

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Six Months Ended June 30, 2025 and 2024**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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## Independent Auditors' Review Report

To the Board of Directors  
of Lotus Pharmaceutical Co., Ltd.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Lotus Pharmaceutical Co., Ltd. (“the Company”) and its subsidiaries (“the Group”) as of June 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, as well as the changes in equity and cash flows for the six months ended June 30, 2025 and 2024, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in Note 4(2), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$3,121,201 thousand and \$962,566 thousand, constituting 8% and 3% of the consolidated total assets; and the total liabilities amounting to \$414,325 thousand and \$194,101 thousand, constituting 2% and 1% of the consolidated total liabilities as of June 30, 2025 and 2024, respectively; as well as the total comprehensive income amounting to \$151,959 thousand, \$(54,892) thousand, \$104,591 thousand and \$(71,283) thousand, constituting (116)%, (4)%, 8% and (3)% of the total consolidated comprehensive income for the three months and six months ended June 30, 2025 and 2024, respectively.



## **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2025 and 2024, and of its consolidated financial performance for the three months and six months ended June 30, 2025 and 2024, as well as its consolidated cash flows for the six months ended June 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Cheng, An-Chih and Chou, Pao-Lian.

KPMG

Taipei, Taiwan (Republic of China)  
August 11, 2025

## **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statements of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Lotus Pharmaceutical Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

June 30, 2025, December 31 and June 30, 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2025		December 31, 2024		June 30, 2024		Liabilities and Equity		June 30, 2025		December 31, 2024		June 30, 2024	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(1))	\$ 4,113,347	11	6,030,113	15	2,856,312	8	2100	Short-term borrowings (note 6(12))	\$ 1,215,504	3	1,614,619	4	293,526	1
1140	Contract assets—current (notes 6(21) and 7)	119,363	-	221,774	1	522,768	2	2130	Contract liabilities—current (notes 6(21) and 7)	167,879	1	180,900	-	180,851	1
1170	Notes and accounts receivable, net (notes 6(4) and (11))	2,037,563	5	1,952,511	5	1,834,344	5	2170	Notes and accounts payable	813,700	2	988,104	3	748,160	2
1180	Accounts receivable—related parties (note 7)	4,256,242	11	5,260,516	13	4,457,651	13	2180	Accounts payable—related parties (note 7)	105,585	-	82,334	-	41,735	-
1200	Other receivables	28,671	-	66,518	-	25,176	-	2200	Other payables (note 6(18))	2,450,695	7	1,229,237	3	2,288,257	7
1210	Other receivables—related parties (note 7)	20,053	-	69,560	-	176,132	1	2220	Other payables—related parties (note 7)	101,874	-	99,303	-	100,428	-
1220	Current tax assets	117,639	-	132,461	-	59,080	-	2230	Current tax liabilities	468,185	2	664,472	2	679,715	2
1310	Inventories (note 6(5))	3,890,930	10	3,833,331	10	3,811,343	11	2250	Provisions—current (note 6(15))	55,179	-	48,846	-	35,677	-
1479	Other current assets (notes 8 and 9)	521,374	2	531,495	1	456,782	1	2280	Lease liabilities—current (note 6(14))	87,257	-	84,315	-	90,218	-
	<b>Total current assets</b>	<u>15,105,182</u>	<u>39</u>	<u>18,098,279</u>	<u>45</u>	<u>14,199,588</u>	<u>41</u>	2320	Current portion of long-term borrowings (notes 6(13) and 8)	4,220,718	11	3,389,979	9	2,101,996	6
	<b>Non-current assets:</b>							2399	Other current liabilities	82,229	-	56,015	-	21,553	-
1510	Financial asset at fair value through profit or loss—non-current (note 6(2))	2,867,677	7	3,188,859	8	2,698,389	8		<b>Total current liabilities</b>	<u>9,768,805</u>	<u>26</u>	<u>8,438,124</u>	<u>21</u>	<u>6,582,116</u>	<u>19</u>
1517	Financial asset at fair value through other comprehensive income—non-current (note 6(3))	340,738	1	405,177	1	371,358	1		<b>Non-current liabilities:</b>						
1600	Property, plant and equipment (notes 6(6), (7) and 8)	3,332,455	9	3,395,360	9	3,343,314	10	2527	Contract liabilities—non-current (note 6(21))	20,761	-	26,563	-	34,286	-
1755	Right-of-use assets (note 6(8))	220,094	1	270,971	1	295,307	1	2540	Long-term borrowings (notes 6(13) and 8)	5,951,380	16	8,383,528	21	7,977,154	23
1805	Goodwill (notes 6(6) and (9))	6,016,599	16	6,126,521	15	5,591,334	16	2550	Provisions—non-current (note 6(15))	32,496	-	37,585	-	22,090	-
1821	Other intangible assets (notes 6(6), (10) and 7)	9,482,503	25	7,838,085	20	7,385,860	21	2570	Deferred tax liabilities	1,091,376	3	1,092,749	3	709,103	2
1840	Deferred tax assets	513,404	2	486,423	1	420,190	1	2580	Lease liabilities—non-current (note 6(14))	142,449	-	194,063	-	205,127	1
1930	Long-term accounts receivable (note 6(11))	122,286	-	122,728	-	169,048	1	2640	Defined benefit liabilities, net	664,397	2	641,208	2	521,352	2
1990	Other non-current assets (notes 8 and 9)	163,193	-	168,740	-	163,417	-	2670	Other non-current liabilities (note 6(10))	128,281	-	106,897	-	106,577	-
	<b>Total non-current assets</b>	<u>23,058,949</u>	<u>61</u>	<u>22,002,864</u>	<u>55</u>	<u>20,438,217</u>	<u>59</u>		<b>Total non-current liabilities</b>	<u>8,031,140</u>	<u>21</u>	<u>10,482,593</u>	<u>26</u>	<u>9,575,689</u>	<u>28</u>
	<b>Total assets</b>	<u>\$ 38,164,131</u>	<u>100</u>	<u>40,101,143</u>	<u>100</u>	<u>34,637,805</u>	<u>100</u>		<b>Total liabilities</b>	<u>17,799,945</u>	<u>47</u>	<u>18,920,717</u>	<u>47</u>	<u>16,157,805</u>	<u>47</u>
									<b>Equity (notes 6(18) and (19)):</b>						
								3100	Share capital	2,670,438	7	2,658,583	7	2,655,183	8
								3200	Capital surplus	7,663,200	20	7,430,959	19	7,292,581	21
								3300	Retained earnings	13,304,354	35	12,660,106	31	10,036,267	28
								3400	Other equity	(2,449,646)	(7)	(1,520,836)	(4)	(1,455,345)	(4)
								3500	Treasury shares	(824,160)	(2)	(48,386)	-	(48,686)	-
									<b>Total equity</b>	<u>20,364,186</u>	<u>53</u>	<u>21,180,426</u>	<u>53</u>	<u>18,480,000</u>	<u>53</u>
	<b>Total assets</b>	<u>\$ 38,164,131</u>	<u>100</u>	<u>40,101,143</u>	<u>100</u>	<u>34,637,805</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 38,164,131</u>	<u>100</u>	<u>40,101,143</u>	<u>100</u>	<u>34,637,805</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Lotus Pharmaceutical Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Three Months and Six Months Ended June 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the three months ended				For the six months ended				
	June 30,		June 30,		June 30,		June 30,		
	2025	2024	2025	2024	2025	2024	2025	2024	
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Net revenue (notes 6(11), (21) and 7)	\$ 4,747,025	100	4,742,928	100	9,476,809	100	8,941,072	100
5000	Cost of sales (notes 6(5) and 7)	1,953,882	41	1,863,937	39	3,768,364	40	3,758,586	42
5900	Gross profit from operations	2,793,143	59	2,878,991	61	5,708,445	60	5,182,486	58
	<b>Operating expenses (notes 6(6) and 7):</b>								
6100	Selling expenses	722,852	15	662,877	14	1,401,302	15	1,258,842	14
6200	Administrative expenses	406,300	9	356,088	8	781,785	8	691,933	8
6300	Research and development expenses	164,466	3	222,954	5	309,572	3	339,932	4
6450	Expected credit loss recognized (reversed) (note 6(4))	(4,203)	-	3,851	-	(2,646)	-	2,976	-
	<b>Total operating expenses</b>	1,289,415	27	1,245,770	27	2,490,013	26	2,293,683	26
6900	Operating income	1,503,728	32	1,633,221	34	3,218,432	34	2,888,803	32
	<b>Non-operating income and expenses:</b>								
7100	Interest income	31,894	1	22,820	1	55,131	1	44,925	1
7010	Other income (notes 6(3) and 7)	17,277	-	21,959	-	31,937	-	55,123	1
7020	Other gains and losses, net (note 6(23))	(592,535)	(12)	121,703	3	(461,996)	(5)	268,512	3
7050	Finance costs (note 6(23))	(133,070)	(3)	(138,730)	(3)	(273,824)	(3)	(290,041)	(3)
		(676,434)	(14)	27,752	1	(648,752)	(7)	78,519	2
7900	Income before income tax	827,294	18	1,660,973	35	2,569,680	27	2,967,322	34
7950	Less: Income tax expense (note 6(17))	99,031	2	329,403	7	405,986	4	599,456	7
	<b>Net income</b>	728,263	16	1,331,570	28	2,163,694	23	2,367,866	27
8300	<b>Other comprehensive loss:</b>								
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>								
8316	Unrealized gain (loss) from investment in equity instrument measured at fair value through other comprehensive income	12,949	-	(40,534)	(1)	(55,136)	(1)	(61,036)	(1)
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	12,949	-	(40,534)	(1)	(55,136)	(1)	(61,036)	(1)
8360	<b>Components of other comprehensive loss that may be reclassified to profit or loss</b>								
8361	Exchange differences on translation of foreign financial statements	(872,080)	(18)	(61,871)	(1)	(771,569)	(8)	(99,375)	(1)
	Components of other comprehensive loss that may be reclassified to profit or loss	(872,080)	(18)	(61,871)	(1)	(771,569)	(8)	(99,375)	(1)
8300	<b>Other comprehensive loss, net</b>	(859,131)	(18)	(102,405)	(2)	(826,705)	(9)	(160,411)	(2)
8500	<b>Total comprehensive income (loss)</b>	\$ (130,868)	(2)	1,229,165	26	1,336,989	14	2,207,455	25
	<b>Earnings per share (note 6(20))</b>								
9750	Basic earnings per share	\$ 2.81		5.09		8.29		9.05	
9850	Diluted earnings per share	\$ 2.79		5.06		8.25		9.00	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the Six Months Ended June 30, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings						Other equity					Total equity
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized loss on financial asset at fair value through other comprehensive income	Unearned share-based payments	Total	Treasury shares	
<b>Balance at January 1, 2024</b>	\$ 2,649,583	7,130,549	491,542	1,034,284	7,374,263	8,900,089	(764,111)	(81,965)	(449,413)	(1,295,489)	(51,097)	17,333,635
Net income	-	-	-	-	2,367,866	2,367,866	-	-	-	-	-	2,367,866
Other comprehensive loss	-	-	-	-	-	-	(99,375)	(61,036)	-	(160,411)	-	(160,411)
Total comprehensive income (loss)	-	-	-	-	2,367,866	2,367,866	(99,375)	(61,036)	-	(160,411)	-	2,207,455
Appropriation of earnings:												
Legal reserve appropriated	-	-	407,667	-	(407,667)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(188,210)	188,210	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,231,688)	(1,231,688)	-	-	-	-	-	(1,231,688)
Share-based payments	5,600	162,032	-	-	-	-	-	-	555	555	2,411	170,598
<b>Balance at June 30, 2024</b>	<b>\$ 2,655,183</b>	<b>7,292,581</b>	<b>899,209</b>	<b>846,074</b>	<b>8,290,984</b>	<b>10,036,267</b>	<b>(863,486)</b>	<b>(143,001)</b>	<b>(448,858)</b>	<b>(1,455,345)</b>	<b>(48,686)</b>	<b>18,480,000</b>
<b>Balance at January 1, 2025</b>	\$ 2,658,583	7,430,959	899,209	846,074	10,914,823	12,660,106	(990,465)	(117,745)	(412,626)	(1,520,836)	(48,386)	21,180,426
Net income	-	-	-	-	2,163,694	2,163,694	-	-	-	-	-	2,163,694
Other comprehensive loss	-	-	-	-	-	-	(771,569)	(55,136)	-	(826,705)	-	(826,705)
Total comprehensive income (loss)	-	-	-	-	2,163,694	2,163,694	(771,569)	(55,136)	-	(826,705)	-	1,336,989
Appropriation of earnings:												
Legal reserve appropriated	-	-	499,171	-	(499,171)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	262,134	(262,134)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,519,653)	(1,519,653)	-	-	-	-	-	(1,519,653)
Share-based payments	11,855	232,241	-	-	207	207	-	-	(102,105)	(102,105)	(775,774)	(633,576)
<b>Balance at June 30, 2025</b>	<b>\$ 2,670,438</b>	<b>7,663,200</b>	<b>1,398,380</b>	<b>1,108,208</b>	<b>10,797,766</b>	<b>13,304,354</b>	<b>(1,762,034)</b>	<b>(172,881)</b>	<b>(514,731)</b>	<b>(2,449,646)</b>	<b>(824,160)</b>	<b>20,364,186</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**

