aaTWSE: 1795

Lotus Pharmaceutical Co., Ltd.

2025
Annual Report

Publication Date: April 10th, 2026

This Annual Report can be found on the following websites:
Market Observation Post System: http://mops.twse.com.tw/mops/web/index
Company Website: http://www.lotuspharm.com.tw

In case of any discrepancy between the English and the Chinese version, the Chinese version shall prevail.

Spokesperson and Deputy Spokesperson:

Spokesperson	Deputy Spokesperson
Name: Bjartur Shen	Name: Jeffrey Tsang
Title: Group CFO / Vice President	Title: Head of IR and Corporate
Tel: (02) 2700-5908	Tel: (02) 2700-5908
Email: investor@lotuspharm.com	Email: investor@lotuspharm.com

Headquarters and Manufacturing Facility:

Headquarters:
Address: 17F., No. 277 Songren Road, Xinyi District, Taipei City 11046
Tel: (02) 2700-5908

Manufacturing facility:
Address: No. 30, Chenggong 1st Road, Nantou City, Nantou County 54066
Tel: (049) 225-0411

Stock Transfer Agent:

Firm: Department of Stock Transfer Agency, CTBC Bank Co., Ltd.
Address: 5F., No. 83, Sec 1, Chongqing S. Rd., Taipei City 100
Website: http://www.chinatrust.com.tw
Tel: (02) 6636-5566

CPA for the Financial Statement of the Most Recent Period:

CPA: Archie Cheng, Sandra Chou
CPA Firm: KPMG Taiwan
Address: No. 11, Jhanye 1st Rd., East Dist., Hsinchu City 300091
Website: http://home.kpmg/tw/zh/home.html
Tel: (03) 579-9955

Overseas Listing:

None.

Company Website: http://www.lotuspharm.com.tw

Table of Contents

I. Letters to Shareholders 1

II. Corporate Governance 5

2.1 Information of Directors, General Manager, Vice Presidents, Assistant Vice Presidents, and Officers of Departments and Branches 5

2.2 Implementation of Corporate Governance 22

2.3 CPA Service Fees 65

2.4 Change of CPA 65

2.5 The Name and Title of Any Company Chairman, General Manager, and Head of Finance or Accounting Who Has Held Positions at the Appointed CPA Firm or Its Affiliates in the Past Year 65

2.6 Change in Shareholding of Directors, Officers, and Major Shareholders Holding More Than 10% of the Shares in the Most Recent Year as of the Date of This Annual Report .. 65

2.7 Relationships of Related Party, Spouse, Kinships within the Second Degree among the Top Ten Shareholders 67

2.8 The Number of Shares of Invested Businesses Held by the Company, the Directors and Officers of the Company and Businesses Directly or Indirectly Controlled by the Company 67

III. Capital Raising 68

3.1 Sources of Share Capital 68

3.2 List of Major Shareholders 68

3.3 Dividend Policy and Implementation 69

3.4 The Issuance of Bonus Shares Proposed at This Years Annual General Meeting and Its Impact on the Company Business Performance and Earnings per Share 69

3.5 Employee Profit-Sharing and Compensation for Directors 70

3.6 Share Repurchase 71

3.7 Corporate Bonds (both Domestic and Overseas) 71

3.8 Preferred Stocks 71

3.9 Global Depository Receipts 71

3.10 Employee Stock Option 71

3.11 Employee Restricted Stock Awards 71

3.12 Status of New Shares Issuance in Connection with Mergers and Acquisitions 74

3.13 The Section on Implementation of the Company's Capital Allocation Plans 74

IV. Operational Highlights 75

4.1 Business Activities 75

4.2 Market and Sales Overview 80

4.3 Employee Number, Average Length of Service, Average Age and Education Distribution Ratio of Employees in the Most Recent Two Years and as of the Date of Publication of this Annual Report 85

4.4 Expenditures on Environmental Protection 85

4.5 Labor-Management Relations 86

4.6 Information Security Management 88

4.7 Material Contracts 90

V. Financial Status, Operating Results, and Risk Management 92
5.1 Financial Status 92
5.2 Financial Performance 93
5.3 Cash Flow 94
5.4 Major Capital Expenditures in the Most Recent Year and Their Impact on Financial and Business Operations 94
5.5 Investment Policy in the Most Recent Year, Main Causes for Profits or Losses, and Investment Plans for the Following Year 95
5.6 Risk Management 97
5.7 Additional Information 101

VI. Special Notes 102
6.1 Affiliated Businesses 102
6.2 Private Placement of Securities in the Most Recent Year as of the Date of this Annual Report 102
6.3 Other Supplementary Notes 102
6.4 Events of Material Impact on Shareholders Equities or Securities Prices in the Most Recent Year as of the Date of this Annual Report as Regulated in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act 102

I. Letters to Shareholders

1.1 Operational Overview for the Year 2025

In 2025, Lotus delivered its seventh consecutive year of double-digit revenue growth, demonstrating the continued resilience of our business model and the disciplined execution of our long-term growth strategy. While profitability was impacted by foreign exchange headwinds and acquisition-related expenses, our core operations remained solid and positioned the Company for its next phase of expansion.

Lotus reported consolidated revenue of NT$20,509 million, representing a 10% year-over-year increase. Consolidated net profit after tax was NT$4,720 million, a 7% decrease compared to 2024, primarily due to unfavorable FX movements and one-time expenses associated with the acquisition of Alvogen, which was completed in December 2025.

Our hybrid pipeline strategy continued to maintain strong momentum throughout the year. By combining internal R&D with targeted external business development, we strengthened both our near-term commercial portfolio and long-term growth drivers. This balanced approach enhances portfolio sustainability while reinforcing our competitiveness across key therapeutic areas and markets.

Strategically, 2025 marked a defining step in Lotus' long-term expansion. We successfully completed the integration of Alphachymotrypsine Choay® in Vietnam and Cambodia, further strengthening our commercial presence in Southeast Asia and deepening our regional leadership in specialty and branded generics.

Most notably, in December we completed the acquisition of Alvogen — a transformative transaction that significantly expands Lotus' global scale, product portfolio, manufacturing network, and commercial footprint, particularly through the establishment of a direct operating platform in the United States alongside our strong presence in Asia-Pacific. Importantly, this acquisition enhances the diversification of Lotus' revenue base. In addition, Alvogen brings a broad and complementary portfolio and pipeline across regulated markets, providing meaningful opportunities to support future growth.

With this acquisition, Lotus advances onto the global stage as a top-20 specialty pharmaceutical company, substantially enhancing our presence in regulated markets and strengthening our position as an internationally diversified pharmaceutical platform. While integration efforts will continue into 2026, we are confident that this combination will unlock meaningful synergies and create sustainable long-term value for our shareholders.

1.2 FY2025 financial results

Unit: M NTD

Item \ Year		FY2024	FY2025
P&L	Sales	18,584	20,509
	Gross profit	10,924	11,907
	Net Income	5,066	4,720

Item \ Year		FY2024	FY2025
Profitability	ROE (%)	26.31%	21.00%
	Net Profits (%)	27.26%	23.01%
	EPS (NTD)	$19.35	$18.14

Note: The company does not prepare financial forecasts. The main expenditure items in the consolidated financial statements include R&D expenses, business development investments, and capital expenditures for equipment excellency, serving as the driving force for future product launches and profit growth.

1.3 R&D Ability and Regulatory Progress

Our in-house R&D focus on developing complex oral oncology generics and 505(b)(2) drugs. In 2025, 4 products completed clinical bioequivalence testing, and 3 new product development projects were initiated. We obtained 103 regulatory approvals in markets worldwide, including significant milestones such as approval for Nintedanib for the treatment of idiopathic pulmonary fibrosis in UK, Bosutinib for the treatment of chronic myeloid leukemia and Adcirca® (tadalafil) for the treatment of pulmonary arterial hypertension (PAH) in Taiwan.

In July 2025, we commenced operations at our new R&D Centre in Genome Valley, Hyderabad, further strengthening our global development platform. Strategically located in India's leading pharmaceutical hub, the 20,000 sq. ft. state-of-the-art centre focuses on oncology and specialty product development, including high-potency and complex molecules. It enhances our capabilities in complex generics, specialty formulations, 505(b)(2) programs, ANDAs, and first-to-file opportunities. The facility also supports regulatory excellence, with expertise in preparing high-quality submissions for major agencies, including the FDA, EMA, PMDA, TFDA, and MFDS. Together with our manufacturing operations in Taiwan, US and Korea, the centre reinforces Lotus' integrated global R&D and commercialization network.

1.4 Product Portfolio and Licensing Agreements

Lotus continues to diversify its product portfolio, focusing on in-licensing of innovative products, in addition to our own R&D pipeline. In 2025, we signed 21 business development licensing agreements, including Vietnam drug portfolio acquisition, exclusive licensing agreements for innovative products like Qelbree® (Viloxazine) from Supernus, anti-PD1 mab-Serplulimab from Henlius, VIZZ™ (Aceclidine) from Lenz Therapeutics. We also strengthened our competitive generic pipeline through a License and Supply Agreement with Adalvo for semaglutide injection (Wegovy® and Ozempic® 2mg generics). Additionally, we signed 19 products licensing out agreements for self-development products, further expanding our reach into global markets. In 2025, 214 SKUs of products were launched globally.

1.5 Production Excellency and Quality Management

Lotus' Taiwan (Nantou), Korea (HyangNam and GongJu) and US (Norwich, NY) production facilities have been certified by regulatory authorities in the United States, European Union, Brazil, Japan, China, Taiwan, and Korea, reinforcing our competitive edge in global export markets. To sustain our growth and drive sustainable development, we remain committed to upgrading production equipment, enhancing quality management systems, optimizing production processes, and improving warehouse inventory management.

1.6 Market Outlook and Future Development

According to IQVIA's "The Global Use of Medicines 2025 – Outlook through 2029" report, the global pharmaceutical market is projected to grow at a compound annual growth rate (CAGR) of 5–8% over the next five years, reaching approximately $2.4 trillion by 2029. This growth outlook is primarily driven by increased patient access to innovative therapies, particularly in immunology, oncology, and endocrinology, especially diabetes and obesity.

Developed economies such as North America and Western Europe are seeing accelerated growth driven by the launch of new products and expanded use of branded medicines while regions like Latin America, Japan and Asia-Pacific are projected to grow faster than other regions over the next five years. This continued expansion is attributed to aging populations in major markets like China and Japan, as well as increased patient access to innovative therapies in emerging economies.

In response to these evolving market dynamics, we remain committed to our hybrid growth strategy, integrating internal R&D capabilities with targeted external business development. We will continue advancing the development of complex generics and 505(b)(2) products, while expanding our global footprint through strategic licensing partnerships and collaborations with leading international players. By combining pipeline innovation with disciplined portfolio expansion, Lotus is well positioned to deliver high-quality, affordable medicines to patients worldwide and sustain long-term growth.

1.7 Corporate sustainability

At Lotus, our mission is to provide affordable medicine to patients worldwide. Over the years, we have successfully evolved from a domestic company focused on generics into a global specialty pharmaceutical company with a hybrid product portfolio, attracting talent from around the world. Today, we have over 1,500 employees globally, with foreign nationals accounting for approximately 11% of our Taiwan workforce, representing 14 different nationalities. To foster cultural understanding and collaboration, we have implemented thoughtful initiatives in internal communication, employee meals, and special celebrations. Lotus actively works to improve healthcare accessibility and equity. In 2025, this included volunteer medical outreach to remote villages in Nantou—serving our neighbours in underserved communities—as well as sponsoring the Street Medicine Program operated by the Charitable Service Association, which delivers medical consultations, follow-up care, and health education to individuals experiencing homelessness and economic hardship across major cities in Taiwan. These initiatives reflect our commitment to bridging healthcare gaps and expanding access to care for vulnerable populations.

Additionally, with gender parity among employees and a 1:1 ratio at the senior executive level, we ensure equal opportunities for career advancement. In recognition of our commitment, Lotus was honored for the fourth consecutive year as one of "HR Asia Best Companies to Work for in Asia – Taiwan Region" in 2025, and received additional awards in Diversity, Equity & Inclusion, Sustainable Workplace, and Tech Empowerment.

In 2025, Lotus is also proud to report continuous improvement in our ESG ratings across global benchmarks. Our MSCI ESG Rating remained at A following the upgrade from BBB, and our FTSE Russell score increased to 3.3 (from 1.9 in 2023–2024). We also achieved a meaningful reduction in our Sustainalytics ESG risk rating, improving from 36.80 in 2024 to 26.07 in 2025, indicating a lower risk profile. The continuous improvement reflected our progress in human capital development,

quality initiatives—including multiple successful FDA audits—and corporate governance. Our efforts in board diversity and enhanced disclosures further underscore our dedication to responsible and sustainable business practices.

1.8 Outlook

Lotus will continue to execute its hybrid growth strategy across Asia-Pacific and the United States — our core operating markets — while further expanding our reach through global export partnerships. We will strengthen our product portfolio through a balanced combination of internal development and targeted external business expansion. By enhancing our market presence and deepening strategic collaborations, we are building a resilient foundation for sustainable long-term growth. Lotus remains committed to creating value for shareholders, employees, and society, contributing to a brighter and more sustainable future for all.

Chairman: Vilhelm Róbert Wessman

CEO: Petar Antonov Vazharov

CFO: Eeling Chan

II. Corporate Governance

2.1 Information of Directors, General Manager, Vice Presidents, Assistant Vice Presidents, and Officers of Departments and Branches:

2.1.1 Information of Directors

1. Information of Directors and Independent Directors

April 18th, 2026(Note5); Unit: shares

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term (in years)	Date First Elected	Shareholding when Elected		Current Shareholding		Current Shareholding of Spouse & Minor Children		Shareholding by Nominee Arrangement		Major Education and Work Experience	Current Positions at Lotus or Other Companies	Other Officers, Directors, or Supervisors who are the Spouse or a Relative Within Two Degrees of Kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Iceland	Vilhelm Róbert Wessman	M 51~60	2023.06.15	3	2015.04.23	0	0	0	0	0	0	0	0	Bachelor's degree in Business Administration and Management, University of Iceland Founder, Alvotech ehf Group CEO, Actavis Generics Group Founder, Alvogen Group	Chairman and CEO, Alvogen Group Director, Alvogen Lux Holdings S.A.R.L. Director, Alvogen IPCo S.A.R.L. Director, Alvogen Pharma US, Inc. Director, Alvogen Iceland ehf. Chairman, Alvotech Director, Lotus US Financing S.à r.l. Director, Lotus Alvogen Group Holdings S.à r.l.	None	None	None	None
Director	Iceland	Árni Hardarson	M 51~60	2024.03.26	3	2014.09.29	0	0	0	0	0	0	0	0	Master's degree in law, University of Iceland Iceland Partner, Deloitte Iceland (responsible for heading the Tax and Legal departments) Vice President of Tax and Structure, Actavis Generics General Counsel of Alvogen Deputy CEO of Alvogen Teacher at Reykjavik University and Iceland University – International Tax Law and Corporate Law	Director, Alvogen US Supervisor, Alvogen Korea Holdings Ltd. Supervisor, Alvogen Korea Co., Ltd. Co Chairman, Aztiq Pharma Partners Director, Alvotech	None	None	None	None
Director	USA	Oranee Tangphao Daniels	F 61~70	2023.06.15	3	2022.06.30	0	0	0	0	0	0	0	0	Master of Science in Cardiovascular Pharmacology, Mc Master University MD, Chulalongkorn University, Thailand Former Chief Medical Officer, Antiva Bioscience and Antiva Biosciences Pty VP, Clinical Pharm & Exp Medicine, Thera Vance	Director and Endowment Fund Administrator, Soroptimist International of San Francisco Independent Clinical Development Advisor for Pharma/Biotech industry	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term (in years)	Date First Elected	Shareholding when Elected		Current Shareholding		Current Shareholding of Spouse & Minor Children		Shareholding by Nominee Arrangement		Major Education and Work Experience	Current Positions at Lotus or Other Companies	Other Officers, Directors, or Supervisors who are the Spouse or a Relative Within Two Degrees of Kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Switzerland	Yves Hermes	M 51~60	2023.06.15	3	2022.06.30	0	0	0	0	0	0	0	0	Bachelor of Economics and Finance, University of Geneva, Switzerland Founder and Managing Director, Yves Hermes Healthcare Consultancy Area Director South East Asia, Zuellig Pharma	CEO, Yves Hermes Healthcare Consultancy Director, Jaloux SA	None	None	None	None
Director	Hong Kong	Alvogen Emerging Markets Holdings Ltd.	N/A	2025.06.26	3	2014.09.29	82,446,796	30.89	81,691,796	30.61	0	0	0	0	N/A	N/A	None	None	None	None
Director	Bulgaria	Petar Antonov Vazharov (Note 2)	M 51~60	2023.06.15	3	2016.08.22	0	0	1,000,000	0.37	0	0	0	0	Medical Doctorate, Sofia University of Medicine MBA, University of Sofia “St. Kliment Ohridski” Senior Manager of Global Business Development, Actavis Generics	Director, Alvogen Korea Holdings Ltd. Director, Alvogen Korea Co., Ltd. Director, Lotus International Pte. Ltd. Director, Alvogen (Thailand) Ltd. Director, Lotus Pharmaceutical (Shanghai) Health Management Consulting Ltd. Director, Lotus Japan Holdings Co., Ltd. Director, Lotus Healthcare Malaysia Sdn. Bhd. Director, Lotus Healthcare Philippines Corp. Director, Meishi Pharma Services Pte. Ltd. Manager, Lotus US Financing S.à r.l. Manager, Lotus Alvogen Group Holdings S.à r.l. Director, Innobic Asia Investment Holding Limited Director, Lotus Pharma Bulgaria EOOD Director, New Alvogen Group Holdings S.à r.l.	None	None	None	None
Director	Thailand	Innobic LL Holding Co., Ltd.	N/A	2024.06.13	3	2024.06.13	17,517,348	6.60	17,517,348	6.56	0	0	0	0	N/A	N/A	None	None	None	None
Director	Thailand	Nat Ativitavas (Note 3)	M 51~60	2023.09.04	3	2023.09.04	0	0	0	0	0	0	0	0	Civil Engineering, Chulalongkorn University Master of Science in Civil Engineering and Ph.D. in Civil Engineering, the University of Texas at Austin Executive Vice President, PTT Public Co., Ltd. CEO, Innobic (Asia) Co., Ltd.	CEO, Innobic (Asia) Co., Ltd. Director, Inter Pharma Public Co., Ltd. Director, Innobic Asia Investment Holding Ltd. Director, Alvogen Korea Holdings Ltd.	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term (in years)	Date First Elected	Shareholding when Elected		Current Shareholding		Current Shareholding of Spouse & Minor Children		Shareholding by Nominee Arrangement		Major Education and Work Experience	Current Positions at Lotus or Other Companies	Other Officers, Directors, or Supervisors who are the Spouse or a Relative Within Two Degrees of Kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Thailand	Krisana Winitthumkul (Note 3)	F 61~70	2023.06.15	3	2022.11.23	0	0	0	0	0	0	0	0	B.Sc. in Pharmacy, Chiang Mai University, Thailand Director, Innobic (Asia) Co., Ltd.	Director, Innobic (Asia) Co., Ltd. Director, Innobic Asia Investment Holding Limited Consultant, Regulatory Affairs Pharmacy Association (Thailand) Academic Sub-Committee, The College of Industrial Pharmacy of Thailand	None	None	None	None
Director	Thailand	Orakul Suebsiri (Note 3, 4)	F 51~60	2025.12.01	3	2025.12.01	0	0	0	0	0	0	0	0	Bachelor of Accountancy (Accounting), Thammasat University Master of Science (Business Information System), Chulalongkorn University Integration leader, ERP implementation Project, PTT Public Co., Ltd Executive Vice President, Group Accounting and Tax Policy, PTT Public Co., Ltd	Executive Vice President, Group Accounting and Tax Policy, PTT Public Co., Ltd Director , Dhipaya Insurance Public Co., Ltd Director / Chairman, Global Multimodal Logistics Co., Ltd Director, Dhipaya Group Holdings Public Co., Ltd Director, A C Energy Solution Co., Ltd Director, Evme Plus Co., Ltd	None	None	None	None
Independent Director	Sweden	Karl Alexius Tiger Karlsson	M 51~60	2023.06.15	3	2023.06.15	0	0	0	0	0	0	0	0	Executive Education Program in Marketing and Business Management, George Mason University, USA Certificate in General Management Program, Harvard Business School, United States Founder, Chief Executive Officer, and Board Member, Bluefish Pharmaceuticals	Founder, CEO, and Board Member, Newbury Pharmaceuticals AB Seed Investor and Board Member at Alsakali Equity AB and Unity Sanctum Labs AB	None	None	None	None
Independent Director	R.O.C	Jennifer Wang	F 51~60	2023.06.15	3	2023.06.15	0	0	0	0	0	0	0	0	LL.M., Columbia University School of Law LL.M., National Taiwan University Law School LL.B., National Taiwan University Law School Partner, Chen & Lin Attorneys-at-Law	Partner, Chen & Lin Attorneys-at-Law Independent Director, O-Bank Co., Ltd.	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term (in years)	Date First Elected	Shareholding when Elected		Current Shareholding		Current Shareholding of Spouse & Minor Children		Shareholding by Nominee Arrangement		Major Education and Work Experience	Current Positions at Lotus or Other Companies	Other Officers, Directors, or Supervisors who are the Spouse or a Relative Within Two Degrees of Kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	Ivy Yang	F 61-70	2024.06.13	3	2024.06.13	0	0	0	0	0	0	0	0	Master of Business Administration, National Taiwan University Bachelor of Accounting, National Cheng Kung University Independent Director of Forcelead Technology Corp. Chief Financial Officer of DBS Bank (Taiwan) Ltd. Financial Controller of Citibank (Taiwan) Ltd.	Independent Director of Forcelead Technology Corp.	None	None	None	None

Note 1: For cases in which a company's chairman and general manager (top-level manager) are the same person or spouses or relatives within the first degree of kinship, the reason for, legitimacy of, and necessity for such an arrangement shall be explained, along with the precautions taken (e.g., increasing the number of Independent Directors and ensuring that the majority of Directors do not hold concurrent posts as employees or officers): NA

Note 2: Representative of Alvogen Emerging Markets Holdings Ltd.

Note 3: Representative of Innobic LL Holding Co., Ltd.

Note 4: Orakul Suebsiri was appointed as representative of Innobic LL Holding Co., Ltd., replacing Thariswan Tiensawat, on December 1st, 2025.

Note 5: It's the information of the book closure date (April 18th, 2026) of the 2026 annual general meeting of shareholders.

2. Main shareholders of institutional shareholders:

Table 1. List of Main Shareholders of Institutional Shareholders

Institutional Shareholder	Main Shareholder of Institutional Shareholder	Shareholding Ratio (%)
Alvogen Emerging Markets Holdings Ltd.	Innobic Hong Kong Biddingco Ltd.	100.00
Innobic LL Holding Co., Ltd.	Innobic (Asia) Co., Ltd.	100.00

Table 2. List of Main Shareholders of the Institutional Shareholders in Table 1 Whose Main Shareholders Are Institutional Shareholders

Institutional Shareholder	Main Shareholder of Institutional Shareholder	Shareholding Ratio (%)
Innobic Hong Kong Biddingco Ltd.	Innobic Hong Kong Holdingco Ltd.	100.00
Innobic (Asia) Co., Ltd.	PTT Global Management Ltd.	100.00

Note: The institutional shareholder, Alvogen Emerging Markets Holdings Limited, is currently in the process of undergoing a name change. Upon completion, the company will be renamed Innobic Asia Investment Holding Limited.

3. Professional background of Directors and independent status of Independent Directors

Criteria / Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which Subject Serves as Independent Director
Vilhelm Róbert Wessman	Vilhelm Róbert Wessman was born and raised in Iceland. He attended public schools in the Reykjavik area and received his BA in business administration from the University of Iceland. In 1999, at the age of 29, Róbert left his position in the Hamburg office of an Icelandic shipping line and returned to Iceland to become CEO of a near bankrupt local drugmaker, Delta. Merged with another local pharmaceutical company, Actavis was born, and by the time Róbert stepped down as CEO in 2008 to found Alvogen, it had grown to be one of the world's largest generics companies. He has been leading force for growth and innovation in the sector ever since. Alongside Lotus, Róbert has founded and led multiple 'unicorns' — enterprises scaled to be worth more than $1bn — in this space worldwide. His other companies include generics makers and distributors Actavis, Alvogen, Medis and Adalvo, as well as Iceland-based biosimilars pioneer Alvotech. His achievements and business strategies have been the subject of three Harvard Busines School case studies.	No circumstances stipulated in Article 30 of the Company Act apply to Vilhelm Róbert Wessman. Neither Róbert nor his spouse and minor children are employees of Lotus. There is no relationship between spouses or relatives within the second degree of kinship.	N/A
Petar Antonov Vazharov (Note 1)	Petar Antonov Vazharov is the Executive Vice President of APAC, responsible for executing the growth strategy across the APAC market. Petar joined Alvogen Group in 2009, after 9 years with the generic pharmaceutical company Actavis Group in various roles, and has demonstrated his ability to lead the CEE business by delivering 75% CAGR of EBITDA from 2013 to 2015. Petar graduated with a medical doctor's degree from Sofia University of Medicine in 1999 and has an MBA degree from the University of Sofia "Kliment Ohridski" in October 2007.	No circumstances stipulated in Article 30 of the Company Act apply to Petar Antonov Vazharov. Neither Petar nor his spouse and minor children are employees of Lotus. There is no relationship between spouses or relatives within the second degree of kinship.	N/A
Árni Hardarson	Árni Hardarson is a director on Alvotech´s and Alvogen's Board of Directors as well as being a Co Chairman of Aztiq. Prior to joining Alvogen in 2009, Árni worked for Deloitte in Iceland where he headed the Tax and Legal departments and soon went on to become a partner and member of the Executive Management Committee for Deloitte in 2001. In 2005 Árni joined Actavis as Vice President of Tax and Structure. During his tenure there, he worked closely with Vilhelm Róbert Wessman and contributed to Actavis' transformation from a regional manufacturer into a global pharmaceutical company, by engineering numerous company acquisitions that ultimately led to Actavis' presence in over 40 countries around the world. Árni holds a Master's degree in Law from the University of Iceland and is a member of the Icelandic Bar Association.	No circumstances stipulated in Article 30 of the Company Act apply to Árni Hardarson. Neither Árni nor his spouse and minor children are employees of Lotus. There is no relationship between spouses or relatives within the second degree of kinship.	N/A

