

**Formosa Pharmaceuticals, Inc. and Subsidiaries**

**Consolidated Financial Statements and Independent  
Auditors' Review Report**

**For the three months ended March 31, 2026 and 2025**

**(Stock Code: 6838)**

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

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## **Formosa Pharmaceuticals, Inc. and Subsidiaries**

### **For the three months ended March 31, 2026 and 2025 Consolidated Financial Statements and Independent Auditors' Review Report**

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# Independent Auditors' Review Report

(2026) Review Report No. 26000141

To Formosa Pharmaceuticals, Inc.:

## Preface

Formosa Pharmaceuticals, Inc. and subsidiaries (hereinafter referred to as "the Group") consolidated balance sheets as of March 31, 2026 and 2025, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for the periods from January 1 to March 31, 2026 and 2025, and notes to the consolidated financial statements (including summary of material accounting policies) have been reviewed by us. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission, and our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

## Scope

We conducted our reviews in accordance with Statement of Auditing Standards No. 2410 "Review of Financial Statements" of the Republic of China. A review of consolidated financial statements consists of making inquiries (primarily of persons responsible for financial and accounting matters), applying analytical procedures, and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all material matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements have not been prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission, and therefore fail to present fairly the consolidated financial position of the Group as of March 31, 2026 and 2025, and its consolidated financial performance and consolidated cash flows for the three months ended March 31, 2026 and 2025.

PricewaterhouseCoopers

Teng, Sheng-Wei

Certified Public Accountant

Tsai, Pei-Hua

Financial Supervisory Commission

Approval Document No.: FSC Approval No. 1020013788

FSC Approval No. 1130350413

May 11, 2026



**Formosa Pharmaceuticals, Inc. and Subsidiaries**  
**Consolidated Statement of Comprehensive Income**

For the years ended December 31, 2026 and 2025

Unit: NT\$ thousand

(Except for loss per share, which is expressed in New Taiwan Dollars)

Item	Notes	For the year ended December 31, 2026		For the year ended December 31, 2025		
		Amount	%	Amount	%	
4000	Operating Revenue	6(18)	\$ 45,422	100	\$ 594	100
5000	Operating costs	7	( 5,933)	( 13)	( 1,260)	( 212)
5900	Gross profit (loss)		39,489	87	( 666)	( 112)
	Operating expenses	6(22)(23) and 7				
6100	Selling expenses		( 1,383)	( 3)	( 4,273)	( 719)
6200	Administrative expenses		( 8,617)	( 19)	( 10,374)	( 1747)
6300	Research and development expenses		( 40,139)	( 88)	( 19,600)	( 3300)
6000	Subtotal operating expenses		( 50,139)	( 110)	( 34,247)	( 5766)
6900	Operating loss		( 10,650)	( 23)	( 34,913)	( 5878)
	Non-operating income and expenses					
7100	Interest Income	6(2)(29)	5,559	12	6,246	1052
7020	Other Gains and Losses	6(20)	( 9,776)	( 22)	( 12,131)	( 2042)
7050	Financial Costs	6(6)(21)	( 130)	-	( 116)	( 20)
7000	Subtotal non-operating income and expenses		( 4,347)	( 10)	( 6,001)	( 1010)
7900	<b>Loss Before Income Tax</b>		( 14,997)	( 33)	( 40,914)	( 6888)
7950	Income tax (expenses) benefit	6(24)	( 255)	( 1)	123	21
8200	<b>Net loss for the period</b>		<u>(\$ 15,252)</u>	<u>( 34)</u>	<u>(\$ 40,791)</u>	<u>( 6867)</u>
	<b>Other Comprehensive Income</b>					
	<b>Items Not to be Reclassified to Profit or Loss</b>					
8316	Unrealized gains (losses) on equity instruments measured at fair value through other comprehensive income	6(4)(17)	(\$ 21)	-	(\$ 4,649)	( 783)
	<b>Items that May Be Subsequently Reclassified to Profit or Loss</b>					
8361	Exchange differences on translation of foreign operations	6(17)	( 169)	-	6,362	1071
8300	<b>Other Comprehensive Income (Net of Income Tax)</b>		<u>(\$ 190)</u>	<u>-</u>	<u>\$ 1,713</u>	<u>288</u>
8500	<b>Total comprehensive income (loss) for the period</b>		<u>(\$ 15,442)</u>	<u>( 34)</u>	<u>(\$ 39,078)</u>	<u>( 6579)</u>
	Net loss attributable to:					
8610	Owners of the parent company		(\$ 15,263)	( 34)	(\$ 40,745)	( 6859)
8620	Non-controlling interests		11	-	( 46)	( 8)
			<u>(\$ 15,252)</u>	<u>( 34)</u>	<u>(\$ 40,791)</u>	<u>( 6867)</u>
	Total comprehensive income attributable to:					
8710	Owners of the parent company		(\$ 15,452)	( 34)	(\$ 39,081)	( 6580)
8720	Non-controlling interests		10	-	3	1
			<u>(\$ 15,442)</u>	<u>( 34)</u>	<u>(\$ 39,078)</u>	<u>( 6579)</u>
	Loss per Share	6(25)				
9750	Loss per Share		(\$ 0.10)		(\$ 0.27)	
9850	Diluted loss per share		(\$ 0.10)		(\$ 0.27)	

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

Chairman: Cheng, Chen-Yu

President : Erick Co

Principal Accounting Officer : Tsao, Nai-Hsien

**Formosa Pharmaceuticals, Inc. and Subsidiaries**

**Consolidated Statement of Changes in Equity**

For the years ended December 31, 2026 and 2025

Unit: NT\$ thousand

Equity attributable to owners of the parent company										
	Capital Surplus					Other equity				
			Employee share options	Others	Accumulated deficits	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Non-controlling interests	Subtotal
Notes	Common share capital	Share premium	Employee share options	Others	Accumulated deficits	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Non-controlling interests	Subtotal
<u>For the year ended December 31, 2025</u>										
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	\$ 594	\$ 1,548,572
Net loss for the period										
	-	-	-	-	( 40,745)	-	-	( 40,745)	( 46)	( 40,791)
Other comprehensive income (loss) for the period 6(4)(17)										
	-	-	-	-	-	6,313	( 4,649)	1,664	49	1,713
Total comprehensive income (loss) for the period										
	-	-	-	-	( 40,745)	6,313	( 4,649)	( 39,081)	3	( 39,078)
Employee stock option compensation cost 6(13)(23)										
	-	-	224	-	-	-	-	224	-	224
Disposal of investments in equity instruments 6(4)										
measured at fair value through other comprehensive income										
	-	-	-	-	( 2)	-	2	-	-	-
Balance at March 31, 2025										
			\$							
	\$ 1,509,771	2,250,487	\$ 6,111	\$22,364	(\$ 2,193,684)	(\$ 22,532)	(\$63,396)	\$1,509,121	\$ 597	\$ 1,509,718
<u>For the year ended December 31, 2026</u>										
Balance as of January 1, 2026										
			\$							
	\$ 1,509,771	2,250,487	\$ 5,605	\$23,001	(\$ 2,236,504)	(\$ 33,383)	(\$62,358)	\$1,456,619	\$ 551	\$ 1,457,170
Net loss for the period (Income)										
	-	-	-	-	( 15,263)	-	-	( 15,263)	11	( 15,252)
Other comprehensive income (loss) for the period 6(4)(17)										
	-	-	-	-	-	( 168)	( 21)	( 189)	( 1)	( 190)
Total comprehensive income (loss) for the period										
	-	-	-	-	( 15,263)	( 168)	( 21)	( 15,452)	10	( 15,442)
Employee stock option compensation cost 6(13)(23)										
	-	-	75	-	-	-	-	75	-	75
Balance at March 31, 2026										
			\$							
	\$ 1,509,771	2,250,487	\$ 5,680	\$23,001	(\$ 2,251,767)	(\$ 33,551)	(\$62,379)	\$1,441,242	\$ 561	\$ 1,441,803