**Consolidated Statements of Cash Flows**

**For the Six Months Ended June 30, 2025 and 2024**

**(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30,	
	2025	2024
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 2,569,680	2,967,322
<b>Adjustments:</b>		
<b>Adjustments to reconcile income</b>		
Depreciation expense	189,674	178,124
Amortization expense	529,254	449,481
Expected credit loss recognized (reversed)	(2,646)	2,976
Losses (gains) on financial asset at fair value through profit or loss	321,182	(113,688)
Finance costs	273,824	290,041
Gains on financial liabilities at amortized cost	(95,001)	-
Interest income	(55,131)	(44,925)
Dividend income	(5,394)	(5,157)
Share-based payment costs	142,007	170,339
Losses on disposal of property, plant and equipment	10,390	181
Unrealized foreign exchange losses (gains)	271,256	(92,740)
Write-downs of inventories	84,112	77,196
Losses from early repayment of loans	-	911
Losses (gains) on lease modifications	1,011	(77)
<b>Total adjustments to reconcile income</b>	<u>1,664,538</u>	<u>912,662</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Contract assets	102,246	(393,986)
Notes and accounts receivable, net	(163,990)	(164,556)
Accounts receivable – related parties	568,385	231,354
Other receivables	31,346	438
Other receivables – related parties	45,930	(11,496)
Inventories	(228,878)	(169,263)
Other current assets	(12,626)	38,287
Long-term accounts receivable	-	(51,082)
Other non-current assets	(1,593)	(1,911)
<b>Total changes in operating assets</b>	<u>340,820</u>	<u>(522,215)</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	(17,207)	38,751
Notes and accounts payable	(133,901)	118,781
Accounts payable – related parties	34,266	(5,419)
Other payables	(118,429)	(180,748)
Other payables – related parties	10,217	(78,153)
Provisions	8,725	(329)
Other current liabilities	23,091	(14,349)
Defined benefit liabilities, net	51,578	52,345
<b>Total changes in operating liabilities</b>	<u>(141,660)</u>	<u>(69,121)</u>
<b>Total changes in operating assets and liabilities</b>	<u>199,160</u>	<u>(591,336)</u>
<b>Total adjustments</b>	<u>1,863,698</u>	<u>321,326</u>

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Cash Flows (Continued)**  
**For the Six Months Ended June 30, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended	
	June 30,	
	2025	2024
Cash flows generated from operations	4,433,378	3,288,648
Interest received	50,027	39,633
Interest paid	(235,538)	(256,958)
Income taxes paid	(587,567)	(372,517)
<b>Net cash flows generated from operating activities</b>	<u>3,660,300</u>	<u>2,698,806</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(223,875)	(196,872)
Proceeds from disposal of property, plant and equipment	38	1,355
Decrease in refundable deposits	1,083	17,245
Acquisition of intangible assets (including capitalized development expenses)	(2,264,362)	(500,853)
Decrease in other current assets	-	15,000
Decrease (increase) in other non-current assets	870	(2)
Dividends received	10,761	5,157
<b>Net cash flows used in investing activities</b>	<u>(2,475,485)</u>	<u>(658,970)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from short-term borrowings	1,400,000	785,293
Repayments of short-term borrowings	(1,791,418)	(999,019)
Proceeds from long-term borrowings	-	236,053
Repayments of long-term borrowings	(1,505,399)	(1,005,293)
Payments of lease liabilities	(59,990)	(56,642)
Payments to acquire treasury shares	(780,988)	-
Treasury shares transferred to employees	5,198	259
Cash dividends returned from unvested restricted stock awards	207	-
<b>Net cash flows used in financing activities</b>	<u>(2,732,390)</u>	<u>(1,039,349)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(369,191)</u>	<u>84,945</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,916,766)	1,085,432
<b>Cash and cash equivalents at beginning of period</b>	<u>6,030,113</u>	<u>1,770,880</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 4,113,347</u>	<u>2,856,312</u>

See accompanying notes to consolidated financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**For the Six Months Ended June 30, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**1. Company history**

Lotus Pharmaceutical Co., Ltd. (the “Company”) was incorporated in Taiwan, the Republic of China (R.O.C.), on June 30, 1966. On January 29, 2010, the Company’s shares were traded on the Taipei Exchange and on December 16, 2019, the Company switched the listing venue of its shares to the Taiwan Stock Exchange (the “TWSE”).

On August 11, 2014, the Company issued privately placed shares of 151,100,000 shares to Innobic Asia Investment Holding Limited (“INIH”, formerly known as Alvogen Emerging Markets Holdings Limited), a wholly owned subsidiary under the Alvogen Group; consequently, INIH becomes the largest shareholder of the Company. The Company subsequently acquired equity interest in certain subsidiaries of the Alvogen Group in South Korea, India and Taiwan (collectively, the “legal subsidiaries”). The consolidated financial statements were issued in the name of the Company but presented as a continuation of the financial statements of the legal subsidiaries.

On April 7, 2022, the Alvogen Group transferred its investment in INIH to Innobic Hong Kong Biddingco Limited (formerly known as Aztiq II BidCo Limited); consequently, the Company’s ultimate controlling party changed to PTT Public Company Limited (“PTT”). Together with the ownership interest held by another PTT’s subsidiary, Innobic LL Holding Company Limited, PTT owned an aggregate ownership interest of 38.01% in the Company as of June 30, 2025; PTT is listed on the Stock Exchange of Thailand.

The Company and its subsidiaries (collectively referred to as the “Group”) is engaged mainly in the research and development, manufacturing and sales of generic and branded pharmaceutical products, as well as consulting services.

**2. Approval date and procedures of the consolidated financial statements**

These consolidated financial statements for the six months ended June 30, 2025 and 2024 were authorized for issuance by the Board of Directors of the Company on August 11, 2025.

**3. New standards, amendments and interpretations adopted**

- (1) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. (the “FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS 21 “Lack of Exchangeability”

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

- (2) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “ Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

- (3) The impact of IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”) but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the IASB, but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> </ul>	January 1, 2027

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> <li>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

**4. Summary of material accounting policies**

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by the FSC. The consolidated financial statements do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (altogether referred to “IFRS Accounting Standards” endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except for the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

(2) Basis of consolidation

The principles of preparation of the consolidated financial statements are the same as those of the 2024 annual consolidated financial statements. For the related information, please refer to note 4 of the 2024 annual consolidated financial statements.

A. List of subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Nature of business	Shareholding			Notes
			June 30, 2025	December 31, 2024	June 30, 2024	
The Company	Alvogen Korea Holdings Ltd. (“Alvogen Korea Holdings”)	Investment business	100.00 %	100.00 %	100.00 %	
The Company	Alvogen Pharma India Pvt Ltd. (“Alvogen India”)	Investment business	100.00 %	100.00 %	100.00 %	(Note 2)
The Company	Lotus International Pte. Ltd.	Investment business and sale of medicine	100.00 %	100.00 %	100.00 %	
The Company	Lotus Japan Holdings Co., Ltd.	Sale of medicine and clinical machine retail	100.00 %	100.00 %	100.00 %	(Note 2)
The Company	Avos Pharma Science Co., Ltd.	Biotech technological consulting services, clinical machine retail and related consulting services	100.00 %	100.00 %	100.00 %	(Note 2)
The Company	Lotus Pharmaceutical, HK Ltd.	Data collection and agent services in Hong Kong	1.56 %	1.56 %	1.56 %	(Note 2)
The Company	Alvogen (Thailand) Ltd.	Sale of pharmaceuticals and medicinal chemical products	2.52 %	2.52 %	2.52 %	(Note 2)
The Company	Lotus Pharmaceutical (Thailand) Co., Ltd. (formerly “Teva Pharma (Thailand) Co., Ltd.”)	Sale of pharmaceuticals and medicinal chemical products	90.00 %	90.00 %	-	(Note 1&2)
Alvogen Korea Holdings	Alvogen Korea Co., Ltd. (“Alvogen Korea”)	Manufactures and sells medicines	100.00 %	100.00 %	100.00 %	
Alvogen India	Norwich Clinical Services Private Limited (“NCS”)	Contract research organization	100.00 %	100.00 %	100.00 %	(Note 2)
Lotus Pharmaceutical, HK Ltd.	Lotus Pharmaceutical (Shanghai) Health Management Consulting Limited	Consultation on health management, health technology, trading information, market planning, and business information	100.00 %	100.00 %	100.00 %	(Note 2)
Lotus Pharmaceutical, HK Ltd.	Alvogen (Thailand) Ltd.	Sale of pharmaceuticals and medicinal chemical products	0.03 %	0.03 %	0.03 %	(Note 2)
Lotus International Pte. Ltd.	Lotus Support Services SRL	Pharmaceutical regulatory affairs project management services	100.00 %	100.00 %	100.00 %	(Note 2)

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

Investor	Subsidiary	Nature of business	Shareholding			Notes
			June 30, 2025	December 31, 2024	June 30, 2024	
Lotus International Pte. Ltd.	Alvogen (Thailand) Ltd.	Sale of pharmaceuticals and medicinal chemical products	97.45 %	97.45 %	97.45 %	(Note 2)
Lotus International Pte. Ltd.	Lotus Alvogen Malta Ltd.	Marketing activities and healthcare consultancy	100.00 %	100.00 %	100.00 %	(Note 2)
Lotus International Pte. Ltd.	Lotus Pharmaceutical, HK Ltd.	Data collection and agent services in Hong Kong	98.44 %	98.44 %	98.44 %	(Note 2)
Lotus International Pte. Ltd.	Lotus Healthcare Malaysia Sdn. Bhd.	Marketing activities and healthcare consultancy	100.00 %	100.00 %	100.00 %	(Note 2)
Lotus International Pte. Ltd.	Lotus Healthcare Philippines Corp.	Sale of pharmaceuticals and medicinal chemical products	100.00 %	100.00 %	100.00 %	(Note 2)
Lotus International Pte. Ltd.	Lotus Pharma Bulgaria EOOD	Sale of pharmaceuticals and medicinal chemical products	100.00 %	100.00 %	100.00 %	(Note 3)
Lotus International Pte. Ltd.	Lotus Pharma ehf.	Marketing activities and healthcare consultancy	100.00 %	100.00 %	100.00 %	(Note 2)
Lotus International Pte. Ltd.	Meishi Pharma Services Private Limited	Management consultancy service	100.00 %	100.00 %	100.00 %	(Note 2)
Lotus International Pte. Ltd.	Meishi Pharma Service Pte. Ltd.	Management consultancy service	100.00 %	100.00 %	100.00 %	(Note 2)
Lotus International Pte. Ltd.	Lotus Pharmaceutical (Thailand) Co., Ltd.	Sale of pharmaceuticals and medicinal chemical products	10.00 %	10.00 %	-	(Note 1&2)

Note 1: On August 1, 2024, the Company and its subsidiary, Lotus International Pte. Ltd., completed the acquisition of 100% equity interest in Lotus Pharmaceutical (Thailand) Co., Ltd. (formerly known as “Teva Pharma (Thailand) Co., Ltd.”). Please refer to note 6(6) for more details.

Note 2: Non-significant subsidiary, which was not reviewed by independent auditors.

Note 3: Since the first quarter of 2025, Lotus Pharma Bulgaria EOOD has been reviewed by independent auditors.

B. List of subsidiaries not included in the consolidated financial statements: None.

(3) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events, if any.

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

(4) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34, “Interim Financial Reporting”.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management’s best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Income taxes that are recognized directly in equity or other comprehensive income are measured in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases at the tax rates that are expected to be applied in the year in which the asset is realized or the liability is settled.

**5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the 2024 annual consolidated financial statements. For related information, please refer to note 5 of the 2024 annual consolidated financial statements.

**6. Explanation of significant accounts**

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the consolidated financial statements for the current period and the 2024 annual consolidated financial statements. Please refer to note 6 of the 2024 annual consolidated financial statements.

(1) Cash and cash equivalents

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Cash on hand and demand deposits	\$ 4,113,347	6,030,113	2,856,312

(2) Financial asset at fair value through profit or loss ("FVTPL")

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Financial asset mandatorily measured at FVTPL:			
Foreign preferred stock – New Alvogen Group Holding Inc.	\$ 2,867,677	3,188,859	2,698,389

For the information of fair value of financial instruments, please refer to note 6(24)D.