Criteria / Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which Subject Serves as Independent Director
Oranee Tangphao Daniels	Ms. Oranee Tangphao Daniels joined Lotus' Board of Directors on June 30th, 2022. Ms. Oranee has more than 30 years in the pharma industry. She worked for Eli Lilly as a Clinical Pharmacologist/ Clinical Research Physician and Amgen as Director to Executive Director. She previously served as the Chief Medical Officer at Antiva Biosciences, a novel topical therapies development company focusing on pre-cancerous lesions caused by HPV. She graduated from Chulalongkorn University with a Bachelor of Medicine (MD) and completed her residency in Internal Medicine. Oranee holds a Master degree in Pharmacology from Mc Master University and received post graduated training at Standford University. She is American Board certified in Clinical Pharmacology (ABCP).	No circumstances stipulated in Article 30 of the Company Act apply to Oranee Tangphao Daniels. Neither Oranee nor her spouse and minor children are employees of Lotus. There is no relationship between spouses or relatives within the second degree of kinship.	N/A
Yves Hermes	Mr. Yves Hermes joined Lotus' Board of Directors on June 30th, 2022. After several years at PwC Geneva, he worked at SGS Asia Pacific as a Financial Analyst and became Managing Director for SGS Korea and Japan from 2000-2005. Mr. Hermes was then heading Zuellig Pharma Taiwan, then Zuellig Pharma Thailand, and from 2015 to 2021 served as Area Director for Southeast Asia at Zuellig Pharma before he founded his own company – Yves Hermes Healthcare Consultancy, in 2021. Mr. Hermes graduated from the University of Geneva, Switzerland, and obtained a Bachelor of Economics and Finance.	No circumstances stipulated in Article 30 of the Company Act apply to Yves Hermes. Neither Yves nor his spouse and minor children are employees of Lotus. There is no relationship between spouses or relatives within the second degree of kinship.	N/A
Nat Ativitavas (Note 2)	Nat Ativitavas joined Lotus' Board of Directors on September 4th, 2023. Currently, Nat serves as the Managing Director at Innobic (Asia) Company Limited and the Executive Vice President of PTT Public Company Limited. Nat possesses a Ph.D. degree in civil engineering from the University of Texas at Austin and has rich experience in project management in the oil, gas, and petrochemical business. Recently, Nat has played a critical role in PTT's business expansion into the area of life science.	No circumstances stipulated in Article 30 of the Company Act apply to Nat Ativitavas. Neither Nat nor his spouse and minor children are employees of Lotus. There is no relationship between spouses or relatives within the second degree of kinship.	N/A
Krisana Winitthumkul (Note 2)	Ms. Krisana Winitthumkul is the Director at Innobic (Asia) and, working closely with Thai Health Authorities and associations to drive the change in regulatory requirements. She is also involved in monitoring the external environment, which impacts the healthcare industry, and strengthens collaboration and regulatory reform activities in the Thai Health System. Ms. Krisana has more than 30 years of experience in the pharmaceutical industry. She was the Regulatory Affairs and Quality Assurance Lead of Roche Thailand Limited and worked at other big pharma in charge of regulatory affairs. In addition, she has served as the Vice President of the Regulatory Affairs Pharmaceutical Association of Thailand (RAPAT) for a long time, accumulating rich experience in regulations. Ms. Krisana obtained her Bachelor's degree in Pharmacy from Chiang Mai University, Thailand, and her Certificate from Sasin Executive Education Center.	No circumstances stipulated in Article 30 of the Company Act apply to Krisana Winitthumkul. Neither Krisana nor her spouse and minor children are employees of Lotus. There is no relationship between spouses or relatives within the second degree of kinship.	N/A
Orakul Suebsiri (Note 2, 3)	Ms. Orakul Suebsiri joined Lotus' Board of Directors on December 1st, 2025. She has dedicated over a decade of accounting career to PTT, where she currently serves as Vice President - Business Accounting Service Department . Throughout her journey with PTT, she has held key leadership roles including Vice President of Managerial Accounting, and Tax Policy and Strategy which she gained extensive experience. Ms. Orakul obtained her Master's degree in Science (Business Information System) from Chulalongkorn University and her Bachelor's degree in Accounting from Thammasat University..	No circumstances stipulated in Article 30 of the Company Act apply to Orakul Suebsiri. Neither Orakul nor her spouse and minor children are employees of Lotus. There is no relationship between spouses or relatives within the second degree of kinship.	N/A
Karl Alexius Tiger Karlsson	Mr. Karl Karlsson joined Lotus' Board of Directors as an independent director on June 15th, 2023. Mr. Karlsson has nearly 20 years of experience in the pharma industry. He worked for Bluefish Pharmaceuticals as a founder, Chief Executive Officer, and Board Member. He is currently the founder and Executive Chairman of Newbury Pharmaceuticals AB, a rapidly growing hybrid pharmaceutical company for specialty prescription drugs, innovation, and brands with a focus on the Scandinavian markets. Mr. Karlsson studied marketing and business administration at George Mason University and holds an Executive MBA from Harvard Business School in 2013.	Mr. Karl Karlsson was not elected as a representative of a governmental or juridical person pursuant to Article 27 of the Company Act. No circumstances stipulated in Article 30 of the Company Act apply to Mr. Karl Karlsson; nor have there been any application of the circumstances stipulated in Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Neither Mr. Karl Karlsson nor his spouse and minor children hold shares of Lotus; nor are they employees of Lotus.	N/A

Criteria / Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which Subject Serves as Independent Director
Jennifer Wang	Ms. Jennifer Wang joined Lotus' Board of Directors as an independent director on June 15th, 2023. Ms. Wang is currently a partner at Chen & Lin Attorneys-at-Law. She has more than 20 years of professional experience in legal services to clients in different industry categories.She has also served as an independent director at O-Bank Co., Ltd. since 2023 Ms. Wang graduated from National Taiwan University with a LL.M degree and passed the Taiwan Bar Examination. She studied corporate, securities, and mergers and acquisitions at Columbia Law School. She obtained her second LL.M degree at Columbia Law School and passed the New York Bar Examination.	Ms. Wang was not elected as a representative of a governmental or juridical person pursuant to Article 27 of the Company Act. No circumstances stipulated in Article 30 of the Company Act apply to Ms. Wang; nor have there been any application of the circumstances stipulated in Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Neither Ms. Wang nor her spouse and minor children hold shares of Lotus; nor are they employees of Lotus.	2
Ivy Yang	Ms. Yang joined Lotus' Board of Directors as an independent director on June 13th, 2024. Ms. Yang is a veteran banker with over 40 years of extensive experience in financial management and M&A projects, having served in prominent roles at several renowned financial institutions. Her previous positions include Chief Financial Officer at DBS Bank (Taiwan) Ltd., Financial Controller at Citibank (Taiwan) Ltd., and Senior Vice President of Finance at Citibank's branches in Singapore and Taipei. She also held senior financial roles at Bankers Trust Co. and BT Yuen Foong Securities Co. Ltd. Additionally, she has served as an independent director of Force lead Technology Corp. since 2023. Ms. Yang holds a bachelor's degree in accounting from National Cheng Kung University and a master's degree in business administration with a specialization in accounting and management decision making (EMBA program) from National Taiwan University.	Ms. Yang was not elected as a representative of a governmental or juridical person pursuant to Article 27 of the Company Act. No circumstances stipulated in Article 30 of the Company Act apply to Ms. Yang; nor have there been any application of the circumstances stipulated in Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Neither Ms. Yang nor her spouse and minor children hold shares of Lotus; nor are they employees of Lotus.	1

Note 1: Representative of Alvogen Emerging Markets Holdings Ltd.
Note 2: Representative of Innobic LL Holding Co., Ltd.
Note 3: Orakul Suebsiri was appointed as representative of Innobic LL Holding Co., Ltd., replacing Thariswan Tiensawat, on December 1st, 2025.

4. Diversity and Independence of the Board of Directors:

(1) Diversity:

(A) To strengthen corporate governance and enhance the sound development of the composition of the Board of Directors, the Company invites Directors who have multiple and complementary capabilities. Accordingly, candidates come from various industries and possess fundamental requirements and values (e.g., gender, age, nationality, and culture), professional backgrounds (e.g., management, financial, taxation and law), professional skills, industry experience, and the ability to make operational judgments, conduct active management, manage crisis, and demonstrate leadership abilities.

The Company has 8 Directors and 3 Independent Directors on the Board of Directors; the members have relevant backgrounds and significant experience in management, taxation, law, etc. The Company focuses on the financial expertise of Board members, aiming for a target Director ratio of 40%.

Currently, Director Vilhelm Róbert Wessman, Director Yves Hermes, Director Orakul Suebsiri, Independent Director Karl Alexius Tiger Karlsson, and Independent Director Ivy Yang have financial backgrounds, accounting for a ratio of 45%.

Additionally, the company places emphasis on gender equality in the composition of its board of directors, surpassing the target no less than 40% set to be achieved by 2028, with the current ratio of female directors stands at 45%.

The implementation of diversity in the composition of the Board of Directors is disclosed below.

Core Items of Diversity / Name of Director	Gender	Nationality	Education	Operational Judgment Competence	Accounting and Financial Analysis Competence	Operation and Management Competence	Crisis Management Competence	Industrial Knowledge	International Market Perspective	Leadership	Decision-making Competence
Vilhelm Róbert Wessman	M	Iceland	Founder of Alvotech ehf. CEO of Actavis Generics Group	V	V	V	V	V	V	V	V
Petar Antonov Vazharov	M	Bulgaria	Medical Doctorate, Sofia University of Medicine	V		V	V	V	V	V	V
Árni Hardarson	M	Iceland	Master's degree in law, University of Iceland	V		V	V	V	V	V	V
Oranee Tangphao Daniels	F	USA	Master of Science (Cardiovascular Pharmacology), Mc Master University	V		V	V	V	V	V	V
Yves Hermes	M	Switzerland	Bachelor of Economics and Finance, University of Geneva, Switzerland	V	V	V	V		V	V	V
Nat Ativitavas	M	Thailand	Master of Science and Ph.D. in Civil Engineering, The University of Texas at Austin	V		V	V	V	V	V	V
Krisana Winitthumkul	F	Thailand	B.Sc. in Pharmacy, Chiang Mai University, Thailand	V		V		V	V	V	V
Orakul Suebsiri	F	Thailand	Science (Business Information System) from Chulalongkorn University, Thailand	V	V	V	V	V		V	V
Karl Alexius Tiger Karlsson	M	Sweden	Executive MBA, Harvard Business School	V	V	V	V	V	V	V	V
Jennifer Wang	F	R.O.C.	LL.M., Columbia University School of Law	V		V	V		V	V	V
Ivy Yang	F	R.O.C.	Master of Business Administration, National Taiwan University	V	V	V	V		V	V	V

(2) Independence:

The Company currently has 3 Independent Directors, all of them have served as independent directors for less than 9 years, accounting for 27% of the total directors. In addition, none of the Directors have a marital relationship or are relatives within the second degree of kinship to any other Director of the Company. Among the Company's 11 directors, excluding the four representatives of corporate directors, all remaining directors serve in their individual capacities. In addition, no single corporate director accounts for more than one-third of the total Board seats. Accordingly, the Company maintains a sound Board structure with an appropriate level of independence.

2.1.2 Information of General Manager, Vice Presidents, Assistant Vice Presidents, and Officers of Departments and Branches

April 18th, 2026(Note5); Unit: shares

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Shareholding of Spouse & Minor		Shareholding by Nominee Arrangement		Major Education and Work Experience	Current Positions at Other Companies	Other Officers who are the Spouse or a Relative Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CEO	Bulgaria	Petar Antonov Vazharov	M	2018.01.16	1,000,000	0.37	0	0	0	0	Medical Doctorate, Sofia University of Medicine MBA, University of Sofia "St. Kliment Ohridski" Senior Manager of Global Business Development, Actavis Generics	Director, Alvogen Korea Holdings Ltd. Director, Alvogen Korea Co., Ltd. Director, Lotus International Pte. Ltd. Director, Alvogen (Thailand) Ltd.Director, Lotus Pharmaceutical (Shanghai) Health Management Consulting Ltd. Director, Lotus Japan Holdings Co., Ltd. Director, Lotus Healthcare Malaysia Sdn. Bhd. Director, Lotus Healthcare Philippines Corp. Director, Meishi Pharma Services Pte. Ltd. Manager, Lotus US Financing S.à r.l. Manager, Lotus Alvogen Group Holdings S.à r.l. Director, Innobic Asia Investment Holding Ltd. Director, Lotus Pharma Bulgaria EOOD Director, New Alvogen Group Holdings S.à r.l.	None	None	None	None
Group CFO / Vice President	Iceland	Bjartur Shen	M	2018.01.16	213,500	0.08	0	0	0	0	Master of Science in Economics and Corporate Finance, University of Iceland	Director, Alvogen Korea Co., Ltd. Director, Alvogen (Thailand) Ltd. Director, Lotus Pharmaceutical, HK, Ltd. Director, Lotus International Pte., Ltd. Director, Lotus Pharmaceutical (Thailand)Co., Ltd. Director, Lotus Japan Holdings Co., Ltd. Director, Lotus Healthcare Malaysia Sdn. Bhd. Director and CEO, Lotus Healthcare Philippines Corp. Director, Lotus Pharmaceutical US. Inc. Director, Lotus Pharma ehf. Director, Lotus Pharmaceutical (Shanghai) Health Management Consulting Ltd. Director, Avos Pharma Science Co., Ltd.	None	None	None	None
Taiwan CFO	Malaysia	Eeling Chan	F	2016.11.01	33,000	0.01	0	0	0	0	Bachelor of Commerce, University of Otago, New Zealand Master of Business Systems Monash University, Australia Manager, KPMG Taiwan Corporate Controller, SemiLEDs Corporation Regional controller, Alvogen Asia Pacific	Supervisor, Lotus Pharmaceutical (Shanghai) Health Management Consulting Ltd. Director, Meishi Pharma Services Pte. Ltd.	None	None	None	None

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Shareholding of Spouse & Minor		Shareholding by Nominee Arrangement		Major Education and Work Experience	Current Positions at Other Companies	Other Officers who are the Spouse or a Relative Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CIO	R.O.C.	Gwen Hsieh	F	2021.08.02	46,400	0.02	0	0	0	0	Ph.D Program, Computer Science, University of Houston, US Master's degree, Indiana University Bloomington Sr. Offering Manager, Security Product Portfolio, IBM	None	None	None	None	None
Chief Scientifics Officer	United States	Venkata Rama Prasad (Rama) Yarasani (Note3)	M	2026.02.09	0	0	0	0	0	0	Ph.D. Pharmaceutics, Andhra University, India Vice President & Generic R&D Site Head, Actavis / Teva Pharmaceuticals CSO, Alvogen US Sr. VP of R&D ,Alvogen, US	None	None	None	None	None
Chief Operations Officer	Canada	Vamsi Kiran Kosaraju (Note4)	M	2023.11.01	60,000	0.02	0	0	0	0	Master’s Degree in Microbiology, Barkatullah University Senior Director, Site Quality Head, Teva Canada Limited	Director, Meishi Pharma Services Pte. Ltd.	None	None	None	None
Vice President of Legal and Compliance	Bosnia and Herzegovina	Edin Buljubasic	M	2022.12.01	150,000	0.06	0	0	0	0	Graduated as LLB from University of Sarajevo, Bosnia and Herzegovina Bar Exam in Sarajevo, Bosnia and Herzegovina passed Patent and Trademark Attorney exam before Institute for IPR of Bosnia and Herzegovina passed General Counsel of Alvogen Group	Director, Lotus Alvogen Malta Ltd. Director, New Alvogen Group Holding Inc. Manager, Lotus Pharma Bulgaria EOOD Director, Lotus Pharmaceutical US. Inc. Manager, Lotus US Financing S.a.r.l Manager, Lotus Alvogen Group Holdingd S.a.r.l	None	None	None	None
APAC Chief Commercial Officer	Singapore	Valerie Lau	F	2024.02.15	150,000	0.06	0	0	0	0	Bachelor of Business–Marketing (Hons), Nanyang Technological University Head of Asia Pacific, Ascensia Diabetes Care Head of Consumer Healthcare, Sanofi–Aventis Singapore Pte. Ltd, Category Director, The Estée Lauder Companies Inc General Manager, Ciba Vision (Singapore)	Director, Alvogen (Thailand) Ltd.	None	None	None	None
Vice President of Business Development	India	Prashant Mohan Godse	M	2024.04.01	121,000	0.05	0	0	0	0	MBA (Intl. Marketing) Institute of International Business & Research, Pune/ B. Pharm Director In-Licensing Speciality Brands, EMENA, Accord Healthcare Ltd.	None	None	None	None	None

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Shareholding of Spouse & Minor		Shareholding by Nominee Arrangement		Major Education and Work Experience	Current Positions at Other Companies	Other Officers who are the Spouse or a Relative Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Global Head of Business Development	India	Mayank Mathuriya (Note 4)	M	2026.03.09	0	0	0	0	0	0	Master of Science in Biomedical Engineering, The University of Texas at Austin, USA Master of Business Administration, London Business School (LBS) VP of Business Development, Menarini, Singapore and London Global Head - Business Development and Portfolio Strategy,Yifan Pharmaceuticals, Singapore Head - New Initiatives, APAC Business Development., Sandoz, Multiple locations	None	None	None	None	None
Vice President, of Global Portfolio Management	Spain	Javier Torrejon Nieto	M	2025.01.02	200,000	0.07	0	0	0	0	Master of Organic Chemistry, University Autonoma De Barceloma, Barcelona Global Head R&D Innovation, Portfolio & IP, Galenicum	None	None	None	None	None
Corporate Governance Officer	R.O.C.	Susan Liao	F	2024.04.01	4,000	0.00	0	0	0	0	Master of Finance Seattle University IR Head of the YFY Inc. IR Manager, Lite-On Tech	None	None	None	None	None

Note 1: For cases in which a company's chairman and general manager (top-level manager) are the same person or spouses or relatives within the first degree of kinship, the reason for, legitimacy of, and necessity for such an arrangement shall be explained, along with the precautions taken (e.g., increasing the number of Independent Directors and ensuring that the majority of Directors do not hold concurrent posts as employees or officers):None.

Note 2: Vice President of Research and Development of Manish Chawla resigned on July 31st, 2025.

Note 3: Chief Scientifics Officer of Venkata Rama Prasad (Rama) Yarasani on board on Feb 9th, 2026.

Note 4: Global Head of Business Development of Mayank Mathuriya on board on March 9th, 2026.

Note 5: It's the information of the book closure date (April 18th, 2026) of the 2026 annual general meeting of shareholders.

2.1.3 Compensation for Directors, General Manager, and Vice Presidents in the Most Recent Year

1. Compensation for Directors and Independent Directors

Record Date: 2025; Unit: NTD in thousands

Title	Name	Directors' Compensation								A+B+C+D totaled and percentage of net income after tax		Compensation from concurrent position as employee								A+B+C+D+E+F+G totaled and percentage of net income after tax (%)		Compensation received from joint venture besides subsidiaries or parent company
		Compensation (A)		Pension (B)		Directors' compensation from profit distribution (C) (Note 3)		Business expenses (D)				Salaries, bonuses, and special expenses (E)		Pension (F)		Employee compensation from profit distribution (G)						
		Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus		From All Consolidated Entities		Lotus	From All Consolidated Entities	
																Cash	Stock	Cash	Stock			
Chairman	Vilhelm Róbert Wessman	13,146	13,146	0	0	0	0	1,209	1,209	14,355 and 0.3%	14,355 and 0.3%	0	90,892	0	0	0	0	3,267	0	14,355 and 0.3%	108,515 and 2.3%	0
Director	Árni Hardarson																					
Director	Oranee Tangphao Daniels																					
Director	Yves Hermes																					
Director	Alvogen Emerging Markets Holdings Ltd.																					
Director	Petar Antonov Vazharov (Note 3)																					
Director	Innobic LL Holding Co., Ltd.																					
Director	Nat Ativitavas (Note 4)																					
Director	Krisana Winitthumkul (Note 4)																					
Director	Thariswan Tiensawat (Note 4,5)																					
Director	Orakul Suebsiri (Note 4,5)																					

Title	Name	Directors' Compensation								A+B+C+D totaled and percentage of net income after tax		Compensation from concurrent position as employee								A+B+C+D+E+F+G totaled and percentage of net income after tax (%)		Compensation received from joint venture besides subsidiaries or parent company
		Compensation (A)		Pension (B)		Directors' compensation from profit distribution (C) (Note 3)		Business expenses (D)				Salaries, bonuses, and special expenses (E)		Pension (F)		Employee compensation from profit distribution (G)						
		Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus		From All Consolidated Entities		Lotus	From All Consolidated Entities	
																Cash	Stock	Cash	Stock			
Independent Director	Karl Alexius Tiger Karlsson																					
Independent Director	Jennifer Wang																					
Independent Director	Ivy Yang																					

1. Please state the policy, system, standards, and structure of independent directors' compensation payment, and describe the relevance to the amount of compensation according to the directors' responsibilities, risks, and time invested:
   In 2025, the company's independent directors participated in 30 meeting of the board of directors and functional committees. Lotus provide independent directors and Chairman of Committee with reasonable fixed compensation to attract outstanding external professionals to enter the board of directors and continue to enhance its functions.
2. Besides those disclosed in the table above, compensation for paid services (e.g., independent consultants for parent company, all companies listed in the financial statement, and reinvestment business) provided to the companies listed in the current fiscal year: None.

Note 1: The definition above is different from Income Tax Act.

Note 2: The Company shall pay remuneration to Independent Directors based on the involvement and contribution to the Company's operations.

Note 3: Representative of Alvogen Emerging Markets Holdings Ltd.

Note 4: Representative of Innobic LL Holding Co., Ltd.

Note 5: Orakul Suebsiri was appointed as representative of Innobic LL Holding Co., Ltd., replacing Thariswan Tiensawat, on December 1st, 2025.

Range of Compensation

Compensation Range of Directors	Names of Directors			
	A+B+C+D totaled		(A+B+C+D+E+F+G) totaled	
	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities
Less than NT$1,000,000	Orakul Suebsiri	Orakul Suebsiri	Orakul Suebsiri	Orakul Suebsiri
NT$1,000,000 (incl.) - NT$2,000,000 (excl.)	Árni Hardarson Karl Alexius Tiger Karlsson Krisana Winitthumkul Nat Ativitavas Oranee Tangphao Daniels Petar Antonov Vazharov Thariswan Tiensawat Yves Hermes	Árni Hardarson Karl Alexius Tiger Karlsson Krisana Winitthumkul Nat Ativitavas Oranee Tangphao Daniels Petar Antonov Vazharov Thariswan Tiensawat Yves Hermes	Árni Hardarson Karl Alexius Tiger Karlsson Krisana Winitthumkul Nat Ativitavas Oranee Tangphao Daniels Petar Antonov Vazharov Thariswan Tiensawat Yves Hermes	Árni Hardarson Karl Alexius Tiger Karlsson Krisana Winitthumkul Nat Ativitavas Oranee Tangphao Daniels Thariswan Tiensawat Yves Hermes
NT$2,000,000 (incl.) - NT$3,500,000 (excl.)	Jennifer Wang Ivy Yang Vilhelm Róbert Wessman	Jennifer Wang Ivy Yang Vilhelm Róbert Wessman	Jennifer Wang Ivy Yang Vilhelm Róbert Wessman	Jennifer Wang Ivy Yang Vilhelm Róbert Wessman
NT$3,500,000 (incl.) - NT$5,000,000 (excl.)				
NT$5,000,000 (incl.) - NT$10,000,000 (excl.)				
NT$10,000,000 (incl.) - NT$15,000,000 (excl.)				
NT$15,000,000 (incl.) - NT$30,000,000 (excl.)				
`NT$30,000,000 (incl.) - NT$50,000,000 (excl.)				
NT$50,000,000 (incl.) – NT$100,000,000 (excl.)				Petar Antonov Vazharov
NT$100,000,000 and above				
Total	Total of 12 persons	Total of 12 persons	Total of 12 persons	Total of 12 persons

Note: The definition above is different from Income Tax Act.

2. Compensation for General Manager and Vice Presidents

Record Date: 2025; Unit: NTD in thousands

Title	Name	Salaries (A)		Pension (B)		Bonuses and Special Expenses (C)		Employee Profit-Sharing Bonus (D)				A+B+C+D totaled and percentage of net income after tax (%)		Compensation received from joint venture besides subsidiaries or parent company
		Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus		From All Consolidated Entities		Lotus	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
CEO	Petar Antonov Vazharov	121,715	298,942	0	0	13,279	38,028	3,627	0	10,050	0	138,621 and 2.94%	347,020 and 7.35%	0
Group CFO / Vice President	Bjartur Shen													
Taiwan CFO	Eeling Chan													
CIO	Gwen Hsieh													
Vice President of Research and Development	Manish Chawla (Note 2)													
Chief Operations Officer	Vamsi Kiran Kosaraju													
Vice President of Legal and Compliance	Edin Buljubasic													
APAC Chief Commercial Officer	Valerie Lau													
Vice President of Business Developmen	Prashant Mohan Godse													
Vice President, of Global Portfolio Management	Javier Torrejon Nieto													

Note 1: The definition above is different from Income Tax Act.

Note 2: Manish Chawla of Vice President of Research and Development resigned on July 31st, 2025.

Range of Compensation

Compensation Range of General Manager and Vice Presidents	Names of General Manager and Vice Presidents	
	Lotus	From All Consolidated Entities
Less than NT$1,000,000		
NT$1,000,000 (incl.) - NT$2,000,000 (excl.)		
NT$2,000,000 (incl.) - NT$3,500,000 (excl.)		
NT$3,500,000 (incl.) - NT$5,000,000 (excl.)	Manish Chawla	Manish Chawla
NT$5,000,000 (incl.) - NT$10,000,000 (excl.)	Eeling Chan	Eeling Chan
NT$10,000,000 (incl.) - NT$15,000,000 (excl.)	Gwen Hsieh	Gwen Hsieh
NT$15,000,000 (incl.) - NT$30,000,000 (excl.)		Edin Buljubasic, Javier Torrejon Nieto, Prashant Mohan Godse
NT$30,000,000 (incl.) - NT$50,000,000 (excl.)	Bjartur Shen	Valerie Lau
NT$50,000,000 (incl.) - NT$100,000,000 (excl.)	Vamsi Kiran Kosaraju	Bjartur Shen, Petar Antonov Vazharov, Vamsi Kiran Kosaraju
NT$100,000,000 and above		
Total	Total of five persons	Total of ten persons

Note: The definition above is different from Income Tax Act.

3. Employees' compensation paid to officers:

Record Date: 2025; Unit: NTD in thousands

Title		Name	Stock	Cash	Total	Totaled of Net Income After tax (%)
Manager Officers	CEO	Petar Antonov Vazharov	0	10,266	10,266	0.2
	Group CFO / Vice President	Bjartur Shen				
	Taiwan CFO	Eeling Chan				
	CIO	Gwen Hsieh				
	Vice President of Research and Development	Manish Chawla (Note 1)				
	Chief Operations Officer	Vamsi Kiran Kosaraju				
	Vice President of Legal and Compliance	Edin Buljubasic				
	APAC Chief Commercial Officer	Valerie Lau				
	Vice President of Business Developmen	Prashant Mohan Godse				
	Vice President, of Global Portfolio Management	Javier Torrejon Nieto (Note 2)				
	Corporate Governance Officer	Susan Liao				

Note 1: Manish Chawla of Vice President of Research and Development resigned on July 31st, 2025.
Note 2: Vice President, Global Portfolio Management of Javier Torrejon Nieto on board on January 2nd, 2025.

2.1.4 Comparative Analysis of the Percentage of Compensation Paid to Directors, General Manager, and Vice Presidents to Net Profit After Tax over the Past Two Years, and Explanation of Compensation Strategies, Compensation Criteria and Packages, Decision Processes and Correlation Between Strategy and Future Risk:

1. The percentage of net profit after tax of the total compensation paid to the Directors, general manager, and vice presidents of the Company.

Unit: NTD in thousands

Year	Compensation for the Directors, General Manager, and Vice Presidents of Lotus	Percentage of Compensation to Net Profit Income After Tax
2025	361,375	7.66%
2024	234,062	4.62%

2. The remuneration of directors and managers of the Company shall be in accordance with the Articles of Association of the Company and the Organizational Regulations of the Remuneration Committee. Please refer to “3.3 Dividend Policy and Implementation.”

   In accordance with the Organizational Regulations of the Remuneration Committee, the Company formulates and regularly reviews the policies, systems, standards and structures for the performance evaluation and remuneration of directors and managers, complies with relevant laws and regulations, fully considers the professional ability of directors and managers, the company's operating conditions and their contributions, and at the same time considers the operational risks that the Company may face in the future and the level of its peers, formulates and adjusts reasonable remuneration in a timely manner, so as to seek sustainable operation and risk control of the company.