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

Chairman: Cheng, Chen-Yu

President : Erick Co

Principal Accounting Officer : Tsao, Nai-Hsien

**Formosa Pharmaceuticals, Inc. and Subsidiaries**

**Consolidated Statement of Cash Flows**

For the years ended December 31, 2026 and 2025

Unit: NT\$ thousand

	<u>Notes</u>	<u>For the year ended December 31, 2026</u>	<u>For the year ended December 31, 2025</u>
<b>Cash Flows from Operating Activities</b>			
Net loss before income tax		(\$ 14,997 )	(\$ 40,914 )
Adjustments			
Adjustments to reconcile profit or loss			
Depreciation expenses	6(5) (6) (22)	2,691	1,894
Amortization expenses	6(7)(22)	10,462	9,136
Interest expenses	6(6)(21)	130	116
Interest Income	6(19)	( 5,559 )	( 6,246 )
Employee stock option compensation cost	6(13) (23)	75	224
Net changes in operating assets/liabilities			
Net changes in operating assets			
Accounts receivable		( 26,499 )	( 297 )
Other receivables		( 821 )	( 317 )
Inventories		( 595 )	973
Prepayments		( 1,443 )	( 1,683 )
Other current assets		( 1,274 )	( 809 )
Net changes in operating liabilities			
Contract liabilities		( 12,293 )	1,325
Accounts payable - related parties		1,845	-
Other Payables		( 25,741 )	( 38,259 )
Other payables - related parties		4,332	( 5,797 )
Other current liabilities		( 61 )	322
Cash outflow generated from operations		( 69,748 )	( 80,332 )
Interest received		6,332	3,535
Interest paid		( 130 )	( 116 )
Income taxes paid		( 378 )	-
Net cash outflow from operating activities		( 63,924 )	( 76,913 )
<b>Cash Flows from Investing Activities</b>			
Acquisitions of financial assets measured at amortized cost - current		( 610,000 )	( 560,000 )
Disposals of financial assets measured at amortized cost - current		700,000	450,000
Payments for acquisition of property, plants, and equipment	6(26)	( 716 )	( 9,381 )
Proceeds from disposal of financial assets at fair value through other comprehensive income - non-current		-	1
Increase in other non-current assets		( 1,040 )	-
Increase in refundable deposits		( 10 )	-
Net cash inflow (outflow) from investing activities		88,234	( 119,380 )
<b>Cash Flows from Financing Activities</b>			
Lease principal repayment	6(27)	( 1,670 )	( 1,404 )
Net cash outflow from financing activities		( 1,670 )	( 1,404 )
Effect of exchange rate changes on cash and cash equivalents		8,748	36,641
Increase (decrease) in cash and cash equivalents for the period		31,388	( 161,056 )
Cash and cash equivalents at beginning of period		241,785	425,785
Cash and cash equivalents at end of period		\$ 273,173	\$ 264,729

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

Chairman: Cheng, Chen-Yu

President : Erick Co

Principal Accounting Officer : Tsao, Nai-Hsien

## **Formosa Pharmaceuticals, Inc. and Subsidiaries**

### **Notes to the Consolidated Financial Statements**

For the three months ended March 31, 2026 and 2025

Unit: NT\$ thousand

(Unless Otherwise Specified)

#### 1. Company History

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

#### 2. Date and Procedures of Approval of the Financial Statements

These consolidated financial statements were approved and issued by the Board of Directors on May 11, 2026.

#### 3. 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 2026:

<b>New/Amended/Revised Standards and Interpretations</b>	<b>Effective Date Issued by International Accounting Standards Board</b>
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 Group has assessed that the above standards and interpretations have no significant impact on the Group's financial position and financial performance.

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

None.

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

IFRS 18 "Presentation and Disclosure in Financial Statements"

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

4. Summary of Material Accounting Policies

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

(1) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS

34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission.

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

(3) Basis of Consolidation

1. Principles of Preparing Consolidated Financial Statements

- (1) The Group includes all subsidiaries in the preparation of the consolidated financial statements. Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date the Group obtains control and are excluded from the consolidated financial statements from the date the Group loses control.
- (2) Intercompany transactions, balances, and unrealized gains and losses between companies within the Group have been eliminated. The accounting policies of subsidiaries are consistent with those adopted by the Group.
- (3) The components of profit or loss and other comprehensive income are attributed to owners of parent and non-controlling interests; total comprehensive income is also attributed to owners of parent and non-controlling interests even if this results in a deficit balance in non-controlling interests.

2. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary Name	Nature of Business	Percentage of ownership (%)			Description
			March 31, 2026	December 31, 2025	March 31, 2025	
Formosa Pharmaceuticals Inc.	Activus Pharma Co., Ltd.	Development and research of biotechnology medicine	99.23	99.23	99.23	

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

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

5.Significant restrictions: None.

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

(4) Foreign Currency Conversion

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

1.Foreign Currency Transactions and Balances

- (1) 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.
- (2) 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.
- (3) 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.
- (4) All other exchange gains and losses are reported under "Other gains and losses" in the income statement based on the nature of the transactions.

2. Conversion of Foreign Operations

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

- (1) Assets and liabilities presented in each balance sheet are converted using the closing exchange rate at the date of that balance sheet;
- (2) Income and expenses presented in each statement of comprehensive income are converted using the average exchange rates for the period; and

- (3) All exchange differences arising from conversion are recognized in other comprehensive income.
- (4) Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted at the closing exchange rate.

(5) Classification Criteria for Current and Non-current Assets and Liabilities

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

- (1) Expected to be realized in the normal operating cycle, or intended to be sold or consumed.
- (2) Held primarily for trading purposes.
- (3) Expected to be realized within twelve months after the reporting period.
- (4) Cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

- (1) Expected to be settled within the normal operating cycle.
- (2) Held primarily for trading purposes.
- (3) Due to be settled within twelve months after the reporting period.
- (4) Does not have the right to defer settlement of the liability for at least twelve months after the reporting period.

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

(6) 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.

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

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

- (1) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- (2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(8) Financial assets measured at amortized cost

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

(9) 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 Group measures them at their original invoice amount.

(10) Impairment of Financial Assets

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

(11) Derecognition of Financial Assets

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

(12) 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.

(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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part should be derecognized. All other maintenance costs are recognized in profit or loss for the current period.
3. Property, 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 Group reviews the residual value, useful life, and depreciation method of each asset. When the expected residual value and useful life differ from previous estimates, or when there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, changes are accounted for as changes in accounting estimates in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The useful lives of the various assets are as follows:

Testing equipment 5 years

Office equipment 3 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 Group. For short-term leases or leases of low-value assets, lease payments are recognized as expenses on a straight-line basis over the lease term.
2. The lease liability is recognized at the present value of the unpaid lease payments discounted at the Group's incremental borrowing rate on the lease commencement date. Lease payments are fixed payments less any lease incentives receivable. Subsequently, the lease liability is measured at amortized cost using the interest method, with interest expenses accrued over the lease term. When there are changes in 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:
  - (1) The initial measurement amount of lease liabilities;
  - (2) Any lease payments made at or before the commencement date; and

(3) Any initial direct costs incurred;

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

(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 Group estimates the recoverable amount of assets that show signs of impairment. When the recoverable amount is lower than its carrying amount, an impairment loss is recognized. The recoverable amount refers to an asset's fair value less costs of disposal or its value in use, whichever is higher.
2. Goodwill is regularly assessed for its recoverable amount. When the recoverable amount is lower than its carrying amount, an impairment loss is recognized. Impairment losses on goodwill are not reversed in subsequent years.
3. 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 Group initially recognizes financial liabilities at amortized cost at their issuance amount, and subsequently recognizes interest expenses in profit or loss over the circulation period using the interest method for amortization. When there is a change in estimated payments, the revised estimated cash flows are discounted at the original effective interest rate to recalculate the amortized cost of the financial liability, with the adjustment recognized in profit or loss.

