

Formosa Pharmaceuticals, Inc.

Individual Financial Statements and Independent Auditors' Review Report

For the years ended December 31, 2025 and 2024

(Stock Code: 6838)

Company Address: 8F.-6, No. 57, Fuxing N. Rd., Songshan Dist., Taipei City

Tel : (02)2755-7659

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Formosa Pharmaceuticals, Inc.

Individual Financial Statements and Independent Auditors' Review Report

For the years ended December 31, 2025 and 2024

Table of Contents

Item	Page/Number/Index
1. Cover	1
2. Table of Contents	2 ~ 3
3. Independent Auditors' Review Report	4 ~ 9
4. Individual Balance Sheet	10
5. Individual Statement of Comprehensive Income	11
6. Individual Statement of Changes in Equity	12
7. Individual Statement of Cash Flows	13
8. Notes to the Individual Financial Statements	14 ~ 51
I. Company History	14
II. Date and Procedures of Approval of the Financial Statements	14
III. Adoption of New and Amended Standards and Interpretations	14 ~ 16
IV. Summary of Material Accounting Policies	16 ~ 25
V. Main Sources of Material Accounting Judgments, Estimates, and Assumption Uncertainties	25 ~ 26
VI. Description of Significant Accounting Items	26 ~ 48
VII. Related Party Transactions	48 ~ 51
VIII. Pledged Assets	51
IX. Material Contingent Liabilities and Unrecognized Contractual Commitments	52
X. Material Losses from Disasters	52
XI. Material Subsequent Events	52
XII. Others	52 ~ 59
XIII. Notes and Disclosures to the Financial Statements	59 ~ 60
XIV. Department Information	60
9. Detailed Table of Significant Accounting Items	
Table of Cash and Cash Equivalents	Table 1

Item	Page/Number/Index
Table of Financial Assets Measured at Amortized Cost	Table 2
Table of Changes in Investments Accounted for Using the Equity Method	Table 3
Change in Intangible Assets Table	Please refer to Note 6(8)
Other Payables Table	Please refer to Note 6(10)
Other Non-current Liabilities Table	Please refer to Note 6(13)
Operating Revenue Table	Please refer to Note 6(19)
Table of Operating Costs	Table 4
Table of Selling Expenses	Table 5
Table of Administrative Expenses	Table 6
Research and Development Expenses Table	Table 7
Summary Table of Employee Benefits, Depreciation, Depletion, and Amortization Expenses by Function Incurred in the Current Period	Table 8

Independent Auditors' Report

(2026) Review Report No. 25003436

To Formosa Pharmaceuticals, Inc.:

Audit Opinion

Formosa Pharmaceuticals, Inc. (hereinafter referred to as "the Company") Individual Balance Sheets as of December 31, 2025 and 2024, and the Individual Statements of Comprehensive Income, Individual Statements of Changes in Equity, Individual Statements of Cash Flows for the periods from January 1 to December 31, 2025 and 2024, and Notes to the Individual Financial Statements (including summary of material accounting policies) have been reviewed by us.

Basis for Audit Opinion

Based on our opinion, we believe that the accompanying consolidated financial statements have been prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and therefore are able to present fairly the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and consolidated cash flows for 2025 and 2024.

Key Audit Matters

The audit was conducted by a certified public accountant in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Generally Accepted Auditing Standards of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Individual Financial Statements section of our report. Our personnel who are subject to independence regulations have maintained independence from the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and have fulfilled their other responsibilities under that norm. We believe that sufficient and appropriate audit evidence has been obtained as a basis for expressing our audit opinion.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Individual Financial Statements of the Company for 2025. These matters have been addressed in the course of the audit of the Individual Financial Statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of Formosa Pharmaceuticals, Inc's Individual Financial Statements for 2025 are as follows:

Key Audit Matters - Intangible Assets - Goodwill Impairment Assessment

Item Description

For the accounting policy of impairment of non-financial assets of the Company, please refer to Note 4(16) of the financial report; for the uncertainty of accounting estimates and assumptions for goodwill impairment assessment, please refer to Note 5 of the financial report; for the explanation of intangible asset accounting items, please refer to Note 6(8) of the financial report.

The Company's goodwill balance as of December 31, 2025 was NT\$30,544 thousand, which arose from the Company's acquisition of 100% equity interest in Activus Pharma. Co., Ltd. The Company measures the recoverable amount of cash-generating units based on the discounted future estimated cash flows of relevant research and development projects as the basis for impairment assessment. Due to the fact that the valuation model adopted in the aforementioned goodwill impairment assessment process regarding the expected recoverable amount constitutes a significant accounting estimate, and the cash flows within the recoverable amount involve projections of future years' cash flows, the auditors have identified goodwill impairment assessment as one of the most critical audit matters.

Responsive Audit Procedures

The audit procedures performed by this accountant are summarized as follows:

1. Understand management's process for estimating future cash flows, consistent with the future annual budget of the research and development project.
2. Obtain the valuation report issued by the expert engaged by management and perform the following audit procedures:
 - (1) Assess that the valuation models used are reasonable in relation to the industry, environment, and assets being valued.
 - (2) Compare the expected growth rates and operating net profit margins used in the projected future cash flows with historical results and external data such as economic literature.
 - (3) Evaluate the discount rate used, comparing it with the assumptions of the cash-generating unit's capital cost and the rate of return on similar assets.
3. Confirm that the recoverable amount of the cash-generating unit, measured by discounting estimated future cash flows, exceeds the carrying amount and will not result in impairment.

Key Audit Matters - Intangible Assets - Technical Know-how Impairment Assessment

Item Description

For the accounting policy of impairment of non-financial assets of the Company, please refer to Note 4(16) of the financial report; for the uncertainty of accounting estimates and assumptions for technical know-how impairment assessment, please refer to Note 5 of the financial report; for the explanation of intangible asset accounting items, please refer to Note 6(8) of the financial report.

The balance of specialized technology of the Company as of December 31, 2025 was NT\$430,349 thousand, mainly representing relevant technologies acquired from other companies for the development of new drugs. The Company assesses whether there is any indication of impairment based on internal and external information based on the balance sheet date. If there is any indication of impairment, the Group evaluates and confirms whether impairment should be recognized based on the recoverable amount of the asset. The auditor considers that the impairment indicator assessment performed by management involves the consideration of various information, and that the results of the impairment assessment have a significant impact on the value in use; therefore, the auditor has identified the technical know-how impairment assessment as one of the key audit matters.

Responsive Audit Procedures

The principal audit procedures performed by this accountant are as follows:

1. Review the data used by management to assess impairment indicators for technical know-how, including various R&D project plans and development progress.
2. Evaluate the competence and objectivity of external experts engaged by management.
3. Further discuss with management and perform the following audit procedures:
 - (1) The product characteristics and market trends of the main R&D technologies, confirming that these products have certain advantages in the market.
 - (2) There are no significant delays in the development progress of each R&D project.
 - (3) The total market capitalization of the Company exceeds the book value of net assets as of the balance sheet date.
 - (4) Assess whether the value in use derived from discounting the cash flows generated by the patent technology is greater than the carrying amount, and whether any impairment of the patent technology has occurred.

Management's and Governance's Responsibility for the Individual Financial Statements

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

In preparing the Individual Financial Statements, management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The governance units of the Company (including the Audit Committee) are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Individual Financial Statements

The purpose of our audit of the Individual Financial Statements is to obtain reasonable assurance about whether the Individual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but an audit conducted in accordance with the Generally Accepted Auditing Standards of the Republic of China does not guarantee that it will always detect material misstatements that exist in the Individual Financial Statements. Misstatements can arise from fraud or error. If the individual amounts or aggregate of misstatements can reasonably be expected to influence the economic decisions of users of the Individual Financial Statements, they are considered to be material.

The auditor, when conducting the audit in accordance with the Generally Accepted Auditing Standards of the Republic of China, applies professional judgment and professional skepticism. The auditor also performs the following procedures:

1. Identify and assess the risks of material misstatement of the Individual Financial Statements, whether due to fraud or error; design and implement appropriate responses to the assessed risks; and obtain sufficient and appropriate audit evidence to serve as a basis for the audit opinion. Because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls, the risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error.

2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
3. Evaluate the appropriateness of accounting policies adopted by management, and the reasonableness of accounting estimates and related disclosures made by management.
4. Based on the audit evidence obtained, draw a conclusion on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If the Auditor concludes that a material uncertainty exists, the Auditor is required to draw attention in the audit report to the related disclosures in the Individual Financial Statements or, if such disclosures are inadequate, to modify the audit opinion. The auditor's conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or circumstances may cause the Company to no longer be able to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the Individual Financial Statements (including the related notes), and whether the Individual Financial Statements fairly present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the component entities within the Company, in order to express an opinion on the Individual Financial Statements. The auditor is responsible for directing, supervising, and performing the audit engagement, and is responsible for forming the audit opinion on the Company.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and significant audit findings, including any significant deficiencies in internal control identified during the audit.

The auditor also provides the governing body with a statement that the personnel of the firm to which the auditor belongs who are subject to independence requirements have complied with the independence-related provisions of The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and communicates with the governing body all relationships and other matters (including related safeguards) that might reasonably be thought to bear on independence.

We determined the following matters to be the key audit matters in our audit of the consolidated financial statements of Formosa Pharmaceuticals, Inc. for the year 2025, based on matters communicated with those charged with governance. The auditor shall communicate those matters in the audit report, unless law or regulation precludes public disclosure of the specific matter, or in extremely rare circumstances, the auditor determines that the specific matter should not be communicated in the audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Teng, Sheng-Wei

Certified Public Accountant

Yen, Yu-Fang

Financial Supervisory Commission

Approval Document No.: FSC Approval No. 1020013788

FSC Approval No. 1080323093

March 10, 2026

Formosa Pharmaceuticals, Inc.

