risk is the risk of financial loss to the Group resulting from customers or counterparties to financial instruments failing to meet their contractual obligations, mainly arising from counterparties' inability to settle accounts receivable according to payment terms and contractual cash flows of debt investments measured at amortized cost.

C. The Group establishes credit risk management from a group perspective. According to the internally specified credit policy, each operating entity within the Group must conduct management and credit risk analysis on each new customer before establishing payment and delivery terms and conditions. Internal risk control evaluates customers' credit quality by considering their financial status, past experience and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings, and credit limit usage is regularly monitored.

D. The Group adopts IFRS 9's presumption that default has occurred when contractual payments are more than 90 days past due according to the agreed payment terms.

E. The Group adopts the following presumptions provided by IFRS 9 as the basis for determining whether there has been a significant increase in credit risk of financial instruments since initial recognition:

   When contractual payments are more than 30 days past due according to the agreed payment terms, it is considered that the credit risk of financial assets has increased significantly since initial recognition.

F. The Group categorizes accounts receivable based on customer rating characteristics and adopts a simplified approach using a provision matrix rolling rate method and loss rate method as the basis for estimating expected credit losses

G. After the collection procedures, the Group writes off the amount of financial assets that cannot be reasonably expected to be recovered. However, the Group will continue to pursue legal proceedings to preserve its creditor rights.

H. The Group incorporates forward-looking considerations to adjust the loss rates for not past due aging established based on historical and current information over specific periods to estimate the allowance for impairment loss on accounts receivable. The Group categorizes customers into prime and non-prime customers and conducts individual assessments for customers with credit risk or in default. The relevant information is as follows:

(A) For prime customers, the allowance for impairment loss is estimated using the expected loss rate method at 0% through individual assessment. The gross carrying amounts of accounts receivable as of March 31, 2025, December 31, 2024, and March 31, 2024 were $297, $0, and $64,000, respectively.

(B) For non-prime customers with credit risk or in default, the allowance for impairment loss is estimated at 100% of expected credit losses through individual assessment. The allowance for impairment loss as of March 31, 2025, December 31, 2024, and March 31, 2024 was $7,821,$7,821 and $0.

(3) Liquidity risk

A. Cash flow forecasts are performed by operating entities within the Group and aggregated by the Group's finance department. The Group's finance department monitors the forecast of liquidity requirements to ensure sufficient funds are available to meet operational needs.

B. The following table groups the Group's non-derivative financial liabilities by their relevant maturity dates. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flows disclosed in the table below are undiscounted amounts:

Non-derivative financial liabilities	March 31, 2025			
March 31, 2025	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
New drug development profit sharing agreement	$ -	$ -	$ 66,410	$ -
Other payables (including related parties)	169,848	-	-	-
Other non-current liabilities (including portion due within one year)	-	16,603	83,012	156,063
Lease liabilities	5,453	3,284	8,573	8,790

Non-derivative financial liabilities	December 31, 2024			
December 31, 2024	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
New drug development profit sharing agreement	$ -	$ -	$ 65,570	$ -
Other payables (including related parties)	187,757	-	-	-
Other non-current liabilities (including portion due within one year)	-	16,393	81,962	154,090
Lease liabilities	5,927	3,556	8,636	9,502

Non-derivative financial liabilities	March 31, 2024			
March 31, 2024	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
New drug development profit sharing agreement	$ -	$ -	$ 64,000	$ -
Other payables (including related parties)	195,332	-	-	-
Other non-current liabilities (including portion due within one year)	80,000	16,112	128,029	102,481
Lease liabilities	5,616	4,367	8,825	11,640

(III) Fair value information

1. The definitions of valuation techniques by level used to measure the fair value of financial and non-financial instruments are as follows:

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

   Level 2: Observable inputs for the asset or liability, either directly or indirectly, other than quoted prices included in Level 1.

   Level 3: Unobservable inputs for the asset or liability.

2. The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, accounts receivable, other payables (including related parties) and financial liabilities measured at amortized cost, are reasonable approximations of fair value.