2.2 Implementation of Corporate Governance:

2.2.1 Board of Directors

A total of 12 Board of Director Meetings were held in 2025. The attendance of the Directors and Independent Directors is tabulated below:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance (%)	Remarks
Chairman	Vilhelm Róbert Wessman	10	2	83.33	Attendance frequency:12
Director	Petar Antonov Vazharov	12	0	100	(1) Representative of Representative of Alvogen Emerging Markets Holdings Ltd. (2) Attendance frequency:12
Director	Árni Hardarson	9	1	75	Attendance frequency:12
Director	Oranee Tangphao Daniels	12	0	100	Attendance frequency:12
Director	Yves Hermes	12	0	100	Attendance frequency:12
Director	Nat Ativitavas	11	1	91.67	(1) Representative of Innobic LL Holding Co., Ltd. (2) Attendance frequency:12
Director	Krisana Winitthumkul	12	0	100	(1) Representative of Innobic LL Holding Co., Ltd. (2) Attendance frequency:12
Director	Thariswan Tiensawat	8	3	72.73	(1) Representative of Innobic LL Holding Co., Ltd. (2) Resigned upon December 1st, 2025. (3) Attendance frequency:11
Director	Orakul Suebsiri	1	0	100	(1) Representative of Innobic LL Holding Co., Ltd. (2) Appointed on December 1st, 2025. (3) Attendance frequency:1
Independent Director	Karl Alexius Tiger Karlsson	11	1	91.67	Attendance frequency:12
Independent Director	Jennifer Wang	12	0	100	Attendance frequency:12
Independent Director	Ivy Yang	11	1	91.67	Attendance frequency:12

Other details:

1. In any of the following circumstances occur in the operation of the Board of Director, the meeting date, term and session, agenda content, dissenting opinions and reservations or significant recommendations of Independent Directors, the resolutions of the Independent Directors, and the Company's handling of the opinions of the Independent Directors, shall be stated:
   (1) Items listed in Article 14-3 of the Securities and Exchange Act: Not applicable since the Company has established the Audit and Risk Committee.
   The proposals discussed by the Board of Directors were all passed unanimously with no objections expressed by Independent Directors, and all attending Directors voted in favor of each proposal without objections.
   (2) Apart from the preceding matters, resolutions adopted by the Board of Directors that were opposed or

reserved by Independent Directors with record or written statement: None.

2. The implementation status of Directors abstaining from proposals due to conflicts of interests. The disclosure shall include the name of the Director, proposal content, reasons for recusal, and participation status in the voting:

Board of Directors Meeting Date	Content of Proposal	Reasons for Abstentions by Directors	Results of Voting Counts
Mar 6th, 2025	Proposal of FY2025 annual salary adjustments for managerial officers.	Director Petar Antonov Vazharov had conflicts of interest in this case.	Abstained from voting and discussing.
	Proposal of FY2024 annual bonus for managerial officers.	Director Petar Antonov Vazharov had conflicts of interest in this case.	Abstained from voting and discussing.
	Proposal of the transfer of treasury shares to employees.	Director Petar Antonov Vazharov had conflicts of interest in this case.	Abstained from voting and discussing.
Sep 23rd, 2025	Proposal of an investment by the Company, via its subsidiaries, to acquire 100% equity interest in New Alvogen Group Holding, Inc.	Director Vilhelm Róbert Wessman had conflicts of interest in this case.	Abstained from voting and discussing.

Note: Director(s) abstained from voting and discussing this case pursuant to Article 206 of the Company Act, under which the provisions of Article 178 shall apply mutatis mutandis.

3. Implementation situation of Board of Directors' evaluation:

In accordance with Articles 3 and 6 of the Company's Procedures for Performance Evaluation of the Board of Directors, the internal Board of Directors performance evaluation shall be conducted every year in accordance with the evaluation procedures and the evaluation indexes in Articles 6 and 8. The Company's Board of Directors performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. Internal Board of Directors performance evaluation shall be completed before the end of the first quarter in the following year. At the end of each year, the unit performing evaluations will collect information about the activities of the Board of Directors and Functional Committees, distribute self-evaluation questionnaires, record the evaluation results in a report, and submit the report to the Board of Directors for discussion and improvement.

In November 2024, the Company engaged the Taiwan Investor Relations Institute to conduct the external performance evaluation of the Board of Directors for 2025. In February 2026, the Company conducted the internal performance evaluation of the Board of Directors for 2025.

Evaluation Cycle	1. The Company's board of directors shall conduct an internal board performance evaluation every year. 2. The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years.
Internal Performance Evaluation Data Review Period	FY2025 (Reported to the Board on March 12, 2026.)
External Performance Evaluation Data Review Period	FY2024 (Reported to the Board on March 6, 2025.)
Evaluation Scope	Board, Board Members, Audit and Risk & Remuneration Committees
Evaluation Content	Board: Board of directors - composition and professional development, Board decision-making quality, Board operational effectiveness, Internal control and risk management and Board engagement in corporate social responsibility (CSR).

	Board Members: Company vision and responsibilities, R&R, Involvement, Internal communication, Development, Internal control. Audit and Risk & Remuneration Committees: Level of participation in company operations, Understanding of functional committee responsibilities, Improving the decision-making quality of functional committees, Composition of functional committees and selection of members and Internal control.

4. The goals to enhance the functions of the Board of Directors for the current and preceding fiscal years, such as establishing an audit and risk committee and enhancing information transparency, along with the evaluation of their implementation status.

(1) Enhancing Board Functions

The Company's Directors do not have any spousal or second-degree familial relationships among them, and the operations of the Board of Directors are conducted in accordance with the Rule and Procedures of Board of Directors Meetings. Additionally, during their terms, the current members of the Board have participated in advanced training courses organized by institutions designated under the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies, covering topics related to corporate governance.

Furthermore, concerning the independent director system, the Company has established three independent directors. These three Independent Directors possess professional expertise in industry knowledge, accounting and financial analysis, law, and other relevant fields. They provide the Board of Directors with professional advice on matters related to the execution of internal control systems, business operations, financial matters, and other relevant proposals. The Company's Audit and Risk Committee is composed of these three Independent Directors who actively assist the Board of Directors in supervising the quality and integrity of management's execution of accounting, auditing, financial reporting, and financial control processes.

(2) Enhancing Information transparency

This financial statements is periodically audited by KPMG. Financial statements and major resolutions of the Board of Directors are disclosed in a timely manner on the Company's website and the information websites as required by law. A designated person is responsible for the collection and disclosure of Company information. Moreover, a spokesperson system has been established to ensure prompt and proper disclosure of significant information for shareholders and stakeholders to refer to regarding the Company's financial and business-related information.

2.2.2 Audit and Risk Committee's Operation:

The Company held a total of 13 Audit and Risk Committee Meetings in 2025. The attendance record of independent directors is as follows:

Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Independent Director	Ivy Yang	12	1	92.31	(1) Convener of the 5th Term. (2) Appointed upon June 13th, 2024. (3) Attendance frequency: 13
Independent Director	Karl Alexius Tiger Karlsson	11	2	84.62	Attendance frequency: 13
Independent Director	Jennifer Wang	13	0	100	Attendance frequency: 13

Other details:

1. If the operation of the Audit and Risk Committee falls under any of the following circumstances, the date and session of the Audit and Risk Committee, content of the agenda items, dissenting opinions, reserved opinions or significant recommendations of Independent Directors, the resolution of the Audit and Risk Committee, and the Company's handling of the opinions of the Audit and Risk Committee shall be detailed:

   (1) The matters listed in Article 14-5 of the Securities and Exchange Act:

Audit and Risk Committee Meeting Date	Content of Proposal
5-5 Jan 16th, 2025	(1) Proposal of the Company's 2025 budget and CAPEX plan.
5-6 Mar 4th, 2025	(1) Proposal for the Statements of FY2024 Internal Control System. (2) Proposal for FY2024 Business Report and Financial Statements. (3) Proposal for FY2024 earnings distribution. (4) Proposal for FY2025 CPA appointment and audit fees. (5) Proposal for the establishment of the Audit and Risk Committee. (6) Proposal for the amendments to certain articles of the Company's "Audit Committee Charter." (7) Proposal for the proposed amendments to certain articles of the Company's "Articles of Incorporation" ("AOI"). (8) Proposal for the Company's "Risk Management Policies and Procedures." (9) Proposal for the amendments to certain articles of the Company's "Corporate Governance Best Practice Principles." (10) Proposal for the transfer of treasury shares to employees.
5-7 Apr 10th, 2025	(1) Proposal for share buyback program for transfer to employees.
5-8 Apr 28th, 2025	(1) Proposal for issuing common shares or/and issuing common shares for sponsor of the issuance of global depositary receipts (GDR) or/and issuing common shares via private placement or/and issuing convertible bond via private placement.
5-9 May 7th, 2025	(1) Proposal for amendments to the Internal Control System. (2) Proposal for the Q1'25 consolidated financial statements. (3) Proposal for the exclusive licensing deal with LENZ Therapeutics, Inc. ("LENZ") by the Company's subsidiary.
5-10 Jun 18th, 2025	(1) Proposal for the acquisition of product rights related to 5 products in Vietnam by the Company's subsidiary from DUY TAN PHARMACEUTICAL JOINT STOCK COMPANY ("Duy Tan"). (2) Proposal for the change on the exclusive licensing deal with LENZ Therapeutics, Inc. ("LENZ") by the Company. (3 Proposal for the new issuance of Employee Restricted Stock Awards in 2025.
5-11 Aug 6th, 2025	(1) Proposal of the Q2'24 consolidated financial statements.

Audit and Risk Committee Meeting Date	Content of Proposal
5-13 Sep 23rd, 2025	(1) Proposal for an investment by the Company, via its subsidiaries, to acquire 100% equity interest in New Alvogen Group Holding, Inc.
5-14 Nov 11th, 2025	(1) Proposal for Q3'25 consolidated financial statements. (2) Proposal for the expansion of Oral Solid Dose (OSD) production facility at Nantou plant on company's own land. (3) Proposal for amendments to certain articles of the Company's "Articles of Incorporation" ("AOI"). (4) Proposal for amendments to certain articles of the Company's "Risk Management Policies and Procedures". (5) Proposal for the transfer of treasury shares to employees.
5-15 Nov 27th, 2025	(1) Proposal for the Company's disposal of Series A Preferred Shares and Warrants of New Alvogen Group Holding, Inc. to its Luxembourg subsidiary, Lotus US Financing S.à r.l., and to subscribe for newly issued common shares of Lotus US Financing S.à r.l. (2) Proposal for the Company's cash capital injection to its Luxembourg subsidiary, Lotus US Financing S.à r.l.
5-16 Dec 11th, 2025	(1) Proposal for the FY2026 annual audit plan. (2) Proposal for the amendment to the proposal for the transfer of treasury shares to employees.
5-17 Dec 18th, 2025	(1) Proposal for the signing of a Consulting Agreement with Aztiq Consulting Ehf.
All above proposals did not receive any dissenting opinions, reserved opinions, or significant recommendations from Independent Directors, and were approved by all attending Directors without objection.	

(2) Other than the aforementioned matters, items that were not approved by the audit and risk committee but were approved by a majority vote of two-thirds or more of all Directors: None.

2. The execution of abstention by Independent Directors on matters concerning conflicts of interest. The name, proposal content, reason for recusal, and participation status of the Independent Director in voting shall be disclosed: None.
3. Communication between Independent Directors and the internal audit director and CPAs (including significant matters, methods, and outcomes of communication on the Company's finance and business conditions) is as follows.
   (1) The head of internal audit of the Company regularly submits audit reports and communicates the contents of audit reports with independent directors, and reports to the Audit and Risk Committee and the Board of Directors on a quarterly basis. In addition, the head of audit of the Company also conducts independent communication with the independent directors from time to time when there is no management team attending the meeting, and the communication channels are smooth and in good condition. The Company's 2025 years of internal audit and independent directors are summarized separately as follows, and disclosed on the company's website:

Meeting Dates	Communication Content	Reserve Opinions of Independent Directors
Mar 6th, 2025	(1) Explanation of the internal audit execution for the fourth quarter of 2024. Audit projects include engaging in derivatives transactions, lending of funds and making endorsements guarantees to others, acquisition and disposal of assets, management of the operations of BOD, AC and Compensation Committee, supervision and management of subsidiaries and related party transactions, ITGC (including information security), ethical operating management, subsidiary audits – Singapore, subsidiary audits - Korea. (2) Explanation of 2024 statement of internal control system.	None.
May 9th, 2025	Explanation of the internal audit execution for the first quarter of 2025. Audit projects include engaging in derivatives transactions, lending of funds and making endorsements guarantees, technical development & IP management operations, domestic sales process, subsidiary audits - Korea.	None.

Aug 11th, 2025	Explanation of the internal audit execution for the second quarter of 2025. Audit projects include engaging in derivatives transactions, lending of funds and making endorsements guarantees, employee evaluation operation process, asset repairment and maintenance process, regulatory compliance process, budget management process, environment health & safety process, waste management process, subsidiary audits - Korea.	None.
Nov 12th, 2025	Explanation of the internal audit execution for the third quarter of 2025. Audit projects include engaging in derivatives transactions, lending of funds and making endorsements guarantees, export sale procedures, review of IFRS management and accounting process, investment process, financing process, expenses payment process, treasury stock process, subsidiary audits – Thailand & Korea.	None.
Dec 11th, 2025	Discussion on the emphasis of 2026 Audit Projects and the strategies to support Alvogen US in documenting Internal control policies.	None.
Dec 18th, 2025	Proposed the 2026 annual audit plan.	None.

(2) The Company's CPAs attend and report on the results of the audit or review of the financial statements of the current quarter when the board of directors reviews the financial statements of the current quarter, and also report to the independent directors on special matters or other communication matters required by relevant laws and regulations, and the communication channels are open and in good condition. The company's 2025 years of separate communication between CPAs and independent directors are summarized as follows, and disclosed on the company's website:

Meeting Dates	Communication Content	Reserve Opinions of Independent Directors
Mar 3rd, 2025	Communication regarding the financial reports for the 2024.	None.
Mar 6th, 2025	(1) Explanation of the audit results of the financial reports for 2024. (2) Discussion and communication regarding other questions raised by Independent Directors.	None.
May 5th, 2025	Communication regarding the financial reports for the first quarter of 2025.	None.
May 9th, 2025	(1) Explanation of the audit results of the financial reports for the first quarter of 2025. (2) Discussion and communication regarding other questions raised by Independent Directors.	None.
Aug 4th, 2025	Communication regarding the financial reports for the second quarter of 2025.	None.
Aug 11th, 2025	(1) Explanation of the audit results of the financial reports for the second quarter of 2025. (2) Discussion and communication regarding other questions raised by Independent Directors.	None.
Nov 5th, 2025	Communication regarding the financial reports for the third quarter of 2025.	None.
Nov 12th, 2025	(1) Explanation of the audit results of the financial reports for the third quarter of 2025. (2) Key Audit Matter report. (3) Discussion and communication regarding other questions raised by Independent Directors.	None.

4. Major achievements:

Review of quarterly and annual financial statements, appointment, dismissal, and compensation of CPAs, evaluation of the independent auditors' independence, internal control system and related policies and procedures, significant loans to others and endorsements of guarantees, and significant asset transactions, etc.

2.2.3 Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies:

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
1. Does the Company establish and disclose its Corporate Governance Best Practices Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has adopted the Corporate Governance Best Practice Principles and disclosed it on the Company's website. (https://www.lotuspharm.com.tw/investors/corporate-governance)	Full compliance
2. Shareholding Structure & Shareholders' Rights (1) Does the Company have internal operation procedures for handling shareholders' suggestions, concerns, disputes, and litigation matters? If so, have these procedures been implemented accordingly?	V		The Company has established the Procedures for Handling Material Inside Information and Prevention from Insider Trading and assigned personnel to handle stock-related matters. The Company has also established a spokesperson and deputy spokesperson system to address shareholders' suggestions and clarify related issues. The Company has also engaged external legal counsel to provide consultation services on relevant legal issues.	Full compliance
(2) Does the Company possess the list of major shareholders and beneficial owners of these major shareholders?	V		The Company has designated personnel responsible for stock affairs to manage relevant information and has appointed professional stock agency to assist in handling stock-related matters. Changes in shareholding of directors and managerial officers, pledges, and basic information of juridical person directors and major shareholders are reported and disclosed on the Market Observation Post System.	Full compliance
(3) Has the Company established and implemented a risk management system and firewall mechanism between the Company and its related parties?	V		The company has established the Procedures for Acquisition or Disposal of Assets, regulating transactions between the company and related parties regarding asset acquisition or disposal. The Company has also adopted the Procedures for Loaning of Funds and Making of Endorsements Guarantees, outlining the total amount and duration limitations of loans between the company and related parties. The handling of investment in other companies is conducted in	Full compliance

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			accordance with internal control systems, internal audit systems, and relevant legal regulations to ensure effective risk management and firewall mechanisms. The Company's related party transactions are conducted in compliance with the applicable regulations and have been fully disclosed in the financial statements. In addition, revenue recognition is considered as one of our key audit matters. The external auditors inspected related documents and contracts to identify performance obligations, ensuring the adequacy and reasonableness of revenue recognition. All of these matters are subject to review by the Audit and Risk Committee.	
(4) Has the Company established internal rules prohibiting insider trading based on undisclosed information?	V		The Company has established the Procedures for Acquisition or Disposal of Assets, strictly prohibiting insiders from trading securities using undisclosed material information, in accordance with relevant laws and regulations. Regular and ad-hoc internal awareness and training courses are conducted, and reminders regarding the importance of preventing insider trading and related precautions are sent via email to insiders every month.	Full compliance
3. Composition and Responsibilities of the Board of Directors (1) Has the Board of Directors established a diversity policy and management targets for the composition of directors and implemented them accordingly?	V		According to the third chapter of the Corporate Governance Best Practice Principles, which focuses on enhancing the functions of the Board of Directors, and the Rules for Election of Directors, the appointment of directors in the Company follows a candidate nomination system. The composition of the Board of Directors should be formulated with the considerations of the operation of the board itself, the company's business model, and development needs, aiming for appropriate diversification policies. Criteria for the diversity of board members should include but not be limited to basic	Full compliance

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			requirements and values, including gender, age, nationality, and cultural backgrounds, as well as professional knowledge and skills, including legal, accounting, industry, financial, marketing, or technological expertise or industry experience. Currently, among the 8 Directors and 3 Independent Directors of the Company, nationalities include Iceland, Sweden, Bulgaria, Thailand, Switzerland, USA, and Taiwan, with a foreign director ratio as high as 82%. Meanwhile, there are 5 female directors among the current board members, accounting for 45% of the overall board. For details on the composition of professional capabilities, please refer to page 12 of the annual report. The Company's diversity policy and its implementation for the composition of the Company's Board of Directors is also disclosed on the Company's its website and on the Market Observation Post System.	
(2) Besides the Remuneration Conmittee and the Audit Committee, the establishment of which are required by law, has the Company voluntarily established other functional committees?	V		To address operational needs and in compliance with Article 27, Paragraph 1 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, the Board of Directors approved on March 6, 2025, to incorporate risk management into the Audit Committee and rename it the Audit and Risk Committee.	Full compliance
(3) Has the Company established an internal rule and a method of evaluating the performance of its Board of Directors, implemented such annual performance evaluations, and submitted the evaluation results to the Board of Directors as a reference for the compensation and future nomination or reelection of individual Directors?	V		The Company has established the Procedures for Performance Evaluation of the Board of Directors, which stipulates that by the end of the first quarter of each year, the performance evaluation of the board and functional committees for the previous year shall be conducted. The evaluation results are then submitted to the board of directors for consideration in individual director's compensation, nomination for re-election, and other	Full compliance

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			related matters. The most recent evaluation results were reported to the board on March 12th, 2026.	
(4) Does the Company regularly evaluate the independence of its CPAs?	V		The Audit and Risk Committee of the Company regularly evaluates the independence and competence of CPAs yearly, and submits the evaluation results as following to the Board of Directors: 1. The auditor's independence declaration. 2. Ensure the audit partner rotates every five years. 3. Annually evaluate the independence and competence of the external auditor based on the results of the auditor survey and the Audit Quality Indicator (AQI) released by Financial Supervisory Commission regarding the dimensions of profession, quality control, independence, monitoring. The independence and competency of CPAs for 2025 engagement has been resolved by the Audit and Risk Committee on March 30th, 2026 and approved by the Board of Directors on April 1st, 2026.	Full compliance
4. Has the Company established a full- or part-time corporate governance unit or appointed personnel to be in charge of matters involving corporate governance (including but not limited to providing information required by Directors related to business operations, handling legal compliance matters related to Board of Directors' Meetings and Shareholder Meetings, and producing minutes of Board of Directors' meetings and Shareholder Meetings)?	V		Through the resolution of the Board of Directors on March 14th, 2024, the Company appointed Susan Liao as the Corporate Governance Officer. Her responsibilities include handling matters related to board meetings and shareholders' meetings in accordance with the law, preparing minutes of board meetings and shareholders' meetings, assisting Directors in their appointment and continuous education, providing necessary information for Directors to carry out their duties, and assisting Directors in compliance with laws and regulations. Details of the Corporate Governance Officer's training in the most recent year are as follows. (Note 1)	Full compliance
5. Has the Company established a means of communication with its stakeholders (including but not limited to shareholders, employees,	V		The Company provides diverse and smooth communication channels for stakeholders, including financial institutions, creditors, employees,	Full compliance

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
customers, and suppliers) or created a section for stakeholders on the Company's website? Does the Company respond appropriately to stakeholders' questions on major issues of corporate social responsibility?			shareholders, medical professionals, and the community. These channels include the Company' website, among others. (http://www.lotuspharm.com.tw) The website includes information on department heads, their contact numbers, and email addresses. It also features an 'Investors' section where financial business information is disclosed in accordance with laws and regulations, along with corporate governance-related information. The "Contact Us" section provides contact numbers for operational headquarters, research and R&D centers, and production bases. Additionally, it includes a dedicated line for medication orders from medical institutions, a hotline for reporting adverse drug reactions, and an email address for reporting violations of ethics. The table outlining the responsible units, issues related to stakeholders, and communication response methods is as follows, and report to the board on May 11th, 2026. (Note 2)	
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		The Company has commissioned the Department of Stock Transfer Agency, CTBC Bank Co., Ltd. to assist in handling matters related to the Company's shareholders' meetings.	Full compliance
7. Information Transparency (1) Has the Company established a corporate website to disclose information regarding its financial, business, and corporate governance status?	V		The Company has launched a website (https://www.lotuspharm.com/zh-TW/investors/corporate-governance/corporate-governance-operations#corporate-governance-operations) to disclose monthly revenues, quarterly financial statements, recordings of earnings call, materials for shareholders' meetings and their records, and corporate governance-related information. Additionally, the website provides links to the Market Observation Post System. All financial, operational, and corporate governance information	Full compliance

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			pertaining to the Company is disclosed as legally required on the Market Observation Post System.	
(2) Has the Company use other information disclosure channels (e.g., maintaining an English website, designating staffs to handle information collection and disclosure, appointing spokespersons, webcasting earning calls)?	V		The Company has appointed designated personnel to collect, disclose, and communicate company information externally. The Company implemented a spokesperson system, appointing both a spokesperson and a deputy spokesperson. The Company has also established an English website. The Company discloses its financial information on the Company website and Market Observation Post System regularly, on a monthly basis. The Company also discloses information about earning calls and provide recordings of these briefings on the website for investors to access.	Full compliance
(3) Does the Company disclose and file annual financial statements within two months of the close of the Company's fiscal year? Does the Company publish its quarterly financial reports and monthly operating reports before their respective deadlines?		V	The Company has yet disclosed and filed its annual financial statement within two months after the close of the Company's fiscal year, but the annual and quarterly financial statements and the monthly operating reports are disclosed and filed in compliance with relevant laws and regulations, before their respective deadlines.	Full compliance
8. Does the Company have information, other than the abovementioned, to be disclosed to facilitate a better understanding of its corporate governance practices? (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, continuous education of Directors, risk management policies and criteria for risk evaluation and their implementation status, customer relation policies and its implementation, and the Company's purchase of liability insurance for Directors)	V		1. The Company has established an Employee Welfare Committee, implemented a retirement pension system, provides equal employment opportunities, conducts various employee training programs and offers group insurance for employees, and arranges regular health check-ups. These measures comply with the requirements of Labor Standards Act and respect international human rights conventions. The Company strives to eliminate discrimination, promote equality, and foster a friendly workplace environment that embraces diversity. 2. The Company holds earning calls every quarter to maintain open communication	Full compliance

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			channels with both customers and investors. The Company also organized free clinic activities in 2025 to fulfill our corporate social responsibility and promote the concept of health care. 3. The Company implements the cGMP system and adhere to PIC/S GMP regulations. The Company has established the Manufacture/ Vendor Qualification Review Procedure, with stringent reviewing and auditing mechanisms, to ensure that suppliers comply with environmental, occupational health, and safety regulations, and that there are no significant violations of environmental and social sustainability. 4. The Company's attendance of Directors at board meetings reached 91.7 % in 2025. The Company has established both an Audit and Risk Committee and a Remuneration Committee to assist Directors in strengthening the implementation of corporate governance. The attendance of committee members was 92.3% for the Audit and Risk Committee and 93.3% for the Remuneration Committee. 5. The Company has established an Internal Audit Division, which is an independent unit under the Board of Directors. The unit is responsible for establishing internal control systems in accordance with legal requirements. The unit is obliged to propose an annual audit plan for the following year to be approved by the Audit and Risk Committee and the Board of Directors. Regular quarterly execution reports are then submitted to the Audit and Risk Committee and the Board of Directors for review. 6. The Directors of the Company diligently abstain from discussion and voting on matters in which they have conflicts of	

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			interest, in accordance with legal requirements. For details regarding the abstention of Directors, please refer to 23 of the annual report. 7. The Company has purchased liability insurance coverage of USD 20 million for all Directors. 8. Directors' training in the most recent year are shown below. (Note 3)	
9. The Company's improvements in corporate governance based on the indicators stipulated in the Corporate Governance Evaluation Results issued in the most recent year by the Corporate Governance Center of the TWSE, and its priority strengthening measures for the indicators requiring further improvement.	V		The Company has devised improvement policies based on the corporate governance evaluation results of 2025: 1 The Company has established a greenhouse gas reduction management policy in its 2024 Annual Report and 2024 Sustainability Report, including reduction targets, implementation measures, and progress status. 2. On March 6th, 2025, the Board of Directors approved the inclusion of risk management responsibilities under the Audit Committee, which has been renamed as the "Audit and Risk Committee." The Company will continue to evaluate the establishment of other functional committees in accordance with its scale and operational needs. 3. On August 11th, 2025, the Company reported its Corporate Value Enhancement Plan to the Board of Directors and disclosed the same on the MOPS. 4. The Company has established employee training and development programs to enhance career capabilities, which have been disclosed in the 2024 Annual Report and 2024 Sustainability Report, including implementation details and outcomes. 5. The Company has established mechanisms addressing customer health and safety, marketing, and labeling of products and services, including an adverse drug reaction hotline and	Full compliance

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			dedicated email, as disclosed in the 2024 Annual Report and 2024 Sustainability Report. 6. The Company has established an Environmental Management System, with its implementation status disclosed in the 2024 Annual Report and 2024 Sustainability Report. 7. The Company has established an Energy Management Plan, with its implementation status disclosed in the 2024 Annual Report and 2024 Sustainability Report. 8. In 2025, the Company uploaded the English version of its annual financial statements to MOPS at least 18 days prior to the shareholders' meeting.	