Individual Balance Sheet

December 31, 2025 and 2024

Unit: NT\$ thousand

Assets		Notes	December 31, 2025		December 31, 2024	
			Amount	%	Amount	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 239,661	11	\$ 423,204	19
1136	Financial assets measured at amortized cost - current	6(2)	1,200,000	55	1,220,000	55
1200	Other receivables		7,392	1	37,426	2
1220	Current income tax assets		5,163	-	2,977	-
130X	Inventories		4,171	-	2,893	-
1410	Prepayments	6(3) and 7	57,238	3	38,170	2
1470	Other current assets		159	-	518	-
11XX	Subtotal Current Assets		<u>1,513,784</u>	<u>70</u>	<u>1,725,188</u>	<u>78</u>
Non-Current Assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(4)	1,540	-	5,151	-
1550	Investments accounted for using the equity method	6(5)	103,364	5	108,918	5
1600	Property, plants, and equipment	6(6)	17,081	1	4,458	-
1755	Right-of-use assets	6(7) and 7	26,482	1	25,428	1
1780	Intangible assets	6(8)	461,739	21	341,713	16
1900	Other non-current assets	6(9)	47,889	2	7,054	-
15XX	Subtotal Non-Current Assets		<u>658,095</u>	<u>30</u>	<u>492,722</u>	<u>22</u>
1XXX	Total Assets		<u>\$ 2,171,879</u>	<u>100</u>	<u>\$ 2,217,910</u>	<u>100</u>
Liabilities and Equity						
Current Liabilities						
2130	Contract liabilities - current	6(19)	\$ 21,293	1	\$ 4,507	-
2180	Accounts payable - related parties	7	766	-	-	-
2200	Other payables	6(10)	134,921	6	182,327	8
2220	Other payables - related parties	7	94,321	5	6,750	1
2280	Lease liabilities - current	7	6,574	-	5,497	-
2300	Other current liabilities	6(8)(13)(28) and 7	309	-	85,431	4
21XX	Subtotal Current Liabilities		<u>258,184</u>	<u>12</u>	<u>284,512</u>	<u>13</u>
Non-Current Liabilities						
2520	Financial liabilities measured at amortized cost - non-current	6(11) and 7	62,860	3	65,570	3
2527	Contract liabilities - non-current	6(19)	16,760	1	23,479	1
2570	Deferred income tax liabilities	6(26)	3,457	-	3,951	-
2580	Lease liabilities - non-current	7	20,411	1	20,304	1
2600	Other non-current liabilities	6(8)(13)(28) and 7	353,588	16	272,116	12
25XX	Subtotal Non-Current Liabilities		<u>457,076</u>	<u>21</u>	<u>385,420</u>	<u>17</u>
2XXX	Total Liabilities		<u>715,260</u>	<u>33</u>	<u>669,932</u>	<u>30</u>
Equity						
Share capital						
3110	Common share capital	6(15)	1,509,771	70	1,509,771	68
Capital surplus						
3200	Capital surplus	6(16)	2,279,093	105	2,278,738	103
Accumulated losses						
3350	Accumulated deficits	6(17)	(2,236,504)	(103)	(2,152,937)	(97)
Other equity						
3400	Other equity	6(18)	(95,741)	(5)	(87,594)	(4)
3XXX	Total Equity		<u>1,456,619</u>	<u>67</u>	<u>1,547,978</u>	<u>70</u>
Material contingent liabilities and unrecognized contractual commitments						
Material subsequent events						
3X2X	Total Liabilities and Equity		<u>\$ 2,171,879</u>	<u>100</u>	<u>\$ 2,217,910</u>	<u>100</u>

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

Chairman: Cheng, Chen-Yu

President : Erick Co

Principal Accounting Officer : Tsao, Nai-Hsien

Formosa Pharmaceuticals, Inc.
Individual Statement of Comprehensive Income
For the years ended December 31, 2025 and 2024

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

Item	Notes	2025		2024		
		Amount	%	Amount	%	
4000	Operating revenue	6(19)	\$ 9,495	100	\$ 143,356	100
5000	Operating costs		(11,093)	(117)	(24,366)	(17)
5950	Net operating (gross loss) gross profit		(1,598)	(17)	118,990	83
	Operating expenses	6(24)(25) and 7				
6100	Selling expenses		(13,023)	(137)	(4,953)	(4)
6200	Administrative expenses		(34,611)	(365)	(55,847)	(39)
6300	Research and development expenses		(121,008)	(1274)	(225,620)	(157)
6450	Expected credit impairment losses	12(2)	-	-	(7,821)	(5)
6000	Subtotal operating expenses		(168,642)	(1776)	(294,241)	(205)
6900	Operating loss		(170,240)	(1793)	(175,251)	(122)
	Non-operating income and expenses					
7100	Interest income	6(20) and 7	25,288	267	21,235	15
7010	Other income	6(21)	49,562	522	1,055	1
7020	Other gains and losses	6(22)	12,832	135	(37,329)	(26)
7050	Financial costs	6(7)(23)	(485)	(5)	(569)	(1)
7070	Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method	6(5)	(1,016)	(11)	10,489	7
7000	Subtotal non-operating income and expenses		86,181	908	(5,119)	(4)
7900	Loss Before Income Tax		(84,059)	(885)	(180,370)	(126)
7950	Income tax benefits (expenses)	6(26)	494	5	(20,644)	(14)
8200	Net Loss for the Period		<u>(\$ 83,565)</u>	<u>(880)</u>	<u>(\$ 201,014)</u>	<u>(140)</u>
	Other Comprehensive Income					
	Items Not to be Reclassified to Profit or Loss					
8316	Unrealized gains (losses) on equity instruments measured at fair value through other comprehensive income	6(4)(18)	(\$ 3,611)	(38)	(\$ 54,109)	(38)
	Items that May Be Subsequently Reclassified to Profit or Loss					
8361	Exchange differences on translation of foreign operations		(4,538)	(48)	(3,578)	(2)
8300	Other Comprehensive Income (Net of Income Tax)		<u>(\$ 8,149)</u>	<u>(86)</u>	<u>(\$ 57,687)</u>	<u>(40)</u>
8500	Total Comprehensive Income (Loss) for the Period		<u>(\$ 91,714)</u>	<u>(966)</u>	<u>(\$ 258,701)</u>	<u>(180)</u>
	Loss per share	6(27)				
9750	Loss per share		<u>(\$ 0.55)</u>		<u>(\$ 1.43)</u>	
9850	Diluted loss per share		<u>(\$ 0.55)</u>		<u>(\$ 1.43)</u>	

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

Formosa Pharmaceuticals, Inc.
Individual Statement of Changes in Equity
For the years ended December 31, 2025 and 2024

Unit: NT\$ thousand

	Notes	Capital Surplus				Accumulated deficits	Other equity		Subtotal
		Common share capital	Share premium	Employee share options	Others		Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
2024									
Balance as of January 1, 2024		\$ 1,341,421	\$1,775,220	\$ 5,010	\$ 208	(\$ 1,951,923)	(\$25,267)	(\$ 4,640)	\$ 1,140,029
Net loss for the period		-	-	-	-	(201,014)	-	-	(201,014)
Other comprehensive income (loss) for the period		-	-	-	-	-	(3,578)	(54,109)	(57,687)
Total comprehensive income (loss) for the period		-	-	-	-	(201,014)	(3,578)	(54,109)	(258,701)
Employee stock option compensation cost	6(14)	-	-	36,201	-	-	-	-	36,201
Stock options forfeited		-	-	(22,156)	22,156	-	-	-	-
Cash capital increase	6(15)	168,000	473,743	(12,664)	-	-	-	-	629,079
Exercise of employee stock options	6(14)	350	1,524	(504)	-	-	-	-	1,370
Balance as of December 31, 2024		<u>\$ 1,509,771</u>	<u>\$2,250,487</u>	<u>\$ 5,887</u>	<u>\$22,364</u>	<u>(\$ 2,152,937)</u>	<u>(\$28,845)</u>	<u>(\$58,749)</u>	<u>\$ 1,547,978</u>
2025									
Balance as of January 1, 2025		\$ 1,509,771	\$2,250,487	\$ 5,887	\$22,364	(\$ 2,152,937)	(\$28,845)	(\$58,749)	\$ 1,547,978
Net loss for the period		-	-	-	-	(83,565)	-	-	(83,565)
Other comprehensive income (loss) for the period		-	-	-	-	-	(4,538)	(3,611)	(8,149)
Total comprehensive income (loss) for the period		-	-	-	-	(83,565)	(4,538)	(3,611)	(91,714)
Employee stock option compensation cost	6(14)	-	-	355	-	-	-	-	355
Stock options forfeited		-	-	(637)	637	-	-	-	-
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(4)	-	-	-	-	(2)	-	2	-
Balance as of December 31, 2025		<u>\$ 1,509,771</u>	<u>\$2,250,487</u>	<u>\$ 5,605</u>	<u>\$23,001</u>	<u>(\$ 2,236,504)</u>	<u>(\$33,383)</u>	<u>(\$62,358)</u>	<u>\$ 1,456,619</u>

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

Chairman: Cheng, Chen-Yu

President : Erick Co

Principal Accounting Officer : Tsao, Nai-Hsien

Formosa Pharmaceuticals, Inc.
Individual Statement of Cash Flows
For the years ended December 31, 2025 and 2024