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

(3) Financial asset at fair value through other comprehensive income ("FVOCI")

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Financial asset at FVOCI:			
Foreign listed stock—Fuji Pharma Co., Ltd.	\$ <b>340,738</b>	<b>405,177</b>	<b>371,358</b>

- A. The Group designated above investment as financial asset at FVOCI because it intends to hold the investment for long-term strategic purposes.
- B. During the three months and six months ended June 30, 2025 and 2024, dividends of \$0, \$0, \$5,394 and \$5,157, respectively, relating to the above investment were recognized in other income.
- C. There was no disposal of the above investment nor transfer of any cumulative gain or loss within equity relating to the above investment for the six months ended June 30, 2025 and 2024.

(4) Notes and accounts receivable, net

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Notes receivable	\$ 138	-	-
Accounts receivable	2,073,020	1,991,139	1,878,875
Less: Expected credit loss allowance	(35,595)	(38,628)	(44,531)
	<b>\$ 2,037,563</b>	<b>1,952,511</b>	<b>1,834,344</b>

The Group applies the simplified approach to measure the expected credit loss allowance, which uses lifetime expected loss provision for all notes and accounts receivable. To measure the expected credit losses, notes and accounts receivable are grouped based on shared credit risk characteristics and the days past due.

The expected credit loss allowances were determined as follows:

	<b>June 30, 2025</b>		
	<b>Gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Expected credit loss allowance</b>
<b>Group 1</b>			
Current	\$ 1,286,249	- %	10
1 to 60 days past due	24,753	0.02 %	5
61 to 90 days past due	4,190	1.89 %	79
91 to 120 days past due	4,596	5.27 %	242
121 to 150 days past due	44	6.82 %	3
151 to 180 days past due	18	33.33 %	6
181 to 360 days past due	9,487	66.48 %	6,307
More than 360 days past due	29,028	99.71 %	28,943
	<b>\$ 1,358,365</b>		<b>35,595</b>

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

		<b>June 30, 2025</b>		
		<b>Gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Expected credit loss allowance</b>
<b><u>Group 2</u></b>				
Current		\$ <u>714,793</u>	- %	<u>-</u>
		<b>December 31, 2024</b>		
		<b>Gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Expected credit loss allowance</b>
<b><u>Group 1</u></b>				
Current		\$ 1,222,160	- %	39
1 to 60 days past due		56,810	2.33 %	1,324
61 to 90 days past due		3,682	46.61 %	1,716
91 to 120 days past due		15	6.67 %	1
151 to 180 days past due		2,560	93.16 %	2,385
181 to 360 days past due		3,420	99.97 %	3,419
More than 360 days past due		<u>29,744</u>	100.00 %	<u>29,744</u>
		<u>\$ 1,318,391</u>		<u>38,628</u>
<b><u>Group 2</u></b>				
Current		\$ <u>672,748</u>	- %	<u>-</u>
		<b>June 30, 2024</b>		
		<b>Gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Expected credit loss allowance</b>
<b><u>Group 1</u></b>				
Current		\$ 1,038,044	0.91 %	9,411
1 to 60 days past due		102,633	3.00 %	3,079
61 to 90 days past due		8,770	5.74 %	503
91 to 120 days past due		5,819	2.72 %	158
121 to 150 days past due		5,225	29.86 %	1,560
151 to 180 days past due		87	71.26 %	62
181 to 360 days past due		132	100.00 %	132
More than 360 days past due		<u>29,626</u>	100.00 %	<u>29,626</u>
		<u>\$ 1,190,336</u>		<u>44,531</u>
<b><u>Group 2</u></b>				
Current		\$ <u>688,539</u>	- %	<u>-</u>

Group 1: Customer of general risk.

Group 2: Customer of low risk.

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

The movement in the expected credit loss allowance was as follows:

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ 38,628	41,851
Expected credit loss recognized (reversed)	(2,646)	2,976
Effect of exchange rate changes	(387)	(296)
Balance at June 30	<b>\$ 35,595</b>	<b>44,531</b>

(5) Inventories

	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>2025</b>	<b>2024</b>	<b>2024</b>
Raw materials	\$ 1,263,602	1,098,892	1,096,481
Work in progress	550,330	607,228	468,151
Finished goods and merchandise	1,886,931	1,931,064	1,863,129
Inventory in transit	190,067	196,147	383,582
	<b>\$ 3,890,930</b>	<b>3,833,331</b>	<b>3,811,343</b>

For the three months and six months ended June 30, 2025 and 2024, write-downs of inventories to net realizable value in the amount of \$43,872, \$34,438, \$84,112 and \$77,196, respectively, were included in the cost of sales.

As of June 30, 2025, December 31 and June 30, 2024, none of the inventories were pledged as collateral.

(6) Acquisition of subsidiary

On June 6, 2024, to diversify product portfolio and expand the Group's business in Thailand, the Company and its subsidiary, Lotus International Pte. Ltd., entered into a Share Purchase Agreement with Actavis Holding Asia B.V., Actavis Group PTC EHF and Actavis Dutch Holdings B.V. for the acquisition of 90% and 10% equity interest, respectively, in Lotus Pharmaceutical (Thailand) Co., Ltd. (formerly known as "Teva Pharma (Thailand) Co., Ltd."). The purchase price for the acquisition was amounting to USD 46,276 thousand (\$1,520,769). The business combination was consummated on August 1, 2024.

If the acquisition had occurred on January 1, 2024, management estimates that consolidated revenue would have been \$9,260,602, and consolidated profit would have been \$2,424,427. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2024.

The Group incurred the acquisition related costs of \$6,713 on legal fees and due diligence costs. These costs have been included in operating expenses in the consolidated statements of comprehensive income.

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

A. The fair value of identifiable net assets acquired, and liabilities assumed at the acquisition date were as follows:

Cash and cash equivalents	\$ 279,147
Accounts receivable, net	160,419
Inventories and other current assets	190,096
Property, plant and equipment	16,882
Other intangible assets	423,893
Other non-current assets	8,693
Accounts payable and other current liabilities	(104,673)
Deferred tax liabilities	(84,539)
Defined benefit liabilities, net	(13,586)
Fair value of identifiable net assets	<u><u>\$ 876,332</u></u>

B. Goodwill

Goodwill arising from the acquisition has been recognized as follows.

Consideration transferred	\$ 1,520,769
Less: Fair value of identifiable net assets	<u>(876,332)</u>
Goodwill	<u><u>\$ 644,437</u></u>

The goodwill is attributable mainly to the synergies expected to be achieved from integrating Lotus Pharmaceutical (Thailand) Co., Ltd. with the Group's existing business in Thailand. None of the goodwill recognized is expected to be deductible for tax purposes.

(7) Property, plant and equipment

The movement in the property, plant and equipment of the Group for the six months ended June 30, 2025 and 2024, was as follows:

	<u>Land</u>	<u>Buildings and plant equipment</u>	<u>Machinery and experiment equipment</u>	<u>Miscellaneous equipment</u>	<u>Construction in progress and inspection equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost:							
Balance at January 1, 2025	\$ 599,333	2,073,578	1,651,786	213,225	706,377	100,146	5,344,445
Additions	-	2,961	16,232	11,913	85,322	130	116,558
Disposals	-	(2,265)	(9,878)	(7,022)	-	(15,931)	(35,096)
Reclassification	-	48,437	127,470	15,365	(191,272)	-	-
Effect of exchange rate changes	<u>(13,611)</u>	<u>(22,306)</u>	<u>(28,580)</u>	<u>(9,001)</u>	<u>(8,300)</u>	<u>(6,367)</u>	<u>(88,165)</u>
Balance at June 30, 2025	<u>\$ 585,722</u>	<u>2,100,405</u>	<u>1,757,030</u>	<u>224,480</u>	<u>592,127</u>	<u>77,978</u>	<u>5,337,742</u>
Balance at January 1, 2024	\$ 622,554	1,888,089	1,634,061	192,276	639,408	71,006	5,047,394
Additions	-	24,899	3,042	3,364	192,771	1,314	225,390
Disposals	-	(2,395)	(15,630)	(4,305)	-	(489)	(22,819)
Reclassification	-	188,499	35,361	13,566	(250,242)	12,816	-
Effect of exchange rate changes	<u>(9,693)</u>	<u>(15,769)</u>	<u>(14,934)</u>	<u>(297)</u>	<u>323</u>	<u>618</u>	<u>(39,752)</u>
Balance at June 30, 2024	<u>\$ 612,861</u>	<u>2,083,323</u>	<u>1,641,900</u>	<u>204,604</u>	<u>582,260</u>	<u>85,265</u>	<u>5,210,213</u>

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Buildings and plant equipment</u>	<u>Machinery and experiment equipment</u>	<u>Miscellaneous equipment</u>	<u>Construction in progress and inspection equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Accumulated depreciation:							
Balance at January 1, 2025	\$ -	657,122	1,082,935	149,976	-	59,052	1,949,085
Depreciation	-	30,756	78,359	13,782	-	8,242	131,139
Disposals	-	(2,265)	(9,862)	(6,848)	-	(5,693)	(24,668)
Effect of exchange rate changes	-	(14,764)	(23,176)	(7,158)	-	(5,171)	(50,269)
Balance at June 30, 2025	<u>\$ -</u>	<u>670,849</u>	<u>1,128,256</u>	<u>149,752</u>	<u>-</u>	<u>56,430</u>	<u>2,005,287</u>
Balance at January 1, 2024	\$ -	623,921	985,131	133,060	-	47,484	1,789,596
Depreciation	-	29,229	71,859	12,210	-	4,616	117,914
Disposals	-	(2,383)	(14,791)	(3,674)	-	(435)	(21,283)
Effect of exchange rate changes	-	(9,934)	(10,075)	(73)	-	754	(19,328)
Balance at June 30, 2024	<u>\$ -</u>	<u>640,833</u>	<u>1,032,124</u>	<u>141,523</u>	<u>-</u>	<u>52,419</u>	<u>1,866,899</u>
Carrying amounts:							
Balance at January 1, 2025	<u>\$ 599,333</u>	<u>1,416,456</u>	<u>568,851</u>	<u>63,249</u>	<u>706,377</u>	<u>41,094</u>	<u>3,395,360</u>
Balance at June 30, 2025	<u>\$ 585,722</u>	<u>1,429,556</u>	<u>628,774</u>	<u>74,728</u>	<u>592,127</u>	<u>21,548</u>	<u>3,332,455</u>
Balance at January 1, 2024	<u>\$ 622,554</u>	<u>1,264,168</u>	<u>648,930</u>	<u>59,216</u>	<u>639,408</u>	<u>23,522</u>	<u>3,257,798</u>
Balance at June 30, 2024	<u>\$ 612,861</u>	<u>1,442,490</u>	<u>609,776</u>	<u>63,081</u>	<u>582,260</u>	<u>32,846</u>	<u>3,343,314</u>

As of June 30, 2025, December 31 and June 30, 2024, certain property, plant and equipment were pledged as collateral; please refer to note 8.

(8) Right-of-use assets

The Group leases certain buildings, office equipment and vehicles. The carrying amounts of the leases for which the Group is a lessee were as follows:

	<u>Buildings</u>	<u>Office equipment</u>	<u>Vehicles</u>	<u>Total</u>
Carrying amounts:				
Balance at January 1, 2025	<u>\$ 242,893</u>	<u>19,871</u>	<u>8,207</u>	<u>270,971</u>
Balance at June 30, 2025	<u>\$ 191,593</u>	<u>16,142</u>	<u>12,359</u>	<u>220,094</u>
Balance at January 1, 2024	<u>\$ 221,943</u>	<u>21,614</u>	<u>9,862</u>	<u>253,419</u>
Balance at June 30, 2024	<u>\$ 264,157</u>	<u>18,884</u>	<u>12,266</u>	<u>295,307</u>

There was no significant addition, disposal, or recognition and reversal of impairment losses of right-of-use assets for the six months ended June 30, 2025 and 2024. Please refer to note 6(8) of the 2024 annual consolidated financial statements for other related information.

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Information on depreciation for the periods was as follow:

	<u>Buildings</u>	<u>Office equipment</u>	<u>Vehicles</u>	<u>Total</u>
Depreciation:				
For the six months ended				
June 30, 2025	\$ <u>50,532</u>	<u>4,641</u>	<u>3,362</u>	<u>58,535</u>
For the six months ended				
June 30, 2024	\$ <u>52,770</u>	<u>4,065</u>	<u>3,375</u>	<u>60,210</u>

(9) Goodwill

The carrying amounts of goodwill of the Group were as follows:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Goodwill	\$ <u>6,016,599</u>	<u>6,126,521</u>	<u>5,591,334</u>

There was no significant addition, disposal, or recognition of impairment losses of goodwill for the six months ended June 30, 2025 and 2024. Please refer to note 6(9) of the 2024 annual consolidated financial statements for other related information.