(18) Accounts payable

1. These refer to obligations arising from the purchase of raw materials, merchandise, or services on credit, and accounts payable arising from both operating and non-operating activities.
2. For non-interest-bearing short-term accounts payable and notes payable, due to the insignificant impact of discounting, the Group measures them at their original invoice amount.

(19) Derecognition of Financial Liabilities

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

(20) 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.

(21) 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.

(22) 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 Group calculates current income tax based on the tax rates that have been enacted or substantively enacted at the balance sheet date in countries where it operates and generates taxable income. Management periodically evaluates the status of income tax filings with respect to applicable tax regulations, and where applicable, estimates income tax liabilities based on expected payments to tax authorities. The additional

income tax levied on undistributed earnings under the Income Tax Act is recognized as undistributed earnings income tax expense based on the actual distribution of earnings after the shareholders' meeting approves the earnings distribution proposal in the year following the year in which the earnings were generated.

3. Deferred income tax is accounted for using the balance sheet method, recognizing temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. Deferred income tax is measured at the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized, and unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.
5. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available for the use of unused income tax credits carried forward from research and development expenditures and other sources.
6. Income tax expense for interim periods is calculated by applying the estimated annual effective tax rate to pre-tax income for the interim period, and related information is disclosed in accordance with the aforementioned policies.

(23) 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.

(24) Revenue Recognition

1. Product sales

The Group 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 Group 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

- (1) The Group provides drug research and development and related services. Service revenue is recognized in the financial reporting period when services are rendered to customers. For fixed-price contracts, revenue is recognized based on the proportion of actual services provided to the total services to be provided as of the balance sheet date. The percentage of completion of services is estimated based on the proportion of services performed to date to the total services to be performed as of the financial reporting date.
- (2) The Group revises its estimates of revenue, costs, and completion progress as circumstances change. Any estimated increases or decreases in revenue or costs resulting from changes in estimates are reflected in profit or loss in the period when the circumstances that led to the revision become known to management.

## 3. Intellectual Property License Revenue

The Group enters into contracts with customers to license its patent technology to customers. Since the license is distinct, the license revenue is recognized either over the license period or at the point when control of the rights is transferred to customers, depending on the nature of the license. Customers pay a non-refundable upfront fee at the time of signing the contract and make milestone payments when each milestone is achieved. When the Group undertakes activities that significantly affect the 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.

## (25) Operating Departments

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

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

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

Significant Accounting Estimates and Assumptions:

### 1. Goodwill Impairment Assessment

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

As of March 31, 2026, the carrying amount of the Group'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 Group considers both internal and external information, including factors such as government regulatory changes, project research and development planning and progress, as well as market prospects for the technology. Changes in socioeconomic conditions and company strategy may lead to significant changes in these estimates in the future.

As of March 31, 2026, the carrying amount of the Group's technical know-how was NT\$420,528.

## 6. Description of Significant Accounting Items

### (1) Cash and cash equivalents

	<b>March 31, 2026</b>	<b>December 31, 2025</b>	<b>March 31, 2025</b>
Petty cash	\$ 20	\$ 20	\$ 20
Demand deposits	173,153	91,765	214,490
Time deposits	100,000	150,000	50,219
	<u>\$ 273,173</u>	<u>\$ 241,785</u>	<u>\$ 264,729</u>

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

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

(2) Financial assets measured at amortized cost

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Time deposits with maturities over 3 months and within 1 year	<u>\$ 1,110,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,330,000</u>

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

	<u>For the year ended December 31, 2026</u>	<u>For the year ended December 31, 2025</u>
Interest Income	<u>\$ 4,783</u>	<u>\$ 5,212</u>

2. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk best represented by the Group's financial assets measured at amortized cost amounted to \$1,110,000, \$1,200,000, and \$1,330,000 as of March 31, 2026, December 31, 2025, and March 31, 2025, respectively.

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

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

(3) Prepayments

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Tax overpayment	<u>\$ 14,759</u>	<u>\$ 13,141</u>	<u>\$ 11,652</u>
Prepaid service fees (Note)	<u>40,178</u>	<u>36,662</u>	<u>25,747</u>
Others	<u>3,765</u>	<u>7,456</u>	<u>2,475</u>
	<u>\$ 58,702</u>	<u>\$ 57,259</u>	<u>\$ 39,874</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>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Non-current items:			
Equity instruments			
Listed and OTC stocks	<u>\$ 1,520</u>	<u>\$ 1,540</u>	<u>\$ 503</u>

1. The Group has elected to classify equity investments held for strategic purposes as financial assets measured at fair value through other comprehensive income.

2. During 2025, due to the reverse stock split conducted by Eyenovia, Inc., the Group sold odd-lot shares with a fair value of \$1, resulting in a cumulative disposal loss of \$2. No such transactions occurred during the three-month period ended March 31, 2026. In addition, Eyenovia, Inc. was renamed Hyperion DeFi, Inc. during 2025.

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:

	<b>For the year ended December 31, 2026</b>	<b>For the year ended December 31, 2025</b>
Equity Instruments at Fair Value Through Other Comprehensive Income		
Fair value changes recognized in other comprehensive income	(\$ <u>21</u> )	(\$ <u>4,649</u> )
Accumulated losses transferred to retained earnings due to derecognition	\$ <u>-</u>	(\$ <u>2</u> )

4. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk best represented by the Group's financial assets measured at fair value through other comprehensive income amounted to \$1,520, \$1,540, and \$503 as of March 31, 2026, December 31, 2025, and March 31, 2025, respectively.
5. The Group has not pledged any financial assets measured at fair value through other comprehensive income as collateral.
6. For related credit risk information on financial assets measured at fair value through other comprehensive income, please refer to Note 12(2).

(5) Property, Plants, and Equipment

	<b>2026</b>				
	<b>Machinery and Equipment</b>	<b>Testing Equipment</b>	<b>Office equipment</b>	<b>Leasehold Improvements</b>	<b>Subtotal</b>
January 1					
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>\$ -</u>	<u>\$ 340</u>	<u>\$ 17,081</u>
January 1	\$ 835	\$ 15,906	\$ -	\$ 340	\$ 17,081
Additions	-	-	86	-	86
Depreciation expenses	( 139)	( 796)	( 4)	( 44)	( 983)
March 31	<u>\$ 696</u>	<u>\$ 15,110</u>	<u>\$ 82</u>	<u>\$ 296</u>	<u>\$ 16,184</u>
March 31					
Cost	\$ 3,896	\$ 19,862	\$ 86	\$ 701	\$ 24,545
Accumulated depreciation	( 3,200)	( 4,752)	( 4)	( 405)	( 8,361)
	<u>\$ 696</u>	<u>\$ 15,110</u>	<u>\$ 82</u>	<u>\$ 296</u>	<u>\$ 16,184</u>