	Notes	For the year ended December 31, 2025	Unit: NT\$ thousand For the year ended December 31, 2024
Cash Flows from Operating Activities			
Net loss before income tax		(\$ 84,059)	(\$ 180,370)
Adjustments			
Adjustments to reconcile profit or loss			
Depreciation expenses	6(6)(7)(24)	9,255	7,533
Amortization expenses	6(8)(24)	40,227	34,667
Expected credit impairment losses	12(2)	-	7,821
Interest expenses	6(23)	485	569
Interest income	6(20)	(25,288)	(21,235)
Employee stock option compensation cost	6(14)	355	36,201
Share of profit or loss of associates and joint ventures accounted for using the equity method	6(5)	1,016	(10,489)
Loss on fair value measurement of contingent consideration	6(22)(28)	-	6,961
Gain on lease modification	6(22)	-	(1)
Net changes in operating assets/liabilities			
Net changes in operating assets			
Accounts receivable		-	(7,821)
Inventories		(1,278)	(2,893)
Other receivables		30,889	(4,735)
Other receivables - related parties		-	3,039
Prepayments		(19,068)	344
Other current assets		359	(83)
Net changes in operating liabilities			
Contract liabilities		10,067	(77,010)
Accounts payable - related parties		766	-
Other payables		(78,081)	53,016
Other payables - related parties		87,571	(241)
Other current liabilities		(91,028)	(23)
Cash outflow generated from operations		(117,812)	(154,750)
Interest received		22,247	18,795
Interest paid		(485)	(569)
Income taxes paid		-	(161)
Net cash outflow from operating activities		(96,050)	(136,685)
Cash Flows from Investing Activities			
Acquisitions of financial assets measured at amortized cost - current	6(2)	(1,460,000)	(1,384,779)
Disposals of financial assets measured at amortized cost - current	6(2)	1,480,000	997,511
Payments for acquisition of property, plants, and equipment	6(28)	(9,660)	(1,354)
Acquisition of intangible assets	6(28)	(31,882)	(980)
Increase in refundable deposits		(168)	(487)
Proceeds from disposal of financial assets at fair value through other comprehensive income - non-current		1	-
Increase in other non-current assets		(46,233)	-
Payment for acquisition of subsidiaries	6(28)	-	(79,289)
Increase in prepayment for purchases of equipment		(348)	(5,914)
Net cash outflow from investing activities		(68,290)	(475,292)
Cash Flows from Financing Activities			
Lease principal repayment	6(29)	(6,126)	(6,047)
Cash capital increase	6(15)	-	629,079
Stock options exercised during the period	6(14)	-	1,370
Net cash (outflow) inflow from financing activities		(6,126)	624,402
Effect of exchange rate changes on cash and cash equivalents		(13,077)	26,085
Increase (decrease) in cash and cash equivalents for the period		(183,543)	38,510
Cash and cash equivalents at beginning of period		423,204	384,694
Cash and cash equivalents at end of period		<u>\$ 239,661</u>	<u>\$ 423,204</u>

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

Chairman: Cheng, Chen-Yu

President : Erick Co

Principal Accounting Officer : Tsao, Nai-Hsien

Formosa Pharmaceuticals, Inc.

Notes to the Individual Financial Statements

For the years ended December 31, 2025 and 2024

Unit: NT\$ thousand (Unless specified otherwise)

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 is primarily engaged in new drug development and transfers. Formosa Laboratories, Inc. holds 40.66% equity interest in the Company and is the ultimate parent company of the Company.

II. Date and Procedures of Approval of the Financial Statements

These individual financial statements were approved and issued by the Board of Directors on March 10, 2026.

III. Adoption of New and Amended Standards and Interpretations

1. 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:

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

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

2. 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 2026:

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Issued by International Accounting Standards Board</u>
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
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
Annual Improvements to IFRS Standards - Volume 11	January 1, 2026

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

3. 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:

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Issued by International Accounting Standards Board</u>
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 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note)
IFRS 19 "Subsidiaries without Public Accountability: Disclosure"	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation currency"	January 1, 2027

Note: According to the FSC's press release dated September 25, 2025, public companies will be required to adopt International Financial Reporting Standard 18 (hereinafter "IFRS 18") starting from fiscal year 2028. In addition, entities that wish to early adopt IFRS 18 may do so upon the FSC's endorsement of the standard.

Except for the following, the Company has assessed that the above standards and interpretations have no significant impact on the Company'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 individual financial statements are described below. Unless otherwise stated, these policies have been consistently applied to all reporting periods.

1. Statement of Compliance

These individual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. 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 individual 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 Company'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.

3. Foreign Currency Conversion

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

(1) Foreign Currency Transactions and Balances

- A. Foreign currency transactions are converted into the functional currency using the exchange rates prevailing at the dates of the transactions or measurement dates, and the resulting conversion differences are recognized in profit or loss for the current period.
- B. Foreign currency monetary assets and liabilities balances are revalued using the exchange rates prevailing at the balance sheet date, and the resulting conversion differences from such revaluation are recognized in profit or loss for the current period.
- C. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are converted using the exchange rates prevailing at the balance sheet date, and the resulting exchange differences from such conversion are recognized in profit or loss for the current period; those measured at fair value through other comprehensive income are converted 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.
- D. 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) Conversion of Foreign Operations

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

- A. Assets and liabilities presented in each balance sheet are converted using the closing exchange rate at the date of that balance sheet;
- B. Income and expenses presented in each statement of comprehensive income are converted using the average exchange rates for the period; and
- C. All exchange differences arising from conversion are recognized in other comprehensive income.

4. Classification Criteria for Current and Non-current Assets and Liabilities

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

- A. Expected to be realized in the normal operating cycle, or intended to be sold or consumed.
- B. Held primarily for trading purposes.

- C. Expected to be realized within twelve months after the reporting period.
- D. 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 Company 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:

- A. Expected to be settled within the normal operating cycle.
- B. Held primarily for trading purposes.
- C. Due to be settled within twelve months after the reporting period.
- D. Does not have the right to defer settlement of the liability for at least twelve months after the reporting period.

The Company classifies all liabilities that do not meet the above conditions as non-current.

5. 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.

6. 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:

- A. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- B. 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 Company adopts trade date accounting for financial assets measured at fair value through other comprehensive income that meet regular way transactions.

- (3) The Company 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 Company, and the amount of dividends can be measured reliably, the Company recognizes dividend income in profit or loss.

7. Financial Assets Measured at Amortized Cost

The Company 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.

8. Accounts receivable

- (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 Company measures them at their original invoice amount.

9. Impairment of Financial Assets

At each balance sheet date, the Company 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.

10. Derecognition of Financial Assets

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

11. 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 production-related manufacturing expenses (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.

12. Investments accounted for using the equity method - subsidiaries

- (1) Subsidiaries are entities (including structured entities) controlled by the Company. The Company 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.
- (2) Intercompany transactions, balances, and unrealized gains and losses between the Company and its subsidiaries have been eliminated. The accounting policies of subsidiaries are consistent with those adopted by the Company.
- (3) The Company recognizes its share of post-acquisition profits or losses of subsidiaries as profit or loss for the current period, and recognizes its share of post-acquisition other comprehensive income of subsidiaries as other comprehensive income. When the Company's share of losses recognized in a subsidiary equals or exceeds its interest in that subsidiary, the Company continues to recognize losses in proportion to its shareholding ratio.
- (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.
- (5) In accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss for the current period and other comprehensive income in the individual financial report shall be the same as the amounts of profit or loss for the current period and other comprehensive income attributable to the owners of the parent company in the financial report prepared on a consolidated basis, and the owners' equity in the individual financial report shall be the same as the equity attributable to the owners of the parent company in the financial report prepared on a consolidated basis.

13. Property, Plants, and Equipment

- (1) Property, plants, 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 Company 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, plants, 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, plants, and equipment are significant, they are depreciated separately.

- (4) At the end of each financial year, the Company 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

14. 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 Company. 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 Company'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 lease terms or lease payments not arising from contract modifications, the lease liabilities will be reassessed and the remeasurement amount will be adjusted to right-of-use assets.
- (3) Right-of-use assets are recognized at cost on the lease commencement date. The cost includes:
- A. The initial measurement amount of lease liabilities;
 - B. (Any lease payments made at or before the commencement date; and
 - C. 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.

15. 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 know-how is recorded at cost and amortized on a straight-line basis over its estimated economic benefit period of 14~22 years.
- (3) Goodwill arises from business combinations using the acquisition method.

16. Impairment of Financial Assets

- (1) At the balance sheet date, the Company 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) 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.

17. Financial Liabilities at Amortized Cost

The Company 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.

18. Derecognition of Financial Liabilities

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

19. 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.

20. 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.

21. 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 recognized in other comprehensive income or directly in equity respectively, income tax is recognized in profit or loss.
- (2) The Company 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 individual 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) 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) 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.

22. 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.

23. Revenue Recognition

(1) Product sales

The Company manufactures and sells new drug-related products. Revenue from sales is recognized when control of the products is transferred to the customer, which is when the products are delivered to the sales customer, the sales customer has discretion over the channel and price for selling the products, and the Company has no remaining performance obligations that could affect the sales customer's acceptance of the products. Delivery of goods is considered to have occurred when the products are shipped to the designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer has accepted the products pursuant to the sales contract, or there is objective evidence that all acceptance criteria have been met.

(2) Research and development revenue

A. The Company 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.

- B. The Company 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.

(3) Intellectual Property License Revenue

The Company 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 Company undertakes activities that significantly affect the patented technology which directly impacts the licensed customers, and such 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.

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

In preparing these Individual 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 Company 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:

1. Goodwill Impairment Assessment

The assessment of goodwill impairment relies on the Company's subjective judgment, based on evaluating the recoverable amount using the discounted value of expected future cash flows for similar research and development projects, and analyzing the reasonableness of related assumptions. For details on goodwill impairment assessment, please refer to Note 6(8).

As of December 31, 2025, the carrying amount of the Company's goodwill was NT\$30,544.

2. Technical Know-how Impairment Assessment

When assessing whether there are indications of impairment for technical know-how, the Company 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 December 31, 2025, the carrying amount of the Company's technical know-how was NT\$430,349.

VI. Description of Significant Accounting Items

1. Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Petty cash	\$ 20	\$ 20
Demand deposits	89,641	353,723
Time deposits	<u>150,000</u>	<u>69,461</u>
	<u>\$ 239,661</u>	<u>\$ 423,204</u>

(1) The Company 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 Company has not pledged any cash and cash equivalents as collateral.