3. For financial and non-financial instruments measured at fair value, the Group classifies them based on the nature, characteristics and risks of assets and liabilities, as well as the fair value hierarchy. The relevant information is as follows:

   The Group classifies assets and liabilities based on their nature. The relevant information is as follows:

March 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Equity securities measured at fair value through other comprehensive income (Note)	$ 503	$ -	$ -	$ 803

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Equity securities measured at fair value through other comprehensive income (Note)	$ 2,335	$ 2,816	$ -	$ 5,151

March 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Equity securities measured at fair value through other comprehensive income (Note)	$ -	$ 14,049	$ -	$ 14,049
Liabilities				
Recurring fair value measurements				
Financial liabilities measured at fair value through profit or loss - payables for acquisition of companies	$ -	$ -	$ 80,000	$ 80,000

Note: The fair value of financial instruments is obtained through valuation techniques. The fair value obtained through valuation techniques can reference the current fair value of other financial instruments with substantially similar terms and characteristics and the discounted cash flow method.

4. As of March 31, 2025, some of the listed stocks invested by the Group were transferred from Level 2 to Level 1 as their lock-up period restrictions had expired.

5. The following table shows the movements of Level 3 from January 1 to March 31, 2025 and 2024:

	2025	2024
	Payables for acquisition of companies	Payables for acquisition of companies
January 1	$ -	$ 69,931
Recognized in profit or loss	-	6,961
Valuation adjustments	-	3,108
March 31	$ -	$ 80,000

6. There were no transfers into and out of Level 3 from January 1 to March 31, 2025 and 2024.

7. The Group's valuation process for fair values classified as Level 3 is conducted by the finance department, which is responsible for performing independent fair value verification of financial instruments. The valuation results are aligned with market conditions through independent source data and are regularly reviewed to ensure the reasonableness of the valuation results.

8. The quantitative information about significant unobservable inputs used in Level 3 fair value measurement models is as follows:

   March 31, 2025 and December 31, 2024: None.

	March 31, 2024 fair value	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship between inputs and fair value
Payable Receivables from acquiring companies	$ 80,000	Determined based on individual contract terms	Achievement rate	100.00%	The higher the achievement rate, the higher the fair value

XIII. Notes and Disclosures

The following transactions with subsidiaries have been eliminated when preparing the consolidated financial statements.

(I) Information on Significant Transactions

1. Loans to others: Please refer to Table 1.
2. Endorsement and guarantees for others: None.
3. Securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures): None.
4. Purchases from or sales to related parties amounting to NT$100 million or 20% of paid-in capital or more: None.
5. Receivables from related parties amounting to NT$100 million or 20% of paid-in capital or more: Please refer to Table 2.
6. Business relationships and significant transactions between the parent company and subsidiaries and between subsidiaries: Please refer to Table 3.

(II) Information on investee companies

Information on investee companies, including name, location, etc. (excluding investments in Mainland China): Please refer to Table 4.

(III) Information on investments in Mainland China

1. Basic information: None.

2. Significant transactions with investee companies in Mainland China, either directly or indirectly through a third region: None.

XIV. Segment information

(I) General information

The Group operates in a single industry, and the Group's Board of Directors evaluates performance and allocates resources on a group-wide basis. Therefore, the Group has been identified as a single reportable segment.

(II) Measurement of segment information

The Group measures the performance of operating segments based on profit or loss after tax from continuing operations, and the accounting policies of operating segments are all consistent with the significant accounting policies described in Note 4.

(III) Segment information

As the Group is a single reportable segment, the reportable information is the same as the financial statements.

(IV) Reconciliation information of segment profit or loss

The profit or loss after tax from continuing operations presented by the Group to the chief operating decision maker is measured consistently with the revenue, expenses and other items in the income statement. The Group does not provide the chief operating decision maker with total assets and total liabilities for operating decisions. As there is no difference between the reports provided to the operating decision maker for segment operating decisions and the segment income statement, no reconciliation is required.