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	-	9,280	-	9,280
Depreciation expenses	( 139)	( 270)	( 44)	( 453)
March 31	<u>\$ 1,252</u>	<u>\$ 11,561</u>	<u>\$ 472</u>	<u>\$ 13,285</u>
March 31				
Cost	\$ 3,896	\$ 13,519	\$ 701	\$ 18,116
Accumulated depreciation	( 2,644)	( 1,958)	( 229)	( 4,831)
	<u>\$ 1,252</u>	<u>\$ 11,561</u>	<u>\$ 472</u>	<u>\$ 13,285</u>

(6) Lease Transactions - Lessee

1. The leased assets of the Group 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:

	March 31, 2026	December 31, 2025	March 31, 2025
	Carrying Amount	Carrying Amount	Carrying Amount
Official vehicles	\$ 264	\$ 325	\$ 506
Buildings	<u>24,510</u>	<u>26,157</u>	<u>23,481</u>
	<u>\$ 24,774</u>	<u>\$ 26,482</u>	<u>\$ 23,987</u>

	For the year ended December 31, 2026	For the year ended December 31, 2025
	Depreciation expenses	Depreciation expenses
Official vehicles	\$ 61	\$ 61
Buildings	<u>1,647</u>	<u>1,380</u>
	<u>\$ 1,708</u>	<u>\$ 1,441</u>

3. The Group's additions to right-of-use assets for the three months ended March 31, 2026 and 2025 were both \$0.

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

	<b>For the year ended December 31, 2026</b>	<b>For the year ended December 31, 2025</b>
<u>Items Affecting Profit or Loss for the Current Period</u>		
Interest expense on lease liabilities	\$ 130	\$ 116
Expense on short-term lease contracts	26	155
Expense on low-value asset leases	7	7

5. The Group's total cash outflows for leases for the three-month periods ended March 31, 2026 and 2025 were \$1,833 and \$1,682, respectively.

(7) Intangible Assets

**Technical know-how**

	<b>Goodwill</b>	<b>APP13007 Ophthalmic anti- inflammatory drugs</b>	<b>APP13002 Antibiotic eye medications</b>	<b>TSY-110 Anti-breast cancer drugs</b>	<b>TSY-210 Antibiotics with low risk of drug resistance</b>	<b>TSY-310 Antibody-Drug Conjugate</b>	<b>Computer Software</b>	<b>Subtotal</b>
January 1, 2026								
Cost	\$ 82,166	\$ 231,912	\$ 1,205	\$ 193,851	\$ 84,150	\$ 159,233	\$ 2,910	\$ 755,427
Accumulated amortization and impairment	( 51,622)	( 117,320)	( 631)	( 98,068)	( 18,584)	( 4,825)	( 2,064)	( 293,114)
	<u>\$ 30,544</u>	<u>\$ 114,592</u>	<u>\$ 574</u>	<u>\$ 95,783</u>	<u>\$ 65,566</u>	<u>\$ 154,408</u>	<u>\$ 846</u>	<u>\$ 462,313</u>
<u>2026</u>								
January 1	\$ 30,544	\$ 114,592	\$ 574	\$ 95,783	\$ 65,566	\$ 154,408	\$ 846	\$ 462,313
Amortization expenses	-	( 4,093)	( 19)	( 3,421)	( 1,052)	( 1,809)	( 68)	( 10,462)
Net exchange differences	-	-	( 1)	-	-	-	-	( 1)
March 31	<u>\$ 30,544</u>	<u>\$ 110,499</u>	<u>\$ 554</u>	<u>\$ 92,362</u>	<u>\$ 64,514</u>	<u>\$ 152,599</u>	<u>\$ 778</u>	<u>\$ 451,850</u>
March 31, 2026								
Cost	\$ 82,166	\$ 231,912	\$ 1,203	\$ 193,851	\$ 84,150	\$ 159,233	\$ 2,910	\$ 755,425
Accumulated amortization and impairment	( 51,622)	( 121,413)	( 649)	( 101,489)	( 19,636)	( 6,634)	( 2,132)	( 303,575)
	<u>\$ 30,544</u>	<u>\$ 110,499</u>	<u>\$ 554</u>	<u>\$ 92,362</u>	<u>\$ 64,514</u>	<u>\$ 152,599</u>	<u>\$ 778</u>	<u>\$ 451,850</u>

**Technical know-how**

	<b>Goodwill</b>	<b>APP13007 Ophthalmic anti- inflammatory drugs</b>	<b>APP13002 Antibiotic eye medications</b>	<b>TSY-110 Anti-breast cancer drugs</b>	<b>TSY-210 Antibiotics with low risk of drug resistance</b>	<b>Computer Software</b>	<b>Subtotal</b>
January 1, 2025							
Cost	\$ 82,166	\$ 231,912	\$ 1,259	\$ 193,851	\$ 84,150	\$ 1,890	\$ 595,228
Accumulated amortization and impairment	( 51,622)	( 100,949)	( 581)	( 84,384)	( 14,377)	( 924)	( 252,837)
	<u>\$ 30,544</u>	<u>\$ 130,963</u>	<u>\$ 678</u>	<u>\$ 109,467</u>	<u>\$ 69,773</u>	<u>\$ 966</u>	<u>\$ 342,391</u>
<u>2025</u>							
January 1	\$ 30,544	\$ 130,963	\$ 678	\$ 109,467	\$ 69,773	\$ 966	\$ 342,391
Amortization expenses	-	( 4,093)	( 20)	( 3,420)	( 1,052)	( 551)	( 9,136)
Net exchange differences	-	-	40	-	-	-	40
March 31	<u>\$ 30,544</u>	<u>\$ 126,870</u>	<u>\$ 698</u>	<u>\$ 106,047</u>	<u>\$ 68,721</u>	<u>\$ 415</u>	<u>\$ 333,295</u>
March 31, 2025							
Cost	\$ 82,166	\$ 231,912	\$ 1,336	\$ 193,851	\$ 84,150	\$ 1,890	\$ 595,305
Accumulated amortization and impairment	( 51,622)	( 105,042)	( 638)	( 87,804)	( 15,429)	( 1,475)	( 262,010)
	<u>\$ 30,544</u>	<u>\$ 126,870</u>	<u>\$ 698</u>	<u>\$ 106,047</u>	<u>\$ 68,721</u>	<u>\$ 415</u>	<u>\$ 333,295</u>

1. Details of intangible asset amortization are as follows:

	<b>For the year ended December 31, 2026</b>	<b>For the year ended December 31, 2025</b>
Administrative expenses	\$ 64	\$ 546
Research and development expenses	<u>10,398</u>	<u>8,590</u>
	<u>\$ 10,462</u>	<u>\$ 9,136</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 is determined by reference to industry expectations; the discount rate adopted is determined by reference to the weighted average cost of capital of peer companies. The discount rates used for the three-month periods ended March 31, 2026 and 2025 were 16.96% and 19.49%, respectively.

3. In November 2018, based on external expert valuation reports, the Group acquired the biosimilar drug development results (TSY-110) of Kadcyła® (ado-trastuzumab emtansine, T-DM1) from Formosa Laboratories, Inc. for \$193,851. According to the contract signed between both parties, in addition to paying \$33,847 at signing, milestone license fees will be payable upon completion of each development milestone, and royalties will be paid based on a certain percentage of sales after the drug is launched. As of March 31, 2026, December 31, 2025, and March 31, 2025, the aforementioned milestone license fees totaled USD 5,200 thousand (equivalent to NT\$166,374, NT\$163,436, and NT\$172,666, respectively), which have been accrued (presented under "Other non-current liabilities").
4. In August 2021, based on external expert valuation reports, the Group acquired the research and development results (TSY-210) of Streptogramin (anti-infective/antibiotic) from Formosa Laboratories, Inc. for \$84,150. According to the contract signed between both parties, in addition to paying \$14,025 at signing, milestone license fees will be payable upon completion of each development milestone. As of March 31, 2026, December 31, 2025, and March 31, 2025, the aforementioned milestone license fees totaled USD 2,500 thousand (equivalent to NT\$79,987, NT\$78,575, and NT\$83,012, respectively), which have been accrued (presented under "Other non-current liabilities").