2. Financial Assets Measured at Amortized Cost

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Time deposits with maturities over 3 months and within 1 year	<u>\$ 1,200,000</u>	<u>\$ 1,220,000</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Interest income	<u>\$ 22,708</u>	<u>\$ 18,000</u>

(2) The maximum exposure to credit risk of the Company's financial assets measured at amortized cost, without taking into account any collaterals held or other credit enhancements, amounted to NT\$1,200,000 and NT\$1,220,000 as of December 31, 2025 and 2024, respectively.

- (3) The Company 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.

3. Prepayments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Tax overpayment	\$ 13,141	\$ 11,254
Prepaid service fees (Note)	36,662	24,431
Others	<u>7,435</u>	<u>2,485</u>
	<u>\$ 57,238</u>	<u>\$ 38,170</u>

Note: Please refer to Note 7(3)4 for details.

4. Financial assets measured at fair value through other comprehensive income

<u>Item</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-current items:		
Equity instruments		
Listed and OTC stocks	\$ 63,899	\$ 63,900
Valuation adjustments	<u>(62,359)</u>	<u>(58,749)</u>
	<u>\$ 1,540</u>	<u>\$ 5,151</u>

- (1) The Company elected to classify strategic equity investments as financial assets measured at fair value through other comprehensive income. The fair values of such investments were NT\$1,540 and NT\$5,151 as of December 31, 2025 and 2024, respectively.
- (2) In 2025, due to the reverse stock split of Eyenovia, Inc., the Company sold fractional shares with fair value of NT\$1, resulting in accumulated disposal loss of NT\$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:

	<u>2025</u>	<u>2024</u>
<u>Equity Instruments at Fair Value Through Other Comprehensive Income</u>		
Fair value changes recognized in other comprehensive income	<u>(\$ 3,611)</u>	<u>(\$ 54,109)</u>
Accumulated losses transferred to retained earnings due to derecognition	<u>(\$ 2)</u>	<u>\$ -</u>

- (4) Without considering the collaterals held or other credit enhancements, the maximum exposure to credit risk of the Company's financial assets measured at fair value through other comprehensive income as of December 31, 2025 and 2024, was NT\$1,540 and NT\$5,151, respectively.
- (5) The Company 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).

5. Investments accounted for using the equity method

	December 31, 2025	December 31, 2024
Activus Pharma. Co., Ltd.	<u>\$ 103,364</u>	<u>\$ 108,918</u>

- (1) The Company's shares of profit (loss) of associates accounted for using the equity method recognized for 2025 and 2024 were NT\$1,016 and NT\$10,489, respectively.
- (2) For information on the subsidiaries of the Company, please refer to Note 4(3) of the Company's Consolidated Financial Report for the year 2025.

6. Property, Plants, and Equipment

	2025			
	Machinery and Equipment	Testing Equipment	Leasehold Improvements	Subtotal
January 1				
Cost	\$ 3,896	\$ 4,239	\$ 701	\$ 8,836
Accumulated depreciation	(2,505)	(1,688)	(185)	(4,378)
	<u>\$ 1,391</u>	<u>\$ 2,551</u>	<u>\$ 516</u>	<u>\$ 4,458</u>
January 1	\$ 1,391	\$ 2,551	\$ 516	\$ 4,458
Additions	-	10,189	-	10,189
Transfers (Note)	-	5,434	-	5,434
Depreciation expenses	(556)	(2,268)	(176)	(3,000)
December 31	<u>\$ 835</u>	<u>\$ 15,906</u>	<u>\$ 340</u>	<u>\$ 17,081</u>
December 31				
Cost	\$ 3,896	\$ 19,862	\$ 701	\$ 24,459
Accumulated depreciation	(3,061)	(3,956)	(361)	(7,378)
	<u>\$ 835</u>	<u>\$ 15,906</u>	<u>\$ 340</u>	<u>\$ 17,081</u>

	2024			
	Machinery and Equipment	Testing Equipment	Leasehold Improvements	Subtotal
January 1				
Cost	\$ 3,896	\$ 3,485	\$ 453	\$ 7,834
Accumulated depreciation	(1,948)	(1,114)	(19)	(3,081)
	<u>\$ 1,948</u>	<u>\$ 2,371</u>	<u>\$ 434</u>	<u>\$ 4,753</u>
January 1	\$ 1,948	\$ 2,371	\$ 434	\$ 4,753
Additions	-	754	248	1,002
Depreciation expenses	(557)	(574)	(166)	(1,297)
December 31	<u>\$ 1,391</u>	<u>\$ 2,551</u>	<u>\$ 516</u>	<u>\$ 4,458</u>
December 31				
Cost	\$ 3,896	\$ 4,239	\$ 701	\$ 8,836
Accumulated depreciation	(2,505)	(1,688)	(185)	(4,378)
	<u>\$ 1,391</u>	<u>\$ 2,551</u>	<u>\$ 516</u>	<u>\$ 4,458</u>

Note: The current period transfers represent amounts reclassified from prepayments for equipment.

7. Lease Transactions - Lessee

- (1) The leased assets of the Company include buildings and official vehicles, with lease terms typically ranging from 2 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 amounts of right-of-use assets and recognized depreciation expenses are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Carrying Amount</u>	<u>Carrying Amount</u>
Official vehicles	\$ 325	\$ 567
Buildings	26,157	24,861
	<u>\$ 26,482</u>	<u>\$ 25,428</u>

	<u>2025</u>	<u>2024</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Official vehicles	\$ 242	\$ 244
Buildings	6,013	5,992
	<u>\$ 6,255</u>	<u>\$ 6,236</u>

(3) The additions of right-of-use assets for the Company were NT\$7,309 and NT\$2,146 for 2025 and 2024, respectively.

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

	<u>2025</u>	<u>2024</u>
<u>Items Affecting Profit or Loss for the Current Period</u>		
Interest expense on lease liabilities	\$ 474	\$ 514
Expense on short-term lease contracts	362	21
Expense on low-value asset leases	29	12
Gain on lease modification	-	1

(5) The Company's total lease cash outflows for 2025 and 2024 were NT\$6,990 and NT\$6,594, respectively.

8. Intangible Assets

	<u>Technical Know-how</u>						<u>Subtotal</u>
	<u>Goodwill</u>	<u>APP13007 Ophthalmic anti- inflammatory drugs</u>	<u>TSY-110 Anti-breast cancer drugs</u>	<u>TSY-210 Antibiotics with low risk of drug resistance</u>	<u>TSY-310 Antibody- drug conjugate</u>	<u>Computer Software</u>	
January 1, 2025							
Cost	\$ 82,166	\$ 231,912	\$ 193,851	\$ 84,150	\$ -	\$ 1,890	\$ 593,969
Accumulated amortization and impairment	(51,622)	(100,949)	(84,384)	(14,377)	-	(924)	(252,256)
	<u>\$ 30,544</u>	<u>\$ 130,963</u>	<u>\$ 109,467</u>	<u>\$ 69,773</u>	<u>\$ -</u>	<u>\$ 966</u>	<u>\$ 341,713</u>
<u>2025</u>							
January 1	\$ 30,544	\$ 130,963	\$ 109,467	\$ 69,773	\$ -	\$ 966	\$ 341,713
Additions	-	-	-	-	159,233	540	159,773
Transfers (Note)	-	-	-	-	-	480	480
Amortization expenses	-	(16,371)	(13,684)	(4,207)	(4,825)	(1,140)	(40,227)
December 31	<u>\$ 30,544</u>	<u>\$ 114,592</u>	<u>\$ 95,783</u>	<u>\$ 65,566</u>	<u>\$ 154,408</u>	<u>\$ 846</u>	<u>\$ 461,739</u>
December 31, 2025							
Cost	\$ 82,166	\$ 231,912	\$ 193,851	\$ 84,150	\$ 159,233	\$ 2,910	\$ 754,222
Accumulated amortization and impairment	(51,622)	(117,320)	(98,068)	(18,584)	(4,825)	(2,064)	(292,483)
	<u>\$ 30,544</u>	<u>\$ 114,592</u>	<u>\$ 95,783</u>	<u>\$ 65,566</u>	<u>\$ 154,408</u>	<u>\$ 846</u>	<u>\$ 461,739</u>

Note: The current period transfers represent amounts reclassified from prepayments for intangible assets.

	Technical Know-how					Subtotal
	Goodwill	APP13007 Ophthalmic anti- inflammatory drugs	TSY-110 Anti-breast cancer drugs	TSY-210 Antibiotics with low risk of drug resistance	Computer Software	
January 1, 2024						
Cost	\$ 82,166	\$ 231,912	\$ 193,851	\$ 84,150	\$ 910	\$ 592,989
Accumulated amortization and impairment	(51,622)	(84,579)	(70,700)	(10,169)	(519)	(217,589)
	<u>\$ 30,544</u>	<u>\$ 147,333</u>	<u>\$ 123,151</u>	<u>\$ 73,981</u>	<u>\$ 391</u>	<u>\$ 375,400</u>
2024						
January 1	\$ 30,544	\$ 147,333	\$ 123,151	\$ 73,981	\$ 391	\$ 375,400
Additions	-	-	-	-	980	980
Amortization expenses	-	(16,370)	(13,684)	(4,208)	(405)	(34,667)
December 31	<u>\$ 30,544</u>	<u>\$ 130,963</u>	<u>\$ 109,467</u>	<u>\$ 69,773</u>	<u>\$ 966</u>	<u>\$ 341,713</u>
December 31, 2024						
Cost	\$ 82,166	\$ 231,912	\$ 193,851	\$ 84,150	\$ 1,890	\$ 593,969
Accumulated amortization and impairment	(51,622)	(100,949)	(84,384)	(14,377)	(924)	(252,256)
	<u>\$ 30,544</u>	<u>\$ 130,963</u>	<u>\$ 109,467</u>	<u>\$ 69,773</u>	<u>\$ 966</u>	<u>\$ 341,713</u>

(1) Details of intangible asset amortization are as follows:

	2025	2024
Administrative expenses	\$ 1,124	\$ 389
Research and development expenses	39,103	34,278
	<u>\$ 40,227</u>	<u>\$ 34,667</u>

(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 its 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 for 2025 and 2024 were 16.96% and 19.46%, respectively.

