

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

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 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.

## Table of Contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	11~13
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	13
(6) Explanation of significant accounts	14~36
(7) Related-party transactions	37~40
(8) Assets pledged as security	40
(9) Commitments and contingencies	41
(10) Losses due to major disasters	41
(11) Subsequent events	41
(12) Other	42
(13) Other disclosures	
(a) Information on significant transactions	42、44~48
(b) Information on investees	42、49~50
(c) Information on investment in Mainland China	43、51
(14) Segment information	43



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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 March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 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 \$3,297,122 thousand and \$962,647 thousand, constituting 8% and 3% of the consolidated total assets; and the total liabilities amounting to \$506,460 thousand and \$164,493 thousand, constituting 3% and 1% of the consolidated total liabilities as of March 31, 2025 and 2024, respectively; as well as the total comprehensive income amounting to \$(47,368) thousand and \$(16,391) thousand, constituting (3)% and (2)% of the total consolidated comprehensive income for the three months ended March 31, 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 March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 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)

May 9, 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

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

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2025		December 31, 2024		March 31, 2024		Liabilities and Equity		March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(1))	\$ 5,604,915	14	6,030,113	15	3,121,397	9	2100	Short-term borrowings (note 6(12))	\$ 325,504	1	1,614,619	4	557,486	2
1140	Contract assets—current (notes 6(21) and 7)	98,571	-	221,774	1	90,406	-	2130	Contract liabilities—current (notes 6(21) and 7)	176,107	1	180,900	-	152,425	1
1170	Notes and accounts receivable, net (notes 6(4) and (11))	2,155,202	5	1,952,511	5	1,913,782	6	2170	Notes and accounts payable	878,738	2	988,104	3	679,210	2
1180	Accounts receivable—related parties (note 7)	4,684,691	12	5,260,516	13	4,097,597	12	2180	Accounts payable—related parties (note 7)	98,409	-	82,334	-	17,733	-
1200	Other receivables	32,408	-	66,518	-	26,512	-	2200	Other payables (note 6(18))	2,645,117	7	1,229,237	3	2,300,964	7
1210	Other receivables—related parties (note 7)	18,224	-	69,560	-	167,727	-	2220	Other payables—related parties (note 7)	109,703	-	99,303	-	109,314	-
1220	Current tax assets	149,071	-	132,461	-	63,543	-	2230	Current tax liabilities	958,454	3	664,472	2	711,181	2
1310	Inventories (note 6(5))	3,829,940	10	3,833,331	10	3,753,127	11	2250	Provisions—current (note 6(15))	51,355	-	48,846	-	35,540	-
1479	Other current assets (notes 8 and 9)	495,535	1	531,495	1	501,614	2	2280	Lease liabilities—current (note 6(14))	100,033	-	84,315	-	97,760	-
	<b>Total current assets</b>	<u>17,068,557</u>	<u>42</u>	<u>18,098,279</u>	<u>45</u>	<u>13,735,705</u>	<u>40</u>	2320	Current portion of long-term borrowings (notes 6(13) and 8)	3,396,154	8	3,389,979	9	1,348,171	4
	<b>Non-current assets:</b>							2399	Other current liabilities	94,328	-	56,015	-	34,246	-
1510	Financial asset at fair value through profit or loss—non-current (note 6(2))	3,222,966	8	3,188,859	8	2,643,919	8		<b>Total current liabilities</b>	<u>8,833,902</u>	<u>22</u>	<u>8,438,124</u>	<u>21</u>	<u>6,044,030</u>	<u>18</u>
1517	Financial asset at fair value through other comprehensive income—non-current (note 6(3))	359,621	1	405,177	1	424,514	1		<b>Non-current liabilities:</b>						
1600	Property, plant and equipment (notes 6(6), (7) and 8)	3,416,648	8	3,395,360	9	3,298,990	10	2527	Contract liabilities—non-current (note 6(21))	23,851	-	26,563	-	39,539	-
1755	Right-of-use assets (note 6(8))	256,552	1	270,971	1	320,763	1	2540	Long-term borrowings (notes 6(13) and 8)	8,411,763	20	8,383,528	21	9,413,604	27
1805	Goodwill (notes 6(6) and (9))	6,138,208	15	6,126,521	15	5,638,800	17	2550	Provisions—non-current (note 6(15))	32,815	-	37,585	-	21,565	-
1821	Other intangible assets (notes 6(6), (10) and 7)	9,417,893	23	7,838,085	20	7,468,265	22	2570	Deferred tax liabilities	1,094,043	3	1,092,749	3	719,602	2
1840	Deferred tax assets	494,890	1	486,423	1	423,416	1	2580	Lease liabilities—non-current (note 6(14))	165,883	-	194,063	-	222,499	1
1930	Long-term accounts receivable (note 6(11))	125,607	-	122,728	-	168,885	-	2640	Defined benefit liabilities, net	675,055	2	641,208	2	509,432	2
1990	Other non-current assets (notes 8 and 9)	170,564	1	168,740	-	163,709	-	2670	Other non-current liabilities (note 6(10))	233,270	1	106,897	-	161,979	-
	<b>Total non-current assets</b>	<u>23,602,949</u>	<u>58</u>	<u>22,002,864</u>	<u>55</u>	<u>20,551,261</u>	<u>60</u>		<b>Total non-current liabilities</b>	<u>10,636,680</u>	<u>26</u>	<u>10,482,593</u>	<u>26</u>	<u>11,088,220</u>	<u>32</u>
	<b>Total assets</b>	<u>\$ 40,671,506</u>	<u>100</u>	<u>40,101,143</u>	<u>100</u>	<u>34,286,966</u>	<u>100</u>		<b>Total liabilities</b>	<u>19,470,582</u>	<u>48</u>	<u>18,920,717</u>	<u>47</u>	<u>17,132,250</u>	<u>50</u>
									<b>Equity (notes 6(18) and (19)):</b>						
								3100	Share capital	2,658,138	7	2,658,583	7	2,649,583	8
								3200	Capital surplus	7,431,404	18	7,430,959	19	7,130,549	21
								3300	Retained earnings	12,576,091	31	12,660,106	31	8,704,697	25
								3400	Other equity	(1,416,323)	(4)	(1,520,836)	(4)	(1,279,016)	(4)
								3500	Treasury shares	(48,386)	-	(48,386)	-	(51,097)	-
									<b>Total equity</b>	<u>21,200,924</u>	<u>52</u>	<u>21,180,426</u>	<u>53</u>	<u>17,154,716</u>	<u>50</u>
									<b>Total liabilities and equity</b>	<u>\$ 40,671,506</u>	<u>100</u>	<u>40,101,143</u>	<u>100</u>	<u>34,286,966</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 Ended March 31, 2025 and 2024**