(10) Other intangible assets

The movement in the intangible assets of the Group for the six months ended June 30, 2025 and 2024, was as follows:

	<u>Product Rights</u>	<u>Brand</u>	<u>In-process R&amp;D</u>	<u>Capitali- zation of Develop- ment Expenses</u>	<u>Customer Relationship</u>	<u>Others</u>	<u>Total</u>
Cost:							
Balance at January 1, 2025	\$ 8,562,401	635,995	303,671	3,537,101	362,708	416,277	13,818,153
Additions	1,524,714	-	-	843,330	-	317	2,368,361
Disposals	-	-	-	-	-	(8,621)	(8,621)
Reclassification	137,440	-	-	(154,517)	-	17,077	-
Effect of exchange rate changes	(274,885)	(25,601)	(12,223)	(77,610)	-	(12,837)	(403,156)
Balance at June 30, 2025	<u>\$ 9,949,670</u>	<u>610,394</u>	<u>291,448</u>	<u>4,148,304</u>	<u>362,708</u>	<u>412,213</u>	<u>15,774,737</u>
Balance at January 1, 2024	\$ 8,375,871	679,671	324,525	2,623,324	-	367,639	12,371,030
Additions	8,158	-	-	458,499	-	333	466,990
Reclassification	121,817	-	-	(121,817)	-	-	-
Effect of exchange rate changes	2,757	(18,233)	(8,706)	9,912	-	(5,384)	(19,654)
Balance at June 30, 2024	<u>\$ 8,508,603</u>	<u>661,438</u>	<u>315,819</u>	<u>2,969,918</u>	<u>-</u>	<u>362,588</u>	<u>12,818,366</u>

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	Product Rights	Brand	In-process R&D	Capitali- zation of Develop- ment Expenses	Customer Relationship	Others	Total
Accumulated amortization and impairment loss:							
Balance at January 1, 2025	\$ 4,021,754	504,795	257,630	897,983	13,237	284,669	5,980,068
Amortization	487,936	-	4,799	-	15,886	20,633	529,254
Disposals	-	-	-	-	-	(8,621)	(8,621)
Effect of exchange rate changes	(150,703)	(20,320)	(10,542)	(15,082)	-	(11,820)	(208,467)
Balance at June 30, 2025	<u>\$ 4,358,987</u>	<u>484,475</u>	<u>251,887</u>	<u>882,901</u>	<u>29,123</u>	<u>284,861</u>	<u>6,292,234</u>
Balance at January 1, 2024	\$ 3,193,437	539,461	265,014	745,097	-	263,026	5,006,035
Amortization	429,655	-	5,075	-	-	14,751	449,481
Effect of exchange rate changes	6,392	(14,471)	(7,169)	(3,132)	-	(4,630)	(23,010)
Balance at June 30, 2024	<u>\$ 3,629,484</u>	<u>524,990</u>	<u>262,920</u>	<u>741,965</u>	<u>-</u>	<u>273,147</u>	<u>5,432,506</u>
Carrying amounts:							
Balance at January 1, 2025	<u>\$ 4,540,647</u>	<u>131,200</u>	<u>46,041</u>	<u>2,639,118</u>	<u>349,471</u>	<u>131,608</u>	<u>7,838,085</u>
Balance at June 30, 2025	<u>\$ 5,590,683</u>	<u>125,919</u>	<u>39,561</u>	<u>3,265,403</u>	<u>333,585</u>	<u>127,352</u>	<u>9,482,503</u>
Balance at January 1, 2024	<u>\$ 5,182,434</u>	<u>140,210</u>	<u>59,511</u>	<u>1,878,227</u>	<u>-</u>	<u>104,613</u>	<u>7,364,995</u>
Balance at June 30, 2024	<u>\$ 4,879,119</u>	<u>136,448</u>	<u>52,899</u>	<u>2,227,953</u>	<u>-</u>	<u>89,441</u>	<u>7,385,860</u>

In the first quarter of 2025, the Group acquired a product right from a third party for a total consideration of USD50 million (\$1,641,673). In January 2025, the Group paid USD42.9 million (\$1,408,556), net of certain working capital adjustments, and subject to applicable value added tax.

As of June 30, 2025, the remaining unpaid consideration amounted to USD5 million (\$147,053) was discounted and presented in other non-current liabilities.

(11) Long-term accounts receivable

The long-term accounts receivable were summarized as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Long-term accounts receivable	\$ 185,872	193,668	248,705
Less: Discount	(19,946)	(25,470)	(32,368)
	165,926	168,198	216,337
Less: Current portion (classified as accounts receivable, net)	(43,640)	(45,470)	(47,289)
Total	<u>\$ 122,286</u>	<u>122,728</u>	<u>169,048</u>

In the first quarter of 2024, the Group entered into an agreement with a third-party distributor for a total consideration of KRW 3.15 billion (\$67,884), payable in equal instalments over six years from 2024 to 2029. The Group recognized related income amounting to \$63,901 in net revenue in the first quarter of 2024.

In the third quarter of 2023, the Court issued final judgment requiring a third-party distributor to pay KRW 9 billion (\$193,954) in compensation, payable in equal instalments over six years from 2023 to 2028.

As of June 30, 2025, December 31 and June 30, 2024, no expected credit loss was recognized.

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(12) Short-term borrowings

The short-term borrowings were summarized as follows:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Unsecured bank loans	\$ <u>1,215,504</u>	<u>1,614,619</u>	<u>293,526</u>
Unused credit line	\$ <u>293,954</u>	<u>352,579</u>	<u>1,026,878</u>
Range of interest rates	<u>2.10%~3.86%</u>	<u>1.99%~4.64%</u>	<u>2.42%~4.78%</u>

(13) Long-term borrowings

The long-term borrowings were summarized as follows:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Unsecured bank loans	\$ 215,504	224,543	-
Secured bank loans	9,423,228	10,884,020	9,274,570
Secured loans from other financial institutions	<u>533,366</u>	<u>664,944</u>	<u>804,580</u>
	10,172,098	11,773,507	10,079,150
Less: Current portion	<u>(4,220,718)</u>	<u>(3,389,979)</u>	<u>(2,101,996)</u>
Total	<u>\$ 5,951,380</u>	<u>8,383,528</u>	<u>7,977,154</u>
Unused credit line	<u>\$ 1,500,000</u>	<u>3,986,000</u>	<u>6,700,000</u>
Range of maturity period (year/month)	<u>2025/10~2026/10</u>	<u>2025/04~2026/10</u>	<u>2024/10~2026/10</u>
Range of interest rates	<u>3.10%~5.98%</u>	<u>2.91%~6.51%</u>	<u>3.03%~7.11%</u>

In September 2023, the Company entered into a new syndicated loan facility in an aggregate amount of \$15,000,000 equivalent with the banks led by CTBC. Pursuant to the terms set forth in the loan agreement, the loan contained covenants stating that (i) the net leverage ratio of the Group shall not exceed 3.5 times and the net leverage ratio of the Group (excluding subsidiaries in Korea) shall not exceed 3.25 times, and (ii) interest cover ratio of the Group must exceed 3 times.

In October 2023, the Group's subsidiary in Korea entered into a new syndicated loan facility in an aggregate amount of KRW 70 billion (\$1,508,529) with the banks led by Shinhan Bank and made early repayment on existing syndicated loan facility. Pursuant to the terms set forth in the loan agreement, the net leverage ratio of Alvogen Korea must be less than 3 times.

The Group complied with the abovementioned financial covenants as of June 30, 2025 and December 31, 2024.

For assets pledged as collateral for aforementioned long-term borrowings, please refer to note 8.

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(14) Lease liabilities—current and non-current

The carrying amounts of the lease liabilities were as follows:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Current	\$ <u>87,257</u>	<u>84,315</u>	<u>90,218</u>
Non-current	\$ <u>142,449</u>	<u>194,063</u>	<u>205,127</u>

Please refer to note 6(24) for the maturity analysis.

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Interest expenses on lease liabilities	\$ <u>3,726</u>	<u>4,631</u>	<u>7,742</u>	<u>9,242</u>
Expenses relating to short-term leases	\$ <u>3,575</u>	<u>4,118</u>	<u>7,031</u>	<u>7,356</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>151</u>	<u>156</u>	<u>355</u>	<u>400</u>

The amounts recognized in the statements of cash flows for the Group were as follows:

	<b>For the six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
Total cash outflow for leases	\$ <u>75,118</u>	<u>73,640</u>

A. Real estate leases

The Group leases buildings for its office space and residential property. The leases typically run for a period of one to ten years. Certain leases include an option to renew the lease for an additional period after the end of the contract term.

Certain leases also require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

B. Other leases

The Group leases transportation and office equipment with contract terms of one to five years. In certain cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

Certain of the transportation and office equipment leases are short-term or for low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

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(15) Provisions—current and non-current

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Provisions for estimated return of goods	\$ 53,332	43,374	34,743
Provisions for restoration	6,998	10,745	5,389
Provisions for employee benefit obligations	27,345	32,312	17,635
	<b>\$ 87,675</b>	<b>86,431</b>	<b>57,767</b>

There were no significant changes in provisions for the six months ended June 30, 2025 and 2024. Please refer to note 6(15) of the 2024 annual consolidated financial statements for other related information.

(16) Employee benefits

A. Defined benefit plans

Management believes that there were no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial reports as of December 31, 2024 and 2023.

The pension cost recognized in profit or loss for the three months and six months ended June 30, 2025 and 2024 were \$32,607, \$31,807, \$68,698 and \$66,797, respectively.

B. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company contributes 6% of its employees' monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance).

Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

Foreign subsidiaries within the Group have also set up defined contribution plans, as necessary, in accordance with the regulations in respective countries.

The total pension costs under the defined contribution plans were \$13,640, \$13,505, \$27,962 and \$24,791 for the three months and six months ended June 30, 2025 and 2024, respectively.

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(17) Income tax

A. Income tax expense

The components of income tax for the three months and six months ended June 30, 2025 and 2024 were as follows:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Current tax expense				
Current period	\$ 98,543	340,756	405,875	610,722
Adjustments in respect of prior years	488	(11,353)	111	(11,266)
	<b><u>\$ 99,031</u></b>	<b><u>329,403</u></b>	<b><u>405,986</u></b>	<b><u>599,456</u></b>

B. Income tax assessments

As of June 30, 2025, the tax authorities have completed the examination of the Company's income tax returns through 2020.

(18) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to June 30, 2025 and 2024. For the related information, please refer to note 6(18) of the 2024 annual consolidated financial statements.

A. Share capital

As of June 30, 2025, December 31 and June 30, 2024, there were 0, 0 and 17,517 thousand privately placed shares, included in the issued share capital of the Company, respectively.

The aforementioned private placement of ordinary shares would be subject to section 43(8) requirements under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the TWSE after a three-year period has elapsed from the delivery date of the private placement securities, and after applying for a public offering with the FSC.

On June 18, 2025, November 7, 2024, August 8, 2024, March 14, 2024 and August 10, 2023, the Board of Directors approved the issuance of 1,230 thousand, 200 thousand, 170 thousand, 560 thousand and 2,487 thousand shares, respectively, under the 2023 RSA Plan. Please refer to note 6(19). The relevant statutory registration procedures have since been completed.

About the cancellation of the forfeited shares under the 2019 Employee Restricted Stock Awards Plan (the "2019 RSA Plan") and the 2023 Employee Restricted Stock Awards Plan (the "2023 RSA Plan"), please refer to note 6(19).

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
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B. Capital surplus

The ending balances of capital surplus were as follows:

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Additional paid-in capital	\$ 5,528,830	5,474,195	5,322,456
Treasury share transactions	35,106	30,660	30,660
Conversion of convertible bonds	1,268,876	1,268,876	1,268,876
Restricted stock awards	<u>830,388</u>	<u>657,228</u>	<u>670,589</u>
	<u>\$ 7,663,200</u>	<u>7,430,959</u>	<u>7,292,581</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends.

For the details about treasury share transactions and restricted stock awards, please refer to note 6(19).

C. Retained earnings

According to the articles of incorporation, in years of earnings, the Company has to offset any accumulated deficit, pay income tax, and appropriate 10% of the balance as a legal reserve before distribution of earnings, unless the amount in the legal reserve is already equal to or greater than the total paid-in capital. Thereafter, any remainder shall be set aside or reversed as special reserve in accordance with the relevant laws and regulations. Distribution of the remaining profit after setting aside the abovementioned amounts, together with the balance of the unappropriated retained earnings of the previous year, shall be proposed by the Board of Directors during the shareholders' meeting for approval.

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. If the Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

In allocating dividends from distributable earnings, among which cash dividend shall not be less than 10% of total distribution, the Company takes into consideration its future capital demand, long-term financial planning, the cash inflow demand of the shareholders, plans for corporate growth, and the operating environment. During their meeting, the shareholders may adjust the Board of Directors' proposal and percentage of appropriations depending on the Company's actual profit and capital situation.