Loans to others of Formosa Pharmaceuticals, Inc. and subsidiaries

For the three months ended March 31, 2025

Table 1

Unit: NT$ thousand

(Unless Otherwise Specified)

No.	Lender	Borrower	Nature of loan	Whether related party	Maximum balance during the period	Ending balance	Actual amount drawn	Interest rate	Nature of financing (Note 1)	Business transaction amount	Reason for short-term financing needs	Provision for allowance for impairment loss	collaterals		Individual financing limit	Notes
													Name	Value		
0	Formosa Pharmaceuticals, Inc.	Activus Pharma Co., Ltd.	Receivables from related parties	Yes	$8,000	$8,000	-	3.244%	2	$ -	Business turnover	$ -	$ -	None	$ 528,192 $ 452,736	Note 2

Note 1: The nature of financing should be classified as either 1. Business transactions or 2. Short-term financing needs.

Note 2: External financing provided by the Company:

(1) The limit for individual financing (short-term financing) shall not exceed 30% of the net worth shown in the most recent financial statements of the lending company.

(2) The total limit for financing (short-term financing) shall not exceed 35% of the net worth shown in the most recent financial statements of the lending company.

Formosa Pharmaceuticals, Inc. and Subsidiaries

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

March 31, 2025

Table 2

Unit: NT$ thousand

(Unless Specified Otherwise)

Company recording the receivables	Name of counterparty	Relationship	Balance of receivables from related parties	Turnover rate (Note)	Overdue receivables from related parties		Amounts of receivables from related parties subsequently collected	Provision for allowance for impairment loss
					Amount	Processing method		
Activus Pharma Co., Ltd.	Formosa Pharmaceuticals, Inc.	Parent company	$ 106,561	0.00	$ -	-	$ -	$ -

Note: The turnover rate is shown as 0.00 because the listed long-term receivables are not applicable for turnover rate calculation.

Formosa Pharmaceuticals, Inc. and Subsidiaries

Business relationships and significant transactions between parent company and subsidiaries, and between subsidiaries for the three months ended March 31, 2025

Table 3

Unit: NT$ thousand

(Unless Otherwise Specified)

				Transaction details			
(Note 1)	Transaction party name	Transaction counterparty	Relationship with transaction party (Note 2)	Account	Amount (Note 4)	Transaction terms	Percentage of consolidated revenue or total assets Ratio to item number (Note 3)
1	Activus Pharma Co., Ltd.	Formosa Pharmaceuticals, Inc.	2	Long-term receivables	$106,561	Note 5	5%

Note 1: Business transactions between the parent company and subsidiaries should be indicated separately in the number column. The numbering method is as follows:

(1) Parent company is numbered 0.

(2) Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to company.

Note 2: There are three types of relationships with transaction parties. Simply indicate the type (If it is the same transaction between parent-subsidiary or between subsidiaries, no need for repeated disclosure). For example: For transactions between parent and subsidiary, if the parent company has already disclosed, then the subsidiary does not need to disclose again; for transactions between subsidiaries, if one subsidiary has disclosed, then the other subsidiary does not need to disclose again):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company. (3) Subsidiary to subsidiary.

Note 3: For calculating the ratio of transaction amounts to consolidated total revenue or total assets: for balance sheet items, calculate as ending balance divided by consolidated total assets; for income statement items, calculate as cumulative amount during the period divided by consolidated total revenue.

Note 4: The above disclosure threshold is for transactions reaching NT$10 million or above. However, the above related party transactions have been eliminated during the preparation of consolidated financial statements.

Note 5: This mainly refers to receivables from authorized transactions in 2018, with payment terms negotiated between both parties. The transaction amount was $196,928. As this was a transfer within the group, no profit or loss was recognized.

Formosa Pharmaceuticals, Inc. and Subsidiaries

Names and locations of investee companies (excluding investees in Mainland China) as of March 31, 2025

Table 4

Unit: NT$ thousand

(Unless Otherwise Specified)

Investor	Investee	Location	Main Business Activities	Original Investment Amount		Ending Balance			Profit (Loss) of Investee for Current Period	Investment Income (Loss) Recognized for Current Period	Notes
				End of Current Period	End of Last Year	Number of shares	Ratio	Carrying amount			
Formosa Pharmaceuticals, Inc.	Activus Pharma Co., Ltd.	Japan	Research and Development of New Biotechnology Drugs	$274,633	$274,633	1,942	99.23%	$109,341	($ 5,915)	($ 5,890)	