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

		For the three months ended March 31,			
		2025		2024	
		Amount	%	Amount	%
4000	<b>Net revenue</b> (notes 6(11), (21) and 7)	\$ 4,729,784	100	4,198,144	100
5000	<b>Cost of sales</b> (notes 6(5) and 7)	1,814,482	38	1,894,649	45
5900	<b>Gross profit from operations</b>	<u>2,915,302</u>	<u>62</u>	<u>2,303,495</u>	<u>55</u>
<b>Operating expenses</b> (notes 6(6) and 7):					
6100	Selling expenses	678,450	14	595,965	14
6200	Administrative expenses	375,485	8	335,845	8
6300	Research and development expenses	145,106	3	116,978	3
6450	Expected credit loss recognized (reversed) (note 6(4))	1,557	-	(875)	-
	<b>Total operating expenses</b>	<u>1,200,598</u>	<u>25</u>	<u>1,047,913</u>	<u>25</u>
6900	<b>Operating income</b>	<u>1,714,704</u>	<u>37</u>	<u>1,255,582</u>	<u>30</u>
<b>Non-operating income and expenses:</b>					
7100	Interest income	23,237	-	22,105	1
7010	Other income (notes 6(3) and 7)	14,660	-	33,164	1
7020	Other gains and losses, net (note 6(23))	130,539	3	146,809	3
7050	Finance costs (note 6(23))	(140,754)	(3)	(151,311)	(4)
		<u>27,682</u>	<u>-</u>	<u>50,767</u>	<u>1</u>
7900	<b>Income before income tax</b>	1,742,386	37	1,306,349	31
7950	Less: Income tax expense (note 6(17))	306,955	7	270,053	6
	<b>Net income</b>	<u>1,435,431</u>	<u>30</u>	<u>1,036,296</u>	<u>25</u>
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Components of other comprehensive loss that will not be reclassified to profit or loss</b>				
8316	Unrealized loss from investment in equity instrument measured at fair value through other comprehensive income	(68,085)	(1)	(20,502)	-
	Components of other comprehensive loss that will not be reclassified to profit or loss	<u>(68,085)</u>	<u>(1)</u>	<u>(20,502)</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that may be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	100,511	2	(37,504)	(1)
	Components of other comprehensive income (loss) that may be reclassified to profit or loss	<u>100,511</u>	<u>2</u>	<u>(37,504)</u>	<u>(1)</u>
8300	<b>Other comprehensive income (loss), net</b>	<u>32,426</u>	<u>1</u>	<u>(58,006)</u>	<u>(1)</u>
8500	<b>Total comprehensive income</b>	<u>\$ 1,467,857</u>	<u>31</u>	<u>978,290</u>	<u>24</u>
<b>Earnings per share</b> (note 6(20))					
9750	Basic earnings per share	<u>\$ 5.47</u>		<u>3.96</u>	
9850	Diluted earnings per share	<u>\$ 5.44</u>		<u>3.94</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 Changes in Equity