- (3) In 2018, the Company purchased the specialized technology APP13007 from its subsidiary Activus Pharma. Co., Ltd. The transaction was accounted for as a business transfer, with the specialized technology recorded at its original book value, along with the assumption of the related goodwill. The aforementioned transaction price was determined with reference to an external expert valuation report, and the payment terms are handled in accordance with the contract signed by both parties. According to the payment schedule, as of December 31, 2025 and 2024, the Company still needs to pay USD 3,200 thousand and USD 3,200 thousand respectively (equivalent to NT\$100,576 and NT\$104,912 respectively), with amounts listed under "Other payables" and "Other current liabilities" being NT\$91,147 and NT\$85,241 respectively, and the remaining amounts listed under "Other non-current liabilities".
- (4) In November 2018, based on external expert valuation reports, the Company acquired the biosimilar drug development results (TSY-110) of Kadcyra® (ado-trastuzumab emtansine, T-DM1) from Formosa Laboratories, Inc. for NT\$193,851. According to the contract signed between both parties, in addition to paying NT\$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 December 31, 2025 and 2024, the aforementioned milestone license fees totaled USD 5,200 thousand (equivalent to NT\$163,436 and NT\$170,482, respectively), which have been estimated and recorded (listed under "Other non-current liabilities").
- (5) In August 2021, based on external expert valuation reports, the Company acquired the research and development results (TSY-210) of Streptogramin (anti-infective/antibiotic) from Formosa Laboratories, Inc. for NT\$84,150. According to the contract signed between both parties, in addition to paying NT\$14,025 at signing, milestone license fees will need to be paid upon completion of various development stages. As of December 31, 2025 and 2024, the aforementioned milestone license fees totaled USD 2,500 thousand (equivalent to NT\$78,575 and NT\$81,963, respectively), which have been estimated and recorded (listed under "Other non-current liabilities").
- (6) In May 2025, based on external expert valuation reports, the Company acquired the research and development results (TSY-310) of Almac Discovery's bispecific Antibody-Drug Conjugate (ADC) for NT\$159,233. According to the contract signed between both parties, in addition to paying NT\$30,330 at the time of signing, the Company will need to pay milestone license fees upon completion of various development stages, and after the related drug is marketed, pay royalties based on a certain percentage of sales. As of December 31, 2025, the unpaid consideration was NT\$133,578 (USD 4,250 thousand), of which NT\$31,430 (USD 1,000 thousand) was listed under "Other current liabilities", and the remaining amount was listed under "Other non-current liabilities".

9. Other Non-current Assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Prepaid rent	\$ 46,233	\$ -
Prepayment for purchases of equipment	348	5,914
Refundable deposits	<u>1,308</u>	<u>1,140</u>
	<u>\$ 47,889</u>	<u>\$ 7,054</u>

10. Other Payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salaries and bonuses payable	\$ 7,923	\$ 7,850
Service fees payable	78,646	113,758
Withholding tax payable	1,721	41,054
Profit sharing payable	7,858	16,393
Equipment payable	630	101
Intangible assets payable	31,670	-
Others	<u>6,473</u>	<u>3,171</u>
	<u>\$ 134,921</u>	<u>\$ 182,327</u>

11. Financial Liabilities at Amortized Cost

<u>Item</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-current items:		
New drug development profit sharing agreement	<u>\$ 62,860</u>	<u>\$ 65,570</u>

On April 18, 2022, the Company signed a new drug development profit sharing agreement with EirGenix, Inc. (hereinafter referred to as "EirGenix") for TSY-110 (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 Company 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 Company 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 December 31 2025, the Company has received USD 2,000 thousand.

12. Pensions

- (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 Company 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 2025 and 2024, the Company recognized pension costs of NT\$1,440 and NT\$1,295 respectively under the aforementioned pension plan.

13. Other Current Liabilities and Other Non-current Liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other current liabilities:		
Intangible assets payable (Note)	\$ -	\$ 85,241
Others	<u>309</u>	<u>190</u>
	<u>\$ 309</u>	<u>\$ 85,431</u>
Other non-current liabilities:		
Intangible assets payable (Note)	<u>\$ 353,588</u>	<u>\$ 272,116</u>

Note: For the purchase of technical know-how, please refer to Notes 6(8)3-6. For partial purchase of technical know-how from related parties, please refer to Notes 6(8)3. 4 and 5.

14. Share-based Payments

- (1) For 2025 and 2024, the Company's share-based payment arrangements were as follows:

<u>Type of Agreement</u>	<u>Grant Date</u>	<u>Number of Grants</u>	<u>Contract Period</u>	<u>Vesting Conditions</u>
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) Details of the above share-based payment arrangements are 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	\$ 38.5	490,000	\$ 39.7
Stock options forfeited during the period	(60,000)	38.5	-	-
Stock options exercised during the period	-	-	(35,000)	38.5
Outstanding stock options at December 31	<u>395,000</u>	<u>38.5</u>	<u>455,000</u>	<u>38.5</u>
Exercisable stock options at December 31	<u>287,500</u>	<u>38.5</u>	<u>210,000</u>	<u>38.5</u>

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

		December 31, 2025	
Approval Date	Expiry Date	Number of Shares	Exercise Price (NT\$)
March 9, 2022	March 8, 2027	395,000	\$ 38.5
		December 31, 2024	
Approval Date	Expiry Date	Number of Shares	Exercise Price (NT\$)
March 9, 2022	March 8, 2027	455,000	\$ 38.5

- (4) The Company 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 (NT\$)	Expected Volatility	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 Company 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:

	2025	2024
Equity-settled	\$ 355	\$ 36,201

- (7) Employee Stock Options 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.

15. Share capital

- (1) As of December 31, 2025, the Company's authorized capital was NT\$2,000,000, divided into 200,000 thousand shares, with paid-in capital of NT\$1,509,771 and a par value of NT\$10 per share. All payments for the Company's issued shares have been received.
- (2) The adjustment in 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	150,977	134,142
Stock options exercised during the period	-	35
Cash capital increase	-	16,800
December 31	150,977	150,977

- (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.

16. 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.

17. Accumulated 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 is designed to align with current and future development plans, taking into consideration the investment environment, capital requirements, domestic and international competition, and shareholder interests. From the shareholders' accumulated distributable earnings, the Company may retain a portion or distribute dividends in the form of shares or cash or a combination of both. The cash dividends shall not be less than ten percent of the total shareholder dividends distributed, with the remainder being stock dividends.

18. 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	(3,611)	-	(3,611)
Revaluation transferred to retained earnings	2	-	2
Foreign currency translation differences - Group	-	(4,538)	(4,538)
December 31	<u>(\$ 62,358)</u>	<u>(\$ 33,383)</u>	<u>(\$ 95,741)</u>

	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	(54,109)	-	(54,109)
Foreign currency translation differences - Group	-	(3,578)	(3,578)
December 31	<u>(\$ 58,749)</u>	<u>(\$ 28,845)</u>	<u>(\$ 87,594)</u>

19. Operating Revenue

	2025	2024
Revenue from contracts with customers	<u>\$ 9,495</u>	<u>\$ 143,356</u>

(1) Disaggregation of revenue from contracts with customers

The Company'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:

2025	Product Sales	Service Revenue	Technology Licensing	Subtotal
Revenue from external customer contracts recognized at a point in time	\$ 911	\$ 3,820	\$ 4,764	\$ 9,495

2024	Product Sales	Service Revenue	Technology Licensing	Subtotal
Revenue from external customer contracts recognized at a point in time	\$ 7,821	\$ 7,534	\$ 128,001	\$ 143,356

(2) Contract liabilities

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

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities	\$ 38,053	\$ 27,986	\$ 72,996

The Company's contract liabilities at the beginning of 2025 and 2024 were transferred to revenue in the amounts of NT\$7,624 and NT\$71,334 respectively. The previous amounts already include the discount values of NT\$984 and NT\$0, respectively.

- (3) The Company 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 Company 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 Company can receive signing fees, milestone payments, and royalties calculated as a specified percentage of future sales from Grand Pharma. From the signing date to December 31, 2025, the Company has accumulated recognized revenue of NT\$59,023.

- (4) The Company has signed a new drug licensing agreement with Eyenovia, Inc. (hereinafter referred to as EYEN) for the United States region. The Company transferred the drug license in the U.S. region to EYEN in March 2024, and EYEN obtained the commercialization rights for the U.S. region. According to the contract terms, the Company could receive signing fees, development milestone payments, and sales milestone payments from EYEN. Both parties mutually agreed to sign a license termination agreement on June 6, 2025. As per the agreement, all claims and commitments between both parties would be permanently discharged from the termination date, and EYEN would return the drug license for the U.S. region. From the contract signing date to the contract termination date, the Group has recognized accumulated revenue of NT\$127,800.
- (5) The Company has signed a new drug licensing agreement with Harrow, Inc. (hereinafter referred to as HROW) for the United States region. The Group will transfer the drug license in the U.S. region, and HROW will obtain the commercialization rights for the U.S. region. According to the contract terms, the Group can receive royalties and sales milestone payments from HROW. From the contract signing date to December 31, 2025, the Group has not recognized any revenue.
- (6) The Company has signed new drug licensing agreements with various partners for regions including Canada, Mexico, Brazil, Chile and other Central and South American countries, Portugal, Switzerland and other European countries, Israel, Middle East and North Africa, South Africa, India, and Southeast Asia. The partners will obtain commercialization rights for regions including Canada, Mexico, Brazil, Chile and other Central and South American countries, Portugal, Switzerland and other European countries, Israel, Middle East and North Africa, South Africa, India, and Southeast Asia. According to the terms of various contracts, the Group can receive signing fees, development milestone payments, and sales milestone payments from partners. As of December 31, 2025, the Group has received the equivalent of NT\$38,053 (listed under "Contract Liabilities"). From the signing dates of various contracts to December 31, 2025, the accumulated recognized revenue is NT\$3,117.