5. In May 2025, based on external expert valuation reports, the Group acquired the research and development results (TSY-310) of Almac Discovery's bispecific Antibody-Drug Conjugate (ADC) for 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 March 31, 2026, the unpaid consideration was \$135,979 (USD 4,250 thousand), of which \$31,995 (USD 1,000 thousand) was listed under "Other current liabilities", and the remaining amount was listed under "Other non-current liabilities".

(8) Other Non-current Assets

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Prepaid rent	\$ 47,273	\$ 46,233	\$ -
Prepayment for purchases of equipment	348	348	5,914
Refundable deposits	<u>1,318</u>	<u>1,308</u>	<u>1,140</u>
	<u>\$ 48,939</u>	<u>\$ 47,889</u>	<u>\$ 7,054</u>

(9) Other Payables

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Salaries and bonuses payable	\$ 5,110	\$ 7,923	\$ 4,442
Service fees payable	57,167	78,646	103,702
Withholding tax payable	1,722	1,721	41,583
Profit sharing payable	10,869	7,858	16,603
Equipment payable	-	630	-
Intangible assets payable	32,235	31,670	-
Others	<u>2,428</u>	<u>5,853</u>	<u>2,565</u>
	<u>\$ 109,531</u>	<u>\$ 134,301</u>	<u>\$ 168,895</u>

(10) Financial Liabilities at Amortized Cost

<u>Item</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Non-current items:			
New drug development profit sharing agreement	<u>\$ 63,990</u>	<u>\$ 62,860</u>	<u>\$ 66,410</u>

On April 18, 2022, the Group 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 Group is responsible for the research and development of the Product, as well as the implementation of production and manufacturing after the Product development is completed. Either party can commercialize the Product in the global market, and both parties will receive fifty percent of any revenue or benefits obtained from the development and commercialization of the Product. According to the aforementioned agreement, the Group will pay a consideration of USD 30,000 thousand for the licensing benefits, which will be received based on contract signing and development milestones. As of March 31, 2026, the Group has received USD 2,000 thousand.

(11) 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 Group contributes 6% of their monthly salaries to their individual pension accounts at the Bureau of Labor Insurance. Upon retirement, employees can receive their pension payment either as monthly pension payments or as a lump sum based on their individual pension accounts and accumulated earnings.
2. For the periods from January 1 to March 31, 2026 and 2025, the Group recognized pension costs of \$383 and \$351 respectively under the aforementioned pension plan.

(12) Other Current Liabilities and Other Non-current Liabilities

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Other current liabilities:			
Others	<u>\$ 248</u>	<u>\$ 309</u>	<u>\$ 512</u>
Other non-current liabilities:			
Intangible assets payable (Note)	<u>\$ 350,345</u>	<u>\$ 344,159</u>	<u>\$ 255,678</u>

Note: For the purchase of technical know-how, please refer to Notes 6(7)3, 4, and 5. For partial purchase of technical know-how from related parties, please refer to Notes 6(7)3 and 4.

(13) Share-based payments

1. From January 1 to March 31, 2026 and 2025, the Group'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. The detailed information of the Employee Stock Options Plan is as follows:

	<u>2026</u>		<u>2025</u>	
	<u>Number of stock options (shares)</u>	<u>Weighted average exercise price (NT\$)</u>	<u>Number of stock options (shares)</u>	<u>Weighted average exercise price (NT\$)</u>
Outstanding stock options at January 1	395,000	\$ 38.50	455,000	\$ 38.50
Stock options forfeited during the period	-	-	-	-
Stock options exercised during the period	-	-	-	-
Outstanding stock options at March 31	<u>395,000</u>	<u>\$ 38.50</u>	<u>455,000</u>	<u>\$ 38.50</u>
Exercisable stock options at March 31	<u>395,000</u>	<u>\$ 38.50</u>	<u>332,500</u>	<u>\$ 38.50</u>

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

**March 31, 2026**

<u>Approval Date</u>	<u>Expiry Date</u>	<u>Number of Shares</u>	<u>Exercise Price (NT\$)</u>
March 9, 2022	March 8, 2027	395,000	\$ 38.50

**December 31, 2025**

<u>Approval Date</u>	<u>Expiry Date</u>	<u>Number of Shares</u>	<u>Exercise Price (NT\$)</u>
March 9, 2022	March 8, 2027	395,000	\$ 38.50

**March 31, 2025**

<u>Approval Date</u>	<u>Expiry Date</u>	<u>Number of Shares</u>	<u>Exercise Price (NT\$)</u>
March 9, 2022	March 8, 2027	455,000	\$ 38.50

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

Type of Agreement	Grant Date	Weighted	Exercise Price (NT\$)	Expected	Expected Duration	Expected Dividend	Risk-free	Fair Value per Unit (NT\$)
		Average Share Price (NT\$)		Volatility (Note)			Interest Rate	
Employee Stock Options Plan	2022.3.9	\$39.5% (Note 1)	\$ 38.5	49.67% (Note 2)	3.5-4.5 years	0%	0.56%	\$ 13.8687 ~15.0536

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

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

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

Type of Agreement	Grant Date	Stock Price	Exercise Price	Expected Volatility	Expected Duration	Expected Dividend	Risk-free Interest Rate	Fair Value per Unit (NT\$)
Cash capital increase reserved for employee subscription	2024.6.20	56.7 (Note 1)	\$ 36	19.98% (Note 2)	0.06 years.	-	1.22%	\$ 20.7263

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

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

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

	For the year ended December 31, 2026	For the year ended December 31, 2025
Equity-settled	\$ 75	\$ 224

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.

#### (14) Share capital

1. As of March 31, 2026, 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 number of outstanding common shares (in thousands) at the beginning and end of the period for the Company is as follows:

	<u>2026</u>	<u>2025</u>
January 1 (same as March 31)	<u>150,977</u>	<u>150,977</u>

(15) 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.

(16) Accumulated Earnings (Losses)

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

(17) Other Equity Items

	<b>2026</b>		
	<b>Unrealized gains and losses on financial assets measured at fair value through other comprehensive income</b>	<b>Exchange differences on translation of foreign operations</b>	<b>Total</b>
January 1	(\$ 62,358)	(\$ 33,383)	(\$ 95,741)
Valuation adjustments	( 21)	-	( 21)
Foreign currency translation differences - Group	-	( 168)	( 168)
March 31	<u>(\$ 62,379)</u>	<u>(\$ 33,551)</u>	<u>(\$ 95,930)</u>

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

(18) Operating Revenue

	<b>For the year ended December 31, 2026</b>	<b>For the year ended December 31, 2025</b>
Revenue from contracts with customers	<u>\$ 45,422</u>	<u>\$ 594</u>

## 1. Disaggregation of revenue from contracts with customers

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

<b>For the year ended December 31, 2026</b>	<b>Product Sales</b>	<b>Service Revenue</b>	<b>Technology Licensing</b>	<b>Subtotal</b>
Revenue from external customer contracts recognized at a point in time				
	\$ 535	\$ -	\$ 44,887	\$ 45,422
<b>For the year ended December 31, 2025</b>	<b>Product Sales</b>	<b>Service Revenue</b>	<b>Technology Licensing</b>	<b>Subtotal</b>
Revenue from external customer contracts recognized at a point in time				
	\$ -	\$ 594	\$ -	\$ 594

## 2. Contract liabilities

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

	<b>March 31, 2026</b>	<b>December 31, 2025</b>	<b>March 31, 2025</b>	<b>January 1, 2025</b>
Contract liabilities	\$ 25,760	\$ 38,053	\$ 29,311	\$ 27,986

The amounts of contract liabilities at the beginning of the period that were recognized as revenue during the three-month periods ended March 31, 2026 and 2025 were \$17,775 and \$297, respectively.