Pursuant to relevant laws or regulations or as requested by the local authority, total net debit balance of the other components of equity shall be set aside from current earnings as special reserve, and not for distribution. Subsequent decrease pertaining to items that are accounted for as a reduction to the other components of equity shall be reclassified from special reserve to undistributed earnings.

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D. Earnings distribution

The appropriation of earnings for 2023 was approved by the Board of Directors on March 14, 2024; cash dividend at \$4.66 dollars per share in the amount of \$1,231,688 was approved. The appropriation of earnings to legal reserve and special reserve was approved in the shareholders' meeting held on June 13, 2024.

The appropriation of earnings for 2024 was approved by the Board of Directors on March 6, 2025; cash dividend at \$5.73 dollars per share in the amount of \$1,519,653 was approved. The appropriation of earnings to legal reserve and special reserve was approved in the shareholders' meeting held on June 26, 2025.

As of June 30, 2025 and 2024, dividends payable in the amount of \$1,519,653 and \$1,231,688, respectively, were recognized under other payables.

The information related to the appropriation of earnings is available on the Market Observation Post System website.

E. Treasury shares

During the second quarter of 2025 and during the third quarter of 2021, the Company repurchased 3,650 thousand and 550 thousand shares as treasury shares with an amount of \$780,988 and \$57,354, respectively, for the purposes of transferring to employees in accordance with the requirements under section 28(2) of the Securities and Exchange Act.

On March 6, 2025, April 30, 2024 and August 10, 2023, the Board of Directors approved the transfer of 50 thousand, 26 thousand and 66 thousand treasury shares, respectively, to employees. As of June 30, 2025, December 31 and June 30, 2024, 136 thousand, 86 thousand and 86 thousand treasury shares, respectively, were transferred. Please refer to note 6(19) for the details.

As of June 30, 2025, December 31 and June 30, 2024, a total of 4,064 thousand, 464 thousand and 464 thousand shares, respectively, were yet to be transferred.

In accordance with the Securities and Exchange Act, treasury shares held by the Company should not be pledged and should not hold any shareholder rights before their transfer.

(19) Share-based payment

A. 2019 RSA Plan

On June 24, 2019, the Company's shareholders approved the 2019 RSA Plan for eligible employees. On May 14 and November 12, 2020, the Board of Directors approved the issuance of 2,190 thousand and 50 thousand shares, respectively, under the 2019 RSA Plan. Please refer to note 6(19) to the consolidated financial statements for the year ended December 31, 2024.

As of June 30, 2025, December 31 and June 30, 2024, the number of shares forfeited under the 2019 RSA Plan was 413 thousand shares, 400 thousand shares and 400 thousand shares, respectively. On January 21, 2025, August 10, 2023, August 11, 2022, March 16, 2022 and November 11, 2021, the Board of Directors approved to cancel 13 thousand, 120 thousand, 165 thousand, 40 thousand and 75 thousand of the forfeited shares, respectively.

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As of June 30, 2025, December 31 and June 30, 2024, there were no shares available for future grants under the 2019 RSA Plan.

**B. 2023 RSA Plan**

On June 15, 2023, the Company's shareholders approved the 2023 RSA Plan to issue new ordinary shares. Except for the following disclosure, there was no significant change in the 2023 RSA Plan for the periods from January 1 to June 30, 2025 and 2024. For the related information, please refer to note 6(19) of the 2024 annual consolidated financial statements.

On June 18, 2025, the Board of Directors approved the issuance of 1,230 thousand shares under the 2023 RSA Plan to eligible employees. The grant date fair value was determined based on the Company's closing share price on June 23, 2025, which was \$213.50 per share.

As of June 30, 2025, the number of shares forfeited under the 2023 RSA Plan was 62 thousand shares. On January 21, 2025 and August 8, 2024, the Board of Directors approved to cancel 32 thousand and 30 thousand of the forfeited shares, respectively.

As of June 30, 2025, December 31 and June 30, 2024, there were 353 thousand, 1,583 thousand and 1,953 thousand shares, respectively, available for future grants under the 2023 RSA Plan.

**C. The movement in the unearned share based payments was as follows:**

	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ (410,771)	(449,413)
Granted	(237,626)	(162,218)
Share-based payment costs	134,430	165,937
Balance at June 30	<u>\$ (513,967)</u>	<u>(445,694)</u>

**D. Employee treasury shares**

The Company used Black Scholes option pricing model in measuring the fair value of the share based payment at the grant date. The Company recognized compensation cost amounting to \$7,577 and \$4,074 for the six months ended June 30, 2025 and 2024, respectively.

<u>Grant date</u>	<u>Total shares vested (thousands)</u>	<u>Vesting conditions</u>	<u>Share price</u>	<u>Exercise price</u>	<u>Fair value per unit</u>
May 19, 2024	26	Note	301	10	291
April 1, 2025	50	Vest immediately	234	104.28	129.72

Note: 14,000 shares will be vested immediately on the grant date and 12,000 shares will be vested in two equal annual instalments upon satisfaction of service condition.

The movement in the unearned share based payments related to the employee treasury shares was as follows:

	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ (1,855)	-
Granted	-	(3,492)
Share-based payment costs	1,091	328
Balance at June 30	<u>\$ (764)</u>	<u>(3,164)</u>

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(20) Earnings per share

The calculation of basic earnings per share and diluted earnings per share was as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Basic earnings per share				
Net income attributable to owners of the Company	\$ <u>728,263</u>	<u>1,331,570</u>	<u>2,163,694</u>	<u>2,367,866</u>
Weighted average number of ordinary shares (in thousands)	<u>259,523</u>	<u>261,604</u>	<u>260,979</u>	<u>261,564</u>
Basic earnings per share (in dollars)	\$ <u>2.81</u>	<u>5.09</u>	<u>8.29</u>	<u>9.05</u>
Diluted earnings per share				
Net income attributable to owners of the Company	\$ <u>728,263</u>	<u>1,331,570</u>	<u>2,163,694</u>	<u>2,367,866</u>
Weighted average number of ordinary shares (in thousands)	259,523	261,604	260,979	261,564
Effect of dilutive potential ordinary shares				
Share-based payment to employees (in thousands)	1,254	1,557	1,342	1,517
Remuneration to employees (in thousands)	<u>101</u>	<u>95</u>	<u>101</u>	<u>95</u>
Weighted average number of ordinary shares (diluted) (in thousands)	<u>260,878</u>	<u>263,256</u>	<u>262,422</u>	<u>263,176</u>
Diluted earnings per share (in dollars)	\$ <u>2.79</u>	<u>5.06</u>	<u>8.25</u>	<u>9.00</u>

(21) Revenue from contracts with customers

A. Disaggregation of revenue

	<u>For the three months ended June 30, 2025</u>		
	<u>Pharmaceuticals Segment</u>	<u>Other Segment</u>	<u>Total</u>
Primary geographical markets:			
United States	\$ 1,908,655	21,007	1,929,662
South Korea	1,410,918	-	1,410,918
Taiwan	647,736	-	647,736
Others	<u>726,087</u>	<u>32,622</u>	<u>758,709</u>
	<u>\$ 4,693,396</u>	<u>53,629</u>	<u>4,747,025</u>
Major products/services lines:			
Sale of goods	\$ 4,662,171	-	4,662,171
Out-licensing of IP rights	30,293	-	30,293
Services and others	<u>932</u>	<u>53,629</u>	<u>54,561</u>
	<u>\$ 4,693,396</u>	<u>53,629</u>	<u>4,747,025</u>

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
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	<b>For the three months ended June 30, 2024</b>		
	<b>Pharmaceuticals Segment</b>	<b>Other Segment</b>	<b>Total</b>
Primary geographical markets:			
United States	\$ 2,192,506	9,315	2,201,821
South Korea	1,413,545	-	1,413,545
Taiwan	634,281	-	634,281
Others	471,976	21,305	493,281
	<b>\$ 4,712,308</b>	<b>30,620</b>	<b>4,742,928</b>
Major products/services lines:			
Sale of goods	\$ 4,691,051	-	4,691,051
Out-licensing of IP rights	19,665	-	19,665
Services and others	1,592	30,620	32,212
	<b>\$ 4,712,308</b>	<b>30,620</b>	<b>4,742,928</b>
	<b>For the six months ended June 30, 2025</b>		
	<b>Pharmaceuticals Segment</b>	<b>Other Segment</b>	<b>Total</b>
Primary geographical markets:			
United States	\$ 3,834,787	33,139	3,867,926
South Korea	2,881,359	-	2,881,359
Taiwan	1,297,854	-	1,297,854
Others	1,375,635	54,035	1,429,670
	<b>\$ 9,389,635</b>	<b>87,174</b>	<b>9,476,809</b>
Major products/services lines:			
Sale of goods	\$ 9,316,032	-	9,316,032
Out-licensing of IP rights	71,686	-	71,686
Services and others	1,917	87,174	89,091
	<b>\$ 9,389,635</b>	<b>87,174</b>	<b>9,476,809</b>
	<b>For the six months ended June 30, 2024</b>		
	<b>Pharmaceuticals Segment</b>	<b>Other Segment</b>	<b>Total</b>
Primary geographical markets:			
United States	\$ 3,667,202	16,041	3,683,243
South Korea	2,906,285	-	2,906,285
Taiwan	1,260,276	-	1,260,276
Others	1,050,473	40,795	1,091,268
	<b>\$ 8,884,236</b>	<b>56,836</b>	<b>8,941,072</b>
Major products/services lines:			
Sale of goods	\$ 8,784,961	-	8,784,961
Out-licensing of IP rights	97,683	-	97,683
Services and others	1,592	56,836	58,428
	<b>\$ 8,884,236</b>	<b>56,836</b>	<b>8,941,072</b>

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

B. Contract balances

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>	<b>January 1, 2024</b>
Contract assets – current	<u>\$ 119,363</u>	<u>221,774</u>	<u>522,768</u>	<u>128,782</u>
Contract liabilities – current	<u>\$ 167,879</u>	<u>180,900</u>	<u>180,851</u>	<u>132,854</u>
Contract liabilities – non-current	<u>\$ 20,761</u>	<u>26,563</u>	<u>34,286</u>	<u>45,326</u>

For details on notes and accounts receivable, net and expected credit loss allowance, please refer to note 6(4). For details on accounts receivable – related parties, please refer to note 7.

The amount of \$32,531 and \$18,187 included in contract liabilities balance at the beginning of the year has been recognized as revenue for the six months ended June 30, 2025 and 2024, respectively.

(22) Remuneration to employees and directors

On June 26, 2025, the Company resolved at the shareholders’ meeting to amend its Articles of Incorporation. According to the amended Articles, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. Then, a minimum of 1% will be distributed as employee remuneration, with at least one-third of this amount distributed to non-executive employees, and no more than 10% of the annual profit as directors’ remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the Company’ s subsidiaries who meet certain specific requirements.

For the three months and six months ended June 30, 2025 and 2024, the Company accrued and recognized employee remuneration amounting to \$6,717, \$16,672, \$22,483 and \$29,378, respectively; however, no remuneration to directors was accrued for both periods. These amounts were calculated by using the Company’s income before income tax for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company’s articles of incorporation, and expensed under cost of sales or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or loss in the following year. If, however, the Board of Directors determines that the employee remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the approval by the Board of Directors.

For the years ended December 31, 2024 and 2023, the remunerations to employees amounted to \$61,832 and \$50,818, respectively, and no remunerations to directors. There is no difference between the remuneration to employees and directors and the actual distribution in 2024 and 2023. The related information about remuneration to employees and directors is available at the Market Observation Post System website.

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
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(23) Non-operating income and expenses

A. Other gains and losses

The details of other gains and losses were as follows:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Gains (losses) on disposal of property, plant and equipment	\$ (10,353)	375	(10,390)	(181)
Gains (losses) on financial asset at FVTPL	(355,289)	54,470	(321,182)	113,688
Gains on financial liabilities at amortized cost	95,001	-	95,001	-
Foreign exchange gains (losses)	(317,576)	73,684	(216,081)	167,056
Losses from early repayment of loans	-	(911)	-	(911)
Others	<u>(4,318)</u>	<u>(5,915)</u>	<u>(9,344)</u>	<u>(11,140)</u>
	<b><u>\$ (592,535)</u></b>	<b><u>121,703</u></b>	<b><u>(461,996)</u></b>	<b><u>268,512</u></b>

B. Finance costs

The details of finance costs were as follows:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Interest expenses on borrowings	\$ 121,693	130,947	256,755	274,594
Interest expenses on lease liabilities	3,726	4,631	7,742	9,242
Others	<u>7,651</u>	<u>3,152</u>	<u>9,327</u>	<u>6,205</u>
	<b><u>\$ 133,070</u></b>	<b><u>138,730</u></b>	<b><u>273,824</u></b>	<b><u>290,041</u></b>

(24) Financial instruments

Except as described in the following paragraphs, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(24) of the 2024 annual consolidated financial statements.