Note 1: Corporate Governance Officer's trainings in the most recent year

Date	Organizer	Course Title	Hours
May 16th, 2025	Securities & Futures Institute	Insider Trading Prevention Awareness Session	3.0
Jul 9th, 2025	Taiwan Stock Exchange	Cathay Sustainable Finance and Climate Change Summit	6.0
Jul 25th, 2025	Securities & Futures Institute	Internal Shareholding Transactions Legal Compliance Briefing for Insiders	3.0
Jul 31st, 2025	Taiwan Stock Exchange	Taiwan Capital Market Summit	6.0

Note 2: Stakeholders

<table>
<tr><th>Stakeholders</th><th>Concerned Topics</th><th>Response Approach | Frequency | Channels</th><th>2025 Stakeholder Engagement Results</th></tr>
<tr><td>Government agencies</td><td>• Drug quality and safety
• Drug accessibility
• Corporate governance and ethical operations
• Cyber security and privacy protection
• Supplier management</td><td>• Visits (as needed)
• Phone calls (as needed)
• Official correspondence (as needed)
• Regulatory filings (as needed)
• Emails (as needed)
• Regulatory supervision, inspections, and audits (as needed)
• Corporate Governance Office Email: info@lotuspharm.com
• Tel: +886 2 2700 5908</td><td>• The Company received 676 electronic official documents and issued 840 documents, for a total of 1,516 official documents processed.
• All directors complied with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". A total of 20 training sessions, amounting to 94.6 hours, were completed by 12 directors (including former directors).
• In alignment with the Financial Supervisory Commission's (FSC) Sustainability Roadmap, the Company completed 2025 greenhouse gas (GHG) inventory and third-party assurance across major operational sites. The TCFD framework was also adopted to strengthen climate-related risk management. The scope of GHG inventory and third-party assurance is presented in the table below:
<table>
<tr><th>Scope</th><th>Taiwan</th><th>Korea</th><th>Other Asia</th></tr>
<tr><td>GHG Inventory (Scope 1 & 2)</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>GHG Third-Party Assurance (Scope 1 & 2)</td><td>V</td><td>V</td><td>V</td></tr>
</table>
Note: Other Asian regions include operations in Singapore, India, Thailand, the Philippines, Vietnam, Malaysia, China, Japan, and Hong Kong.
• The Korea Gongju plant completed three regulatory inspections in 2025, all of which were successfully approved.</td></tr>
<tr><td>Shareholders/ investors</td><td>• Corporate Governance and Ethical Operations
• Drug quality and safety
• Drug accessibility
• Talent Attraction and Retention
• Business Performance</td><td>• Annual general meeting (annually)
• Quarterly financial reports (quarterly)
• Monthly revenue reports (monthly)
• Material information disclosures (as needed)</td><td>• Held 1 annual general meeting.
• Conducted 5 investor conferences.
• Participated in 2 external investor meetings/forums.
• Conducted 30 meetings with 31 institutional investors.
• Disclosed 77 material information announcements via the Market Observation Post System..</td></tr>
</table>

Stakeholders	Concerned Topics	Response Approach | Frequency | Channels	2025 Stakeholder Engagement Results
	Cyber security and privacy protection • Supplier management	• Press releases (as needed) • Earnings calls (quarterly) • Investor meetings (as needed) • Corporate website (as needed) • Phone calls (as needed) • Emails (as needed) • Investor Relations: investor@lotuspharm.com	
Employees	• Drug quality and safety • Talent Attraction and Retention • Occupational health and safety • Cyber security and privacy protection • Climate Adaptation Actions	• Internal website or internal email announcements (as needed) • Two-way communication meetings (quarterly) • Labor-management meetings (quarterly) • Employee engagement surveys (every two years) • Performance reviews (annually) • Labor union (Korea) (as needed) • Human Resources Office: MyHR@lotuspharm.com • Ethics violation reporting (Speak Up): lotus.speakup@lotuspharm.com • Sexual harassment grievance hotline: +886 976-717-933	• Global: Conducted 11 global town halls to enhance two-way communication. • Taiwan: Held 4 labor-management meetings. • Korea: Held 32 labor union meetings.
Medical institution and Customers	• Corporate Governance and Ethical Operations • Drug quality and safety • Waste and toxic chemical substance management • Drug accessibility • Cyber security and privacy protection	• Product briefings (as needed) • Scientific activities (as needed) • Site visits, audits, and visits (as needed) • Emails and written correspondence (as needed) • Pharmacovigilance reporting (as needed) lotus.pv@lotuspharm.com Tel: +886 2 8786 1880	• In Taiwan, organized 733 academic events, with total participation of 10,271 healthcare professionals (HCPs): i. 295 oncology-related events ii. 438 non-oncology events • In Korea, conducted 21 academic events covering topics such as breast cancer and weight management with 1,062 HCPs participants.

Stakeholders	Concerned Topics	Response Approach | Frequency | Channels	2025 Stakeholder Engagement Results
Suppliers and partners	• Waste and toxic chemical substance management • Drug accessibility • Business Performance • Cyber security and privacy protection • Drug quality and safety • Corporate Governance and Ethical Operations	• Supplier management and audits (as needed) • Supplier meetings (as needed) • Lotus supplier portal (as needed) : URL: https://vbr.lotuspharm.com/auth/login	• To strengthen our supply chain understanding, we maintain regular communication through daily meetings, conference calls, supplier visits and emails. Furthermore, in 2025, we engaged with 94 tier suppliers (including 23 from Taiwan, 8 from Korea, 30 from India, and 33 from the rest of the world) via formal meetings." We gained a deeper understanding of our suppliers' ESG practices, including their efforts to improve energy efficiency, reduce environmental impact, strengthen waste management, explore more sustainable production solutions, and jointly advance more sustainable and responsible business practices. • In 2025, the Quality Department planned to conduct 78 supplier audits and completed 84 on-site audits and 42 document audits, achieving a 100% completion rate. One minor deficiency was identified in a new supplier; however, as the related product is used only for small-scale R&D and pilot bioequivalence (BE) batches, it had no impact on commercial products. Corrective and preventive actions were implemented within one month following the audit. No material deficiencies or risks were identified among other suppliers. • Held 2 global supplier conferences, with 56 suppliers in attendance. Lotus has held a Global Supplier Conference for two consecutive years, offering both in-person and online participation to enhance supplier engagement and broaden communication and outreach. The conference agenda highlighted Lotus' commitment to ESG, covering topics including cybersecurity, social responsibility, ethical standards, and environmental protection.
Patients and NGOs	• Corporate Governance and Ethical Operations • Drug quality and safety • Waste and toxic chemical substance management • Drug accessibility • Cyber security and privacy protection	• Health education seminars (as needed) • Community outreach activities (as needed) • Phone calls and emails (as needed) • Consumer healthcare consultation hotline (Taiwan OTC products) • Tel: 0800 259 889 (Taiwan only)	Taiwan • Patient Education Initiatives: Conducted 135 patient education programs covering oncology and non-oncology topics, reaching 10,863 participants, enhancing disease awareness and supporting patient self-management. Rural Medical Outreach: Under the Lotus Volunteer Medical Service program, conducted two medical outreach services in Nantou, Taiwan, contributing NT$1.3 million in cash and NT$445 thousand in medical resources. A total of 35 volunteers were mobilized, serving 500 individuals in underserved communities. Access to Medicines for Vulnerable Populations: Donated NT$1.4 million (2025–2026) to support the Street Medicine Program by the Charitable Service Association, with 75 outreach sessions planned to help individuals experiencing homelessness reconnect with healthcare services.

Stakeholders	Concerned Topics	Response Approach | Frequency | Channels	2025 Stakeholder Engagement Results
			• Social Inclusion: Partnered with One-Forty to provide dementia care training for migrant caregivers and published care guidebooks in three languages (Indonesian, Vietnamese, and Filipino). Korea • Medicine Donations: Leveraging core pharmaceutical supply capabilities, donated medicines valued at over KRW 1.11 billion, enhancing access to medicines for vulnerable populations. • Community Engagement: Partnered with Good People International, with employee contributions totaling KRW 20 million to provide hygiene products. Continued Kimchi and Bread Volunteer Programs for 13 consecutive years, supporting local communities. Thailand • Marine Conservation: Launched the Rak Talay ("Love the Sea") initiative, mobilizing 90 employees to participate in marine conservation activities.
Media	• Corporate Governance and Ethical Operations • Drug quality and safety • Business Performance • Drug accessibility • Cyber security and privacy protection	• Press releases (as needed) • Media interviews (as needed) • Market Observation Post System (MOPS) disclosures (as needed) • Corporate website (as needed) • Media contact: investor@lotuspharm.com	• Published 33 press releases related to corporate operations on the Company website.

Note 3: Directors' trainings in the current year

Title	Name	Date	Organizer	Course Title	Hours
Chairman	Vilhelm Róbert Wessman	Jul 9th, 2025	Taiwan Stock Exchange	2025 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Petar Antonov Vazharov	Jul 9th, 2025	Taiwan Stock Exchange	2025 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Árni Hardarson	Jul 9th, 2025	Taiwan Stock Exchange	2025 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Oranee Tangphao Daniels	Jul 9th, 2025	Taiwan Stock Exchange	2025 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Yves Hermes	Jul 9th, 2025	Taiwan Stock Exchange	2025 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Nat Ativitavas	Jul 9th, 2025	Taiwan Stock Exchange	2025 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Krisana Winitthumkul	Jul 9th, 2025	Taiwan Stock Exchange	2025 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Orakul Suebsiri	Sep 25th, 2025	Federation of Accounting Professions Under The Royals Patron	TFAC's Accounting Professions Summit 2025	5.0
		Nov 18th, 2025	T I P Training Co., Ltd.	Basic Insurance Knowledge	6.3
		Dec 2nd, 2025	Federation of Accounting Professions Under The Royals Patron	IFRS 18 (Presentation and Disclosure in Financial Statements)	6.0
		Dec 24th, 2025	T I P Training Co., Ltd.	Basic Insurance Knowledge – Part II	6.3
Independent Director	Karl Alexius Tiger Karlsson	Jul 9th, 2025	Taiwan Stock Exchange	2025 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Independent Director	Jennifer Wang	Feb 13th, 2025	Taiwan Corporate Governance Association	Latest Trends in Artificial Intelligence Development and Practical Discussions on Risk Management Frameworks	2.0
		Apr 9th, 2025	Taiwan Investor Relations Institute	Corporate Sustainability – From Concept to Strategy	2.0
		May 2nd, 2025	Taiwan Investor Relations Institute	ESG Corporate Governance: A New Era of Integrity Management, Gender Equality, and Fair Services	2.0
		Aug 21st, 2025	Taiwan Academy of Banking and Finance	Corporate Governance Forum – Addressing Money Laundering Prevention, Fraud Prevention, and Trends in Financial Regulation	2.0
		Nov 21st, 2025	Taiwan Investor Relations Institute	New Perspectives on Family Business Succession and Tax Planning	3.0
Independent Director	Ivy Yang	Jul 29th, 2025	Taiwan Investor Relations Institute	New Perspectives on Family Business Succession and Tax Planning	3.0
		Jul 31st, 2025	Taiwan Investor Relations Institute	Corporate Sustainability Leadership Strategies in AI Transformation	3.0

2.2.4 Composition, Responsibilities, and Operation of the Remuneration Committee:

The Remuneration Committee assists the Board of Directors in implementing and evaluating Company policy regarding compensation and benefits, as well as the compensation of managerial officers.

1. Current members of the Compensation Committee:

Title	Criteria / Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which Subject Serves as Member of Compensation Committee
Independent Director	Jennifer Wang (Note)	Ms. Jennifer Wang joined Lotus' Board of Directors as an independent director on June 15th, 2023. Ms. Wang is currently a partner lawyer at Chen & Lin Attorneys-at-Law. She has more than 20 years of professional experience in legal services to clients in different industry categories. She has also served as an independent director at O-Bank Co., Ltd. since 2023. Ms. Wang graduated from National Taiwan University with a LL.M degree and passed the Taiwan Bar Examination. She studied corporate, securities, and mergers and acquisitions at Columbia Law School. She obtained her second LL.M degree at Columbia Law School and passed the New York Bar Examination.	Ms. Wang wasn't elected as a governmental or juridical person or its representative as defined in Article 27 of the Company Act, and the conditions defined in Article 30 of the Company Act. Ms. Wang, her spouse and children all do not hold shares of Lotus and there are no conditions of Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	1
Independent Director	Karl Alexius Tiger Karlsson	Mr. Karl Karlsson joined Lotus' Board of Directors as an independent director on June 15th, 2023. Mr. Karlsson has nearly 20 years of experience in the pharma industry. He worked for Bluefish Pharmaceuticals as a founder, Chief Executive Officer, and Board Member. He is currently the founder and Executive Chairman of Newbury Pharmaceuticals AB, a rapidly growing hybrid pharmaceutical company for specialty prescription drugs, innovation, and brands with a focus on the Scandinavian markets. Mr. Karlsson studied marketing and business administration at George Mason University and holds an Executive MBA from Harvard Business School in 2013.	Mr. Karl Karlsson wasn't elected as a governmental or juridical person or its representative as defined in Article 27 of the Company Act, and the conditions defined in Article 30 of the Company Act. Mr. Karl Karlsson, his spouse and children all do not hold shares of Lotus and there are no conditions of Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	N/A
Independent Director	Ivy Yang	Ms. Yang joined Lotus' Board of Directors as an independent director on June 13th, 2024. Ms. Yang is a veteran banker with over 40 years of extensive experience in financial management and M&A projects, having served in prominent roles at several renowned financial institutions. Her previous positions include Chief Financial Officer at DBS Bank (Taiwan) Ltd., Financial Controller at Citibank (Taiwan) Ltd., and Senior Vice President of Finance at Citibank's branches in Singapore and Taipei. She also held senior financial roles at Bankers Trust Co. and BT Yuen Foong Securities Co. Ltd. Additionally, she has served as an independent director of Force lead Technology Corp. since 2023. Ms. Yang holds a bachelor's degree in accounting from National Cheng Kung University and a master's degree in business administration with a specialization in accounting and management decision making (EMBA program) from National Taiwan University.	Ms. Yang wasn't elected as a governmental or juridical person or its representative as defined in Article 27 of the Company Act, and the conditions defined in Article 30 of the Company Act. Ms. Yang, her spouse and children all do not hold shares of Lotus and there are no conditions of Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	1

Note: Convener.

2. Operations of the Remuneration Committee

(1) The Company's Remuneration Committee consists of three members.

(2) Term of service: the term of service of the Company is from June 13th, 2024 to June 12th, 2027. A total of 5 Remuneration Committee Meetings was held in 2025. Attendance at Remuneration Committee Meetings was as follows:

Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance rate (%)	Remarks
Independent Director	Jennifer Wang	5	0	100	(1) Convener (2) Appointed upon June 13th, 2024 re-election. (3) Attendance frequency:5
Independent Director	Karl Alexius Tiger Karlsson	5	0	100	(1) Appointed upon June 13th, 2024 re-election. (2) Attendance frequency:5
Independent Director	Ivy Yang	4	1	80	(1) Appointed upon June 13th, 2024 re-election. (2) Attendance frequency:5

Other details:

1. If the board of directors decline to adopt or modify a recommendation of the compensation committee, it is imperative to note down the board meeting's date, session, motion, resolution as well as Tatung Company's disposition of the compensation committee's recommendation. (If the remuneration passed by the board exceeds the recommendation of the compensation committee, the circumstances and causes for the difference shall be specified): None.
2. As to a resolution of the compensation committee, if a committee member expresses any objection or reservation recorded or in a written statement, it is imperative to specify the committee's date, session, disposition of the comments: None.
3. The Remuneration Committee shall exercise the due care of a good administrator with the goal of fulfilling the following duties:
   (1) Establishment and regular review of performance evaluation criteria for Directors and managers, annual and long-term performance targets, and policies, systems, standards, and compensation structure.
   (2) Regular assessment and establishment of the salary and compensation of Directors and managers, and determining the content and amount of individual salary and compensation based on the results obtained from performance evaluations.
4. Proposals, reviews and decisions made in the 2025 Remuneration Committee meetings, and the Company's handling of opinions are summarized as follows:

Session/ Date	Proposal/Discussion	Decision
7-3 Jan 16th, 2025	(1) Proposal of the new Lotus group indicators of the variable bonus and benefits program.	Approved without objection
7-4 Mar 4th, 2025	(1) Proposal for FY2024 employees' bonus and directors' compensation out of profit-sharing. (2) Proposal for FY2025 annual salary adjustments for managerial officers. (3) Proposal for FY2024 annual bonus for managerial officers. (4) Proposal for the transfer of treasury shares to employees.	Approved without objection
7-5 Jun 18th, 2025	(1) Proposal of the issuance of employee restricted stock awards in 2025.	1,230,000 shares to be issued have been approved by all attending members.
7-6 Nov 5th, 2025	(1) Proposal for the transfer of treasury shares to employees.	Approved without objection
7-7 Dec 11th, 2025	(1) Proposal of the amendment to the proposal for the transfer of treasury shares to employees.	Approved without objection

2.2.5 Implementation of Sustainable Development:

Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
1. Does the Company establish and implement the governance structure of sustainable development, organize the department of sustainable development (full time/ part time)? Status managed by senior management team which authorized by Board of Directors and status supervised by Board of Directors.	V		To strengthen the management of sustainable development, the Company has established a sustainability governance framework, under which senior executives are responsible for coordinating related initiatives, with implementation progress reported to the Board of Directors on a regular basis. The Company has established an ESG and Risk Management Task Force, comprising senior executives from cross-functional areas including finance, operations, human resources, procurement, and corporate governance. The Task Force is responsible for formulating ESG- and risk-related strategies and setting short-, medium-, and long-term objectives, as well as overseeing the Company's overall sustainability direction and risk management framework. The Company has defined four key sustainability strategic pillars: "Minimizing Environmental Impact," "Expanding a Diverse Product Portfolio to Enhance Access to Medicines," "Fostering a Diverse, Equitable, and Inclusive Workplace," and "Strengthening Stakeholder Engagement." These pillars are aligned with the Company's operational direction and global expansion strategy and serve as the foundation for its sustainability initiatives. Starting from 2025, the Audit Committee has been expanded into the Audit and Risk Committee. Climate-related and other risk matters are submitted to the Committee, further strengthening the Company's overall risk management framework.	Full compliance

Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
2. Does the Company conduct risk assessments on environmental, social, and corporate governance issues related to company operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies accordingly?	V		The Company's operations are in compliance with regulations and the Company's internal control system. Each department votes on behalf of the stakeholders it represents to determine its significance. Appropriate management policies or strategies regards to issues of the environment, society, and corporate governance would be established in accordance with the materiality principles. 1. Environment: The Company established its Occupational Safety Department to ensure that factories abide by environmental protection regulations. The Company has tasked the EHS Department with formulating an energy management policy and continues to strengthen environmental protection work with the goal of increasing energy efficiency by 1% to 2% annually. The Company also has a waste classification system with measures that encompass classification, recycling, and waste reduction. 2. Social: (1) The Company holds fire drill and work safety trainings every year to cultivate employees' responding ability towards emergencies and self-safety management. (2) The Company follows regulations and international standards for customer health and safety, customer privacy, and the marketing and labeling of its products and services, including but not limited Pharmaceutical Affairs Act and PIC/S GMP. 3. Corporate Governance: (1) The Company's operations are in compliance with regulations and the Company's internal control system to make sure that all employees and operations of the Company are in compliance with regulations. (2) The Company has arranged Directors training and purchased liability insurance for all of its Directors each year. (3) The Company has appointed a designated person to collect and disclose Company information and to communicate with stakeholders.	Full compliance

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>3. Environmental Subject
(1) Has the Company set an environmental management system designed to industry characteristics?</td><td>V</td><td></td><td>(1) The Company is a cGMP-compliant pharmaceutical company. In addition, clear SOPs for handling waste produced in production and living areas have been established and are stringently executed. The Company has established an EHS Department, Environmental Health and Hygiene Management Committee, and Environmental Health and Safety (EHS) Manual. It also manages and audits overall environmental safety and hygiene.</td><td>Full compliance</td></tr>
<tr><td>(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?</td><td>V</td><td></td><td>(2) The Company aspires to improve resource utilization. It encourages and implements the recycling of resources to reduce waste, performs waste sorting and recycling, and recycles paper and plastic waste.</td><td>Full compliance</td></tr>
<tr><td>(3) Has the Company assessed potential climate risks and opportunities for the Company's present and future, and established countermeasures accordingly?</td><td>V</td><td></td><td>(3) The company will timely assess the current and future potential risks and opportunities of climate change for the enterprise, and formulate appropriate response measures for relevant issues in a timely manner.</td><td>Full compliance</td></tr>
<tr><td>(4) Has the Company carried out greenhouse gas inventories, water-use inventories, and waste inventories for the past two years, and established policies for energy efficiency, carbon reduction, greenhouse gas reduction, water-use efficiency, and waste management?</td><td>V</td><td></td><td>(4) In 2024 and 2025, the greenhouse gas emissions, water consumption, and total waste generated by Lotus were calculated based on the latest emission factors announced by the Bureau of Energy. Details are provided below. The scope of the 2025 greenhouse gas inventory can be found on page 56 and assurance can be found on page 37.
GHG:
Water-use:
Unit: degree/ revenue million
<table><tr><th>Year</th><th>Water-use</th><th>By Product unit</th></tr><tr><td>2024</td><td>117,884</td><td>6.34</td></tr><tr><td>2025</td><td>133,885</td><td>6.86</td></tr></table>Waste:
Unit: ton/ revenue 10 million
<table><tr><th>Year</th><th>Toxics</th><th>Non-Toxics</th><th>By Product unit</th></tr><tr><td>2024</td><td>68.69</td><td>515.02</td><td>0.314</td></tr><tr><td>2025</td><td>53.31</td><td>543.06</td><td>0.306</td></tr></table>The Company established its Occupational Safety Department to ensure that factories abide by environmental protection regulations. The Company has tasked the EHS</td><td>Full compliance</td></tr>
</table>

Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			Department with formulating an energy management policy and continues to strengthen environmental protection work with the goal of increasing energy efficiency by 1% to 2% annually.	
4. Social Subject (1) Does the Company set policies and procedures in compliance with regulations and the International Bill of Human Rights?	V		(1) The Company is committed to respecting and observing all human rights, as described in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. The Company's employment policy does not discriminate on the basis of gender, race, age, marital status, or family background. It also accounts for underprivileged or disabled groups in accordance with the People with Disabilities Rights Protection Act and the Act of Gender Equality in Employment to provide equal opportunity for employment and promotion. The Company has a reasonable compensation and bonus system. It regularly offers in-service training and education and ensures that employees receive sufficient leave and pensions.	Full compliance
(2) Has the Company established and implemented employee benefits policies (including compensation, leave, and other benefits), and is the Company's business performance appropriately reflected in employee compensation?	V		(2) The Company established and implemented employee welfare policies, including to establish welfare funds and Employee Welfare Committee, aiming to provide various welfare to employees like company trip, company hiking, allowance for birthday, marry, death, hospitalization and festivals, and other company activities. The Company provided more annual leave days than Labor Standard Act regulated. If employees encounter any accidence, they can apply for unpaid leave to take care of	Full compliance

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>personal issues.
The Company's male and female employees have equal remuneration conditions and promotion opportunities. The Company's average percentage of female employees and female supervisors was 46.1% and 39.1% respectively last year.
The Company shall, if any profits earned by the Company for a fiscal year, pay no less than 1% of the profits to regular employees of the Company and subsidiaries as allowance, contract and probationary employees are not included. In addition, the Company should raise employees' salary annually according to market status, economical trend, and personal performance. The Company gave an average of 4% salary raise last year.</td><td></td></tr>
<tr><td>(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?</td><td>V</td><td></td><td>(3) To protect employees from harmful substances in the workplace. the Company provides comfortable working environment. The Company conducts environmental monitoring twice a year as references for further improvement. In addition, director of each plant should provide annual safety work plans. The Company's EHS department will submit internal audit reports and propose improvements to the company website for reference to all departments.
<table><tr><th colspan="2">Work safety inspection</th></tr><tr><td>Work safety internal audit</td><td>1/ month</td></tr><tr><td>Manufacturing safety inspection</td><td>1/ week</td></tr><tr><td>On-site supervisor management</td><td>1/ week</td></tr><tr><td>General plant inspection</td><td>1/ month</td></tr><tr><td>Work safety inspection</td><td>1/ week</td></tr></table></td><td>Full compliance</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>The Company has 1 employees injury involving 1 person in the current year (0.15% of the total number of employees at the end of 2025). In addition to reviewing and improving the working environment and policies, the Company will also strengthen occupational safety education and training as follows:
<table><tr><th>Training item</th><th>Number of participants</th><th>Total hours</th></tr><tr><td>New-hired Training</td><td>175</td><td>525</td></tr><tr><td>Occupational re-training</td><td>1,293</td><td>1,687</td></tr><tr><td>Firefiting training</td><td>337</td><td>1,348</td></tr><tr><td>Escape Exercise</td><td>307</td><td>154</td></tr></table>There were no fire incidents in the company's 2025 years.</td><td></td></tr>
<tr><td>(4) Has the Company established effective career development training plans?</td><td>V</td><td></td><td>(4) The Company utilizes four major talent training methods, namely new-employee training, professional training, key talent cultivation, and online universities, to create an effective training system for competency development. In the most recent fiscal year, the total number of career training sessions across the group was 19,063, with a total of 36,085 hours.</td><td>Full compliance</td></tr>
<tr><td>(5) Does the Company follow regulations and international standards for customer health and safety, customer privacy, and the marketing and labeling of its products and services; and has the Company established policies and procedures to protect consumer or customer rights and process of complaints?</td><td>V</td><td></td><td>(5) 1. The Company follows regulations and international standards for customer health and safety, customer privacy, and the marketing and labeling of its products and services, including but not limited Pharmaceutical Affairs Act, PIC/S GMP, Regulation of Bioavailability and Bioequivalence Studies, Standards for Medicament Factory Establishments, Pharmaceutical Good Manufacturing Practice</td><td>Full compliance</td></tr>
</table>

Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
(6) Has the Company established and implemented supplier management policies that enforce supplier compliance with environmental protection, occupational safety and health, and labor rights regulations?	V		Regulations, Toxic Chemical Substances Control Act, Controlled Drugs Act, Act Governing Food Safety and Sanitation. 2. The Company has established the Customer Service in charge of the handling of product related issues for customers and has also established the customers' feedback handling operation procedure, in order to provide timely problem solving and professional service to customers. (6) The company has established the contractor and visitor management procedures (EHS-S0-007), clearly standardizing the pre-operation process, focusing on the number of personnel entering the factory and the designate person in charge of on-site safety, identify dangerous operation, pre-operation inspection and safety protection; suppliers are required to apply personal accident insurance for the construction personnel of the project prior to undertaking the work, Give safety education and training with corresponding training records to jointly prevent public security accidents and disasters. If the Supplier has any breach of the Contractor and Visitor Management Procedures, they will be liable for penalties, deductions, compensation, or permanent cessation of the contracting rights according to the violation.	Full compliance
5. Does the Company follow international reporting standards or guidelines for the publication of sustainable development reports and other reports that disclose non-financial Company information? Have said reports acquired third-party assurance opinion statements or verification?	V		The Company's 2025 sustainability report has been compiled in accordance with GRI and SASB standards and is expected to be assured by a third party this year and posted on MOPS and the Company's website by the end of August.	Full compliance

6. If the Company has established its sustainable development code of practice pursuant to the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, please describe the Company's operational status and deviations from the principles:
The Company has established its Code of Practice for Sustainable Development.

7. Other important information to facilitate better understanding of the Company's implementation of sustainable development:
(1) Environmental protection: Global warming has created unpredictable weather conditions. Enterprises should do their utmost to reduce their impact on the environment. Although the Company has received cGMP accreditation, large amounts of water, electricity, premium diesel, and natural gas are nonetheless indispensable for normal operations, and during the manufacturing process, wastewater and solid waste are produced.
Nonetheless, wastewater treatment, environmental pollution reduction, and environmental safety have always been important goals in the process of R&D and production for Lotus. The Company established its Occupational Safety Department to ensure that factories abide by environmental protection regulations. The Company has tasked the EHSEHS Department with formulating an energy management policy and continues to strengthen environmental protection work with the goal of increasing energy efficiency by 1% to 2% annually. The Company also has a waste classification system with measures that encompass classification, recycling, and waste reduction.
(2) Community Engagement and Social Impact: Lotus places the promotion of public health and well-being at the core of its social engagement efforts, aligning with SDG 3: Good Health and Well-being. Through collaborations with medical associations, foundations, and non-profit organizations, the Company advances academic exchange, patient care initiatives, community engagement activities, and medicine donation programs to enhance disease awareness, improve access to medicines, and strengthen support systems for patients and caregivers.