3. The Group has signed new drug cooperation development and licensing agreements with Grand Pharmaceutical Group Limited (hereinafter referred to as Grand Pharma) for regions including Mainland China, Hong Kong, and Macau. The Group transfers expertise and provides relevant data to Grand Pharma, which is responsible for subsequent clinical development. After Grand Pharma successfully develops the new drug, it will obtain production and sales rights in Mainland China, Hong Kong, and Macau. According to the contract terms, the Group is entitled to receive signing fees, milestone payments, and royalties calculated as a specified percentage of future sales from Grand Pharma. No revenue had been recognized for the three-month periods ended March 31, 2026 and 2025.

4. The Group has signed a new drug licensing agreement with Eyenovia, Inc. (hereinafter referred to as EYEN) for the United States region. The Group transferred the drug license 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 Group was entitled to receive signing fees, development milestone payments, and sales milestone payments from EYEN. On June 6, 2025, both parties mutually agreed to sign a license termination agreement, under which EYEN returned the drug license for the U.S. region. Pursuant to the agreement, all claims and obligations between both parties shall be permanently released from the termination date. From the contract signing date to the contract termination date, the Group has recognized accumulated revenue of NT\$127,800.
5. The Group has signed a new drug licensing agreement with Harrow, Inc. (hereinafter referred to as HROW) for the United States region. The Group has transferred the drug license in the U.S. region, and HROW has obtained 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 March 31, 2026, the Group has not recognized any revenue.
6. The Group 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, the Middle East and North Africa, South Africa, India and Southeast Asia, Korea, Australia, and New Zealand. 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, the Middle East and North Africa, South Africa, India and Southeast Asia, Korea, Australia, and New Zealand. According to the terms of the respective contracts, the Group is entitled to receive signing fees, development milestone payments, and sales milestone payments from each partner. The Group recognized licensing revenue of \$44,887 and \$0 for the three-month periods ended March 31, 2026 and 2025. Of the aforementioned licensing revenue, the amounts presented under "Net accounts receivable" were \$23,120 and \$0.

(19) Interest Income

	<b>For the year ended December 31, 2026</b>	<b>For the year ended December 31, 2025</b>
Interest income from bank deposits	\$ 776	\$ 1,034
Interest income from financial assets measured at amortized cost	<u>4,783</u>	<u>5,212</u>
	<u>\$ 5,559</u>	<u>\$ 6,246</u>

(20) Other Gains and Losses

	<b>For the year ended December 31, 2026</b>	<b>For the year ended December 31, 2025</b>
Foreign exchange losses	(\$ 9,776)	(\$ 12,131)

(21) Financial Costs

	<b>For the year ended December 31, 2026</b>	<b>For the year ended December 31, 2025</b>
Interest expenses	\$ 130	\$ 116

(22) Additional Information on Expenses by Nature

	<b>For the year ended December 31, 2026</b>	<b>For the year ended December 31, 2025</b>
Employee benefits expenses	\$ 10,885	\$ 10,412
Depreciation expenses of right-of-use assets and property, plants, and equipment	\$ 2,691	\$ 1,894
Amortization of intangible assets	\$ 10,462	\$ 9,136

(23) Employee benefits expenses

	<b>For the year ended December 31, 2026</b>	<b>For the year ended December 31, 2025</b>
Salary expenses	\$ 9,482	\$ 8,843
Employee stock option compensation cost	75	224
Labor insurance and national health insurance expenses	714	673
Pension	383	351
Other personnel expenses	231	321
	<u>\$ 10,885</u>	<u>\$ 10,412</u>

1. According to the Company's Articles of Incorporation, if there is any remaining profit after offsetting the current year's earnings against accumulated deficits, no less than 5% shall be distributed as employee compensation, and no more than 2% shall be distributed as directors' remuneration. In addition, the Company shall further allocate no less than 5% of the aforementioned employee compensation to be distributed to non-managerial employees.

2. The Company had accumulated deficits for the three months ended March 31, 2026 and 2025, therefore no employees' compensation and directors' remuneration were required to be estimated.

Information regarding employee and directors' compensation approved by the Company's Board of Directors is available on the Market Observation Post System.

(24) Income Tax

1. Income Tax Expense (Benefit)

	<u>For the year ended December 31, 2026</u>	<u>For the year ended December 31, 2025</u>
Current tax:		
Income tax generated from current income	\$ 378	\$ -
Deferred tax:		
Origination and reversal of temporary differences	( 123)	( 123)
Income tax (expenses) benefit	<u>\$ 255</u>	<u>(\$ 123)</u>

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

(25) Loss per Share

	<u>For the year ended December 31, 2026</u>		
	<u>Amount After Tax</u>	<u>Weighted average number of common shares outstanding (in thousands)</u>	<u>Loss per share (NT\$)</u>
<u>Basic and Diluted Loss per Share</u>			
Net loss for the period attributable to owners of the parent company	(\$ 15,263)	150,977	(\$ 0.10)

	<u>For the year ended December 31, 2025</u>		
	<u>Amount After Tax</u>	<u>Weighted average number of common shares outstanding (in thousands)</u>	<u>Loss per share (NT\$)</u>
<u>Basic and Diluted Loss per Share</u>			
Net loss for the period attributable to owners of the parent company	(\$ 40,745)	150,977	(\$ 0.27)

(26) Supplementary Cash Flow Information

Investment activities with partial cash payments

	<b>For the year ended December 31, 2026</b>	<b>For the year ended December 31, 2025</b>
Purchase of property, plants, and equipment	\$ 86	\$ 9,280
Add: Opening balance of payables for equipment	630	101
Less: Ending balance of payables for equipment	-	-
Cash paid during the period	<u>\$ 716</u>	<u>\$ 9,381</u>

	<b>For the year ended December 31, 2026</b>	<b>For the year ended December 31, 2025</b>
Purchase of intangible assets	\$ -	\$ -
Add: Beginning balance of contingent consideration payable (presented under other payables / non-current liabilities)	375,829	252,445
Effect of exchange rate changes	6,751	3,233
Less: Ending balance of contingent consideration payable (shown under other payable/non-current liabilities)	( 382,580)	( 255,678)
Cash paid during the period	<u>\$ -</u>	<u>\$ -</u>

(27) Changes in liabilities from financing activities

	<b>2026</b>		
	<b>New drug development profit sharing agreement</b>	<b>Lease liabilities</b>	<b>Total Liabilities from Financing Activities</b>
January 1	\$ 62,860	\$ 26,985	\$ 89,845
Changes in cash flow from financing activities	-	( 1,670)	( 1,670)
Other non-cash changes	1,130	-	1,130
March 31	<u>\$ 63,990</u>	<u>\$ 25,315</u>	<u>\$ 89,305</u>

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

## 7. 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 March 31, 2026, Formosa Laboratories, Inc.'s shareholding in the Company is 40.66%.