A. Credit risk

For credit risk exposure of notes and accounts receivable (including related parties), please refer to notes 6(4) and 7.

The Group deposits its cash and cash equivalents with various reputable financial institutions. Management performs periodic evaluation on the relative credit standing of these financial institutions and limits the amount of credit exposure with any one institution. Management believes that there is a limited concentration of credit risk in cash and cash equivalents.

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B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~5 years</u>	
<b>June 30, 2025</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,215,504	1,225,559	1,225,559	-	
Notes and accounts payable (including related parties)	919,285	919,285	919,285	-	
Other payables (including related parties)	2,552,569	2,552,569	2,552,569	-	
Long-term borrowings (including current portion)	10,172,098	10,651,781	4,547,080	6,104,701	
Lease liabilities – current and non-current	229,706	253,098	98,235	154,863	
	<u>\$ 15,089,162</u>	<u>15,602,292</u>	<u>9,342,728</u>	<u>6,259,564</u>	
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~5 years</u>	<u>Over 5 years</u>
<b>December 31, 2024</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,614,619	1,624,239	1,624,239	-	-
Notes and accounts payable (including related parties)	1,070,438	1,070,438	1,070,438	-	-
Other payables (including related parties)	1,328,540	1,328,540	1,328,540	-	-
Long-term borrowings (including current portion)	11,773,507	12,517,217	3,798,266	8,718,951	-
Lease liabilities – current and non-current	278,378	309,850	97,237	210,070	2,543
	<u>\$ 16,065,482</u>	<u>16,850,284</u>	<u>7,918,720</u>	<u>8,929,021</u>	<u>2,543</u>
<b>June 30, 2024</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 293,526	303,229	303,229	-	-
Notes and accounts payable (including related parties)	789,895	789,895	789,895	-	-
Other payables (including related parties)	2,388,685	2,388,685	2,388,685	-	-
Long-term borrowings (including current portion)	10,079,150	10,973,818	2,498,815	8,475,003	-
Lease liabilities – current and non-current	295,345	332,960	105,074	221,245	6,641
	<u>\$ 13,846,601</u>	<u>14,788,587</u>	<u>6,085,698</u>	<u>8,696,248</u>	<u>6,641</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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C. Market risk

(a) Currency risk

The Group's significant exposure of financial assets and liabilities to foreign currency risk was as follows:

	June 30, 2025			December 31, 2024			June 30, 2024		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 111,768	29.41	3,287,153	167,437	32.70	5,475,954	174,625	32.50	5,674,973
EUR	30,026	34.12	1,024,514	32,864	34.01	1,117,633	25,241	34.78	877,879
<u>Non-monetary items</u>									
USD	97,505	29.41	2,867,677	97,505	32.70	3,188,859	83,032	32.50	2,698,389
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	44,703	29.41	1,314,738	57,303	32.70	1,874,076	53,912	32.50	1,752,027
EUR	2,050	34.12	69,948	13,316	34.01	452,863	2,518	34.78	87,575

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), financial asset at FVTPL, notes and accounts payable (including related parties), other payables (including related parties), long-term borrowings and other non-current liabilities that are denominated in foreign currency.

A weakening or strengthening of 5% of the NTD against the USD and EUR for the six months ended June 30, 2025 and 2024, with all other variable factors remaining constant, would have increased or decreased the income before income tax by \$146,349 and \$235,663, respectively.

With varieties of functional currencies within the Group, the information on foreign exchange gain or loss on monetary items was disclosed based on the total amount. For the three months and six months ended June 30, 2025 and 2024, the foreign exchange gains (losses) (including realized and unrealized portions) amounted to (\$317,576), \$73,684, (\$216,081) and \$167,056, respectively.

(b) Interest rate risk

The Group's exposure to interest rate risk arises mainly from outstanding bank and other financial institutions borrowings carried at floating interest rates, wherein the cash flow risk arises from the changes in interest rates.

Assuming the amount of floating-rate bank borrowings at the reporting date had been outstanding throughout the year, with all other variable factors remaining constant, as the interest rate increases or decreases by 0.05%, the Group's income before income tax would have decreased or increased by \$1,848 and \$1,880 for the six months ended June 30, 2025 and 2024, respectively.

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(c) Other market value risk

The Group's exposure to equity price risk arises from its investment in financial asset at FVOCI.

Assuming an increase or a decrease by 10% in the securities price at the reporting date, the Group's other comprehensive income would have increased or decreased by \$34,074 and \$37,136 for the six months ended June 30, 2025 and 2024, respectively.

D. Fair value of financial instruments

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

Except as described in the following table, the Group considers the carrying amounts of financial instruments, including cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), long-term accounts receivable, notes and accounts payable (including related parties), other payables (including related parties) and lease liabilities, approximate their fair value, disclosure of fair value information is not required.

The following table presents the carrying amount and fair value of the Group's financial instruments measured at fair value on a recurring basis:

	<b>June 30, 2025</b>				
	<b>Book Value</b>	<b>Fair Value</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>		
Financial asset at FVTPL					
Foreign preferred stock	<u>\$ 2,867,677</u>	<u>-</u>	<u>-</u>	<u>2,867,677</u>	<u>2,867,677</u>
Financial asset at FVOCI					
Foreign listed stock	<u>\$ 340,738</u>	<u>340,738</u>	<u>-</u>	<u>-</u>	<u>340,738</u>

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
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		<b>December 31, 2024</b>				
		<b>Book</b>	<b>Fair Value</b>			
		<b>Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial asset at FVTPL						
	Foreign preferred stock	<u>\$ 3,188,859</u>	<u>-</u>	<u>-</u>	<u>3,188,859</u>	<u>3,188,859</u>
Financial asset at FVOCI						
	Foreign listed stock	<u>\$ 405,177</u>	<u>405,177</u>	<u>-</u>	<u>-</u>	<u>405,177</u>
		<b>June 30, 2024</b>				
		<b>Book</b>	<b>Fair Value</b>			
		<b>Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial asset at FVTPL						
	Foreign preferred stock	<u>\$ 2,698,389</u>	<u>-</u>	<u>-</u>	<u>2,698,389</u>	<u>2,698,389</u>
Financial asset at FVOCI						
	Foreign listed stock	<u>\$ 371,358</u>	<u>371,358</u>	<u>-</u>	<u>-</u>	<u>371,358</u>

(a) Valuation techniques and assumptions used in fair value measurement

The Group's investment in foreign listed stock is traded in an active market. The fair value is determined with reference to quoted market prices.

The Group's investment in foreign preferred stock without an active market is initially recognized at the fair value of the cash consideration paid and is subsequently remeasured to fair value based on valuation technique. Management reviews the policy and procedures of fair value measurement at least once at the end of the annual reporting period, or more frequently as deemed necessary.

(b) Transfer between levels

There was no transfer between levels for the six months ended June 30, 2025 and 2024 and the valuation techniques have not changed.

(c) Reconciliation of Level 3 fair values

For the six months ended June 30, 2025 and 2024, the changes of fair values (\$321,182) and \$113,688, respectively, were recognized in profit or loss.

(d) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instrument that use Level 3 inputs to measure fair value is financial asset at FVTPL.

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Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial asset at FVTPL—non-current	Binomial Trees model method	<ul style="list-style-type: none"> <li>· Duration (0.5 year, 1 year and 0.43 year at June 30, 2025, Dec 31 and June 30, 2024, respectively.)</li> <li>· Estimated stock price (USD906.21, USD906.21 and USD900.56 at June 30, 2025, Dec 31 and June 30, 2024, respectively.)</li> <li>· Discount rate (28.2%, 28.2% and 28% at June 30, 2025, Dec 31 and June 30, 2024, respectively.)</li> </ul>	<ul style="list-style-type: none"> <li>· The estimated fair value would increase if the duration were shorter.</li> <li>· The estimated fair value would increase if the estimated stock price were higher.</li> <li>· The estimated fair value would decrease if the discount rate were higher.</li> </ul>

- (e) Fair value measurements in Level 3—sensitivity analysis of reasonably possible alternative assumptions

If there is a change in assumption as of June 30, 2025, December 31 and June 30, 2024, the impact on the fair value of financial asset at FVTPL would be as follows:

	<u>Impact on income statement</u>	
	<u>Increased</u>	<u>Decreased</u>
Balance at June 30, 2025		
Discount rate (5.00% movement)	\$ <u>(243,320)</u>	<u>319,399</u>
Balance at December 31, 2024		
Discount rate (5.00% movement)	\$ <u>(270,572)</u>	<u>355,172</u>
Balance at June 30, 2024		
Discount rate (5.00% movement)	\$ <u>(251,901)</u>	<u>967,047</u>

- (25) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the 2024 annual consolidated financial statements. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2024. Please refer to note 6(25) of the 2024 annual consolidated financial statements for further details.

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(26) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow were as follows:

A. For leased right-of-use assets, please refer to note 6(8).

B. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2025	Cash flow	Foreign exchange movement	Others (Note)	June 30, 2025
Short-term borrowings	\$ 1,614,619	(391,418)	(7,697)	-	1,215,504
Long-term borrowings (include current portion)	11,773,507	(1,505,399)	(132,168)	36,158	10,172,098
Lease liabilities	<u>278,378</u>	<u>(59,990)</u>	<u>(12,611)</u>	<u>23,929</u>	<u>229,706</u>
Total liabilities from financing activities	<u>\$ 13,666,504</u>	<u>(1,956,807)</u>	<u>(152,476)</u>	<u>60,087</u>	<u>11,617,308</u>

  

	January 1, 2024	Cash flow	Foreign exchange movement	Others (Note)	June 30, 2024
Short-term borrowings	\$ 510,000	(213,726)	(2,748)	-	293,526
Long-term borrowings (include current portion)	10,822,349	(769,240)	(4,968)	31,009	10,079,150
Lease liabilities	<u>252,440</u>	<u>(56,642)</u>	<u>(2,552)</u>	<u>102,099</u>	<u>295,345</u>
Total liabilities from financing activities	<u>\$ 11,584,789</u>	<u>(1,039,608)</u>	<u>(10,268)</u>	<u>133,108</u>	<u>10,668,021</u>

Note: Other items include the addition and other changes in lease liabilities.

**7. Related-party transactions**

(1) Parent company and ultimate controlling party

The Company's parent company is INIH, intermediate holding company is Innobic Hong Kong Biddingco Limited (formerly known as "Aztig II BidCo Limited") and the ultimate controlling party is PTT; please refer to note 1.

(2) Name and relationship with related parties

The following is a summary of related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

<u>Name of related parties</u>	<u>Relationship with the Group</u>
INIH	Parent company
Adalvo Competence Center SRL	Other related party
Adalvo Limited	Other related party
Alvogen Holding (Thailand) Ltd.	Other related party
Alvogen Inc.	Other related party
Alvogen PB Research & Development LLC ("Alvogen PB R&D")	Other related party
AZTIQ Consulting ehf.	Other related party
Innobic (Asia) Co., Ltd.	Other related party

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<u>Name of related parties</u>	<u>Relationship with the Group</u>
Innobic LL Holding Company Limited	Other related party
New Alvogen Group Holding Inc. (“NAGH”)	Other related party
Norwich Pharmaceuticals, Inc.	Other related party

(3) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Group to related parties were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Alvogen Inc.	\$ 1,902,464	2,195,575	3,839,114	3,671,195
Adalvo Limited	243,224	224,330	439,689	615,821
INIH	932	838	1,917	1,592
Other related parties	<u>25,536</u>	<u>4,624</u>	<u>25,536</u>	<u>9,046</u>
	<u>\$ 2,172,156</u>	<u>2,425,367</u>	<u>4,306,256</u>	<u>4,297,654</u>

When there is a substantial price decline in the market, revenue deduction provision for shelf stock adjustment is estimated based on the inventory level held by the related parties and the anticipated decline in the market price. Shelf stock adjustment accrual is recorded in other payables—related parties.

The selling prices for sales to related parties were determined by market price and adjusted according to the sales area and sales volume. The credit terms were mainly 90~180 days, which were similar to transactions with unrelated customers.

B. Receivables from related parties

<u>Accounts</u>	<u>Name of related parties</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Accounts receivable—	Alvogen Inc.	\$ 3,665,266	4,453,932	3,857,975
related parties	Adalvo Limited	568,648	804,926	587,205
	INIH	294	-	-
	Other related parties	<u>22,034</u>	<u>1,658</u>	<u>12,471</u>
		<u>\$ 4,256,242</u>	<u>5,260,516</u>	<u>4,457,651</u>
Other receivables—	Alvogen PB R&D	\$ -	32,530	110,367
related parties	Adalvo Limited	18,295	27,142	11,175
	Alvogen Inc.	1,571	8,925	40,251
	Other related parties	<u>187</u>	<u>963</u>	<u>14,339</u>
		<u>\$ 20,053</u>	<u>69,560</u>	<u>176,132</u>

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

About the detailed information of accounts receivable-related parties, please refer to Table 4.