Academic Exchange	Taiwan	1. Conducted 295 oncology-related academic events, with a total attendance of 1,496 healthcare professionals (HCPs). 2. Conducted 438 non-oncology academic events (covering areas such as osteoporosis, Parkinson's disease, and sexual dysfunction), with a total attendance of 8,775 healthcare professionals (HCPs).
	Korea	1. Conducted 1 breast cancer treatment–related academic event, with a total attendance of 74 HCPs. 2. Conducted 20 non-oncology academic events, with a total attendance of 988 HCPs.
Patient Care	Taiwan	1. Osteoporosis Screening and Health Education Programs: Conducted 133 outreach events across Taiwan, providing bone density screenings and professional health education to help 10,743 individuals better understand osteoporosis prevention. 2. Parkinson's Disease Care Programs: In collaboration with local patient organizations, conducted two Parkinson's disease care programs. In partnership with the Kaohsiung Smart Growth Association and the Taiwan Movement Disorder Society, specialist-led sessions on speech communication techniques and patient forum Q&A were delivered to enhance disease awareness and daily care capabilities, with a total of 120 patients participating.
	Korea	1. Chronic Kidney Disease Education Program: Nurses conducted in-clinic, face-to-face patient training, covering dialysis practices and dietary management, enhancing 208 patients' understanding of treatment options and medication effectiveness.

Community Engagement	Taiwan	1. Rural Medical Outreach: Under the Lotus Volunteer Medical Service program, conducted two medical outreach services in Dongpu and Lugu, Nantou, Taiwan. A total of 35 volunteers were mobilized, with 500 participations from local residents in underserved communities. 2. Social Inclusion - One-Forty Migrant Caregiver Dementia Care Training Program: In collaboration with Nantou Yumin Hospital, conducted dementia care training workshops with nearly 20 migrant caregivers participating. Dementia care awareness was further promoted through multilingual educational materials (Indonesian, Vietnamese, and Filipino), reaching 194,923 individuals, with video content reaching an additional 64,087 migrant caregivers. 3. Access to Medicines for Vulnerable Populations: Supported the Street Medicine Initiative (2025–2026) implemented by the Taiwan Charitable Service Association, with 75 outreach clinics planned at major train stations in Taipei, New Taipei, Taoyuan, and Taichung, serving individuals experiencing homelessness and economically disadvantaged populations.
	Korea	1. Sanitary Product Donation Program for Low-Income Women and Adolescent Girls: Provided approximately 200 beneficiaries with “Girls’ Care Kits” containing sanitary pads, hand cream, and other essential items. 2. Bread Donation Initiative for Children from Underprivileged Families: Engaged 15 senior executives and employee volunteers. Since 2014, fresh baked goods have been prepared and personally delivered to local communities each May, with the initiative sustained for 12 consecutive years. 3. Kimchi-Making Volunteer Program: Involved 15 senior executives and employees. Since 2013, volunteers have prepared and delivered homemade kimchi to underprivileged households each November, continuing for 13 consecutive years.
	Thailand	1. Marine Conservation: Launched the Rak Talay (“Love the Sea”) initiative, mobilizing 90 employees to participate in marine conservation activities.
Medicine Donation	Korea	1. Partnered with the Children’s Medical Aid Foundation, the College of Pharmacy at Sungkyunkwan University, and the Global Sharing of Life Organization to donate 29 pharmaceutical products, with a total value exceeding KRW 1.11 billion.

Following the introduction of volunteer leave in 2024, the program was enhanced in 2025 to provide two days of leave per year to support employee participation in volunteer activities.

In Taiwan, 28 employees utilized volunteer leave, contributing a total of 240 hours. In Korea, 37 employees participated in company-organized volunteer activities, contributing 148 hours. In addition, employees in Taiwan and Thailand voluntarily participated in various community initiatives, contributing a further 502 hours. Total volunteer service hours reached 890, demonstrating strong employee engagement in social impact initiatives.

(3) Human rights: The Company’s personnel regulations conform to the provisions of the Labor Standards Act. Dedicated personnel are appointed to handle relevant matters. The Company also maintains a favorable work environment and ensures labor rights for employees in accordance with the International Bill of Human Rights, Gender Equality in Employment Act, Sexual Harassment Prevention Act, Personal Information Protection Act, and Maternal Health Protection Plan. The Company values employees' physical and emotional well-being as well as their lifestyles. It has established an employee welfare committee, organizes annual corporate retreats and recreational events for employees, and provides subsidies for marriages and funerals, thereby promoting employees' physical health and emotional well-being and strengthening employee relationships. In addition, the Company offers a variety of insurance options to its employees. Checkups and training are provided annually to improve employees' health and capabilities.

(4) Health & safety: The Company's SOPs have been developed in accordance with pharmaceutical GMP standards. It holds regular occupational safety and hygiene training to ensure a safe work environment.

2.2.6 Implementation of climate-related information:

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</td><td>The Company has integrated climate-related risks and opportunities into its corporate governance framework. Relevant matters are reviewed by the Audit and Risk Committee, with final oversight by the Board of Directors.
At the management level, the ESG and Risk Management Task Force is responsible for the identification, assessment, and management of climate-related issues, as well as the development of response measures. Implementation progress is regularly reported to the Board by the Chief Operating Officer.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).
3. Describe the financial impact of extreme weather events and transformative actions.</td><td>Lotus conducted a climate materiality assessment and identified two transition risks and one climate-related opportunity. The Company analyzed their financial implications and developed corresponding response strategies. The disclosures for "Climate-Related Risks and Financial Impacts" and "Climate-Related Opportunities and Financial Impacts" are presented as follows:
▼Climate-related risks and financial impacts
<table>
<tr><th>Type</th><th>Risk Category</th><th>Impact Period</th><th>Risk Impact and Financial Implications</th><th>Adaptation and Response Measures</th></tr>
<tr><td rowspan="2">Transition risk</td><td>Policy and regulatory risks</td><td>Short term</td><td>Regulatory authorities require the annual expansion of the scope of greenhouse gas emissions disclosures and assurance; however, the increased operational costs from greenhouse gas inventory guidance and verification have a low financial impact on the Company.</td><td>• Completed Scope 1 and Scope 2 greenhouse gas inventory and assurance across Taiwan and other Asian sites in 2025 and will gradually expand the inventory and assurance scope to all global operations in alignment with the Financial Supervisory Commission’s Sustainable Development Roadmap.
• The Company will identify material Scope 3 emission sources and enhance disclosures.
• The Company has established greenhouse gas reduction targets and strategies.</td></tr>
<tr><td>Renewable energy policy</td><td>Short term</td><td>Due to national renewable energy policies, power generation costs are expected to increase, resulting in higher electricity expenses.</td><td>• Gradual replacement of energy-intensive equipment to achieve carbon reduction goals.
• Source-level carbon reduction and energy efficiency measures, spanning manufacturing and logistics, are implemented to reduce environmental impact and energy consumption, and mitigate future electricity cost risks.</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td></td><td>▼Climate-related opportunities and financial impacts
<table>
<tr><th>Type</th><th>Climate-related opportunities</th><th>Opportunity Description and Financial Implications</th><th>Impact Period</th><th>Adaptation and Response Measures</th></tr>
<tr><td>Resource efficiency</td><td>Use energy-efficient equipment</td><td>Promote energy performance management and replace energy-consuming appliances to reduce electricity consumption and operational costs.</td><td>Short-term</td><td>Advance energy efficiency by adopting energy-efficient equipment, optimizing the energy mix, and implementing continuous carbon reduction initiatives.</td></tr>
</table></td></tr>
<tr><td>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</td><td>The ESG and Risk Management Task Force conducts regular climate risk assessments to evaluate operational impacts and develop corresponding response strategies and targets.
Identified risks are integrated into the Company’s overall risk management framework and are managed in accordance with established processes, with oversight provided by the Board of Directors.</td></tr>
<tr><td>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</td><td>The Company adopts the Intergovernmental Panel on Climate Change (IPCC) RCP 8.5 climate scenario to identify and analyze short-, medium-, and long-term climate risks and opportunities within the scope of its operations. The details of the scenario analysis are provided in the table below.
<table>
<tr><th>Risk Factors</th><th>Analytical Method</th><th>Financial impacts</th></tr>
<tr><td>Extremely high temperatures</td><td>Use the Climate Analytics tool to assess the potential impacts of global warming on extreme heat events, including the frequency and intensity of heatwaves and other extreme high-temperature events.</td><td>Climate change data for Lotus' operational regions indicates that the impact of future high temperatures will be limited, or that existing air conditioning, ventilation, and cooling systems are adequate to manage the rising temperatures, meaning the impact of high temperatures on production operations will be negligible.</td></tr>
<tr><td>Flooding</td><td>Use the Climate Central tool to measure the impact of sea level rise and climate change on flood risks in coastal and low-lying areas, providing relevant data and models.</td><td>Based on simulation data, since the main factories and supply chain facilities of Lotus are located in higher-altitude, non-flood-prone areas, the risk of flooding is relatively low. Although the Singapore office is situated in a high</td></tr>
</table></td></tr>
</table>

Item	Implementation status		
			flood-risk area, it is merely an office, not a production site. Furthermore, there are no plans to establish a factory in Singapore, so the impact of flooding on production operations is deemed negligible.
	Water scarcity	Use the Aqueduct Water Risk Atlas - Water Stress tool, specifically designed to assess water resource stress and water scarcity risks globally, analyzing challenges in water resource management and potential solutions.	Currently, Lotus has a stable water supply, and its operational sites are not located in areas facing significant water stress, with no short-term impacts anticipated. However, based on scientific models, the sites in Korea and India are projected to face water scarcity risks in the medium to long term. The company will continue to monitor local water resource policies and develop strategies to mitigate the risk of water shortages.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	To address physical and transition risks arising from climate change, the Company identifies such risks through a climate risk assessment mechanism and integrates them into its overall risk management framework for management. In terms of metrics and targets, the Company adopts greenhouse gas emissions and energy efficiency as key management indicators. Using 2022 as the base year for its major operating sites (Taiwan and Korea), the Company has set a target to reduce emissions by 36% by 2030 and continues to advance carbon reduction initiatives.		
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Lotus currently does not employ carbon pricing tools. Discussions on relevant matters will be held in the future.		
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The Company has established climate-related reduction targets covering major operating sites (Taiwan and Korea), with Scope 1 and Scope 2 greenhouse gas emissions as the management boundary. Using 2022 as the base year, the Company has set a target to reduce emissions by 36% by 2030 and is implementing annual reduction plans accordingly. As of 2025, greenhouse gas emissions at major operating sites have been reduced by 28% from the base year, and progress remains on track to meet the target. In consideration of changes in operational scope, newly included operating sites will be incorporated into the greenhouse gas inventory boundary, and reduction targets will be reviewed and adjusted as appropriate. The Company does not currently utilize carbon offsets or renewable energy certificates (RECs) as part of its reduction approach.		
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	Table 1-1 provides a detailed inventory and assurance of greenhouse gas emissions.		

Table 1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1 Greenhouse gas inventory and assurance information

Year	Scope 1		Scope 2		Assurance institution	Assurance standard	Assurance opinion
	Total Emissions (metric tons CO2e)	CO2 intensity (tCO2e / NT$ million)	Total Emissions (metric tons CO2e)	CO2 intensity (tCO2e / NT$ million)			
2025	2,494.9699	0.1279	13,818.3242	0.7080	Grant Thornton	International Standard on Assurance Engagements (ISAE)3410, Assurance Engagements on Greenhouse Gas Statements	Limited assurance
2024	2,672.0538	0.1438	12,842.9899	0.6911	Grant Thornton	International Standard on Assurance Engagements (ISAE)3410, Assurance Engagements on Greenhouse Gas Statements	Limited assurance

Note 1: The Company's GHG inventory system was originally established in accordance with ISO 14064-1:2018.To align with international disclosure expectations, the Company has adopted the GHG Protocol Corporate Standard as its primary basis for GHG quantification and disclosure, effective from fiscal year 2025 onwards.

Note 2: In 2025, the scope of greenhouse gas inventory and assurance was expanded from 2024 to include additional operating sites in India (NCS), Thailand, Vietnam, China, the Philippines, Malaysia, Japan, and Hong Kong.

Note 3: GHG emission intensity (ton CO_2e / revenue) = (Scope 1 + Scope 2) / Operating revenue (The 2025 calculation excludes NT$994 million in revenue from the U.S. subsidiary consolidated since December 2025. This ensures consistency with the GHG inventory boundary covering Taiwan, Korea, and Asia, resulting in a reporting revenue of NT$19,515 million.)

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

The Company's GHG inventory system was originally established in accordance with ISO 14064-1:2018. Effective from fiscal year 2025, the Company has adopted the GHG Protocol Corporate Standard as its primary basis for GHG quantification and disclosure. The Company conducts annual GHG inventory and external assurance to support its carbon reduction management.

The Company has established climate-related reduction targets covering major operating sites (Taiwan and Korea), with Scope 1 and Scope 2 emissions as the management boundary. As major emission sources are concentrated at these manufacturing sites, carbon reduction efforts are prioritized accordingly. Using 2022 as the base year, the Company has set a target to reduce greenhouse gas emissions by 36% by 2030.

In terms of reduction strategy, the Company focuses on improving energy efficiency and optimizing the energy mix, advancing carbon reduction through equipment upgrades, process optimization, and energy management initiatives.

In 2025, total greenhouse gas emissions at the Taiwan and Korea sites representing a 28% reduction from the 2022 base year. Progress remains on track toward achieving the established target.

▼ Lotus 2025 Greenhouse Gas Emissions (Unit: metric tons CO_2e)

Scope	Taiwan	Korea	Other Asian Regions	Total
Scope 1 emissions (ton CO_2e)	1,316.8667	1,136.3357	41.7675	2,494.9699
Scope 2 emissions (ton CO_2e)	9,737.6033	3,200.7211	879.9998	13,818.3242
Total GHG emissions (Scope 1 +Scope 2) (ton CO_2e)	11,054.4700	4,337.0568	921.7673	16,313.294

2.2.7 Ethical Management and Implementation Measures:

Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
1. Establishment of Ethical Management Policies and Programs				
(1) Has the Company established corporate ethics management policies approved by the Board of Directors, and addressed its corporate ethics management policies and measures and the commitment of the Board of Directors and the management team to implement such policies in its regulations and publicly available documents?	V		(1) The Company adheres to the " Procedures for Code of Business Conduct and Ethics ", and publishes them on the Company's website to implement the Company's integrity principles. Internally, we will promulgate a code of practice to advocate the above-mentioned norms for employees, and implement the concept of ethical management to the daily business behavior of all employees.	Full compliance
(2) Has the Company established an unethical conduct risk assessment mechanism to regularly analyze and evaluate business activities with a higher risk of unethical conduct within the scope of the Company's business? Has the Company established appropriate countermeasures for unethical conduct, including the activities described in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	V		(2) The Company has internal controls and conducts on-the-job education and training. It requires all new employees to sign an agreement of ethical conduct and confidentiality, thereby ensuring corporate and employee ethics.	Full compliance
(3) Does the Company enforce and regularly review and amend its policies to curb unethical conduct with clearly stipulated implementation procedures, guidelines, disciplinary action for violations, and complaint procedures?	V		(3) The Company has formulated and implemented the" Procedures for Code of Business Conduct and Ethics ", which clearly stipulates the operating procedures, conduct guidelines, punishment and appeal systems for violations, and regularly reviews and corrects the pre-disclosure plan.	Full compliance
2. Implementation of Ethical Management				
(1) Does the Company assess the ethical track record of whom it has business relationship with and include business conduct and	V		(1) The Company has requested that all suppliers abide by its Procurement Management Regulations. The Company's legal department is	Full compliance

Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
ethics related clauses in the business contracts?			responsible for conducting contract reviews and the procurement department is responsible for including ethical conduct clause in the Company's business contracts. Partners with a record of non-compliance are flagged for independent review.	
(2) Has the Company established a full-time corporate ethics management unit that reports directly to the Board of Directors on a regular basis (at least annually) regarding the implementation of corporate ethics management policies and unethical conduct countermeasures?	V		(2) The Company designates the legal department as the special unit responsible for promoting corporate integrity management, and regularly reports to the Board of Directors on the integrity management policy, the plan for preventing dishonest behavior, and the supervision and implementation of the report.	Full compliance
(3) Has the Company established and implemented policies that prevent conflicts of interests and provide appropriate channels for communication and complaint?	V		(3) The Company's " Procedures for Code of Business Conduct and Ethics " and the " Rules of Procedure of the Board of Directors " have provisions for the prevention of conflicts of interest, as well as the "Operating Procedures for Handling Significant Internal Information and Prevention of Insider Trading" and are publicized to directors and employees to avoid insider trading.	Full compliance
(4) Has the Company established effective accounting and internal control systems for implementing corporate ethics management policies? Does the internal audit department or CPA plan regular audits based on unethical conduct risk assessment results, and are said audits implemented to review the countermeasures for compliance?	V		(4) 1. The Company has established an accounting system and a dedicated finance and accounting department. Financial statements are audited (or reviewed) by CPAs and announced in accordance with regulations, thereby ensuring the validity and transparency of the Company's financial information. 2. The Company has established an internal control system that complies with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and other relevant laws. This system is designed to align with the Company's operational activities. The Audit Office develops the	Full compliance

Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			annual audit plan based on internal risk assessment results, covering all major operational cycles. When planning and executing audits, internal auditors evaluate potential dishonest practices in operational processes. They also verify compliance with the Code of Conduct and Ethics to prevent dishonest behavior. Additionally, the Audit Office has included "Integrity Management Operations " in the annual audit plan selection to assess the implementation of the Company's code of conduct and ethics operation.	
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		(5) In order to make employees aware of the company's integrity management policy, the company publicizes the " Procedures for Code of Business Conduct and Ethics " and "Handling of Honest Behaviors of Company Personnel" and other relevant norms to all employees on the company's website. Issues related to the Company's ethical management and corporate governance are included in the training of new employees, please refer to page 87 on the implementation status of employee training and training.	Full compliance
3. Whistleblowing System				
(1) Has the Company established a specific report and reward system, set up conveniently accessible whistleblowing channel, and designate responsible individuals to handle the reports received?	V		(1) The Company has set up the handling of dishonest behaviors of the Company's personnel to be disclosed on the Company's website and internal webpages, and shall be carried out by the responsible units.	Full compliance
(2) Has the Company established standard operating procedures for the acceptance and investigation of whistleblower reports and post-investigation follow-up measures, and mechanisms to ensure confidentiality?	V		(2) The Company encourages its employees to proactively report dishonest or unethical behavior to their department heads or audit unit. Senior management or head of audit shall then decide whether to report the matter further depending on the severity of the violation. The whistleblowers'	Full compliance

Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
			identities shall remain anonymous.	
(3) Has the Company adopted proper measures to protect the whistleblowers from inappropriate disciplinary actions due to their whistle-blowing?	V		(3) The Company ensures that the identities of whistleblowers remain anonymous and guarantees that no inappropriate disciplinary actions shall be imposed on whistleblowers.	Full compliance
4. Enhanced Information Disclosure (1) Does the Company disclose relevant and reliable information regarding its ethical corporate management policies and their implementation on its website and the Market Observation Post System website of the Taiwan Stock Exchange?	V		(1) The Company advocates its " Procedures for Code of Business Conduct and Ethics " to its employees on the Company website, thus promoting concepts of ethical management in the day-to-day operations of all employees.	Full compliance
5. If the Company has established its ethical corporate management code of practice pursuant to the Ethical Corporate Management Best-Practice Principle for TWSE/TPEx Listed Companies, please describe the Company's operational status and deviations from the principles: The Company's operations comply with the Procedures for Code of Business Conduct and Ethics for TWSE/GTSM Listed Companies. Major policies, investment projects, asset acquisitions and dispositions, fund loaning, endorsement guarantees, and financing are reviewed and analyzed by dedicated departments and approved by the Board of Directors.				
6. Other important information to facilitate better understanding of the Company's ethical corporate management: (e.g., the Company's review and amendment to its ethical corporate management code of practice) The Company's operations comply with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. Major policies, investment projects, asset acquisitions and dispositions, fund loaning, endorsement guarantees, and financing are evaluated and analyzed by dedicated departments and approved by the Board of Directors. The CPAs review the Company's accounting books, and questionable items undergo stringent review. Regular and ad hoc audits are conducted to improve oversight mechanisms, internal management, and risk management.				

2.2.8 Other Important Information that May Facilitate Better Understanding of the Company's Corporate Governance:

1. Market Observation Post System: http://mops.twse.com.tw/index.htm
2. Company website: http://www.lotuspharm.com.tw

2.2.9 Internal Control System and Execution Status:

1. Statement on Internal Control:

Lotus Pharmaceutical Co., Ltd.
Statement on Internal Control System

Date: March 12, 2026

Based on the findings of self-assessment, Lotus Pharmaceutical Co., Ltd.(Lotus) states the following with regard to its internal control system during the fiscal year 2025:

1. Lotus's BOD and Management are responsible for establishing, implementing, and maintaining and adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may be subject to change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes remedial actions as soon as a deficiency is identified.
3. Lotus evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinbelow, the "Regulations"). The criteria adopted by the Regulations identify five key components based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component also includes several items. Please refer to the Regulations for details.
4. Lotus has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of the assessment mentioned in the preceding paragraph, Lotus believes that as of December 31, 2025, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement is an integral part of Lotus's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on March 12, 2026, where none of the eleven attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Lotus Pharmaceutical Co., Ltd.

Chairman: Vilhelm Róbert Wessman

President: Petar Antonov Vazharov

2. Internal control system audit report by CPA: None.

2.2.10 Major Resolutions of the Board of Directors' Meetings and the Shareholders' Meetings in the Most Recent Year as of the Date of this Annual Report

1. Minutes of Significant Resolutions and Implementation Status of the Shareholders' Annual Meeting held on June 26th, 2025 for the Company:

<table>
<tr><th>Major Resolutions</th><th>Resolution</th><th>Implementation</th></tr>
<tr><td>(1) Proposal for amendments to certain articles of the Company's "Articles of Incorporation" ("AOI")"</td><td>The voting rights in favor accounted for 97.15% of the total voting rights of the attending shareholders. The proposal was passed according to the proposal presented by the board of directors.</td><td>The proposal was operated in accordance with the amended Company's "Articles of Incorporation" ("AOI").</td></tr>
<tr><td>(2) Proposal for issuing common shares or/and issuing common shares for sponsor of the issuance of global depositary receipts (GDR) or/and issuing common shares via private placement or/ and issuing convertible bond via private placement.</td><td>The voting rights in favor accounted for 34.72% of the total voting rights of the attending shareholders. The proposal was rejected.</td><td></td></tr>
<tr><td>(3) Proposal for the By-Election of one Director.</td><td>Election results:<table><tr><th colspan="2">Director</th></tr><tr><td>Name</td><td>Number of elected votes</td></tr><tr><td>ALVOGEN EMERGING MARKETS HOLDINGS LIMITED
Representative：
Petar Antonov Vazharov</td><td>151,192,969</td></tr></table></td><td>After the completion of the board of directors' election, the proposal was announced and registration changes were processed accordingly.</td></tr>
<tr><td>(4) Proposal for Releasing the Non-Compete Restriction on Directors.</td><td>The voting rights in favor accounted for 94.69% of the total voting rights of the attending shareholders. The proposal was passed according to the proposal presented by the board of directors.</td><td>The proposal was executed according to the resolution and an announcement was made accordingly.</td></tr>
</table>

2. A summary of the major resolutions of the Board of Directors' Meetings during the past year and as of the date of the Annual Report are listed below:

Date	Major Resolutions
22-6 Jan 21st, 2025	(1) Proposal for the Company's 2025 budget and CAPEX plan. (2) Proposal for the new Lotus group indicators of the variable bonus and benefits program.
22-7 Mar 6th, 2025	(1) Proposal for FY2024 Business Report and Financial Statements. (2) Proposal for FY2024 earnings distribution. (3) Proposal for FY2024 employees' bonus and directors' compensation out of profit-sharing. (4) Proposal for FY2025 CPA appointment and audit fees. (5) Proposal for the establishment of the Audit and Risk Committee.

Date	Major Resolutions
	(6) Proposal for amendments to certain articles of the Company's "Audit Committee Charter." (7) Proposal for amendments to certain articles of the Company's "Articles of Incorporation" ("AOI"). (8) Proposal for the Company's "Risk Management Policies and Procedures." (9) Proposal for amendments to certain articles of the Company's "Corporate Governance Best Practice Principles." (10) The by-election of one director. (11) The qualification of the candidates of Directors nominated by the Company. (12) Proposal to lift the non-compete restrictions on the Company's directors and their representatives. (13) The dates and agenda of the 2025 Annual General Meeting. (14) Proposal for FY2025 annual salary adjustments for managerial officers. (15) Proposal for FY2024 annual bonus for managerial officers.
22-8 Apr 10th, 2025	(1) Proposal for share buyback program for transfer to employees.
22-9 Apr 28th, 2025	(1) Proposal for issuing common shares or/ and issuing common shares for sponsor of the issuance of global depositary receipts (GDR) or/ and issuing common shares via private placement or/ and issuing convertible bond via private placement. (2) Proposal for the date and agenda of the 2025 Annual General Meeting.
22-10 May 9th, 2025	(1) Proposal for amendments to the Internal Control System. (2) Proposal for Q1'25 consolidated financial statements. (3) Proposal for the exclusive licensing deal with LENZ Therapeutics, Inc. ("LENZ") by the Company.
22-11 Jun 18th, 2025	(1) Proposal for the acquisition of product rights related to 5 products in Vietnam by the Company's subsidiary from DUY TAN PHARMACEUTICAL JOINT STOCK COMPANY ("Duy Tan"). (2) Proposal for the change on the exclusive licensing deal with LENZ Therapeutics, Inc. ("LENZ") by the Company. (3) Proposal for the new issuance of Employee Restricted Stock Awards in 2025.
22-12 Aug 11th, 2025	(1) Proposal for Q2'25 consolidated financial statements. (2) Proposal for the Company's 2024 Sustainability Report.
22-13 Aug 28th, 2025	(1) Proposal for ratification of the Company's simplified investment structure in New Alvogen Group Holdings, Inc.
22-14 Sep 23rd, 2025	(1) Proposal for an investment by the Company, via its subsidiaries, to acquire 100% equity interest in New Alvogen Group Holding, Inc.
22-15 Nov 12th, 2025	(1) Proposal for Q3'25 consolidated financial statements. (2) Proposal for amendments to the Rules Governing Shares Repurchase and Transfer to Employees. (3) Proposal for the record date of capital reduction to cancel the withdrawn Employee Restricted Stock Awards shares. (4) Proposal for the expansion of Oral Solid Dose (OSD) production facility at Nantou plant on company's own land.