20. Interest Income

	2025	2024
Interest income from bank deposits	\$ 2,568	\$ 3,181
Interest income from financial assets measured at amortized cost	22,708	18,000
Other interest income	12	54
	<u>\$ 25,288</u>	<u>\$ 21,235</u>

21. Other Income

	<u>2025</u>	<u>2024</u>
Write-off of withholding tax payable benefit (Note)	\$ 38,429	\$ -
Tax refund benefit	10,638	-
Others	495	1,055
	<u>\$ 49,562</u>	<u>\$ 1,055</u>

Note: This is related to the termination terms between the Company and EYEN, please refer to Note 6(19)4 for details.

22. Other Gains and Losses

	<u>2025</u>	<u>2024</u>
Loss on measurement of contingent consideration (Note)	\$ -	(\$ 6,961)
Net gain (loss) on currency exchange	14,520	(30,369)
Miscellaneous disbursements	(1,688)	-
Gain on lease modification	-	1
	<u>\$ 12,832</u>	<u>(\$ 37,329)</u>

Note: This arose from the Company's acquisition of 100% equity interest in Activus Pharma Co., Ltd., with contingent consideration measured based on the progress of clinical trials, patents and new drug applications.

23. Financial Costs

	<u>2025</u>	<u>2024</u>
Interest expenses	<u>\$ 485</u>	<u>\$ 569</u>

24. Additional Information on Expenses by Nature

	<u>2025</u>	<u>2024</u>
Employee benefits expenses	<u>\$ 39,749</u>	<u>\$ 72,130</u>
Depreciation expenses of right-of-use assets and property, plants, and equipment	<u>\$ 9,255</u>	<u>\$ 7,533</u>
Amortization of intangible assets	<u>\$ 40,227</u>	<u>\$ 34,667</u>

25. Employee Benefits Expenses

	<u>2025</u>	<u>2024</u>
Salary expenses	\$ 32,353	\$ 29,458
Employee stock option compensation cost	355	36,201
Labor insurance and national health insurance expenses	2,437	2,106
Pension	1,440	1,295
Director's remuneration	2,022	2,136
Other personnel expenses	1,142	934
	<u>\$ 39,749</u>	<u>\$ 72,130</u>

- (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) The Company had a pre-tax net loss for 2025 and 2024, therefore no employees' compensation and directors' remuneration were required to be estimated.

26. Income Tax

- (1) Income tax benefits (expenses)

	<u>2025</u>	<u>2024</u>
Current tax:		
Income tax generated from current income	\$ -	\$ 21,138
Deferred tax:		
Origination and reversal of temporary differences	(494)	(494)
Income tax benefits (expenses)	<u>(\$ 494)</u>	<u>\$ 20,644</u>

- (2) Relationship between income tax (benefits) expenses and accounting profits

	<u>2025</u>	<u>2024</u>
Income tax calculated at statutory tax rate based on net loss before tax	(\$ 16,812)	(\$ 36,074)
Expenses to be excluded as required by tax regulations	7	-
Temporary differences for which deferred tax assets are not recognized	9,402	3,661
Unrecognized deferred tax assets for tax losses	6,909	31,919
Withholding tax on royalty income collected abroad	-	21,138
Income tax benefits (expenses)	<u>(\$ 494)</u>	<u>\$ 20,644</u>

- (3) The amounts of deferred income tax liabilities arising from temporary differences are as follows:

		2025		
		January 1	Recognized in Profit or Loss	December 31
Temporary difference:				
-Deferred income tax liabilities:				
Technical know-how		\$ 3,951	(\$ 494)	\$ 3,457
		2024		
		January 1	Recognized in Profit or Loss	December 31
Temporary difference:				
-Deferred income tax liabilities:				
Technical know-how		\$ 4,445	(\$ 494)	\$ 3,951

- (4) The details of investment tax credits available to the Company and the related amounts not recognized as deferred tax assets are as follows:

December 31, 2025					
Deducted Item	Year Occurred	Remaining Unapplied Balance	Unrecognized deferred tax asset amounts	Last Offset Year	
Act for the Development of Biotech and Pharmaceutical Industry	2011	\$ 2,834	\$ 2,834		Note 1
	2012	8,419	8,419		"
	2013	9,019	9,019		"
	2014	5,702	5,702		"
	2015	5,046	5,046		"
	2016	5,143	5,143		"
	2020	12,973	12,973		Note 2
	2021	107,261	107,261		"
	2022	75,947	75,947		"
	2023	54,348	54,348		"
	2024	42,061	42,061		"
	2025	11,008	11,008		Note 3
		<u>\$ 339,761</u>	<u>\$ 339,761</u>		

December 31, 2024					
Deducted Item	Year Occurred	Remaining Unapplied Balance	Unrecognized deferred tax asset amounts	Last Offset Year	
Act for the Development of Biotech and Pharmaceutical Industry	2011	\$ 2,834	\$ 2,834		Note 1
	2012	8,419	8,419		"
	2013	9,019	9,019		"
	2014	5,702	5,702		"
	2015	5,046	5,046		"
	2016	5,143	5,143		"
	2020	12,973	12,973		Note 2
	2021	107,261	107,261		"
	2022	75,947	75,947		"
	2023	54,348	54,348		"
2024	<u>42,061</u>	<u>42,061</u>		"	
		<u>\$ 328,753</u>	<u>\$ 328,753</u>		

Note 1: The Company has been approved as a biotech and new drug company by the Ministry of Economic Affairs with the letter No. 10021417340 dated September 7, 2011. The Company and its shareholders are eligible to apply for the relevant incentive measures under the "Act for the Development of Biotech and Pharmaceutical Industry. The approval letter issued by the Ministry of Economic Affairs is valid for five years from the day following its issuance. The investment tax credit for research and development and talent training expenditures shall begin to be credited from the year in which there is taxable profit-seeking enterprise income tax. If the taxable profit-seeking enterprise income tax amount in the year the credit begins is insufficient for the full credit, the remaining amount may be credited against the taxable profit-seeking enterprise income tax in the subsequent four years.

Note 2: The Company has been approved as a biotech and pharmaceutical company by the Ministry of Economic Affairs with the letter No. 10920422850 dated August 4, 2020. The Company and its shareholders are eligible for the relevant incentive measures under the "Act for the Development of Biotech and Pharmaceutical Industry". The approval letter issued by the Ministry of Economic Affairs is valid for five years from the day following its issuance. The investment tax credit for research and development and personnel training expenditures shall begin to be credited from the year in which there is corporate income tax payable. If the corporate income tax payable in the initial credit year is insufficient for the full credit, the remaining amount may be credited against the corporate income tax payable in the subsequent five years.

Note 3: The Company has been approved by the Ministry of Economic Affairs as a biotech pharmaceutical company with the letter No. 11451025170 dated August 13, 2025. The Company and its shareholders are eligible to apply for the relevant incentive measures under the "Act for the Development of Biotech and Pharmaceutical Industry". The approval letter issued by the Ministry of Economic Affairs is valid for five years from the day following its issuance. The investment tax credit for research and development and personnel training expenditures shall begin to be credited from the year in which there is corporate income tax payable. If the corporate income tax payable in the initial credit year is insufficient for the full credit, the remaining amount may be credited against the corporate income tax payable in the subsequent five years.

- (5) The details of unused tax losses of the Company that have not yet expired and the related amounts of unrecognized deferred income tax assets are as follows:

December 31, 2025				
Year Occurred	Declared Amount/Approved Amount	Amount of Increase	Unrecognized deferred tax asset amounts	Last Deduction Year
2016	Approved Amount	\$ 33,933	\$ 33,933	2026
2017	Approved Amount	45,682	45,682	2027
2018	Approved Amount	116,382	116,382	2028
2019	Approved Amount	175,069	175,069	2029
2020	Approved Amount	226,698	226,698	2030
2021	Approved Amount	413,292	413,292	2031
2022	Approved Amount	373,916	373,916	2032
2023	Declared Amount	321,156	321,156	2033
2024	Declared Amount	159,596	159,596	2034
2025	Declared Amount	34,545	34,545	2035
		<u>\$ 1,900,269</u>	<u>\$ 1,900,269</u>	

December 31, 2024

Year Occurred	Declared Amount/Approved Amount	Amount of Increase	Unrecognized deferred tax asset amounts	Last Deduction Year
2015	Approved Amount	\$ 15,773	\$ 15,773	2025
2016	Approved Amount	33,933	33,933	2026
2017	Approved Amount	45,682	45,682	2027
2018	Approved Amount	116,382	116,382	2028
2019	Approved Amount	175,069	175,069	2029
2020	Approved Amount	226,698	226,698	2030
2021	Approved Amount	413,292	413,292	2031
2022	Approved Amount	373,916	373,916	2032
2023	Declared Amount	321,156	321,156	2033
2024	Declared Amount	159,596	159,596	2034
		<u>\$ 1,881,497</u>	<u>\$ 1,881,497</u>	

(6) Deductible temporary differences not recognized as deferred tax assets

	December 31, 2025	December 31, 2024
Temporary deductible difference	<u>\$ 217,665</u>	<u>\$ 170,659</u>

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

27. Loss per Share

	2025		
	Amount After Tax	Weighted average number of common shares outstanding (in thousands)	Loss per share (in dollars)
<u>Basic and Diluted Loss per Share</u>			
Net loss for the period attributable to owners of the parent company	<u>(\$ 83,565)</u>	<u>150,977</u>	<u>(\$ 0.55)</u>

	2024		
	Amount After Tax	Weighted average number of common shares outstanding (in thousands)	Loss per share (in dollars)
<u>Basic and Diluted Loss per Share</u>			
Net loss for the period attributable to owners of the parent company	<u>(\$ 201,014)</u>	<u>140,816</u>	<u>(\$ 1.43)</u>

28. Supplementary Cash Flow Information

Investment activities with partial cash payments

	2025	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	-	2,397
Loss on fair value of contingent consideration	-	6,961
Cash paid during the period	<u>\$ -</u>	<u>\$ 79,289</u>
	2025	2024
Purchase of property, plants, and equipment	\$ 10,189	\$ 1,002
Add: Opening balance of payables for equipment	101	453
Less: Ending balance of payables for equipment	(630)	(101)
Cash paid during the period	<u>\$ 9,660</u>	<u>\$ 1,354</u>
	2025	2024
Purchase of intangible assets	\$ 159,773	\$ 980
Add: Opening balance of contingent consideration payable (shown under current/non-current liabilities)	357,357	340,825
Effect of exchange rate changes	(8,843)	16,532
Less: Ending balance of contingent consideration payable (shown under other payable/non-current liabilities)	(476,405)	(357,357)
Cash paid during the period	<u>\$ 31,882</u>	<u>\$ 980</u>

29. 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	-	(6,126)	(6,126)
Other non-cash changes	(2,710)	7,310	4,600
December 31	<u>\$ 62,860</u>	<u>\$ 26,985</u>	<u>\$ 89,845</u>
	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	-	(6,047)	(6,047)
Other non-cash changes	4,160	2,060	6,220
December 31	<u>\$ 65,570</u>	<u>\$ 25,801</u>	<u>\$ 91,371</u>

VII. Related Party Transactions

1. 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 December 31, 2025, Formosa Laboratories, Inc.'s shareholding in the Company is 40.66%.