### (2) Names and Relationships of Related Parties

<u>Names of Related Parties</u>	<u>Relationship with the Group</u>
Formosa Laboratories, Inc.	Parent company
EirGenix, Inc.	Other related parties

### (3) Significant Transactions with Related Parties

#### 1. General and administrative expenses

	<u>For the year ended December 31, 2026</u>	<u>For the year ended December 31, 2025</u>
Parent company	<u>\$ 292</u>	<u>\$ 376</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

	<u>For the year ended December 31, 2026</u>	<u>For the year ended December 31, 2025</u>
Parent company	<u>\$ 4,694</u>	<u>\$ 1,477</u>
Other related parties	<u>10,050</u>	<u>-</u>
	<u>\$ 14,744</u>	<u>\$ 1,477</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

	<u>For the year ended December 31, 2026</u>	<u>For the year ended December 31, 2025</u>
Parent company	<u>\$ 3,257</u>	<u>\$ -</u>

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

#### 4.Prepayments

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Parent company	\$ 10,279	\$ 11,079	\$ -
Other related parties	<u>28,897</u>	<u>25,347</u>	<u>623</u>
	<u>\$ 39,176</u>	<u>\$ 36,426</u>	<u>\$ 623</u>

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

#### 5.Accounts payable

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Parent company	<u>\$ 2,611</u>	<u>\$ 766</u>	<u>\$ -</u>

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>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Parent company	\$ 3,508	\$ 3,174	\$ 953
Other related parties	<u>3,998</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,506</u>	<u>\$ 3,174</u>	<u>\$ 953</u>

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

#### 7.Financial liabilities at amortized cost

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Other related parties	<u>\$ 63,990</u>	<u>\$ 62,860</u>	<u>\$ 66,410</u>

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(10).

#### 8.Other non-current liabilities

The unpaid amounts for technical know-how obtained by the Group from the parent company are recorded under other non-current liabilities. For details, please refer to Notes 6(7) and (12).

## 9. Lease Transactions - Lessee

### Lease liabilities

#### A. Ending balance:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Parent company	\$ 21,590	\$ 22,448	\$ 21,371

#### B. Interest expenses:

	<u>For the year ended December 31, 2026</u>	<u>For the year ended December 31, 2025</u>
Parent company	\$ 107	\$ 102

#### (4) Key management personnel compensation information

	<u>For the year ended December 31, 2026</u>	<u>For the year ended December 31, 2025</u>
Short-term employee benefits	\$ 5,907	\$ 7,711
Post-employment benefits	107	107
Share-based payments	48	128
	<u>\$ 6,062</u>	<u>\$ 7,946</u>

#### 8. Pledged Assets

None.

#### 9. Material Contingent Liabilities and Unrecognized Contractual Commitments

Please refer to Notes 6(7), (10), and (12) and Note 7(3) for details. As of March 31, 2026, the Group has entered into contract research agreements with future payment obligations amounting to \$79,455.

#### 10. Material Losses from Disasters

None.

#### 11. Material Subsequent Events

None.

#### 12. Others

##### (1) Capital Management

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

## (2) Financial Instruments

### 1. Types of financial instruments

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Financial Assets</u>			
Financial assets measured at fair value through other comprehensive income			
Designated equity instrument investments at fair value through other comprehensive income	<u>\$ 1,520</u>	<u>\$ 1,540</u>	<u>\$ 503</u>
Financial assets measured at amortized cost			
Cash and cash equivalents	\$ 273,173	\$ 241,785	\$ 264,729
Financial assets measured at amortized cost	1,110,000	1,200,000	1,330,000
Accounts receivable	26,499	-	297
Other receivables	6,809	7,392	40,122
Refundable deposits (shown as "other non-current assets")	<u>1,318</u>	<u>1,308</u>	<u>1,140</u>
	<u>\$ 1,417,799</u>	<u>\$ 1,450,485</u>	<u>\$ 1,636,288</u>
<u>Financial Liabilities</u>			
Financial Liabilities at Amortized Cost			
Accounts payable (including related parties)	\$ 2,611	\$ 766	\$ -
Other payables (including related parties)	117,037	137,475	169,848
New drug development profit sharing agreement	63,990	62,860	66,410
Contingent consideration payable (presented under "other non-current liabilities")	<u>350,345</u>	<u>344,159</u>	<u>255,678</u>
	<u>\$ 533,983</u>	<u>\$ 545,260</u>	<u>\$ 491,936</u>
Lease liabilities	<u>\$ 25,315</u>	<u>\$ 26,985</u>	<u>\$ 24,397</u>

### 2. Risk management policies

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

### 3. Nature and extent of significant financial risks

#### (1) Market risk - Foreign exchange rate risk

##### Exchange Rate Risk

- A. The Group operates internationally and therefore is exposed to foreign exchange risk arising from transactions denominated in currencies different from the functional currencies of the Company and its subsidiaries, primarily with respect to the US dollar and Japanese yen. The relevant foreign exchange risks arise from future commercial transactions and recognized assets and liabilities.
- B. The Group's management has established policies requiring companies within the Group to manage foreign exchange risks relative to their functional currencies. Companies within the Group should hedge their overall foreign exchange risk through the Group's finance department. To manage foreign exchange risks arising from future commercial transactions and recognized assets and liabilities, each entity within the Company utilizes forward exchange contracts through the Company's finance department. Foreign exchange risk arises when future commercial transactions, recognized assets, or liabilities are denominated in a currency that is not the entity's functional currency.
- C. The Group's operations involve several non-functional currencies (the Company's functional currency is New Taiwan Dollar, and subsidiaries' functional currency is Japanese Yen), therefore it is affected by exchange rate fluctuations. The information on foreign currency assets and liabilities that are significantly affected by exchange rate fluctuations is as follows:

	<b>March 31, 2026</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
			<b>TWD</b>
(Foreign currency:functional currency)			
<u>Financial Assets</u>			
Monetary Items			
USD:JPY	\$ 3,200	159.58	\$ 102,611
CAD:NTD	1,000	22.96	22,960
Non-monetary Items			
USD:NTD	48	31.995	1,520
JPY:NTD	521,985	0.2005	104,658
<u>Financial Liabilities</u>			
Monetary Items			
USD:NTD	19,085	31.995	610,633

**December 31, 2025**

			<u>Carrying Amount</u>	
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>TWD</u>	
(Foreign currency:functional currency)				
<u>Financial Assets</u>				
Monetary Items				
USD:JPY	\$	3,200	156.52	\$ 101,229
Non-monetary Items				
USD:NTD		49	31.43	1,540
JPY:NTD		514,761	0.2008	103,364
<u>Financial Liabilities</u>				
Monetary Items				
USD:NTD		19,806	31.43	622,503

**March 31, 2025**

			<u>Carrying Amount</u>	
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>TWD</u>	
(Foreign currency:functional currency)				
<u>Financial Assets</u>				
Monetary Items				
USD:NTD	\$	1,816	33.205	\$ 60,300
USD:JPY		3,200	149.10	106,561
Non-monetary Items				
USD:NTD		15	33.205	503
JPY:NTD		490,979	0.2227	109,341
<u>Financial Liabilities</u>				
Monetary Items				
USD:NTD		16,418	33.205	545,168

D. As exchange rate fluctuations had a significant impact on the Group's monetary items, foreign currency exchange losses of \$(9,776) and \$(12,131) were recognized for the three-month periods ended March 31, 2026 and 2025, respectively.