Date	Major Resolutions
	(5) Proposal for the amendments to certain articles of the Company's "Articles of Incorporation" ("AOI"). (6) Proposal for the amendments to certain articles of the Company's "Risk Management Policies and Procedures". (7) Proposal for the amendments to certain articles of the Company's "Rules and Procedures of Board of Directors Meetings". (8) Proposal for the transfer of treasury shares to employees.
22-16 Nov 27th, 2025	(1) Proposal for the Company's disposal of Series A Preferred Shares and Warrants of New Alvogen Group Holding, Inc. to its Luxembourg subsidiary, Lotus US Financing S.à r.l., and to subscribe for newly issued common shares of Lotus US Financing S.à r.l. (2) Proposal for the Company's cash capital injection to its Luxembourg subsidiary, Lotus US Financing S.à r.l.
22-17 Dec 18th, 2025	(1) Proposal for the FY2026 annual audit plan. (2) Proposal for the record date of capital reduction to cancel the withdrawn employee restricted stock awards shares. (3) Proposal for the definition of non-executive employees within the Company. (4) Proposal for the amendment of the transfer of treasury shares to employees.
22-18 Feb 3rd, 2026	(1) Proposal for the appointment of the Chief Scientific Officer. (2) Proposal for the appointment of the Vice President of Business Development.
22-19 Feb 23rd, 2026	(1) Proposal for the Company's 100% owned subsidiary, Alvogen Pharma US Inc.to enter into a License Agreement with Solaxa, Inc. to jointly develop SLX100 and obtain its global commercial marketing rights.
22-20 Mar 12th, 2026	(1) Proposal for the Company's 2026 budget and CAPEX plan. (2) Proposal for the FY2025 Business Report and Financial Statements. (3) Proposal for the FY2025 earnings distribution. (4) Proposal for the FY2025 employees' bonus and directors' compensation out of profit-sharing. (5) Proposal for the date and agenda of the 2026 Annual General Meeting. (6) Proposal for the FY2026 annual salary adjustments for managerial officers. (7) Proposal for the FY2025 annual bonus for managerial officers. (8) Proposal for the Capital Increase through Capitalization of Retained Earnings.
22-21 Apr 1st, 2026	(1) Proposal for FY2026 CPA appointment. (2) Proposal for approve the acquisition of business related assets in the Philippines by the Company's subsidiary from Sandoz AG.

2.2.11 Written or Otherwise Recorded Dissenting Opinions Made by Directors Regarding Major Resolutions Made in Board of Directors' Meetings: None.

2.3 CPA Service and Audit Fees:

Unit: NTD in thousands

CPA Firm	Names of CPAs	Audit Period	Audit Fees	Non-Audit Service Fees	Total	Remarks
KPMG Taiwan	An Chih Cheng Pao Lian Chou	2025.01.01 ∫ 2025.12.31	8,914	1,286	10,200	The non-audit service fees include : $40 thousand review of thousand full-time employee salary information for non-supervised positions, $386 thousand scrapping inventory counts and $860 thousand tax compliance.

1. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.
2. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

2.4 Change of CPA: None.

2.5 The Name and Title of Any Company Chairman, General Manager, and Head of Finance or Accounting Who Has Held Positions at the Appointed CPA Firm or Its Affiliates in the past Year: None.

2.6 Changes in Shareholding and Pledged Shares of Directors, Officers, and Major Shareholder Holding More Than 10% of the Shares in the Most Recent Year as of the Date of this Annual Report

2.6.1 Changes in Shareholding of Directors, Officers, and Major Shareholders:

Unit: shares

Title	Name	2025		as of April 18th, 2026 (The book closure date of AGM)	
		Increase (decrease) in Shareholdings	Increase (decrease) in Pledged Shares	Increase (decrease) in Shareholdings	Increase (decrease) in Pledged Shares
Chairman	Vilhelm Róbert Wessman	0	0	0	0
Director	Árni Hardarson	0	0	0	0
Director	Oranee Tangphao Daniels	0	0	0	0
Director	Yves Hermes	0	0	0	0
Representative of Director	Innobic LL Holding Co., Ltd. Nat Ativitavas (Note 1)	0	0	0	0
Representative of Director	Innobic LL Holding Co., Ltd. Krisana Winitthumkul (Note 1)	0	0	0	0

Title	Name	2025		as of April 18th, 2026 (The book closure date of AGM)	
		Increase (decrease) in Shareholdings	Increase (decrease) in Pledged Shares	Increase (decrease) in Shareholdings	Increase (decrease) in Pledged Shares
Representative of Director	Innobic LL Holding Co., Ltd. Orakul Suebsiri(Note 1, 2)	0	0	0	0
Juristic Director / Major Shareholder	Alvogen Emerging Markets Holdings Ltd.	(29,000)	0	(726,000)	0
Representative of Director/CEO	Alvogen Emerging Markets Holdings Ltd. Petar Antonov Vazharov(Note 3)	0	0	0	0
Independent Director	Karl Alexius Tiger Karlsson	0	0	0	0
Independent Director	Jennifer Wang	0	0	0	0
Independent Director	Ivy Yang	0	0	0	0
Group CFO / Vice President	Bjartur shen	155,000	0	(82,000)	0
Taiwan CFO	Eeling Chan	12,500	0	(6,000)	0
CIO	Gwen Hsieh	324,400	0	(8,400)	0
Vice President of Research and Development	Manish Chawla (Note 4)	37,500	0	N/A	N/A
COO	Vamsi Kiran Kosaraju	70,000	0	(10,000)	0
Vice President of Legal and Compliance	Edin Buljubasic	0	0	0	0
APAC Chief Commercial Officer	Lau Siew Lay	0	0	0	0
Vice President of Business Development	Prashant Mohan Godse	0	0	0	0
Vice President of Global Portfolio Management	Javier Torrejon Nieto	200,000	0	0	0
Corporate Governance Officer	Susan Liao	4,000	0	0	0
Chief Scientific Officer	Venkata Rama Prasad Yarasani (Note 5)	NA	NA	0	0
Senior Vice President and Global Head of Business Development	Mayank Mathuriya (Note 6)	NA	NA	0	0

Note 1: Representative of Innobic LL Holding Co., Ltd.

Note 2: Orakul Suebsiri was appointed as representative of Innobic LL Holding Co., Ltd., replacing Thariswan Tiensawat, on December 1st, 2025.

Note 3: Representative of Alvogen Emerging Markets Holdings Ltd.

Note 4: Manish Chawla resigned on July 31st, 2025.

Note 5: Chief Scientific Officer of Venkata Rama Prasad Yarasani on board on February 9th, 2026.

Note 6: Senior Vice President and Global Head of Business Development of Mayank Mathuriya on board on March 9th, 2026.

2.6.2 Share Transfers with Related Parties: None.

2.6.3 Share Pledges with Related Parties: None.

2.7 Relationships of Related Party, Spouse, Kinships within the Second Degree among the Top Ten Shareholders:

Unit: shares(Note 1)

Name	Shareholdings of Shareholder		Shareholdings of Spouse or Underage Children of the Shareholder		Total Shareholdings by Nominee Arrangement		Relationships or Kinships Among the Top Ten Major Shareholders	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Alvogen Emerging Markets Holdings Ltd.(Note 2)	81,691,796	30.61%	N/A	N/A	0	0	N/A	N/A
AZTIQ LOTUS S.A.R.L.	26,521,723	9.94%	N/A	N/A	0	0	N/A	N/A
INNOBIC LL Holding Company Limited	17,517,348	6.56%	N/A	N/A	0	0	N/A	N/A
Management Board of Public Service Pension Fund	6,319,000	2.37%	N/A	N/A	0	0	N/A	N/A
Labor Pension Fund (The New Fund)	2,341,180	0.88%	N/A	N/A	0	0	N/A	N/A
Restricted Stock Trust Account of Lotus Pharmaceutical Co., Ltd. Employees with Voting and Dividend Rights, Custodied by CTBC Bank Co., Ltd.	1,444,700	0.54%	N/A	N/A	0	0	N/A	N/A
Goldman Sachs International	1,424,307	0.53%	N/A	N/A	0	0	N/A	N/A
Labor Retirement Reserve Fund (The Old Fund)	1,128,500	0.42%	N/A	N/A	0	0	N/A	N/A
Vanguard Total International Stock Index Fund a series of Vanguard Star Funds	1,099,189	0.41%	N/A	N/A	0	0	N/A	N/A
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	1,031,000	0.39%	N/A	N/A	0	0	N/A	N/A

Note: It's the information of the book closure date (April 18th, 2026) of the 2026 annual general meeting of shareholders.

Note2: The institutional shareholder, Alvogen Emerging Markets Holdings Limited, is currently in the process of undergoing a name change. Upon completion, the company will be renamed Innobic Asia Investment Holding Limited.

2.8 The Number of Shares of Invested Businesses Held by the Company, the Directors and Officers of the Company and Businesses Directly or Indirectly Controlled by the Company:

NA

III. Capital Raising

3.1 Sources of Share Capital:

3.1.1 Share Capital History:

1. Share capital history

Year Month	Issue price (NTD)	Authorized Share Capital		Paid-up Capital		Remarks		
		Shares (in thousands)	Amount (NTD in thousands)	Shares (in thousands)	Amount (NTD in thousands)	Source of share capital (NTD)	Property offsets other than cash	Other (Note)
Jul, 2025	10	400,000,000	4,000,000,000	267,043,812	2,670,438,120	The issuance restricts RSA of NT$12,300 thousand	N/A	1
Dec, 2025	10	400,000,000	4,000,000,000	266,923,812	2,669,238,120	Cancel the withdrawn RSA of NT$1,200 thousand	N/A	2
Jan, 2026	10	400,000,000	4,000,000,000	266,873,812	2,668,738,120	Cancel the withdrawn RSA of NT$500 thousand	N/A	3

Note 1: Jing-Shou-Shang-Zi No. 11430106640,
Note 2: Jing-Shou-Shang-Zi No. 11430186080,
Note 3: Jing-Shou-Shang-Zi No. 11530000880.

3.1.2Type of Shares

Type of Shares	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered common shares	266,873,812	133,126,188	400,000,000	

3.2 List of Major Shareholders:

Name of major shareholder \ Shares (Note1)	Shareholdings (shares)	Shareholding Ratio (%)
Alvogen Emerging Markets Holdings Ltd. (Note 2)	81,691,796	30.61%
AZTIQ LOTUS S.A.R.L.	26,521,723	9.94%
INNOBIC LL Holding Company Limited	17,517,348	6.56%
Management Board of Public Service Pension Fund	6,319,000	2.37%
Labor Pension Fund (The New Fund)	2,341,180	0.88%
Restricted Stock Trust Account of Lotus Pharmaceutical Co., Ltd. Employees with Voting and Dividend Rights, Custodied by CTBC Bank Co., Ltd.	1,444,700	0.54%
Goldman Sachs International	1,424,307	0.53%
Labor Retirement Reserve Fund (The Old Fund)	1,128,500	0.42%
Vanguard Total International Stock Index Fund a series of Vanguard Star Funds	1,099,189	0.41%
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	1,031,000	0.39%

Note1: It's the information of the book closure date (April 18th, 2026) of the 2026 annual general meeting of shareholders.

Note2: The institutional shareholder, Alvogen Emerging Markets Holdings Limited, is currently in the process of undergoing a name change. Upon completion, the company will be renamed Innobic Asia Investment Holding Limited.

3.3 Dividend Policy and Implementation:

3.3.1 Dividend Policy:

Considering the Company is in an industry in a growth phase, profits may be distributed in total after taking into consideration financial, business, and operational factors, and to be distributed upon approved by the shareholders' meeting. It is expected that the dividends, subject to the shareholders' approval, are in the range of 10% to 100% of distributable profits of a year, among which cash dividend shall not be less than 10% of total distribution. Dividend payout may be adjusted by the Board of Directors based on changes in the internal and external environment.

The board of directors is authorized to pay dividends and bonuses, legal reserves, and capital surpluses in whole or in part in cash, providing a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and such a resolution shall be reported to the shareholders' meeting.

3.3.2 Proposal for the Dividend Distribution in the Last Year:

The Board of Directors resolved the following regarding the distribution of earnings on March 12th, 2026:

1. Dividend Distribution
   A cash dividend of NT$2.56 per share, totaling NT$673,842,617, and a stock dividend of NT$0.13 per share, totaling NT$34,165,280, were proposed.
   The total dividend distribution amounts to NT$2.69 per share, with an aggregate amount of NT$708,007,897.
2. Cash Dividends
   (1) The record date for cash dividend distribution will be determined by the Chairman.
   (2) Cash dividends shall be rounded down to the nearest NT dollar. Fractional amounts less than NT$1 will be recognized as other income of the Company.
   (3) In the event of any change in the number of outstanding shares affecting the dividend distribution ratio, the Chairman is authorized by the Board to adjust the distribution accordingly.
3. Stock Dividends
   (1) Subject to approval by the shareholders' meeting and the competent authority, the Board will determine the record date for stock dividend distribution and capital increase.
   (2) Stock dividends will be distributed to shareholders recorded in the shareholders' register on the record date, at a ratio of approximately 13.00000169 shares per 1,000 shares held. Fractional shares may be combined within five days from the book closure date. Any remaining fractional shares will be settled in cash at par value (rounded down to the nearest NT dollar), and such shares will be subscribed by designated persons authorized by the Chairman.
   (3) In the event of any change in the number of outstanding shares affecting the stock dividend ratio, the Board is authorized by the shareholders' meeting to adjust the distribution accordingly.

3.3.3 Major Change Expected in the Dividend Policy: None.

3.4 The Issuance of Bonus Shares Proposed at This Year's Annual General Meeting and Its Impact on the Company's Business Performance and Earnings per Share: None.

3.5 Employee Profit-Sharing and Compensation for Directors:

3.5.1 The Percentage or Range of Compensation of Employees and Directors as Stipulated in the Company's Articles of Incorporation

The Company shall, if any profits are earned in a fiscal year, allocate no less than 1% of the annual profits as employees' compensation, with at least one-third of this amount distributed to non-executive employees, no more than 10% of the annual profit as directors' remuneration, provided that the Company shall reserve an amount of the profits in advance to offset any accumulated losses.

The term "profits earned by the Company" stipulated in the preceding paragraph refers to pre-tax profits for the year, before deducting the said employees' additional compensation and directors' remuneration.

The additional compensation to employees shall be distributed in the form of cash or stock. The distribution method, amount and stock numbers shall acquire approval of a majority of the attending directors at a meeting of Board of Directors attended by two-thirds or more of the directors and be reported to the shareholders' meeting.

The remuneration to directors' (including independent directors) shall be distributed in cash. The distribution ratio shall be recommended by the Remuneration Committee to the Board of Directors, which is authorized to determine the distribution ratio within the prescribed limit by adopting a resolution with the approval by a majority of the attending directors at a meeting of Board of Directors attended by two-third or more of the directors and reporting to the shareholders' meeting.

Employees who are entitled to employees' additional compensation are limited to those employed by the Company, formally appointed, and entitled to labor insurance benefits, including employees of subsidiaries who meet certain conditions. Temporary employees and probationary employees are not included.

The Company may distribute the shares by way of new shares to be issued by the Company or existing shares to be re-purchased by the Company to qualified employees. The Company may also enter into a share subscription right agreement with or issue restricted stock for qualified employees. Qualified employees herein include the employees of parent company or subsidiaries of the Company who meet certain requirements.

3.5.2 The Basis for Estimation of the Compensation Amount Paid to Employees, Directors; Accounting Procedures in the Event of Discrepancy Between the Basis for Share Calculation for Distributed Share Compensation of Employees and the Actual Distribution Amount: None.

3.5.3 Distribution of Employee Bonuses as Approved by the Board of Directors:

1. Distribution of employee cash bonuses, stock bonuses, and Director compensation: The Board of Directors has resolved to distribute a bonus of NT$55,296,128 to the employees (The compensation for non-management employees amounted to NT$18,800,684) and compensation of NT$0 to directors in cash on March 12th, 2026.
2. Proposed distribution of employee stock bonuses and the proportion of net profit after tax and total employee bonuses: None.

3.5.4 Distribution of Employee Cash Bonuses, Stock Bonuses, and Director Compensation in the Previous Year:

Unit: NTD

Employees' Profit-sharing Bonus		Directors' Compensation	Note
Share Bonuses	Cash Bonuses		
0	61,831,578	0	Same as 2024 Financial Statements

3.6 Share Repurchase:

Repurchase no.	Fourth times
Purpose of repurchase	Transfer to employees
Repurchased period	April 11, 2025 to June 9, 2025
Repurchase price range	NT$180 to NT$245 per share
Types and numbers of shares bought back	3,650,000 common shares
Amount of shares bought back (NT$)	NT$780,987,602
Ratio of the number of shares already repurchased to the number of shares intended to be repurchased (%)	91.25%
The number of repurchased shares that have been cancelled or transferred	0
Accumulated number of the Company's shares held by the Company	4,064,000 shares
Ratio of the accumulated number of the Company's shares held by the Company to the total number of issued shares (%)	1.52%

3.7 Corporate Bonds (Both Domestic and Overseas): None.

3.8 Preferred Stocks: None.

3.9 Global Depository Receipts: None.

3.10 Employee Stock Option: None.

3.11 Employee Restricted Stock Awards:

3.11.1 Employee Restricted Stock Awards:

Apr 10th, 2026

Type of Employee Restricted Stock Awards	2020 Employee Restricted Stock Awards		2023 Employee Restricted Stock Awards				
Effective date of declaration and the total number of shares	May 11th, 2020 2,500,000 shares		July 27th, 2023 5,000,000 shares				
Issuance date	Jun 2nd, 2020	Dec 1st, 2020	Sep 26th, 2023	Apr 30th, 2024	Aug 30th, 2024	Nov 11th, 2024	Jun 24th, 2025
Issuance shares of employee restricted stock awards	2,190,000 shares	50,000 shares	2,487,000 shares	560,000 shares	170,000 shares	200,000 shares	1,230,000 shares
Number of new shares for restricted employee stock	0 shares	0 shares	2,513,000 shares	1,953,000 shares	1,783,000 shares	1,853,000 shares	353,000 shares
Issuance price	Nil Issuance		Nil Issuance				
The ratio of issued shares of employee restricted stock awards to the total number of issued shares	0.84%		1.74%				

Type of Employee Restricted Stock Awards	2020 Employee Restricted Stock Awards	2023 Employee Restricted Stock Awards
Vesting conditions of employee restricted stock awards	Subject to the actual issuance plan, the granted employees shall achieve the performance goals which are agreed by both parties. The award of Restricted Stock shall vest at a maximum rate of: 5-year plan: 2nd anniversary - 25%, 3rd anniversary - 25%, 4th anniversary - 25% and 5th anniversary - 25%. 3-year plan: 2nd anniversary - 50%, and 3rd anniversary - 50%.	Granted employees shall have no violation on any terms of the Company's employment agreement, employee handbook, or policies during the vesting period and shall achieve the performance goals which are agreed by both parties and Company goals. The personal performance shall be rated as meet expectation, and the Company's Earning Before Tax (EBT) of the Consolidated is not negative for the fiscal year prior to the vesting or EBITDA of the Consolidated for the fiscal year prior to the vesting is higher than the year proceeding. The award of Restricted Stock shall vest at a maximum rate of: (1) 5-year plan: 1st anniversary – 20%, 2nd anniversary – 20%, 3rd anniversary – 20%, 4th anniversary – 20% and 5th anniversary – 20%. (2) 3-year plan: 1st anniversary – 33%, 2nd anniversary – 33%, and 3rd anniversary – 34%.
Restriction of rights on employee restricted stock awards	(1)Exception to inheritance, the granted employees cannot sell, pledge, transfer, endow, collateralize or dispose of the restricted stock awards. (2)The rights to vote on shareholders' meeting, and right of distribution of shares/dividends and preemptive rights of shareholders: the same as other common stocks of the company.	(1) Except for inheritance, the restricted rights may not be sold, pledged, transferred, gifted to another person, used to create any encumbrance or otherwise dispose of. (2) Restricted employee shares must be delivered to the trust for safekeeping immediately. And before the vested conditions are fulfilled, the employee shall not request the trustee to return the new shares with restricted employee rights for any reason or in any way. (3) All the attending rights, proposal rights, motion rights, speech rights, voting rights and any other shareholder rights are the same as the issued ordinary shares of the Company and shall be exercised in accordance with the trust agreement. (4) The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or indirectly, from and cash distributed based on such unvested RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests (collectively, the "Restricted Share and Cash Distribution"). For the avoidance of doubt, for the purpose of these measures, the unvested RSAs shall include all the corresponding Restricted Share and Cash Distribution, which are subject to the same restrictions and thus unvested. (5) Other rights are the same as the issued ordinary shares of the Company and shall be exercised in accordance with the trust agreement.
Custody of employee restricted stock awards	The restricted stock awards shall be kept in custody with the custodian bank before they become vested.	
The treatment for the employee restricted stock awards, of which the grantees fail to meet the vesting conditions	The Company shall buyback such shares at the gratis and cancel the shares.	

Type of Employee Restricted Stock Awards	2020 Employee Restricted Stock Awards		2023 Employee Restricted Stock Awards				
Number of employee restricted stock awards that have been bought back	362,500 Shares	50,000 Shares	152,000 Shares	30,000 Shares	0 shares	0 shares	50,000 Shares
Number of vested employee restricted stock awards	1,827,500 Shares	0 shares	1,307,800 Shares	125,500 Shares	34,000 Shares	40,000 Shares	0 shares
Number of unvested employee restricted stock awards	0 shares	0 shares	1,027,200 Shares	404,500 Shares	136,000 Shares	160,000 Shares	1,180,000 Shares
The ratio of number of unvested employee restricted stock awards to the total number of issued shares (%)	0	0	0.38%	0.15%	0.05%	0.06%	0.44%
The impact on shareholders' equity	The ratio of number of unvested employee restricted stock awards to the total number of issued shares is 0%, which has no significant impact on the dilution of the shareholdings.		The ratio of number of unvested employee restricted stock awards to the total number of issued shares is 1.09%, which has no significant impact on the dilution of the shareholdings.				

Note: The "total number of issued shares" as of April 10th, 2026 mentioned in the above table is referred to as the number of shares listed in the Change Registration Information of the Ministry of Economic Affairs, which currently is 266,873,812 shares.

3.11.2 Employee Restricted Stock Awards Granted to Officers and the Top 10 Employees:

April 10th, 2026; Unit: shares, %, NT$

	Title	Name	Number of Employee Restricted Stock Awards Granted	The Ratio of Number of Employee Restricted Stock Awards Granted to the Total Number of Issued Shares	Vested Employee Restricted Stock Awards				Unvested Employee Restricted Stock Awards			
					Number of Vested Employee Restricted Stock Awards	Issuance Price	Total Issuance Amount	The Ratio of Number of Vested Employee Restricted Stock Awards to the Total Number of Issued Share	Number of Unvested Employee Restricted Stock Awards	Issuance Price	Total Issuance Amount	The Ratio of Number of Unvested Employee Restricted Stock Awards to the Total Number of Issued Shares
Officers	CEO	Petar Antonov Vazharov	3,542,000	1.33	2,099,300	Nil Issuance	0	0.79	1,442,700	Nil Issuance	0	0.54
	Group CFO / Vice President	Bjartur Shen										
	Taiwan CFO	Eeling Chan										
	CIO	Gwen Hsieh										
	Vice President of Research and Development	Manish Chawla (Note 2)										
	Chief Operations Officer	Vamsi Kiran Kosaraju										
	Vice President of Legal and Compliance	Edin Buljubasic										
	APAC Chief Commercial Officer	Valerie Lau										
	Vice President of Business Development	Prashant Mohan Godse										
	Vice President, of Global Portfolio Management	Javier Torrejon Nieto (Note 3)										
	Corporate Governance Officer	Susan Liao (Note 4)										

	Title	Name	Number of Employee Restricted Stock Awards Granted	The Ratio of Number of Employee Restricted Stock Awards Granted to the Total Number of Issued Shares	Vested Employee Restricted Stock Awards				Unvested Employee Restricted Stock Awards			
					Number of Vested Employee Restricted Stock Awards	Issuance Price	Total Issuance Amount	The Ratio of Number of Vested Employee Restricted Stock Awards to the Total Number of Issued Share	Number of Unvested Employee Restricted Stock Awards	Issuance Price	Total Issuance Amount	The Ratio of Number of Unvested Employee Restricted Stock Awards to the Total Number of Issued Shares
Employees	Director	Sascha Knell	1,080,000	0.4	460,000	Nil Issuance	0	0.17	620,000	Nil Issuance	0	0.23
	Director	Snaevar Vidisson										
	Director	HK Lim										
	Sr. Director	Julia Lin										
	Sr. Director	Ella Tsai										
	Director	Sydney Kin										
	Sr. Director	Sanny Yang										
	Director	Betty Chiu										
	Sr. Director	Fiona Lei										
	Country Manager of Taiwan	Hung-Chi Lee										

Note 1: The “total number of issued shares” as of April 10th, 2026 mentioned in the above table is referred to as the number of shares listed in the Change Registration Information of the Ministry of Economic Affairs, which currently is 266,873,812 shares.

Note2: Manish Chawla of Vice President of Research and Development resigned on July 31st, 2025.

Note3: Vice President, Global Portfolio Management of Javier Torrejon Nieto on board on Jan 2nd, 2025.

Note4: Corporate Governance of Susan Liao on board on April 1st, 2024.

3.12 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

3.13 The Section on Implementation of the Company's Capital Allocation Plans: None.

IV. Operational Highlights

4.1 Business Activities

4.1.1 Business Scope

1. Main business scope

The Company is a pharmaceutical company engaged in the development, manufacturing, and commercialisation of novel and generic pharmaceuticals, with a growing emphasis on high-barrier specialty pharmaceuticals. In recent years, the Company has actively expanded into global export markets and has established direct operations in the United States and key Asian markets. Lotus products currently cover highly competitive oncology drugs, complex generics, 505(b)(2) products, new chemical entities (NCE), and biosimilars, with a global footprint of over 90 countries worldwide, including Taiwan, Korea, the United States, China, Japan, Europe, and several Southeast Asian countries.

According to the Company's registration form, main business operations include:

(1) The manufacture of drugs and medicines
(2) Retail sale of drugs and medicines
(3) Wholesale of western pharmaceutical
(4) Retail sale of medical equipment
(5) Wholesale of medical devices
(6) International trade
(7) Cosmetics ingredients manufacturing
(8) Wholesale of food and grocery
(9) Wholesale of cosmetics
(10) Retail sale of food and grocery
(11) Other consultancy
(12) Biotechnology services
(13) All business items that are not prohibited or restricted by law, except for those that are subject to special approval

2. Percent of business

Unit: NTD in thousands

	2025	
	Amount	Percent of Consolidated Revenue
Sale of goods	20,174,421	98%
Out-licensing of IP rights	155,914	1%
Services and others	179,139	1%
Total	20,509,474	100%

3. Current products

Lotus Pharmaceutical Co., Ltd. focuses on the commercialization of pharmaceuticals, dedicated to providing patients with better, safer, and more accessible medications. The company operates a globally integrated research, manufacturing, and commercial platform, with strategically located manufacturing facilities in Taiwan, the United States, and Korea, as well as research and development hubs in India and the United States. It has established partnerships across major global markets, including Europe, Japan,

China, and Brazil. Lotus engages in over 100 strategic pharmaceutical projects worldwide, comprising over 250 commercialized products. Through internal research investment and collaborative licensing, the company invests in high-threshold oncology drugs, difficult generic drugs, 505(b)(2), and strategically expands through mergers and acquisitions of branded drugs, licensing of internationally renowned new active ingredients, and biosimilars, forming a diverse and rich product portfolio to address unmet medical needs of patients globally.

4. New products in development

Our company's independently developed products primarily focus on oncology and immunology-related complex generic drugs. Additionally, leveraging our strong business development capabilities, we license-in various medications for oncology & immunology, central nervous system, primary care & lifestyle, and cardiovascular diseases. These medications will be submitted for regulatory approval in target markets, supporting expansion across Asia, the US and global export markets.

4.1.2 Industry Overview

1. Current status and development of the global pharmaceutical market

The global pharmaceutical market continues to expand, driven by an aging population, the increasing prevalence of chronic diseases, advancements in healthcare technology, and the introduction of high-priced innovative drugs. The rise of pharmaceutical emerging markets further contributes to sustained industry growth.

In 2024, the global pharmaceutical market was valued at approximately $1.74 trillion USD, reflecting a growth rate of 8.90% from $1.60 trillion USD in 2023. Projections indicate that the market will reach around $2.40 trillion USD by 2029, with a CAGR of 5–8% from 2025 to 2029.

Advanced markets continue to dominate, generating approximately $1.42 trillion USD in sales in 2024, accounting for 81.23% of the global market. The top ten advanced countries—including the United States, Germany, France, the United Kingdom, Italy, Spain, Japan, Canada, Australia, and Korea—collectively contributed around $1.19 trillion USD, representing 68.26% of the global pharmaceutical market.