2. Names and Relationships of Related Parties

Names of Related Parties	Relationship with the Company
Formosa Laboratories, Inc.	Parent company
Activus Pharma. Co., Ltd.	Subsidiary
EirGenix, Inc.	Other related parties

3. Significant Transactions with Related Parties

(1) General and administrative expenses

	2025	2024
Parent company	<u>\$ 571</u>	<u>\$ 686</u>

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

	2025	2024
Parent company	\$ 8,445	\$ 27,825
Other related parties	<u>475</u>	<u>4,616</u>
	<u>\$ 8,920</u>	<u>\$ 32,441</u>

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) Purchases

	2025	2024
Parent company	<u>\$ 3,365</u>	<u>\$ 3,057</u>

Goods are purchased from the parent company on normal commercial terms and conditions.

(4) Prepayments

	December 31, 2025	December 31, 2024
Parent company	\$ 11,079	\$ -
Other related parties	<u>25,347</u>	<u>623</u>
	<u>\$ 36,426</u>	<u>\$ 623</u>

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

(5) Accounts payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	\$ 766	\$ -

The accounts payable to related parties mainly arise from purchases and other transactions, with payment terms due on the 25th of the month following the transaction date.

(6) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	\$ 3,174	\$ 3,881
Subsidiary	91,147	-
Other related parties	-	2,869
	<u>\$ 94,321</u>	<u>\$ 6,750</u>

- A. Other payables to related parties to the parent company mainly arise from management services and research and development transactions, with payments due on the 25th of the month following the transaction date.
- B. The unpaid amounts for technical know-how obtained by the Company from subsidiaries are recorded under other payables, as well as other current and non-current liabilities. For details, please refer to Notes 6(8) and (13).

(7) Financial liabilities at amortized cost

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other related parties	\$ 62,860	\$ 65,570

These are project fees from the profit-sharing agreement for TSY-110 new drug development received from other related parties. For related details, please refer to Note 6(11).

(8) Other current/non-current liabilities

The unpaid amounts for technical know-how obtained by the Company from the parent company and subsidiaries are recorded under other payables, as well as other current and non-current liabilities. For details, please refer to Notes 6(8) and (13).

(9) Lease Transactions - Lessee

Lease liabilities

A. Ending balance:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Parent company	\$ 22,448	\$ 21,982

B. Interest expenses:

	<u>2025</u>	<u>2024</u>
Parent company	\$ 427	\$ 441

(10) Funds Lent to Related Parties

Loans to Related Parties

A. Ending balance:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary	\$ -	\$ -

B. Interest income:

	<u>2025</u>	<u>2024</u>
Subsidiary	\$ -	\$ 54

4. Key management personnel compensation information

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 17,972	\$ 14,778
Post-employment benefits	427	287
Share-based payments	326	13,301
	<u>\$ 18,725</u>	<u>\$ 28,366</u>

VIII. Pledged Assets

None.

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

Please refer to Notes 6(8),(11), and (13) and Note 7(3) for details. As of December 31, 2025, the Company has signed experimental service contracts with future payment obligations amounting to NT\$80,650.

X. Material Losses from Disasters

None.

XI. Material Subsequent Events

1. On January 12, 2026, the Company signed a new drug licensing agreement with Samil Pharmaceutical Co. for the South Korea region. According to the agreement, the Company will license the commercialization rights of the new drug in South Korea, and receive signing fees, sales milestone payments, and royalties.
2. On February 23, 2026, the Company signed a new drug licensing agreement with Arrotex Pharmaceuticals Pty Ltd. for the Australia and New Zealand regions. According to the agreement, the Company will license the commercialization rights of the new drug in Australia and New Zealand, and receive signing fees, royalties, and sales milestone payments.

XII. Others

1. Capital Management

The Company's capital management objectives are to ensure the Company'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 Company 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.

2. Financial Instruments

(1) Types of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial Assets</u>		
Investments in equity instruments designated to be measured at fair value through other comprehensive income	\$ 1,540	\$ 5,151
Financial assets measured at amortized cost - cash and cash equivalents	\$ 239,661	\$ 423,204
Financial assets measured at amortized cost	1,200,000	1,220,000
Other receivables (including related parties)	7,392	37,426
Refundable deposits (shown as "other non-current assets")	1,308	1,140
	<u>\$ 1,448,361</u>	<u>\$ 1,681,770</u>
<u>Financial Liabilities</u>		
Financial liabilities measured at amortized cost - accounts payable (including related parties)	\$ 766	\$ -
Other payables (including related parties)	229,242	189,077
New drug development profit sharing agreement	62,860	65,570
Contingent consideration payable (shown as "other current/non-current liabilities")	353,588	357,357
	<u>\$ 646,456</u>	<u>\$ 612,004</u>
Lease liabilities	<u>\$ 26,985</u>	<u>\$ 25,801</u>

(2) Risk management policies

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

A. Market risk - Foreign exchange rate risk

Exchange Rate Risk

- (a) The Company operates internationally and therefore is exposed to foreign exchange risk arising from transactions denominated in currencies different from the functional currencies of the Company, 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 Company's management has established policies requiring units within the Company to manage foreign exchange risks relative to their functional currencies. Units within the Company should hedge their overall foreign exchange risk through the Company'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 Company's operations involve several non-functional currencies , 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:

December 31, 2025			
	Foreign Currency	Exchange Rate	Carrying Amount TWD
(Foreign currency:functional currency)			
<u>Financial Assets</u>			
<u>Non-monetary Items</u>			
USD:NTD	49	31.43	1,540
JPY:NTD	514,761	0.2008	103,364
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
USD:NTD	19,806	31.43	622,503

December 31, 2024			
	Foreign Currency	Exchange Rate	Carrying Amount TWD
(Foreign currency:functional currency)			
<u>Financial Assets</u>			
<u>Monetary Items</u>			
USD:NTD	\$ 2,266	32.785	\$ 74,291
<u>Non-monetary Items</u>			
USD:NTD	157	32.785	5,151
JPY:NTD	518,904	0.2099	108,918
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
USD:NTD	16,791	32.785	550,493

- (d) Due to exchange rate fluctuations, the Company recognized foreign currency exchange gains (losses) on monetary items amounting to NT\$14,520 and (NT\$30,369) for 2025 and 2024, respectively.
- (e) The Company's foreign currency market risk analysis due to significant exchange rate fluctuations is as follows:

		2025		
		Sensitivity Analysis		
		Degree of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
(Foreign currency:functional currency)				
	<u>Financial Liabilities</u>			
	<u>Monetary Items</u>			
	USD:NTD	1%	\$ 6,225	\$ -
		2024		
		Sensitivity Analysis		
		Degree of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
(Foreign currency:functional currency)				
	<u>Financial Assets</u>			
	<u>Monetary Items</u>			
	USD:NTD	1%	\$ 743	\$ -
	<u>Financial Liabilities</u>			
	<u>Monetary Items</u>			
	USD:NTD	1%	\$ 5,505	\$ -

Price Risk

- (a) The Company'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 Company diversifies its investment portfolio according to the limits set by the Company.
- (b) The Company 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 2025 and 2024 would increase or decrease by NT\$15 and NT\$52 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 Company has no borrowings, therefore there is no risk from interest rate fluctuations.

B. Credit risk

- (a) The Company's main credit risk comes from deposits placed with banks and financial institutions. Bank deposits are all placed with financial institutions that have good credit ratings.
- (b) The Company's credit risk is the risk of financial loss to the Company 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) According to the Company's internally specified credit policy, it 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 Company 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 Company 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 Company 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 Company writes off the amount of financial assets that cannot be reasonably expected to be recovered. However, the Company will continue to pursue legal proceedings to preserve its creditor rights.
- (h) The Company 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 Company 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:
- i. For prime customers, allowance for impairment loss is individually assessed using the expected loss rate method at 0%. The total carrying amounts of accounts receivable as of December 31, 2025 and 2024 were NT\$0 in both cases.
 - ii. For non-prime customers who have credit risk or who have defaulted, allowance for impairment loss is individually assessed at 100% of expected credit losses. The allowance for impairment loss as of December 31, 2025 and 2024 were NT\$0 and NT\$7,821, respectively.