Receivables from related parties were not pledged as collateral, and were assessed not to provide for any loss allowance.

C. Payables to related parties

<u>Accounts</u>	<u>Names of related parties</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Accounts payable – related parties	Alvogen Inc.	\$ <u>105,585</u>	<u>82,334</u>	<u>41,735</u>
Other payables – related parties	Alvogen Inc.	\$ 70,357	42,578	67,646
	AZTIQ Consulting ehf.	-	17,018	-
	Alvogen PB R&D	15,440	17,170	17,061
	Adalvo Limited	15,950	21,137	14,713
	Other related parties	<u>127</u>	<u>1,400</u>	<u>1,008</u>
		<u>\$ 101,874</u>	<u>99,303</u>	<u>100,428</u>

D. Acquisition of intangible assets

Prices of intangible assets purchased from related parties were summarized as follows:

<u>Names of related parties</u>	<u>Accounts</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Adalvo Limited	Intangible assets	\$ <u>620</u>	<u>-</u>	<u>620</u>	<u>852</u>

The Group entered into several agreements with Adalvo Limited to acquire products rights from Adalvo Limited and made upfront and milestone payments in accordance with the agreements. As of June 30, 2025 and 2024, the remaining unpaid milestones amounted to \$39,003 (EUR1,100 thousand and USD50 thousand) and \$41,402 (EUR1,125 thousand and USD70 thousand), respectively.

E. Others

(a)

<u>Accounts</u>	<u>Names of related parties</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Capitalization of development expenses	Adalvo Limited	\$ <u>-</u>	<u>1,397</u>	<u>-</u>	<u>1,397</u>

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

<u>Accounts</u>	<u>Names of related parties</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Cost of sales	Other related parties	\$ <u>25,164</u>	<u>28,748</u>	<u>41,910</u>	<u>64,649</u>
Operating expense	INIH	\$ -	-	-	2,690
	Other related parties	<u>28,818</u>	<u>11,938</u>	<u>49,891</u>	<u>36,847</u>
		<u>\$ 28,818</u>	<u>11,938</u>	<u>49,891</u>	<u>39,537</u>
Other income	Alvogen Inc.	\$ 1,628	15,622	1,628	39,819
	Adalvo Limited	12,420	3,408	17,727	3,408
	Other related parties	<u>297</u>	<u>273</u>	<u>576</u>	<u>538</u>
		<u>\$ 14,345</u>	<u>19,303</u>	<u>19,931</u>	<u>43,765</u>
Reimbursed income for development costs recognized as an offset to research and development expense	Alvogen PB R&D	\$ -	<u>(143)</u>	-	<u>(3,025)</u>
Reimbursed income recognized as an offset to cost of sales	Alvogen Inc.	\$ <u>(3,066)</u>	-	<u>(3,066)</u>	-

(b)

<u>Accounts</u>	<u>Names of related parties</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Contract assets — current	Adalvo Limited	\$ 100,634	82,853	69,214
	Alvogen Inc.	<u>15,330</u>	<u>130,415</u>	<u>449,805</u>
		<u>\$ 115,964</u>	<u>213,268</u>	<u>519,019</u>

(c)

<u>Accounts</u>	<u>Names of related parties</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Contract liabilities — current	Adalvo Limited	\$ <u>140,361</u>	<u>147,387</u>	<u>121,601</u>

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

(4) Key management personnel compensation

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Short-term employee benefits	\$ 75,734	66,873	114,317	104,666
Share-based payments	48,695	64,189	101,964	114,884
	<b>\$ 124,429</b>	<b>131,062</b>	<b>216,281</b>	<b>219,550</b>

**8. Assets pledged as security**

As of June 30, 2025, December 31 and June 30, 2024, the following assets were pledged as collaterals:

Asset	Purpose of pledge	June 30, 2025	December 31, 2024	June 30, 2024
Bank demand deposits (classified as other current assets)	Compensation balances	\$ 15,000	15,000	-
Bank demand deposits (classified as other non-current assets)	Deposit for drug application, performance guarantee and customs, etc.	65	925	856
Land	Long-term borrowings	543,753	598,943	377,383
Buildings and plant equipment	Long-term borrowings	1,428,594	1,415,361	1,442,491
Machinery equipment	Long-term borrowings	129,435	149,813	156,163
		<b>\$ 2,116,847</b>	<b>2,180,042</b>	<b>1,976,893</b>

In addition, as of June 30, 2025, December 31 and June 30, 2024, the entire shares of Alvogen Korea Holdings were pledged as collateral to secure the Company's bank loan facility; as of June 30, 2025, December 31 and June 30, 2024, the entire shares of Alvogen Korea were pledged as collaterals.

**9. Commitments and contingencies**

- (1) The Company had entered into clinical trials collaborative agreements, which required the Company to pay the amount of \$59,891, with \$11,978 payable within one year, and the remaining amount of \$47,913 is payable in installments based on the progress of clinical trials as of June 30, 2025.
- (2) On May 12, 2021, the Company was informed of the resolution by the Fair Trade Commission ("FTC") in Taiwan on incompliance of the exclusive out-licensing agreement entered into between the Company and TTY Biopharm Company Limited for product Furil Capsules "LOTUS" used in the treatment of colorectal cancer with the Taiwanese competition laws; as a result, the FTC imposed a fine of \$65,000 on the Company. In 2021, the Company deposited the full amount of fine, which is presented in other non-current assets. The Company retained legal counsel and initiated litigation in July 2021 through administrative legal procedures before Taipei High Administrative Court; the case is in progress. The Company believes that the aforementioned business arrangement was implemented in a legally compliant manner and intends to pursue available legal remedies to defend the Company's interests.

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

- (3) As of June 30, 2025, the Company’s subsidiaries in Korea had the following commitments:

(Amounts in thousands of New Taiwan Dollars and U.S. Dollars)

Significant Commitment	Contract Amount	Financial Institution
Letter of credit	USD 1,500 (NTD 44,116 )	Woori Bank

- (4) On October 14, 2022, the Korea Fair Trade Commission (“KFTC”) made a press release stating its resolution that an agreement signed between Alvogen Korea and AstraZeneca Ltd. for the anti-cancer products “Zoladex”, “Arimidex” and “Casodex” for Korean market was not compliant to Korean competition laws; as a result, the KFTC imposed a fine of KRW 1,232 million (\$26,550) on Alvogen Korea. Alvogen Korea then received the KFTC’s official written resolution on December 15, 2022. In 2022, Alvogen Korea deposited the total amount of the fine, which is presented in other current assets. Alvogen Korea retained legal counsel and initiated litigation in January 2023 through Seoul High Court. About the ruling of the High Court, please refer to Note 11(1).

**10. Losses due to major disasters: None.**

**11. Subsequent events:**

- (1) On July 4, 2025, Alvogen Korea received a written judgment from the Seoul High Court ruling in favor and overturned allegations by the KFTC of the collusion for its products “Arimidex” and “Casodex” and unfavorable ruling on “Zoladex”. On July 17, 2025, Alvogen Korea filed an appeal against the ruling on “Zoladex”. Alvogen Korea believes that the business arrangement for “Zoladex” was conducted in a legally compliant manner and intends to pursue available legal remedies to defend its interests.
- (2) Following the implementation of shareholding restructuring by PTT during the third quarter of 2025, the Company ceases to be a subsidiary of PTT. The Company remains an associate company of PTT.

**12. Other**

- (1) A summary of employee benefits, depreciation and amortization expenses, by function, was as follows:

By item	By function	For the three months ended June 30,					
		2025			2024		
		Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Employee benefits							
Salary		211,940	355,862	567,802	199,748	327,728	527,476
Labor and health insurance		8,798	8,202	17,000	7,606	7,403	15,009
Pension		14,609	31,638	46,247	13,440	31,872	45,312
Others		12,738	111,141	123,879	15,405	137,281	152,686
Depreciation		54,292	41,877	96,169	50,442	39,719	90,161
Amortization		5,025	266,239	271,264	2,159	218,761	220,920

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

By item	By function	For the six months ended June 30,					
		2025			2024		
		Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Employee benefits							
Salary		421,276	737,517	1,158,793	381,283	655,978	1,037,261
Labor and health insurance		17,339	15,598	32,937	14,660	14,270	28,930
Pension		29,800	66,860	96,660	27,230	64,358	91,588
Others		24,205	227,142	251,347	31,261	252,778	284,039
Depreciation		105,741	83,933	189,674	99,528	78,596	178,124
Amortization		10,055	519,199	529,254	4,558	444,923	449,481

(2) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

**13. Other disclosures**

(1) Information on significant transactions:

The following is the information on significant transactions required by the Regulations for the Group for the six months ended June 30, 2025:

- A. Loans to other parties: Please refer to Table 1.
- B. Guarantees and endorsements for other parties: None.
- C. Securities held as of June 30, 2025 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 2.
- D. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 3.
- E. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 4.
- F. Business relationships and significant intercompany transactions: Please refer to Table 5.

(2) Information on investees (excluding information on investees in Mainland China): Please refer to Table 6.

(3) Information on investment in Mainland China:

- A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 7.
- B. Limitation on investment in Mainland China: Please refer to Table 7.
- C. Significant transactions: None.

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

**14. Segment information**

The Group's operating segment information and reconciliation are as follows:

	<b>For the three months ended June 30, 2025</b>			
	<b>Pharmaceuticals Segment</b>	<b>Other Segment</b>	<b>Elimination</b>	<b>Total</b>
Net revenue:				
Revenue from external customers	\$ 4,693,396	53,629	-	4,747,025
Intersegment revenues	-	46,088	(46,088)	-
Total net revenue	<u>\$ 4,693,396</u>	<u>99,717</u>	<u>(46,088)</u>	<u>4,747,025</u>
Operating income	<u>\$ 1,494,072</u>	<u>12,306</u>	<u>(2,650)</u>	<u>1,503,728</u>
Reportable segment assets	<u>\$ 38,113,993</u>	<u>787,342</u>	<u>(737,204)</u>	<u>38,164,131</u>
	<b>For the three months ended June 30, 2024</b>			
	<b>Pharmaceuticals Segment</b>	<b>Other Segment</b>	<b>Elimination</b>	<b>Total</b>
Net revenue:				
Revenue from external customers	\$ 4,712,308	30,620	-	4,742,928
Intersegment revenues	-	41,301	(41,301)	-
Total net revenue	<u>\$ 4,712,308</u>	<u>71,921</u>	<u>(41,301)</u>	<u>4,742,928</u>
Operating income	<u>\$ 1,623,018</u>	<u>11,419</u>	<u>(1,216)</u>	<u>1,633,221</u>
Reportable segment assets	<u>\$ 34,594,297</u>	<u>737,566</u>	<u>(694,058)</u>	<u>34,637,805</u>
	<b>For the six months ended June 30, 2025</b>			
	<b>Pharmaceuticals Segment</b>	<b>Other Segment</b>	<b>Elimination</b>	<b>Total</b>
Net revenue:				
Revenue from external customers	\$ 9,389,635	87,174	-	9,476,809
Intersegment revenues	-	96,658	(96,658)	-
Total net revenue	<u>\$ 9,389,635</u>	<u>183,832</u>	<u>(96,658)</u>	<u>9,476,809</u>
Operating income	<u>\$ 3,202,346</u>	<u>19,199</u>	<u>(3,113)</u>	<u>3,218,432</u>
Reportable segment assets	<u>\$ 38,113,993</u>	<u>787,342</u>	<u>(737,204)</u>	<u>38,164,131</u>

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

	<b>For the six months ended June 30, 2024</b>			
	<b>Pharmaceuticals Segment</b>	<b>Other Segment</b>	<b>Elimination</b>	<b>Total</b>
Net revenue:				
Revenue from external customers	\$ 8,884,236	56,836	-	8,941,072
Intersegment revenues	-	95,360	(95,360)	-
Total net revenue	<u>\$ 8,884,236</u>	<u>152,196</u>	<u>(95,360)</u>	<u>8,941,072</u>
Operating income	<u>\$ 2,876,539</u>	<u>13,709</u>	<u>(1,445)</u>	<u>2,888,803</u>
Reportable segment assets	<u>\$ 34,594,297</u>	<u>737,566</u>	<u>(695,058)</u>	<u>34,636,805</u>

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**

**Loans to other parties**

**For the six months ended June 30, 2025**

Table 1

(Amounts in Thousands)

No. (Note 1)	Name of Lender	Name of Borrower	Account Name	Related Party	Highest Balance of Financing to Other Parties During the Period	Ending Balance (Note 4)	Actual Usage Amount During the Period	Range of Interest Rates During the Period	Purposes of Fund Financing for the Borrower (Note 2)	Transaction Amount for Business Between Two Parties	Reasons for Short-Term Financing	Loss Allowance	Collateral		Individual Funding Loan Limits (Note 3)	Maximum Limit of Fund Financing (Note 3)	Note
													Item	Value			
1	Lotus International Pte. Ltd.	Alvogen (Thailand) Ltd.	Other receivables from related parties	Yes	1,663,024	1,470,525	1,264,652	5.7%	2	-	Operating funding	-	-	-	3,273,095	3,273,095	Note 5
1	Lotus International Pte. Ltd.	Lotus Healthcare Philippines Corp.	Other receivables from related parties	Yes	33,054	29,411	16,176	5.7%	2	-	Operating funding	-	-	-	3,273,095	3,273,095	Note 5
2	NCS	Meishi Pharma Services Private Limited	Other receivables from related parties	Yes	85,327	75,500	75,500	10.0%	2	-	Operating funding	-	-	-	132,797	132,797	Note 5

Note 1: The numbers denote the following:

- (1) The issuer is number 0.
- (2) Investees are listed in accordance with names and in sequential order starting with 1.