Emerging markets accounted for approximately US$312 billion in 2024, with a projected CAGR of 3.5–6.5% from 2025 to 2029. Meanwhile, low-income countries accounted for approximately US$16.1 billion in 2024, with an expected CAGR of 2–5% over the same period.

Among therapeutic areas, oncology, metabolic diseases, and immunology were the largest segments of the global pharmaceutical market, each generating over US$100 billion in sales in 2024. In particular, oncology is projected to reach approximately US$426.8 billion by 2030, reflecting a CAGR of around 11%.

Metabolic diseases, including diabetes, hyperglycaemia, and obesity, are projected to exceed US$224 billion by 2030, with a CAGR of approximately 14.1%, representing the highest growth rate among the top ten therapeutic areas.

2030 Global Pharmaceutical Market by Therapeutic Area

Unit: US$ billion; %

Therapeutic Area	Forecast Sales for 2030	2023~2030 CAGR
Oncologics	426.8	11.1
Metabolic Disorders	224.5	14.1
Immunology	147.2	5.5
Infectious diseases	107.4	1.9
Central Nervous System	154.4	10.4
Cardiovascular	57.9	0.3
Respiratory	65.1	4.9
Hematological Disorders	56.3	10.4
Ophthalmology	40.6	11.6
Gastrointestinal	38.9	13.2

Source: 2025 Biotechnology Industry in Taiwan; Global Use of Medicines 2025：Outlook to 2029, IQVIA, Aug 2025.

Beyond branded specialty drugs, the generic pharmaceutical industry is also poised for substantial growth. As patents for numerous blockbuster drugs continue to expire, there is an increasing push for generic alternatives to reduce healthcare costs. According to market research, the global generic drugs market was estimated at approximately US$468.1 billion in 2025 and is projected to grow at a compound annual growth rate (CAGR) of around 5% from 2026 to 2035, reaching approximately US$762.5 billion by 2035. This growth is driven by the increasing prevalence of chronic diseases and the continued focus on controlling healthcare costs. Governments worldwide are implementing pro-generic policies, including expedited approvals, pricing incentives, and substitution mandates, to promote the accessibility of cost-effective treatments. This trend is particularly evident in mature markets like the United States and Europe, where healthcare payers and policymakers emphasize value-based care and drug affordability.

In Southeast Asia (SEA), the generic pharmaceutical market is also expanding significantly. The region is witnessing an increase in demand for affordable medicines due to factors such as growing populations, rising prevalence of chronic diseases, and improving healthcare infrastructure. According to market research, the SEA generic drug market reached $13.4 billion USD in 2024 and is expected to grow at a CAGR of 6% during 2025-2033. Countries like India, Indonesia, and the Philippines are key players in the SEA generics market, benefiting from large-scale manufacturing, cost-competitive pricing, and strategic investments in local pharmaceutical production. Additionally, government policies promoting the use of generics to manage healthcare expenditure are becoming more prevalent across SEA countries.

Overall, the global pharmaceutical market is poised for continued expansion, supported by demographic trends (aging populations and chronic disease prevalence), technological advancements (AI-driven drug development, personalized medicine), and evolving healthcare policies. While the branded pharmaceutical segment will continue to innovate with next-generation therapies, the generic drug industry will play a crucial role in ensuring global medicine affordability and accessibility.

2. Relationship between the Industry Upstream, Midstream, and Downstream

(1) Upstream:

Vendors that prepare and process raw medicinal materials. Raw materials in small molecule drugs include chemicals, plants, animals, minerals, microbial strains, and tissue cells, of which general chemicals account for the largest proportion of the materials. Upstream TCM materials are primarily plants along with some animals and minerals. Due to advancements in biotechnology, scientists have obtained a number of successful examples of transgenic animals and plants through gene transfer. In the future, plants or animals will be able to be directly cultured to produce drugs, which would be a major breakthrough in upstream drug production.

(2) Midstream:

These vendors include raw medicinal material vendors and TCM material vendors. Raw material vendors are involved in organic chemical synthesis, natural material extraction and purification, microbial fermentation or semi-synthetic fermentation, and genetic fermentation. TCM material vendors are involved in processing medicinal plants.

(3) Downstream:

For pharmaceutical manufacturing, the primary process involves combining active pharmaceutical ingredients (APIs) with excipients such as binders, disintegrants, adhesives, lubricants, etc., to produce dosage forms that are convenient for use. At this stage of production, compliance with the requirements of Good Manufacturing Practice (GMP) set forth by the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S) is necessary. In addition to traditional methods of processing medicinal herbs into traditional dosage forms such as pastes, powders, pills, and tablets, there is an increasing trend in manufacturing facilities to produce herbal medicines processed into Western pharmaceutical dosage forms. These products, which combine traditional Chinese medicine with Western pharmaceutical approaches, are sold in the Taiwanese market. Manufacturers of such products must adhere to GMP requirements. Only after producing formulations that meet these standards can they be sold to medical institutions or other pharmaceutical distribution channels.

3. Product development trends and competition

(1) Product development trend

The pharmaceutical industry is divided into several sectors including Western pharmaceutical formulations, active pharmaceutical ingredients (APIs), biopharmaceuticals, and traditional Chinese medicine. Generic drugs serve as the primary revenue source within the Western pharmaceutical formulations sector. With the continuous increase in the number of domestically and internationally approved new drugs, their contribution to the industry's revenue has been rising year by year. APIs are used by manufacturers of Western pharmaceutical formulations to produce finished dosage forms.

Our company specializes in the research, development, manufacturing, and sales of niche generic drugs. Compared to traditional generic drugs, these products have higher profit margins and entry barriers. We obtain regulatory approvals and commercialize these products in targeted markets worldwide, thereby expanding our revenue contribution.

(2) Status of competing products

In recent years, our company has transformed from a local pharmaceutical manufacturer in Taiwan into an internationally diversified pharmaceutical company with a global operating platform. This transformation reflects the evolving dynamics of the pharmaceutical industry, including ongoing pricing pressures and policy interventions across major markets. Unlike companies focusing solely on the generic drug market after patent expiration or vertically integrated generic drug conglomerates such as Sandoz, Teva, and Mylan, Lotus Pharmaceutical Co., Ltd. (Lotus Pharma) adopts a differentiated strategy, focusing on the development, manufacturing, and commercialization of specialty and high-barrier products, including niche generics, oncology products, 505(b)(2), and new chemical entities (NCE).

Furthermore, leveraging our strong business development capabilities, we engage in mergers and acquisitions of branded drugs, licensing of internationally renowned branded drugs, 505(b)(2) applications, biosimilars, and new active ingredients to introduce into the Asian market. This diverse product portfolio enhances our competitiveness. Since 2009, our company has successfully passed multiple GMP inspections conducted by regulatory authorities including the Taiwan Food and Drug Administration (TFDA) (in compliance with PIC/S standards), the U.S. Food and Drug Administration (FDA), the European Medicines Agency (EMA), the Pharmaceuticals and Medical Devices Agency of Japan (PMDA), the China National Medical Products Administration (NMPA), and the Brazilian Health Regulatory Agency (ANVISA), demonstrating our high level of competitive advantage.

4.1.3 Research and Development

1. Developments in technology and research:

Our company possesses extensive experience in the pharmaceutical industry chain and robust research and development capabilities. We specialize in the development of small molecule drugs, with a focus on difficult-to-develop generic drugs. Our main R&D focus lies in the development of oral cancer medications. We are actively expanding our presence in key product markets, with a primary focus on international markets including the United States, Europe, Japan, Taiwan, and Southeast Asia.

2. Annual R&D investment in the past five years:

Unit: NTD in thousands

Item \ Year	2021	2022	2023	2024	2025
R&D expenses	595,925	520,449	720,826	773,894	986,712
Net operating income	12,649,189	14,632,772	16,957,971	18,584,227	20,509,474
R&D expenses as a percentage of net revenue	4.71%	3.56%	4.25%	4.16%	4.81%

3. Technologies or products successfully developed in recent years:

Over the past few years, our company has obtained multiple drug approvals and launched significant products in key global markets.

In 2025,we have gained approval of Nintedanib for the treatment of idiopathic pulmonary

fibrosis and non-small cell lung cancer in Switzerland, New Zealand and South Africa, Enzalutamide for the treatment of prostate cancer in New Zealand and Korea and Pomalidomide for the treatment of multiple myeloma in the UK and EU countries.

In summary, in the fiscal year 2025, our company obtained a total of 100 market approvals globally, with 40 new products successfully launched.

4.1.4 Long-Term and Short-Term Business Development Plan

1. Short-term development plan:

   We're expanding globally by strengthening our supply chain, enhancing production flexibility, and obtaining approvals in target markets. This boosts our ability to meet demand and helping us seize new opportunities and solidify our industry leadership.

2. Medium and long-term development plan:

   We focus on niche advantages, specializing in the research and development of complex generics as well as advancing 505(b)(2) and new chemical entity (NCE) products. Through collaborations with international pharmaceutical companies, we continue to enrich our product portfolio by licensing established branded products, generics, and biosimilars from international pharmaceutical companies, thereby enhancing our market competitiveness.

4.2 Market and Sales Overview

4.2.1 Market Analysis

1. Sales regions of major products

Units: NTD in thousands

Year	2024		2025	
Region	Amount	Percentage (%)	Amount	Percentage (%)
USA	7,767,542	42	8,729,343	43
Korea	5,712,119	31	5,803,104	28
Taiwan	2,516,049	13	2,570,844	12
Others	2,588,517	14	3,406,183	17
Total	18,584,227	100	20,509,474	100

2. Market Shares

Our pharmaceutical sales business operates through three key platforms: the Asia-Pacific market, the United States through the Alvogen platform, and the global export market beyond these regions. In addition to strengthening our product portfolio, we actively develop new products and secure licensing agreements for internationally recognized medications to enhance accessibility. Our Korean subsidiary continues to maintain a leading position in the weight management drug market in Korea.

Simultaneously, we are expanding our presence in the global export market by delivering independently developed, complex generic drugs to key regions, including the United States, Europe, Brazil, and Oceania, with the goal of achieving market leadership in select specialty therapeutics.

3. Supply and demand outlook growth opportunities

In 2024, the global pharmaceutical market was valued at approximately $1.74 trillion USD. Projections indicate that the market will reach around $2.4 trillion USD by 2029, with a CAGR of 5–8% from 2025 to 2029. This growth is driven by key factors such as rising healthcare costs, demographic shifts, and increased investment in preventive medicine.

Healthcare systems worldwide are facing financial pressures, leading to stricter cost controls from governments and insurers. The growing aging population is contributing to the increasing prevalence of chronic diseases, driving demand for long-term treatments and early detection strategies. Additionally, infectious disease preparedness remains a priority, fueling investments in vaccines and antimicrobial therapies.

To address these evolving healthcare needs, Lotus Pharmaceutical Co., Ltd. continues to expand its portfolio across complex generics,505(b)(2),and new chemical entities (NCE), with a focus on oncology and other high-value therapeutic areas. Global demand for high-quality yet affordable medicines remains strong, particularly in emerging markets, while increasing adoption of innovative and specialty treatments continues to drive growth across developed markets.

To enhance supply chain resilience, Lotus Pharma is diversifying global procurement to mitigate risks associated with geopolitical uncertainties and economic fluctuations. Additionally, the company is integrating Environmental, Social, and Governance (ESG) standards into supplier management processes, ensuring greater sustainability and alignment with climate change and carbon reduction goals.

As the global pharmaceutical market evolves, Lotus Pharma remains committed to innovation, affordability, and sustainability, positioning itself as a key player in addressing global healthcare challenges while maintaining strong market competitiveness.

4. Advantages, disadvantages, and countermeasures

(1) Advantages

(A) Global Aging Population and Improved Living Standards, Growth of Global Pharmaceutical Market

(B) Government Support for Pharmaceutical Industry Development and Favorable Development Environment

(C) Product Focus on High-Technology Threshold Generic and Specialty Pharmaceuticals

(D) High Standard Production Technology

Response Strategy:

The company will continue to steadily expand its operations in line with its strategic layout.

(2) Disadvantage and countermeasures

(A) Governments Lowering Drug Prices to Squeeze Pharmaceutical Company Profits

Response Strategy:

Lotus Pharmaceutical Co., Ltd. has highly experienced R&D personnel with over 10 years of experience, including R&D leadership with over 20 years of

international pharmaceutical industry experience. This wealth of industry experience is crucial for topic selection, analysis, and API selection. Lotus Pharma employs advantageous topic selection strategies tailored to different markets, particularly focusing on cultivating export markets, which will effectively increase profit margins in the long term.

(B) Stringent Pharmaceutical Regulations and Increased Costs and Delayed Timeframe Due to Multiple Inspections and Litigation with Patent Drug Manufacturers

Response Strategy:

The company integrates R&D, regulatory affairs, clinical, manufacturing, and sales functions, with over 200 R&D personnel worldwide. From generic drug formulation development to clinical trials and drug surveillance, Lotus Pharma has dedicated regulatory personnel responsible for different market data and submission strategies. Professional teams are also deployed downstream in the market. With a comprehensive global presence, the company has significantly improved its mastery of international regulatory submission operations since its establishment. This ensures the maximization of fund utilization, R&D benefits, and intellectual property value.

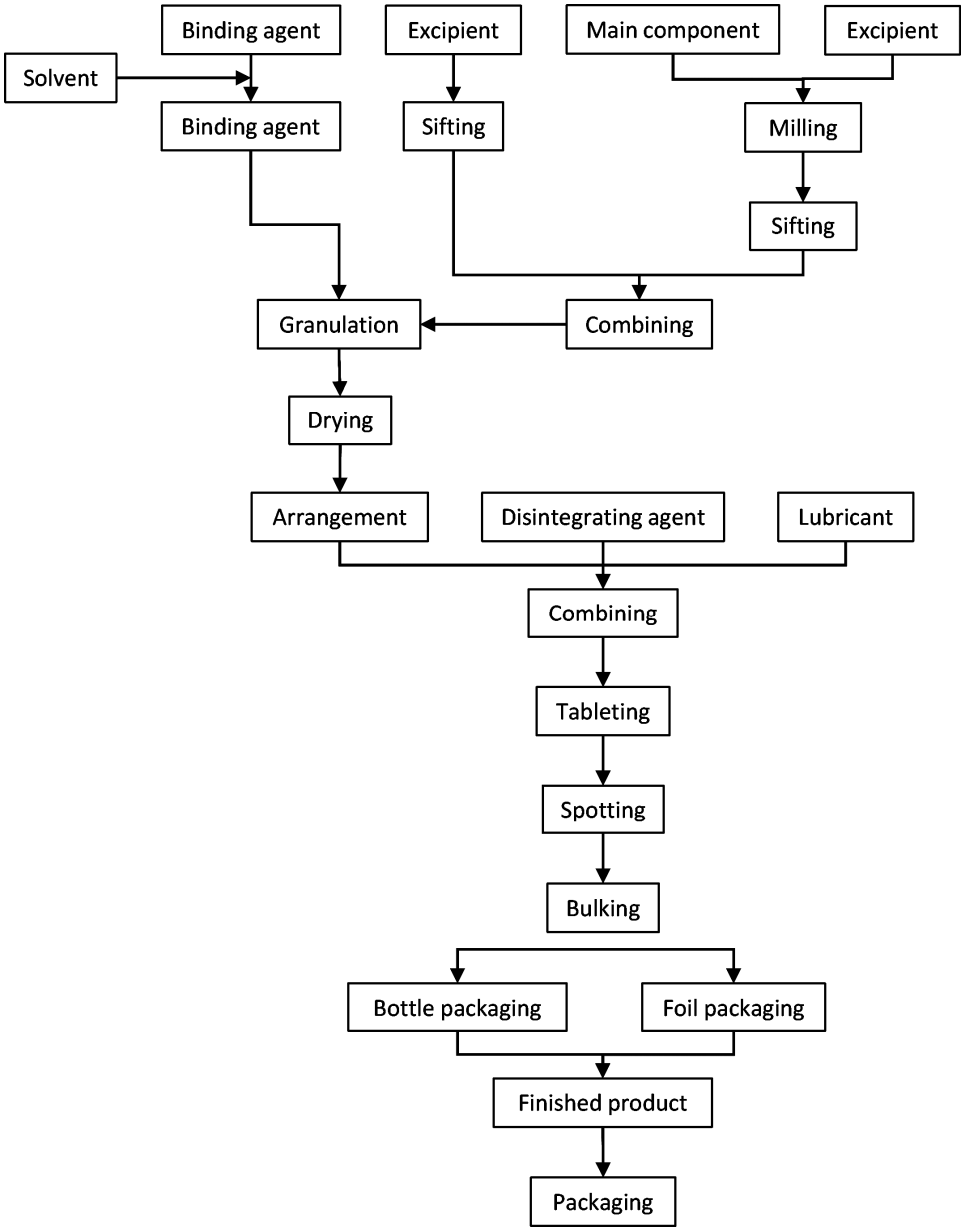
To circumvent originator patent barriers and mitigate the risk of patent invalidity claims, thorough patent avoidance analysis and strategic litigation planning are essential. These cornerstones enable specialty generic drug manufacturers to achieve a swift and competitive market entry.

4.2.2 Applications and Manufacturing Process of Major Products

1. Purpose of major products

Products	Description
Prescription Generic Drugs	Primarily Oral oncology drugs, central nervous system drugs (primarily referring to psychiatric medications and addiction treatments), primary care and lifestyle, women's health, and neuphorology product.
Brand Product Lines	Products acquired via acquisition or licensed -in deals, focusing on CNS, women's health (oral contraceptive drugs), osteoporosis, and oncology products.

2. Manufacturing process of main products



4.2.3 Supply of Major Raw Materials：

The main raw materials used by our company meet the requirements of advanced country regulations, and in recent years, we have expanded the selection of suppliers for key active pharmaceutical ingredients. Additionally, some raw materials are procured through strategic partnerships to mitigate the risk of price fluctuations. This approach not only ensures stable procurement prices but also stabilizes the supply quantity. Consequently, over the past two years, the supply of main raw materials has remained stable without significant fluctuations.

4.2.4 Customers Accounting for 10% or More of Sales in Any of the Past Two Years:

1. Information on suppliers that accounted for more than 10% of annual purchases in the past two years:

Unit: NTD in thousands

Item	2024				2025			
	Name	Amount	Percentage of Total Purchase (%)	Relationship	Name	Amount	Percentage of Total Purchase (%)	Relationship
1	Company A	1,180,676	16	-	Company C	1,405,041	17	-
2	Company B	701,720	10	-	Company A	1,319,073	16	-
3	Others	5,355,501	74	-	Others	5,435,389	67	-
-	Net Purchase	7,237,897	100	N/A	Net Purchase	8,159,503	100	N/A

Note 1: As of the date of this Annual Report, the financial statements of the first quarter of 2026 have not been reviewed by the Accountant.

2. Information on clients that accounted for more than 10% of annual sales in the past two years:

Unit: NTD in thousands

Item	2024				2025			
	Name	Amount	Percentage of Total Sales (%)	Relationship	Name	Amount	Percentage of Total Sales (%)	Relationship
1	Company D	7,754,627	42	Related parties (Note 2)	Company D	7,472,212	36	Related parties (Note 2)
2	Company E	2,479,633	13	-	Company E	2,000,347	10	-
3	Others	8,349,967	45	-	Others	11,036,915	54	-
-	Net Sales	18,584,227	100	N/A	Net Sales	20,509,474	100	N/A

Note 1: As of the date of this Annual Report, the financial statements of the first quarter of 2026 have not been reviewed by the Accountant.

Note 2: Company D became a subsidiary of the Company on December 3, 2025, and transactions and balances subsequent to that date have been eliminated in consolidation.

4.3 Employee Number, Average Length of Service, Average Age and Education Distribution Ratio of Employees in the Most Recent Two Years and as of the Date of Publication of this Annual Report:

Unit: persons

Year		2024	2025	As of April 10th, 2026
Employee Numbers	Research and Development	312	285	291
	Administration	206	225	231
	Manufacturing	595	600	596
	Sales	496	475	486
	Total	1,609	1,585	1,604
Average Age		39.25	39.58	39.66
Average Years of Service		7.06	7.39	7.41
Education Level Distribution	Postgraduate	20	20	24
	Graduate	456	463	478
	Undergraduate	1,005	976	980
	High School	124	121	117
	Middle School or Lower	4	5	5

4.4 Expenditures on Environmental Protection

4.4.1 Total Losses (including reparations) and Penalties Due to Company-Generated Environmental Pollution in the Most Recent Year as of the Date of this Annual Report:

There have been no losses due to pollution in the current year up to the date of publication of this Report.

4.4.2 Future Responses and Possible Expenditures:

The Company strives to increase energy efficiency by 1-2% of standard capacity per year. A detailed plan for corresponding expenditures is unavailable.

4.4.3 The Company's Response to the EU's Restriction of Hazardous Substances (RoHS) Directive:

The Company does not use RoHS substances.

4.5 Labor-Management Relations

4.5.1 Employee Benefits

The Company embraces a corporate culture of humanistic management and implements a number of welfare measures. Therefore, in an atmosphere of mutual care andco-creation, the Company maintains a harmonious relationship with its employees. The success of a company depends on the commitment of its talents. Therefore, the Company pays special attention to the concepts and practice of talent cultivation and management. It respects individuals, affirms their achievements, and provides a fair working environment that maximizes individual potential and ensures that employees enjoy a sense achievement, confidence, and satisfaction in their work. The Company's employee welfare and retirement measures, their implementation, employer-employee agreements, and protection of workers' rights are as follows:

1. Employee welfare measures:

   (1) Facilities: The company provides free coffee and tea, parking lots, transportation bus, cafeteria, and breastfeeding room for employees.

   (2) Subsidy: Hold Company Day every year to inspire morales, and provide funds for launching after-work activities to improve personal relationship among employees.

   (3) Additional welfare measures: The Company has established an Employee Welfare Committee that regularly organizes employee trips and hiking activities. The Company also provides birthday gifts, New Year vouchers, and wedding and funeral allowances. Employee events are also organized on an occasional basis.

   (4) Health care and insurance welfare: The Company provides annual employee health examinations, safety and hygiene lectures, and health examination plans for colleagues and dependents with health examination institutions and health care consultations. The Company pays attention to employee protection. In addition to insuring employees by the law, such as labor insurance, national health insurance, and other social insurance, the Company also insures group insurance, such as accident insurance and hospitalization medical insurance, and provides emergency relief funds.

   (5) Alvogen Korea Co., Ltd. has established a Workers' Union in accordance with local laws and regulations.

2. Employee training and implementation:

   In addition to a rigorous vetting process, the Company provides new employees with a comprehensive training program to ensure the quality of its human resources. Department heads and employees may also apply for training as needed for their duties. Education and training include internal training and external courses to enhance the skills of employees.

(1) Employee training:

Item	Number of Classes	Number of Participants	Total Hours	Total Cost
New employee training	2,943	10,645	10,422	856,984
Professional competency training	266	7,424	19,381	1,503,937
Supervisor training	34	281	2,236	3,794,667
Self-development training	157	713	4,046	1,906,067
Total	3,400	19,063	36,085	8,061,655

(2) The required qualifications for personnel designated to handle matters concerning financial information transparency are as follows:

A. International internal audit qualifications: 1 at Lotus

B. Pharmacist certificate: 13 at Lotus

C. CPA of the Republic of China: 2 at Lotus

D. Lawyer license :3 at Lotus

3. Retirement system and implementation

The retirement system is handled in accordance with the Labor Standards Act and Labor Pension Act. For workers covered under the old Labor Retirement Reserve Fund labor pension scheme, we allocate 2% of our employees' monthly salaries for deposit into a designated Bank of Taiwan (previously the Central Trust of China) account set up under the company name, As of March 31st, 2026 which has currently accumulated a total of NT$15,278 thousand. For workers covered under the new pension system, we allocate 6% of our employees' monthly salaries based on their contribution classification for deposit into designated personal accounts set up with the Bureau of Labor; a total of NT$30,982 thousand was allocated in 2025. Overseas operating locations also comply with local labor laws and applicable employee retirement regulations.

4. Employer-employee agreements and employee rights protection measures and implementation

The Company conforms to Article 83 of the Labor Standards Act and regularly holds labor-management meetings. It treats its employees with transparency and openness. Measures concerning salary, bonuses, benefits, and training are communicated and agreed to by both parties. Therefore, there have been no disputes concerning these measures.

4.5.2 Losses Incurred by Labor Disputes in Recent Years as of the Date of this Annual Report (including potential disputes and appropriate countermeasures):

During 2025 and as of the date of this Annual Report, the Company has not incurred any losses arising from labor disputes. However, as a result of labor inspections, the Company was determined to have violated applicable laws and regulations and was subject to the following administrative fines: Letter No. 1140141588 dated June 17, 2025 determined that the Company violated Article 32, Paragraph 2 of the Labor Standards Act by extending working hours beyond the statutory limit and imposed an administrative fine of NT$50,000;

Letter No. 1140141584 dated June 17, 2025 determined that the Company violated Article 24, Paragraph 1 of the Labor Standards Act by failing to pay overtime wages in accordance with statutory requirements and imposed an administrative fine of NT$60,000.

The Company has promptly reviewed and enhanced the relevant processes and will continue to strengthen labor law compliance management to ensure the protection of employees' rights and interests.

4.6 Information Security Management

4.6.1 Information Security Risk Management Architecture, Information Security Policy, Specific Management Plan, and Resources Invested in Information Security Management, etc.:

1. Information security risk management architecture:

   The company has established an IT department dedicated to information security, with one chief information security officer appointed, work as Information Security Supervisor. One information security Engineer is appointed as the team member. Chief information security officer regularly reports information security management operations to the supervisor. The company's internal systems are all located in the internal network, and the external network cannot be directly accessed due to isolation. Multiple network security defense systems have been adopted, such as firewalls located at the front of the network, intrusion detection and prevention system, and mail content security control systems, are used to filter network traffic, which can effectively prevent external network attacks and block malicious software, harmful website links, and spam emails in real-time. Hosts and endpoints within in internal network are deployed with anti-virus software from central console to update virus patterns at any time and identify malicious behavior characteristics in real-time. It can be blocked viruses, ransomware, and malicious programs in files in real-time, effectively reducing the risk of damage caused by hacker attacks.

2. Information security policy:

   (1) To ensure the security of data, systems, equipment, and network communications, the user's company focuses on blocking external intrusion and damage.

   (2) Ensuring that access permissions to system information accounts and system changes are authorized through company-prescribed procedures is essential.

   (3) Implement destruction procedures; discarded computer storage media should be destroyed to prevent accidental exposure and data leakage.

   (4) Monitor the security status and activity logs of information systems to effectively manage and handle information security incidents.

   (5) Maintain the availability and integrity of data and systems; in the event of a disaster or damage, restore normal operations.

   Currently, our company's information security measures are comprehensive. We are also considering cybersecurity insurance, which is still an emerging insurance option, and are in the evaluation phase regarding its applicability.

3. Specific management plans and resources invested in information security management:

   The company regularly reviews internal information security specifications, establishes a security risk management framework for data communication, plans data communication security promotion, considers data communication security policies and objectives when allocating relevant resources, and provides the establishment, implementation,

maintenance, and continuous improvement of data communication security. Maintain the resources required for the program. To reduce the risk loss and compensation liability caused by business interruption, in order to strengthen the cybersecurity protection capability, vulnerability scanning and penetration testing are conducted half-annually, analyze the internal risk level according to the asset value, weakness, threat, and influence, and formulate security measures to strengthen the project based on the risk assessment results to ensure and enhance overall cybersecurity environment.

The user's company purchased new-generation virtual private network (VPN) equipment to enable employees to securely access internal company resources over the Internet. Employees' devices can connect back to the company and access internal resources through a secure network encryption tunnel.