C. Liquidity risk

- (a) Cash flow forecasts are performed by departments within the Company and aggregated by the Company's finance department. The Company'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 Company'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 December 31, 2025	December 31, 2025			
	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
New drug development profit sharing agreement	\$ -	\$ -	\$ 62,860	\$ -
Accounts payable (including related parties)	766	-	-	-
Other payables (including related parties)	229,242	-	-	-
Other non-current liabilities (including portion due within one year)	-	72,289	133,578	147,721
Lease liabilities	6,570	5,782	9,563	6,652

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)	189,077	-	-	-
Other non-current liabilities (including portion due within one year)	85,241	26,228	91,798	154,090
Lease Liabilities	5,927	3,556	8,636	9,502

3. 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 Company's financial instruments not measured at fair value, including cash and cash equivalents, accounts receivable, other receivables (including related parties), 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 Company 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 Company classifies assets and liabilities based on their nature. The relevant information is as follows:

December 31, 2025	Level 1	Level 2	Level 3	Subtotal
Assets				
<u>Recurring Fair Value Measurements</u>				
Financial assets measured at fair value through other comprehensive income				
Equity securities (Note)	<u>\$ 1,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,540</u>

December 31, 2024	Level 1	Level 2	Level 3	Subtotal
Assets				
<u>Recurring Fair Value Measurements</u>				
Financial assets measured at fair value through other comprehensive income				
Equity securities (Note)	<u>\$ 2,335</u>	<u>\$ 2,816</u>	<u>\$ -</u>	<u>\$ 5,151</u>

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 December 31, 2025, the listed stocks invested by the Company 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 for 2025 and 2024:

	2025	2024
	Payables for Acquisition of Companies	Payables for Acquisition of Companies
January 1	\$ -	\$ 69,931
Recognized in profit or loss for the current period	-	6,961
Current period payments	-	(79,289)
Valuation adjustments	-	2,397
December 31	<u>\$ -</u>	<u>\$ -</u>

XIII. Notes and Disclosures to the Financial Statements

1. Information on Significant Transactions

- (1) Loans to others: Please refer to Table 1.
- (2) Endorsements and guarantees for others: None.
- (3) Securities held at the end of the period (excluding investments in subsidiaries, associates, and joint controlled 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) For business relationships and significant transactions between parent and subsidiaries, please refer to Table 3.

2. Information on Investee Companies

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

3. 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. Department Information

According to Article 22 of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the separate financial statements are exempted from preparing department information as required by IFRS 8.

Formosa Pharmaceuticals, Inc.
Table of Cash and Cash Equivalents
December 31, 2025

Table 1

Unit: NT\$ thousand

Item	Summary	Amount
Petty cash		\$ 20
Bank Deposits - NTD Deposits		89,639
USD Deposits	USD\$64.46 at exchange rate 31.43 (Note 1)	2
Time deposits - NTD fixed deposits	(Note 2)	150,000
		<u>\$ 239,661</u>

Note 1: Foreign currency amounts are expressed in unit dollars.

Note 2: The period is from December 10, 2025 to March 15, 2026, with an interest rate of 1.69%.

Formosa Pharmaceuticals, Inc.
Table of Financial Assets Measured at Amortized Cost
December 31, 2025

Table 2

Unit: NT\$ thousand

<u>Item</u>	<u>Period</u>	<u>Expiry Date</u>	<u>Interest</u>	<u>Amount</u>
Time deposits - NTD fixed deposits	9 months	April 28, 2026	1.720%	\$ 400,000
	12 months	February 3, 2026	1.730%	200,000
	12 months	March 3, 2026	1.750%	200,000
	6 months	March 3, 2026	1.690%	160,000
	6 months	January 29, 2026	1.690%	140,000
	6 months	April 8, 2026	1.720%	50,000
	12 months	July 29, 2026	1.690%	50,000
				<u>\$ 1,200,000</u>

Formosa Pharmaceuticals, Inc.

Table of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2025

Table 3

Unit: NT\$ thousand

Name	Investment type	Opening balance		Increase for current period		Decrease for current Period		Ending balance			Market price or net equity value	
		Number of shares (Note 1)	Amount	Number of shares	Amount	Number of shares	Amount (Note 2)	Number of shares (Note 1)	Shareholdin g ratio	Amount	Unit price (Note 3)	Total price
Activus Pharma. Co., Ltd.	Common Stock	1,942	\$ 108,918	-	\$ -	-	(\$ 5,554)	1,942	99.23%	\$ 103,364	\$ 53	\$ 103,364

Note 1: Shares.

Note 2: The decrease in the current period represents investment losses recognized using the equity method and cumulative translation adjustments in the current period.

Note 3: NT\$ thousand.

Formosa Pharmaceuticals, Inc.
Table of Operating Costs
For the year ended December 31, 2025

Table 4

Unit: NT\$ thousand

Item	Amount
Manufacturing overhead	\$ 4,240
Manufacturing cost	4,240
Add: Beginning work-in-progress	1,490
Purchased work-in-progress	2,269
Less: Work-in-progress at end of period	(1,548)
Work-in-progress goods transferred to expenses	(1,388)
Cost of finished goods	5,063
Add: Beginning finished goods	1,403
Less: Finished goods at end of period	(3,827)
Transfer of finished goods to expenses	(352)
Current period cost of production and sales	2,287
Inventory write-down loss	1,204
Labor cost	1,814
Other operating costs	5,788
	\$ 11,093

Formosa Pharmaceuticals, Inc.
Table of Selling Expenses
For the year ended December 31, 2025

Table 5

Unit: NT\$ thousand

Item	Amount	Notes
Salary expenses	\$ 4,970	
Advertising expenses	1,349	
Insurance premium	1,264	
Service fees	3,882	
Travel expenses	948	
Other expenses	610	Each miscellaneous account does not exceed 5% of the amount of this account
	<u>\$ 13,023</u>	

Formosa Pharmaceuticals, Inc.
Table of Administrative Expenses
For the year ended December 31, 2025

Table 6

Unit: NT\$ thousand

Item	Amount	Notes
Salary expenses	\$ 12,240	
Depreciation expenses	3,172	
Service fees	9,575	
Other expenses	9,624	Each miscellaneous account does not exceed 5% of the amount of this account
	<u>\$ 34,611</u>	

Formosa Pharmaceuticals, Inc.
Research and Development Expenses Table
For the year ended December 31, 2025

Table 7

Unit: NT\$ thousand

Item	Amount	Notes
Salary expenses	\$ 18,960	
Amortization expenses	39,103	
Service fees	47,419	
Other expenses	15,526	Each miscellaneous account does not exceed 5% of the amount of this account
	<u>\$ 121,008</u>	

Formosa Pharmaceuticals, Inc.

Summary Table of Employee Benefits, Depreciation, Depletion, and Amortization Expenses by Function Incurred in the Current Period
For the year ended December 31, 2025

Table 8

Unit: NT\$ thousand

Nature	2025			2024		
	Belonging to cost of sales	Belonging to operating expenses	Subtotal	Belonging to cost of sales	Belonging to operating expenses	Subtotal
Employee benefits expenses						
Salary expenses	\$ -	\$ 32,353	\$ 32,353	\$ -	\$ 29,458	\$ 29,458
Employee stock option compensation cost	-	355	355	-	36,201	36,201
Labor insurance and national health insurance expenses	-	2,437	2,437	-	2,106	2,106
Pension	-	1,440	1,440	-	1,295	1,295
Director's remuneration	-	2,022	2,022	-	2,136	2,136
Others employee benefits expenses	-	1,142	1,142	-	934	934
	\$ -	\$ 39,749	\$ 39,749	\$ -	\$ 72,130	\$ 72,130
Depreciation expenses	\$ 650	\$ 8,605	\$ 9,255	\$ 674	\$ 6,859	\$ 7,533
Amortization expenses	\$ -	\$ 40,227	\$ 40,227	\$ -	\$ 34,667	\$ 34,667

Notes:

1. The average number of employees for the current year and the previous year were 27 and 26 respectively, of which the number of directors who were not also employees were 6 and 7 respectively.
2. (1) The average employee benefit expenses for the current year are NT\$1,797 thousand
(Calculated as "Total employee benefit expenses for the current year - Total directors' remuneration" / "Number of employees for the current year - Number of directors not concurrently serving as employees").
The average employee benefit expenses for the previous year were NT\$3,684 thousand
(Calculated as "Total employee benefit expenses for the previous year - Total director remuneration" / "Number of employees in the previous year - Number of directors not concurrently serving as employees").
- (2) The average employee salary expense for the current year is NT\$1,541 thousand
(Calculated as "Total salary expenses for the current year" / "Number of employees for the current year - Number of directors who are not concurrent employees").
The average employee salary expense for the previous year was NT\$1,550 thousand
(Calculated as "Total salary expenses for the previous year" / "Number of employees in the previous year - Number of directors who are not concurrently employed as employees").
- (3) Changes in average employee salary expense adjustment (1%)
(Calculated as "Average employee salary expense for the current year - Average employee salary expense for the previous year" / "Average employee salary expense for the previous year").
- (4) The Company has established an Audit Committee; therefore, the provisions regarding supervisors are not applicable, and there is no need to disclose information on supervisors' remuneration.
- (5) The Company's compensation and remuneration policy is as follows:
 - a. The compensation paid by the Company to employees includes base salary, meal allowance, performance bonus, year-end bonus, and salary adjustment. The Company's salary levels are determined based on factors such as internal and external salary market conditions, job levels, professional competencies, and individual experience (e.g., educational background, professional skills, and knowledge) to establish competitive compensation, ensuring that employees' remuneration is commensurate with their value and contributions. Performance bonuses and year-end bonuses are distributed by taking into account the Company's operational performance and individual employee performance; salary adjustments are conducted annually based on operational profitability, consumer price index, industry salary trends, and employee performance evaluations.
 - b. The Company's remuneration policy for managers is based on factors such as the Company's business strategy, job contributions, performance, and profitability, with reference to market salary levels. The policy is recommended by the Remuneration Committee and implemented upon approval by the Board of Directors.
 - c. According to the Company's Articles of Incorporation, if the Company has profits for the year, the Board of Directors shall resolve to allocate no less than five percent as employee compensation (of which no less than five percent of this employee compensation amount shall be allocated to entry-level employees) and no more than two percent as directors' compensation. However, if the Company still has accumulated losses, it shall first reserve the amount for offsetting such losses and report to the shareholders' meeting.