Note 2: Purposes of fund financing for the borrower:

1. For those companies with business transactions with the company, please fill in 1.
2. For those companies with short-term financing needs, please fill in 2.

Note 3: (1) Lotus International Pte. Ltd., Lotus Healthcare Philippines Corp. and Alvogen (Thailand) Ltd. are foreign companies that directly or indirectly 100% held by the Company; the individual funding loan limits and the maximum limit of fund financing were both 100% of the lender's net worth as stated in its latest financial statement.

(2) According to NCS policy for loans granted, the individual funding loan limits and the maximum limit of fund financing were both 60% of its audited net worth.

Note 4: The ending balance is the valid loan amount approved by the Board of Directors.

Note 5: The inter-company transactions and balances had been eliminated in the consolidated financial statements.

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Securities held as of June 30, 2025 (excluding investment in subsidiaries, associates and joint ventures)**  
**June 30, 2025**

Table 2

(Shares in Thousands/ Amounts in Thousands)

Company Names	Marketable Securities Types and Names	Relationship with the Company	Financial Statement Accounts	Ending Balance				Note
				Shares/Units	Carrying Amount	Percentages of Ownership	Fair Value	
The Company	NAGH	Other related party	FVTPL - non-current	55	2,867,677	-	2,867,677	
Lotus Japan Holdings Co., Ltd.	Fuji Pharma Co., Ltd.	-	FVOCI - non-current	1,219	340,738	4.9 %	340,738	

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock**  
**For the six months ended June 30, 2025**

Table 3

(Amounts in Thousands)

Company Names	Related Parties	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Accounts Receivable		Note
			Purchase/Sales	Amounts	Percentages of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Accounts Receivable	
The Company	Alvogen Inc.	Other related party	Sales	1,047,132	11.05%	90~180 days	-	-	1,174,502	18.66%	
The Company	Adalvo Limited	Other related party	Sales	422,206	4.46%	120 days	-	-	551,858	8.77%	
Lotus Pharma Bulgaria EOOD	Alvogen Inc.	Other related party	Sales	2,787,655	29.42%	90~150 days	-	-	2,486,855	39.51%	

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Receivables from related parties with amounts exceeding the lower of NTS\$100 million or 20%**  
**of the capital stock**  
**June 30, 2025**

Table 4

(Amounts in Thousands)

Company Names	Related Parties	Nature of Relationship	Ending Balance	Turnover Rates	Overdue		Amounts Received in Subsequent Period (Note 1)	Expected Credit Loss Allowance
					Amount (Note 2)	Action Taken		
The Company	Alvogen Inc.	Other related party	1,174,502	1.32	232,640	Expect to collect in the third quarter	370,702	-
The Company	Adalvo Limited	Other related party	551,858	1.20	248,260	Expect to collect in the third quarter	99,985	-
Lotus Pharma Bulgaria EOOD	Alvogen Inc.	Other related party	2,486,855	2.24	1,076,103	Expect to collect in the third quarter	724,174	-

Note 1: As of August 8, 2025.

Note 2: All of the overdue amount was past due less than 90 days.

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Business relationships and significant intercompany transactions**  
**For the six months ended June 30, 2025**

Table 5

(Amounts in Thousands)

No. (Note 1)	Company Names	Counterparties	Nature of Relationship (Note 2)	Intercompany Transactions			Percentages of the Consolidated Net Revenue or Total Assets (Note 4)
				Financial Statement Items	Amounts	Trading Terms	
0	The Company	Lotus Pharma Bulgaria EOOD	1	Accounts receivable—related parties	406,509	(Note 3)	1.07 %
0	The Company	Lotus Pharma Bulgaria EOOD	1	Royalty income	1,115,247	(Note 3)	11.77 %
0	The Company	Lotus International Pte. Ltd.	1	Purchase	304,732	(Note 3)	3.22 %
1	Lotus International Pte. Ltd.	Alvogen (Thailand) Ltd.	2	Other receivables—related parties	1,264,652	(Note 3)	3.31 %
1	Lotus International Pte. Ltd.	Alvogen Korea Co., Ltd.	2	Sales	124,714	(Note 3)	1.32 %
2	Alvogen (Thailand) Ltd.	Lotus Pharmaceutical (Thailand) Co., Ltd.	2	Sales	189,509	(Note 3)	2.00 %

Note 1: The characters of business transactions between the parent company and its subsidiaries are coded as follows:

- (1) The parent company is number 0.
- (2) Investees are listed in accordance with names and in sequential order starting with 1.

Note 2: The nature of relationship is as follows:

- (1) represents parent company to subsidiary
- (2) represents subsidiary to subsidiary

Note 3: The intercompany transaction terms are determined in accordance with mutual agreements.

Note 4: Other transactions with an amount less than 1% of the consolidated net revenue or total assets were not disclosed.

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Information on investees (excluding information on investees in Mainland China)**  
**For the six months ended June 30, 2025**

Table 6

(Shares in Thousands)  
(Amounts in Thousands)

Investor Companies	Investee Companies	Locations	Main Businesses and Products	Original Investment Amounts		Balance as of June 30, 2025			Net Income (Losses) of Investee	Investment Income (Losses) (Note 1)	Notes
				June 30, 2025	December 31, 2024	Shares	Percentages of Ownership	Carrying Amount (Note 1)			
The Company	Lotus International Pte. Ltd.	Singapore	Investment business and sale of medicine	3,473,141 (USD 110,100)	3,279,987 (USD 103,600)	110,100	100.00 %	5,181,050	1,671,890	1,585,182	
The Company	Lotus Pharmaceutical, HK Ltd.	Hong Kong	Data collection and agent services in Hong Kong	967 (HKD 250)	967 (HKD 250)	250	1.56 %	(16)	73	1	
The Company	Alvogen Korea Holdings	Korea	Investment business	4,858,270 (USD 157,029)	4,858,270 (USD 157,029)	1,457	100.00 %	3,877,868	204,881	300,222	Note 2
The Company	Alvogen India	India	Investment business	298,509 (USD 9,950)	298,509 (USD 9,950)	512	100.00 %	203,186	30,306	30,688	Note 2
The Company	Lotus Japan Holdings Co., Ltd.	Japan	Sale of medicine and clinical machine retail	623,647 (JPY 2,225,400)	623,647 (JPY 2,225,400)	-	100.00 %	372,560	4,458	4,458	
The Company	Alvogen (Thailand) Ltd.	Thailand	Sale of pharmaceuticals and medicinal chemical products	3,859 (USD 131)	3,859 (USD 131)	40	2.52 %	9,444	192,907	4,861	
The Company	Avos Pharma Science Co., Ltd.	Taiwan	Biotech technological consulting services, clinical machine retail and related consulting services	100	100	-	100.00 %	310	(2)	(2)	
The Company	Lotus Pharmaceutical (Thailand) Co., Ltd.	Thailand	Sale of pharmaceuticals and medicinal chemical products	1,368,693 (USD 41,648)	1,368,693 (USD 41,648)	462	90.00 %	1,371,416	23,945	5,974	
Lotus International Pte. Ltd.	Lotus Support Services SRL	Romania	Pharmaceutical regulatory affairs project management services	3,010 (RON 445)	3,010 (RON 445)	44	100.00 %	16,506	2,720	2,720	
Lotus International Pte. Ltd.	Alvogen (Thailand) Ltd.	Thailand	Sale of pharmaceuticals and medicinal chemical products	142,237 (USD 4,655)	142,237 (USD 4,655)	1,530	97.45 %	235,720	192,907	187,814	
Lotus International Pte. Ltd.	Lotus Alvogen Malta Ltd.	Malta	Marketing activities and healthcare consultancy	1,419 (EUR 42)	1,419 (EUR 42)	42	100.00 %	4,501	795	795	

Investor Companies	Investee Companies	Locations	Main Businesses and Products	Original Investment Amounts		Balance as of June 30, 2025			Net Income (Losses) of Investee	Investment Income (Losses) (Note 1)	Notes
				June 30, 2025	December 31, 2024	Shares	Percentages of Ownership	Carrying Amount (Note 1)			
Lotus International Pte. Ltd.	Lotus Pharmaceutical, HK Ltd.	Hong Kong	Data collection and agent services in Hong Kong	59,029 (HKD 15,749)	59,029 (HKD 15,749)	15,749	98.44 %	(1,021)	73	72	
Lotus International Pte. Ltd.	Lotus Healthcare Malaysia Sdn. Bhd.	Malaysia	Marketing activities and healthcare consultancy	7 (MYR 1)	7 (MYR 1)	1	100.00 %	670	319	319	
Lotus International Pte. Ltd.	Lotus Healthcare Philippines Corp.	Philippines	Sale of pharmaceuticals and medicinal chemical products	59,763 (PHP 106,485)	59,763 (PHP 106,485)	106,485	100.00 %	7,179	(8,397)	(8,397)	
Lotus International Pte. Ltd.	Lotus Pharma Bulgaria EOOD	Bulgaria	Sale of pharmaceuticals and medicinal chemical products	8,503 (BGN 538)	8,503 (BGN 538)	538	100.00 %	2,135,916	1,370,545	1,365,920	
Lotus International Pte. Ltd.	Lotus Pharma ehf.	Iceland	Marketing activities and healthcare consultancy	106 (ISK 500)	106 (ISK 500)	500	100.00 %	2,398	26	26	
Lotus International Pte. Ltd.	Meishi Pharma Services Private Limited	India	Management consultancy service	65,143 (INR 170,093)	37 (INR 100)	30	100.00 %	22,475	(20,158)	(20,158)	
Lotus International Pte. Ltd.	Meishi Pharma Service Pte. Ltd.	Singapore	Management consultancy service	-	-	-	100.00 %	(83)	-	-	
Lotus International Pte. Ltd.	Lotus Pharmaceutical (Thailand) Co., Ltd.	Thailand	Sale of pharmaceuticals and medicinal chemical products	152,076 (USD 4,628)	152,076 (USD 4,628)	51	10.00 %	152,380	23,945	644	
Lotus Pharmaceutical, HK Ltd.	Alvogen (Thailand) Ltd.	Thailand	Sale of pharmaceuticals and medicinal chemical products	30 (USD 1)	30 (USD 1)	-	0.03 %	72	192,907	58	

Note 1: The inter-company transactions and balances had been eliminated in the consolidated financial statements.

Note 2: The main financial statements of the Company's subsidiary Alvogen Korea Holdings and Alvogen India are their consolidated financial statements.

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Information on investment in Mainland China**  
**For the six months ended June 30, 2025**

Table 7

(Amounts in Thousands)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Investee Companies	Main Businesses and Products	Total Amounts of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2025	Net Income of the Investee	Percentages of Ownership	Investment Income	Carrying Amount	Accumulated Inward Remittance of Earnings as of June 30, 2025
					Outflow	Inflow						
Lotus Pharmaceutical (Shanghai) Health Management Consulting Limited (Note 2)	Consultation on health management, health technology, trading information, market planning, and business information	911	(Note 1)	911	-	-	911	681	100.00%	681	(587)	-
Lotus Biotech (Shanghai) Limited (Note 3)	Consulting on health technology, chemical drugs, chemical reagents, biotech technology consulting, and biotech production	20,100	(Note 1)	20,100	-	-	20,100	-	-	-	-	-

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of June 30, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
21,011	21,011	12,218,511

Note 1: Reinvestment in Mainland China through another investee in a third area.

Note 2: The investment amount has been approved by the Investment Commission, MOEA No. 10700074190.

Note 3: The investment amount has been approved by the Investment Commission, MOEA No. 092031304 and No. 09500181300. Lotus Biotech (Shanghai) Limited has been divested in 2017, with the approval of the Investment Commission, MOEA No. 10800070030.

Note 4: The amount limit is in accordance with No. 006130 issued by the Ministry of Finance on November 16, 2001 and No. 09704604680 issued by the Investment Commission, MOEA on August 29, 2008.