To enhance the overall cybersecurity awareness among all employees, IT conduct phishing drills, cybersecurity education, and cybersecurity announced training half-annual.

The information security management function is responsible for promoting the implementation and verification of information systems and information security management systems, conducting internal information security audits, assessing agency information security governance maturity, and delivering education and training programs. Responsibilities also include the classification of information systems, establishment of protection benchmarks, promotion of security testing, and execution of business continuity drills.

To support the implementation of the information security policy, the team regularly communicates the policy and its objectives to employees, enhances cybersecurity awareness and competencies among personnel, and enforces the information security maintenance plan to strengthen overall management capabilities. Education and training on information security are provided through structured programs to ensure ongoing competency development.

The cybersecurity management status is reported regularly to the Board of Directors in accordance with applicable regulations. The status for the year 2023 was presented to the Board on March 14, 2024, and the status for the year 2024 was presented to the Board on May 9, 2025.

4.6.2 In the most recent year and as of the date of publication of the annual report, losses, possible impacts, and countermeasures due to major information Security Incidents:

The operation of IT department can be implemented in accordance with the procedures specified by the company. The information system structure establishes a server backup redundancy and data backup mechanism to ensure that various services are not interrupted, and remain the integrity and security of data. Adding an uninterruptible power system (UPS) reduces the system instantaneous downtime to ensure data accuracy, reliability, and integrity. The risk assessment results are still positive. Therefore, there is no major adverse impact on the company's information security and operational risks up to recent annual and year-to-date of publication of the annual report.

Adhering to relevant information security policies and the company's corresponding internal regulations, each employee should be responsible for information security management minimize the operational risk with IT infrastructure or service. Regular audits are conducted on various information matters in accordance with the law or regulation to ensure that the information security system is complete and relevant policies have been implemented.

4.7 Material Contracts

	Contract Type	Contract Parties	Term of Agreement	Main Purpose	Restrictions
1	Distribution Agreement	Alvogen Korea Co., Ltd. and Roche Korea	2013/09/10 ~	Distribution	N/A
2	Distribution Agreement	Alvogen Korea Co., Ltd. and Astrazeneca Korea Ltd.	2016/10/01 ~	Distribution	N/A
3	Distribution Agreement	Alvogen Korea Holdings Ltd.	2017/04/02 ~	Distribution	N/A
4	Distribution Agreement	Alvogen Group Inc.	2019/01/10 ~	Distribution	N/A
5	Settlement Agreement	Alvogen Pine Brook LLC and Celgene	2019/03/19	REVLIMID® product rights	N/A
6	Distribution Agreement	Alvogen Korea Co., Ltd. and Chong Kun Dang	2019/06/26 ~	Sales	N/A
7	Distribution Agreement	Alvogen Korea Co., Ltd. and Chong Kun Dang	2019/10/29 ~ 2024/12/31	Sales	N/A
8	Share Subscription Agreement	Innobic LL Holding Co., Ltd.	2021/04/16 ~	Investment	N/A
9	Distribution Agreement	Fuji Pharma Co. LTD	2021/06/30~ 2031/06/29	Distribution	N/A
10	Agreement for the Acquisition of Certain Assets	Eli Lilly and Company	2021/07/30 ~	Product rights	N/A
11	Distribution agreement	Eli Lilly Export S.A.	2021/07/30 ~ 2023/7/29	Sales	N/A
12	Agreement for the Acquisition of Certain Assets	Eli Lilly and Company	2022/03/22 ~	Product rights	N/A
13	Distribution agreement	Eli Lilly Export S.A.	2022/03/22 ~	Sales	N/A
14	Distribution Agreement	Lotus International Pte. Ltd.	2022/09/27 ~	Distribution	N/A
15	Agreement for the Acquisition of Certain Assets	Eli Lilly and Company	2022/12/13 ~	Product rights	N/A
16	Distribution agreement	Eli Lilly Export S.A.	2022/12/19 ~	Sales	N/A
17	License Agreement	Unicycive Therapeutics Inc.	2023/2/1~	Product rights	N/A
18	Settlement Agreement	Novartis Pharmaceuticals Corporation	2023/12/08~	Midostaurin product rights	N/A
19	Distribution Agreement	Fuji Pharma Co., Ltd.,	2024/01/24~	Distribution	N/A
20	Share Purchase Agreement	Actavis Holding Asia B.V. Actavis Group Pts Ehf Actavis Dutch Holdings B.V. Teva Pharma (Thailand) Co. Ltd.	2024/06/06~	Share acquisition	N/A
21	Asset Purchase	Sanofi Vietnam Shareholding Company	2024/09/06~	Asset acquisition	N/A
22	Asset Purchase Agreement	DUY TAN PHARMACEUTICAL JOINT STOCK COMPANY	2025/06/19~	Asset acquisition	N/A

	Contract Type	Contract Parties	Term of Agreement	Main Purpose	Restrictions
23	Share Purchase Agreement	Lotus US Financing S.A.R.L Lotus Alvogen Group Holdings S.A.R.L New Alvogen Group Holding Inc. Alvogen Lux Holding S.A.R.L	2025/09/23~	Share acquisition	N/A
24	Loan	CTBC Bank Co., Ltd. as the Facility Agent bank of the syndicated loan consortium	2025/09/26~ 2028/10/16	Loan	N/A
25	Loan	Alvogen Korea Co. Ltd. and Shinhan Bank as the Facility Agent	2025/12/15~ 2028/12/22	Loan	N/A

V. Financial Status, Operating Results, and Risk Management

5.1 Financial Status

Unit: NTD in thousands

Item \ Year	2024	2025	Difference	
			Amount	%
Current assets	18,098,279	26,452,718	8,354,439	46
Financial asset at fair value through profit or loss－non-current	3,188,859	0	(3,188,859)	(100)
Financial assets at fair value through other comprehensive income – non-current	405,177	463,882	58,705	14
Property, plant and equipment	3,395,360	6,926,706	3,531,346	104
Right-of-use assets	270,971	680,158	409,187	151
Goodwill	6,126,521	31,954,931	25,828,410	422
Other intangible assets	7,838,085	25,323,596	17,485,511	223
Deferred tax assets	486,423	13,942,232	13,455,809	2,766
Other non-current assets	291,468	409,708	118,240	41
Total assets	40,101,143	106,153,931	66,052,788	165
Current liabilities	8,438,124	16,878,826	8,440,702	100
Financial liabilities at fair value through profit or loss－non-current	0	10,187,370	10,187,370	0
Long-term borrowings	8,383,528	42,447,455	34,063,927	406
Deferred tax liabilities	1,092,749	1,697,093	604,344	55
Preference share liabilities－non-current	0	8,458,032	8,458,032	0
Other non-current liabilities	1,006,316	2,705,299	1,698,983	169
Total liabilities	18,920,717	82,374,075	63,453,658	335
Share capital	2,658,583	2,668,738	10,155	0
Capital surplus	7,430,959	7,641,635	210,676	3
Retained earnings	12,660,106	15,903,639	3,243,533	26
Other equity	(1,520,836)	(1,609,996)	(89,160)	6
Treasury shares	(48,386)	(824,160)	(775,774)	1,603
Total equity	21,180,426	23,779,856	2,599,340	12

Analysis of items that have increased or decreased (by over 20% in percentage and by over NT$10,000,000 in amount) in the most recent two years:

(1) Total assets: Mainly due to the acquisition of NAGH group in 2025, resulting in a significant increase in consolidated amounts.

(2) Current liabilities: Mainly due to the acquisition of NAGH group in 2025, resulting in a significant increase in consolidated amounts.

(3) Financial liabilities at fair value through profit or loss－non-current: Mainly due to the contingent consideration (earn-out) arising from the NAGH acquisition.

(4) Long-term borrowings: Mainly due to new long-term loans raised for the NAGH acquisition, as well as the consolidation of existing debts from the acquired entities.

(5) Deferred tax liabilities and other non-current liabilities: Mainly due to the acquisition of NAGH group in 2025, resulting in a significant increase in consolidated amounts.

(6) Preference share liabilities－non-current: Mainly due to the issuance of preferred shares as part of the consideration for the NAGH acquisition.

(7) Retained earnings: Mainly due to the increase in profit.

(8) Treasury shares: Mainly due to the repurchase of 3,650,000 treasury shares in the second quarter of 2025.

5.2 Financial Performance

5.2.1 Comparison and Analysis of the Operating Results of the Most Recent Two Years

Unit: NTD in thousands

Item \ Year	2024	2025	Increase (decrease) Amount	Increase (decrease) Percentage(%)
Operating income	18,584,227	20,509,474	1,925,247	10
Operating costs	7,660,151	8,602,805	942,654	12
Operating gross profit	10,924,076	11,906,669	982,593	9
Operating expenses	4,904,097	6,002,753	1,098,656	22
Operating profit	6,019,979	5,903,916	(116,063)	(2)
Non-operating income and expenditure	339,599	(185,741)	(525,340)	(155)
Net profit before tax	6,359,578	5,718,175	(641,403)	(10)
Income tax	(1,294,068)	(998,122)	295,946	(23)
Net profit after tax	5,065,510	4,720,053	(345,457)	(7)

Analysis of items that have increased or decreased (by over 20% in percentage and by over NT$10,000,000 in amount) in the most recent two years:

(1) Operating expenses: Mainly due to (1) the integration of Thailand business and Alvogen business, respectively, in 2025, as well as the inclusion of one-off expenses related to acquisition of NAGH Group; and (2) the impairment losses on certain R&D projects.

(2) Non-operating income and expenditure: Mainly due to the increase in interest expenses from the consolidation of NAGH and the decrease in foreign exchange gains.

(3) Income tax expenses: Mainly due to the income tax benefit from the consolidation of NAGH .

5.2.2 Projected Sales Volume in the Following Year, Its Basis, and Potential Impacts on Future Finances and Countermeasures:

1. Projected sales volume in the following year and basis

The company will continue its dual-track strategy for business development, including expanding into the Asia-Pacific market with niche products, and growing alongside global opportunities in oral oncology and specialty generics through niche selection, formulation research and development, global licensing, global registration, Taiwan production, and global supply.

The Company will continue to pursue growth opportunities in specialty pharmaceutical products through both in-house R&D and licensing-in collaborations. Leveraging its diversified portfolio strategy, the Company focuses on high-value and high-barrier products, including complex generics, 505(b)(2) products, new chemical entities (NCE), and biosimilars. Through niche product selection, formulation research and development, global licensing, global registration, high-quality manufacturing, and global supply, the Company maintains a balanced pipeline to support sustainable long-term growth.

The Company has established a strong global footprint, with a direct presence in the United States and key markets across Asia. Beyond these markets, the Company further expands its global reach through long-standing partnerships with leading regional pharmaceutical companies.

2. Potential impacts on future finances and countermeasures

Currently, the company's revenues from the Asia-Pacific and global markets are roughly equal. Moving forward, we will continue expanding our global presence and partnerships, building a diversified product portfolio, and evolving from a Taiwan-based company into a multinational pharmaceutical leader. By strengthening our foothold in the Asia-Pacific while expanding globally, we aim to mitigate market risks and drive sustainable growth.

5.3 Cash Flow

5.3.1 Cash Flow Analysis for the Most Recent Two Years:

	2024	2025	Increases (decrease) Percentage
Cash flow percentage (%)	72.94	44.32	(39.24)
Cash flow allowable percentage (%)	72.33	63.41	(12.33)
Cash reinvestment percentage (%)	32.44	31.49	(2.93)

The change in cash flow: Mainly due to the significant increase in consolidated current liabilities resulting from the NAGH acquisition.

5.3.2 Liquidity Improvement Plan:

The Company's performance and cash flow have grown steadily. Therefore, the Company has not experienced liquidity shortages.

5.3.3 Cash Flow Analysis for the Following Year:

Cash Balance at the Beginning of the Period (1)	Estimated Annual Cash Inflow from Operating Activities (2)	Estimated Annual Cash Outflow (3)	Estimated Cash Surplus (insufficiency) (1) + (2) - (3)	Remedial Measures for Estimating Insufficient Cash Balance	
				Fundraising Plan	Financial Plan
7.74 billion	6.51 billion	7.51 billion	6.74 billion	Not applicable	Not applicable

Analysis of changes in cash flow in the current year:

1. Annual net cash flow from operating activities is primarily derived from operating activities, and the cash flow was stable.
2. Estimated annual cash outflow primarily derived from the repayment of long-term borrowings, dividend distributions, R&D, and capital expenditures.
3. Future investment or financing plans, driven by the Company's strategic planning and business development needs, have not been reflected in the table above.

5.4 Major Capital Expenditures in the Most Recent Year and Their Impact on Financial and Business Operations

5.4.1 Major Capital Expenditures Estimated Use and Source of Funds:

Units: NTD in thousands

Project	Source of Funds	Complete Date	Total Amount
Site Master Plan & Upgrade	The Company's own capital and revenue	2025/12/31	250,303

5.4.2 Major Capital Expenditures Anticipated Benefits

Seizing global opportunities in high-value and high-barrier specialty pharmaceutical products through niche product selection, a turnkey manufacturing and supply model, formulation research and development, global licensing, pharmaceutical registration, high-quality manufacturing, and worldwide commercialisation.

5.5 Investment Policy in the Most Recent Year, Main Causes for Profits or Losses, Improvement Plan, and Investment Plans for the Following Year

5.5.1 The Company's Investment Policy

The Company's management policy for invested businesses is primarily based on the Rules Governing Financial and Business Matters Between Affiliated Enterprises, Operating Procedures of Transactions Between Affiliates, Specific Companies, and Group Subsidiaries, and Regulations Governing the Subsidiaries of Lotus Pharmaceutical under the Regulations Governing the Internal Control of Lotus Pharmaceutical. The policy serves as a basis for the control and supervision of invested businesses. Lotus has adopted a risk management system for subsidiary operations in order to maximize business performance.

5.5.2 The Major Reasons for Investment Gains or Losses in the Most Recent Year, Corresponding Improvement Plans, and Investment Plans for the Following Year

Dec 31st, 2025; Unit: NTD in thousand

Description / Item	Profits or Losses in 2025	Business Activities	Main Causes for Profits or Losses	Improvement Plans	Future Investment Plans
Alvogen Korea Holdings Ltd.	382,043	Investment business	Investment business	None.	None.
Alvogen Pharma India Pvt Ltd.	55,531	Investment business	Investment business	None.	None.
Lotus International Pte. Ltd.	2,002,755	Investment business and sale of medicine	Investment business	None.	None.
Alvogen (Thailand) Ltd.	248,264	Sale of pharmaceuticals and medicinal chemical products	Sales business	None.	None.
Lotus Support Services SRL	3,215	Pharmaceutical regulatory affairs project management services	Medical and regulatory affairs	None.	None.
Lotus Alvogen Malta Ltd.	1,594	Marketing activities and healthcare consultancy	Service revenue	None.	None.
Lotus Pharmaceutical, HK Ltd.	1,646	Data collection and agent services in Hong Kong	Service revenue	None.	None.
Lotus Pharmaceutical (Shanghai) Health Management Consulting Limited	658	Consultation on health management, health technology, trading information, market planning, and business information	Medical technology consulting services	None.	None.

Description / Item	Profits or Losses in 2025	Business Activities	Main Causes for Profits or Losses	Improvement Plans	Future Investment Plans
Lotus Japan Holdings Co., Ltd.	8,380	Sale of medicine and clinical machine retail	Investment business	None.	None.
Avos Pharma Science Co., Ltd.	(37)	Biotech technological consulting services, clinical machine retail and related consulting services	Operations in Taiwan	To decrease expenses	None.
Lotus Healthcare Malaysia Sdn. Bhd.	588	Marketing activities and healthcare consultancy	Expansion business	None.	None.
Lotus Healthcare Philippines Corp.	(35,164)	Sale of pharmaceuticals and medicinal chemical products	Expansion business	To decrease expenses	None.
Lotus Pharma Bulgaria EOOD	1,832,068	Sale of pharmaceuticals and medicinal chemical products	Sales business	None.	None.
Lotus Pharma ehf.	26	Marketing activities and healthcare consultancy	In liquidation	None.	None.
Meishi Pharma Service Pte. Ltd.	0	Management consultancy service	Expansion business	None.	None.
Meishi Pharma Services Private Limited	(24,812)	Pharmaceutical research and development service	Increase in the operating expenses at the early stage	To become the R&D center	None.
Lotus Pharmaceutical (Thailand) Co., Ltd.	61,634	Sale of pharmaceuticals and medicinal chemical products	Sales business	None.	None.
Lotus Pharmaceuticals US, Inc.	(2,472)	Data collection and agency business in U.S.A.	Increase in the operating expenses at the early stage	To decrease expenses	None.
Lotus US Financing S.à.r.l.	(90,547)	Investment business	Investment business	Improve investment performance	None.
Lotus Alvogen Group Holdings S.à.r.l.	(86,094)	Investment business	Investment business	Improve investment performance	None.
New Alvogen Group Holding Inc.	(94,257)	Investment business	Investment business	To decrease expenses; enhance operating efficiencies	None.

5.6 Risk Management

Assessments of risk management organization, structures, and matters in the current year up to the date of printing are as follows:

Risk management execution and responsible units:

(1) Financial risk, liquidity risk, credit risk: Financial and Accounting Department→General Manager's Office→Chairman's Office

(2) Legal risk: Legal Affairs Department→General Manager's Office

(3) Market risk, operational risk: Sales and Marketing Department/Manufacturing facility→ General Manager's Office

(4) R&D control risk: Research and Development Department→Manufacturing facility→ General Manager's Office

The aforementioned units identify, analyze, and measure potential risks and implement countermeasures in accordance with laws and regulations. The Audit Department reviews the risk items and reports to the Board of Directors.

5.6.1 Effect of Inflation and Changes in Interest Rates and Foreign Exchange Rates on the Company's Profits and Losses and Future Countermeasures:

The impact of changes in interest rates and exchange rates on the Company's profit and loss in 2025:

Units: NTD in thousands; %

Item	2025
Net interest income (expenditure)	(777,975)
Net exchange gain (loss)	16,780
Net interest income (expenditure) as a percentage of net revenue (%)	(3.80)
Net interest income (expenditure) as a percentage of pre-tax net loss (%)	(13.64)
Net exchange gain (loss) as a percentage of net revenue (%)	0.08
Net exchange gain (loss) as a percentage of pre-tax net loss (%)	0.29

1. Interest rate changes: The Company's 2025 and 2024 interest expenditure of its net revenues were -3.80% and -2.53%, respectively. It was mainly due to new long-term loans raised for the NAGH acquisition, as well as the consolidation of existing debts from the acquired entities. In the future, it will continue to monitor changes in interest rates and assess its lending strategies accordingly.
2. Changes in the exchange rate: In 2025, the Company listed the exchange gain amounting to NT$16,780 thousand, which was 0.08% of its net revenue. Therefore, the impact of changes in the exchange rate was minimal. In the future, the Company will monitor foreign exchange fluctuations and evaluate the related influence continuously.
3. Inflation: Inflation had no significant impact on Company profits/losses. Nonetheless, the Company will continue to monitor inflation and adjust sales prices and inventories accordingly.
4. Countermeasures:
   (1) The Company shall pay attention to trends in major currencies in the international currency market as well as non-economic international trends and changes to remain up-to-date on the latest exchange rates and adopt countermeasures in a timely manner. It shall take into account the risk imposed by changing interest rates during the quoting process and adjust sales prices accordingly to ensure profitability.

(2) The Company primarily pays for purchases in the same currency to automatically hedge risk.

(3) The Company shall regularly collect financial information and foreign exchange reports from financial institutions and consolidate the dates to determine foreign exchange and interest rate trends, and adjust foreign exchange and capital strategies as necessary.

(4) The Company shall monitor future trends and utilize a range of financial instruments in the capital market to reduce the cost of capital.

5.6.2 Main Reasons for Profit or Losses Experienced From High-risk, High-leverage Investments, Capital Loans to Others, Endorsements and Guarantees, and Trading Policies for Derivative Products as Well as Future Countermeasures:

Loaning and endorsement information for the current year up to the date of printing has been disclosed on the Market Observation Post System. In addition, the Company does not hold any high-risk and highly-leveraged investments or trade in derivative products. If financing, endorsements, or the trading of derivative products are required to satisfy operational needs in future, matters shall be handled in accordance with the Procedures for Acquisition or Disposal of Assets, Procedures for Loaning of Funds and Making of Endorsements Guarantees. Relevant information shall be promptly and accurately announced in accordance with laws and regulations.

5.6.3 Future R&D Plans and Projected Investment Schedules and R&D Expenses:

R&D expense (before capitalization) is projected to be 10~15% of total yearly revenue in 2026. The main R&D direction is to continue to focus on manufacturing difficult generic drugs and expanding into highly regulated global markets. High value-added products shall be prioritized.

5.6.4 Potential Impacts of Changes in Domestic and International Policies and Regulations on Corporate Finance and Business and Their Countermeasures:

In Asian countries, the pharmaceutical market is similarly affected by healthcare drug pricing, with Taiwan's National Health Insurance (NHI) system, in particular, limiting the overall business growth and development of existing product portfolios due to its global budget system.Therefore, the company focuses on introducing and developing new products, strengthening existing product portfolios to gain higher market share in key markets, and increasing export activities beyond its primary markets to offset the adverse effects of existing market trends. In recent years, the company has been dedicated to expanding into overseas markets and seeking collaboration opportunities, successfully penetrating markets outside Taiwan and establishing a stable market position in the Asia-Pacific region, thereby reducing market risks caused by fluctuations in policies and regulations within a single market or region.

5.6.5 Potential impacts of disruptive technology (including information security risk) and industry change on corporate finance and business and their countermeasures:

1. With the increasing emphasis on regimen and hygiene among the national, the demand for biopharmaceuticals continues to rise. Additionally, due to rapid advancements in technology, our company continuously upgrades manufacturing facilities that comply

with the standards of the U.S. Food and Drug Administration (FDA). We prioritize strict quality control, actively develop formulations, and optimize clinical trial designs to stay ahead of market demands as our operational goal.

2. Information security risk assessment and analysis:

The company has established a computerized information system processing procedures to implement the internal control systems and maintain information security policies. They conduct annual reviews and evaluations of security regulations and procedures to ensure their adequacy and effectiveness.

Below are detail explanations:

(1) System account life cycle management and permission account management

User account and permission are set according to each business requirement and responsibilities. Access to data must approval through the sign-off process, which must be apply and approved by relevant manager before access or modification. Once users resigned from their original job position, their account and permission are immediately terminated to prevent unauthorized access.

(2) Data access record and backup

The system log, file access track record, emails, and other relate date are archived and preserved. Upon completion of the decommissioning process, all computers undergo hardware dismantling and destruction to comply with regulatory management systems and information security policies.

(3) Continuous operation of the information system

System and document are backed up daily, weekly, and monthly. Monthly backup data is transmitted to the off-site data center for off-site backup. The system data recovery test is performed regularly annually to ensure the normal operation of the operation system and data preservation reduce the risk of data lost caused by unforeseen natural disasters and man-made disasters.

IT Department of the company executes operations according to the company's prescribed procedures, ensuring data integrity and security. The risk assessment results are positive, indicating no significant adverse impact from technological changes on company information security or major operational risks up to the most recent annual and year-to-date report printing dates.

5.6.6 Potential Impacts of Changes in Corporate Image on Corporate Crisis Management and Their Countermeasures:

In recent years, Lotus has been continuously enhancing corporate governance to safeguard shareholder interests. Externally, the company holds quarterly investor briefings to present its operational status, vision, and future prospects, while strengthening communication with various stakeholders to increase the transparency of company information.

Internally, for employees, the company hosts 'Yellow Friday' events irregularly on the last Friday of each month, organized by the welfare committees in various locations. These events allow colleagues to get to know each other's cultures through activities, promoting cultural integration, enhancing communication, and fostering a sense of unity.

5.6.7 Anticipated Benefits and Potential Risks of Mergers and Acquisitions and Their Countermeasures:

From the beginning of 2025 to the date of the Annual Report, we completed the acquisition of Alvogen US, a fully integrated pharmaceutical platform in the United States. This transaction represents a transformative milestone in our long-term growth strategy, significantly enhancing our capabilities across R&D, manufacturing, and commercial operations, while expanding our specialty product portfolio and global footprint.

By establishing a direct presence in the U.S.—the world's largest pharmaceutical market—this acquisition provides a scalable platform for future portfolio expansion and strengthens our ability to bring specialty products to market globally. Integration activities are progressing with a focus on operational alignment and continuity, and we expect the combination to accelerate sustainable growth across our core markets.

5.6.8 Anticipated Benefits and Potential Risks of Capacity Expansion and Their Countermeasures:

The company continues to upgrade the machinery and equipment at its Nantou factory and provides training for personnel to supply anti-cancer drugs and various prescription medications. For certain mature products, the company will seek qualified contract manufacturers based on market demand. Therefore, there is no short-term need for expanding the factory premises.

5.6.9 Potential Risks of Concentrated Procurement and Sales, and Countermeasures:

1. Risk of inbound c oncentration: In recent years, the company has been continuously strengthening its product portfolio and enhancing the layout of independently developed products in target markets. Due to the localization of supply chains caused by the COVID-19 pandemic in various countries in recent years, the company has actively diversified the sources of raw material supply and strengthened supply chain management to accommodate its ongoing growth strategy. Therefore, the company's current operational status does not entail risks associated with centralized procurement.
2. Risk of sales concentration: In recent years, our company has embarked on a proactive transformation from a generic drug manufacturer to a hybrid drug manufacturer. This transformation includes acquiring branded drugs (such as Cialis and Alimta), obtaining licensing and sales rights for new molecular entities (such as Zepzelca), and introducing biosimilar drugs. These initiatives aim to achieve diversification in product sales, target markets, and sales partners, further reducing the risk associated with concentrated sales.

5.6.10 Potential Impacts and Risks of the Sales or Transfers of Significant Numbers of Shares by the Company's Directors, or Major Shareholders Holding More Than 10% of Outstanding Shares and Their Countermeasures:

From the beginning of 2025 to the date of the Annual Report, there were no material changes in the shareholdings of the Company's directors or major shareholders holding more than 10% of the outstanding shares. The Company's ownership structure and management control remain stable, with no material impact on its financial or business operations.

5.6.11 Potential Impacts and Risks of Replacement of Management and Their Countermeasures:

There have been no changes in ownership or control of the company during the most recent fiscal year and up to the date of this year's publication.

5.6.12 Litigations and Non-Litigated Incidents:

1. Ruled or pending litigation, non-litigation, or administrative litigation cases of the Company in the past two years to the date of printing that significantly influenced shareholder rights or stock prices: Please refer to Notes 9 to the accompanying consolidated financial statements.
2. Ruled or pending litigation, non-litigation, or administrative litigation cases of Company Directors, general managers, substantive Directors, or major shareholders who own 10% or more of company stock in the past two years to the date of printing that significantly influenced shareholder rights or stock prices: None.
3. Occurrence of situations specified in Article 157 of the Securities and Exchange Act of Company Directors, general managers, substantive Directors, or major shareholders who own 10% or more of company stock in the past two years to the date of printing, and current status: None.

5.6.13 Other Major Risks and Their Countermeasures: None.

5.7 Additional Information: None.

VI. Special Notes

6.1 Affiliated Businesses

6.1.1 Consolidated Statements of Operation of Affiliated Businesses: The information is available at the Market Observation Post System (MOPS)
(website: https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

6.1.2 Consolidated Financial Statements of Affiliated Business: Please refer to page 3 in 2025 consolidated financial report of Lotus Group.

6.1.3 Business Relationship Report: Not applicable

6.2 Private Placement of Securities in the Most Recent Year as of the Date of this Annual Report: None.

6.3 Other Supplementary Notes: None.

6.4 Events of Material Impact on Shareholders' Equities or Securities Prices in the Most Recent Year as of the Date of this Annual Report as Regulated in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act: None.

Lotus Pharmaceutical Co., Ltd.

Chairman: Vilhelm Róbert Wessman