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

<b>For the year ended December 31, 2026</b>			
<b>Sensitivity Analysis</b>			
	<b>Degree of Variation</b>	<b>Effect on Profit or Loss</b>	<b>Effect on Other Comprehensive Income</b>
(Foreign currency:functional currency)			
<u>Financial Assets</u>			
Monetary Items			
USD:JPY	1%	\$ 1,026	\$ -
CAD:NTD	1%	230	-
<u>Financial Liabilities</u>			
Monetary Items			
USD:NTD	1%	6,106	-
<b>For the year ended December 31, 2025</b>			
<b>Sensitivity Analysis</b>			
	<b>Degree of Variation</b>	<b>Effect on Profit or Loss</b>	<b>Effect on Other Comprehensive Income</b>
(Foreign currency:functional currency)			
<u>Financial Assets</u>			
Monetary Items			
USD:NTD	1%	\$ 603	\$ -
USD:JPY	1%	1,066	-
<u>Financial Liabilities</u>			
Monetary Items			
USD:NTD	1%	5,452	-

## Price Risk

- A. The Group's equity instruments exposed to price risk are those held and classified as financial assets measured at fair value through other comprehensive income.
- B. The Group primarily invests in equity instruments issued by foreign companies, and the prices of these equity instruments are affected by uncertainties in the future value of the investment targets. If the prices of these equity instruments were to increase or decrease by 1%, with all other factors remaining constant, the gains or losses on equity investments classified as measured at fair value through other comprehensive income recognized in other comprehensive income for the three-month periods ended March 31, 2026 and 2025 would increase or decrease by \$15 and \$5, respectively.

## Cash flow and fair value interest rate risk

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

### (2) Credit risk

- A. The Group's main credit risk comes from deposits placed with banks and financial institutions. Bank deposits are all placed with financial institutions that have good credit ratings.
- B. The Group's credit risk is the risk of financial loss to the Group resulting from customers or counterparties to financial instruments failing to meet their contractual obligations, mainly arising from counterparties' inability to settle accounts receivable according to payment terms and contractual cash flows of debt investments measured at amortized cost.
- C. The Group establishes credit risk management from a group perspective. According to the internally specified credit policy, each operating entity within the Group must conduct management and credit risk analysis on each new customer before establishing payment and delivery terms and conditions. Internal risk control evaluates customers' credit quality by considering their financial status, past experience and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings, and credit limit usage is regularly monitored.
- D. The Group adopts IFRS 9's presumption that default has occurred when contractual payments are more than 90 days past due according to the agreed payment terms.
- E. The Group adopts the following presumptions provided by IFRS 9 as the basis for determining whether there has been a significant increase in credit risk of financial instruments since initial recognition:  

When contractual payments are more than 30 days past due according to the agreed payment terms, it is considered that the credit risk of financial assets has increased significantly since initial recognition.
- F. The Group categorizes accounts receivable based on customer rating

characteristics and adopts a simplified approach using a provision matrix rolling rate method and loss rate method as the basis for estimating expected credit losses.

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

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

(A) For premium customers, the loss allowance is individually assessed using the expected loss rate method at 0%. The total carrying amounts of accounts receivable as of March 31, 2026, December 31, 2025, and March 31, 2025 were \$26,499, \$0, and \$297, respectively.

(B) For non-premium customers with credit risk or those who have defaulted, the loss allowance is individually assessed at 100% of expected credit losses. The loss allowances as of March 31, 2026, December 31, 2025, and March 31, 2025 were \$0, \$0, and \$7,821, respectively.

(3) Liquidity risk

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

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

<b>Non-derivative Financial Liabilities</b>		<b>March 31, 2026</b>			
<b>March 31, 2026</b>	<b>Within 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	
New drug development profit sharing agreement	\$ -	\$ -	\$ 63,990	\$ -	
Accounts payable (including related parties)	2,611	-	-	-	
Other payables (including related parties)	117,037	-	-	-	
Other non-current liabilities (including portion due within one year)	-	87,986	111,983	150,376	
Lease liabilities	6,298	5,218	9,310	5,939	

<b>Non-derivative Financial Liabilities</b>		<b>December 31, 2025</b>			
<b>December 31, 2025</b>	<b>Within 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	
New drug development profit sharing agreement	\$ -	\$ -	\$ 62,860	\$ -	
Accounts payable (including related parties)	766	-	-	-	
Other payables (including related parties)	137,475	-	-	-	
Other non-current liabilities (including portion due within one year)	-	62,860	133,578	147,721	
Lease liabilities	6,570	5,782	9,563	6,652	

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

2. The carrying amounts of the Group's financial instruments not measured at fair value—including cash and cash equivalents, accounts receivable, financial assets measured at amortized cost, other receivables, refundable deposits, accounts payable (including related parties), other payables (including related parties), financial liabilities measured at amortized cost, and lease liabilities—are reasonable approximations of their fair values.
3. For financial and non-financial instruments measured at fair value, the Group classifies them based on the nature, characteristics and risks of assets and liabilities, as well as the fair value hierarchy. The relevant information is as follows:

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

<b>March 31, 2026</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Subtotal</b>
<b>Assets</b>				
<u>Recurring Fair Value Measurements</u>				
Financial assets measured at fair value through other comprehensive income				
Equity securities (Note)	\$ 1,520	\$ -	\$ -	\$ 1,520

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

<b>March 31, 2025</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Subtotal</b>
<b>Assets</b>				
<u>Recurring Fair Value Measurements</u>				
Financial assets measured at fair value through other comprehensive income				
Equity securities (Note)	\$ 503	\$ -	\$ -	\$ 503

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. During 2025, the publicly listed stocks invested in by the Group were transferred from Level 2 to Level 1, as their lock-up period restrictions had expired.

### 13. Notes and Disclosures to the Financial Statements

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

#### (1) Information on Significant Transactions

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

#### (2) Information on Investee Companies

Information on investee companies, including name, location, etc. (excluding investments in mainland China): Please refer to Table 3.

#### (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.

## 14. Department Information

### (1) General Information

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

### (2) Measurement of Department Information

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

### (3) Department Information

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

### (4) Reconciliation information of department profit or loss

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

**Formosa Pharmaceuticals, Inc. and Subsidiaries**  
**Receivables from related parties amounting to NT\$100 million or 20% of paid-in capital or more**  
**March 31, 2026**

**Table 1**

Unit: NT\$ thousand  
(Unless Otherwise Specified)

Company recording the receivables	Name of counterparty	Relationship	Balance of receivables from related parties	Turnover rate (Note)	Overdue receivables from related parties		Amount	Processing method	Amounts of receivables from related parties subsequently collected	Provision for allowance for impairment loss
Activus Pharma Co., Ltd.	Formosa Pharmaceuticals, Inc.	Parent company	\$ 102,611	0.00	\$ -	-		\$ -	\$ -	-

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

**Formosa Pharmaceuticals, Inc. and Subsidiaries**

**Business relationships and significant transactions between the parent company and subsidiaries and between subsidiaries**

**For the three months ended March 31, 2026**

**Table 2** Unit: NT\$ thousand  
(Unless Otherwise Specified)

No.	Transaction party name	Transaction counterparty	Relationship with transaction party (Note 2)	Transaction details			Percentage of consolidated revenue or total assets (Note 3)
				Account	Amount (Note 4)	Transaction terms	
1	Activus Pharma Co., Ltd.	Formosa Pharmaceuticals, Inc.	2	Long-term receivables	\$ 102,611	Note 5	5%

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

(1) Parent company is numbered 0.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

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

**Formosa Pharmaceuticals, Inc. and Subsidiaries**

**Information on investee companies, including name, location, etc. (excluding investments in mainland China)**

**March 31, 2026**

**Table 3** Unit: NT\$ thousand  
(Unless Otherwise Specified)

Investor	Investee	Location	Main Business Activities	Original Investment Amount		Ending Balance			Profit (Loss) of Investee for Current Period	Investment Income (Loss) Recognized for Current Period	Notes
				End of Current Period	End of Last Year	Number of shares	Ratio	Carrying Amount			
Formosa Pharmaceuticals, Inc.	Activus Pharma Co., Ltd.	Japan	Development and research of biotechnology medicine	\$ 274,633	\$ 274,633	1,942	99.23%	\$ 104,658	\$ 1,493	\$ 1,463	