For the Three Months Ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Share capital	Capital surplus	Retained earnings			Total	Other equity		Total	Treasury shares	Total equity	
			Legal reserve	Special reserve	Unappropriated retained earnings		Exchange differences on translation of foreign financial statements	Unrealized loss on financial asset at fair value through other comprehensive income				Unearned share-based payments
<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	-	-	-	-	1,036,296	1,036,296	-	-	-	-	-	1,036,296
Other comprehensive loss	-	-	-	-	-	-	(37,504)	(20,502)	-	(58,006)	-	(58,006)
Total comprehensive income (loss)	-	-	-	-	1,036,296	1,036,296	(37,504)	(20,502)	-	(58,006)	-	978,290
Appropriation of earnings:												
Cash dividends to shareholders	-	-	-	-	(1,231,688)	(1,231,688)	-	-	-	-	-	(1,231,688)
Share-based payments	-	-	-	-	-	-	-	-	74,479	74,479	-	74,479
<b>Balance at March 31, 2024</b>	<u>\$ 2,649,583</u>	<u>7,130,549</u>	<u>491,542</u>	<u>1,034,284</u>	<u>7,178,871</u>	<u>8,704,697</u>	<u>(801,615)</u>	<u>(102,467)</u>	<u>(374,934)</u>	<u>(1,279,016)</u>	<u>(51,097)</u>	<u>17,154,716</u>
<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	-	-	-	-	1,435,431	1,435,431	-	-	-	-	-	1,435,431
Other comprehensive income (loss)	-	-	-	-	-	-	100,511	(68,085)	-	32,426	-	32,426
Total comprehensive income (loss)	-	-	-	-	1,435,431	1,435,431	100,511	(68,085)	-	32,426	-	1,467,857
Appropriation of earnings:												
Cash dividends to shareholders	-	-	-	-	(1,519,653)	(1,519,653)	-	-	-	-	-	(1,519,653)
Share-based payments	(445)	445	-	-	207	207	-	-	72,087	72,087	-	72,294
<b>Balance at March 31, 2025</b>	<u>\$ 2,658,138</u>	<u>7,431,404</u>	<u>899,209</u>	<u>846,074</u>	<u>10,830,808</u>	<u>12,576,091</u>	<u>(889,954)</u>	<u>(185,830)</u>	<u>(340,539)</u>	<u>(1,416,323)</u>	<u>(48,386)</u>	<u>21,200,924</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 Cash Flows**

**For the Three Months Ended March 31, 2025 and 2024**

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

	For the three months ended March 31,	
	2025	2024
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 1,742,386	1,306,349
<b>Adjustments:</b>		
<b>Adjustments to reconcile income</b>		
Depreciation expense	93,505	87,963
Amortization expense	257,990	228,561
Expected credit loss recognized (reversed)	1,557	(875)
Gains on financial asset at fair value through profit or loss	(34,107)	(59,218)
Finance costs	140,754	151,311
Interest income	(23,237)	(22,105)
Dividend income	(5,394)	(5,157)
Share-based payment costs	72,087	74,479
Losses on disposal of property, plant and equipment	37	556
Unrealized foreign exchange gains	(47,055)	(31,827)
Write-downs of inventories	40,240	42,758
Losses (gains) on lease modifications	1,017	(77)
<b>Total adjustments to reconcile income</b>	<u>497,394</u>	<u>466,369</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Contract assets	123,223	38,376
Notes and accounts receivable, net	(192,550)	(230,696)
Accounts receivable – related parties	630,079	538,017
Other receivables	33,947	(5,317)
Other receivables – related parties	49,267	(4,221)
Inventories	(22,801)	(43,292)
Other current assets	22,890	20,964
Long-term accounts receivable	-	(51,141)
Other non-current assets	-	(1,492)
<b>Total changes in operating assets</b>	<u>644,055</u>	<u>261,198</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	(7,731)	14,553
Notes and accounts payable	(113,827)	49,628
Accounts payable – related parties	15,309	(28,143)
Other payables	13,564	(144,168)
Other payables – related parties	9,238	(68,451)
Provisions	(2,791)	(1,973)
Other current liabilities	34,607	(3,309)
Defined benefit liabilities, net	30,697	32,684
<b>Total changes in operating liabilities</b>	<u>(20,934)</u>	<u>(149,179)</u>
<b>Total changes in operating assets and liabilities</b>	<u>623,121</u>	<u>112,019</u>
<b>Total adjustments</b>	<u>1,120,515</u>	<u>578,388</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 Three Months Ended March 31, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended	
	March 31,	
	2025	2024
Cash flows generated from operations	2,862,901	1,884,737
Interest received	20,656	19,719
Interest paid	(116,720)	(129,813)
Income taxes paid	(37,944)	(10,022)
<b>Net cash flows generated from operating activities</b>	<b>2,728,893</b>	<b>1,764,621</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(171,259)	(52,482)
Decrease (increase) in refundable deposits	(1,793)	16,946
Acquisition of intangible assets (including capitalized development expenses)	(1,700,038)	(363,083)
Decrease in other current assets	15,000	-
Decrease in other non-current assets	870	-
Dividends received	5,738	-
<b>Net cash flows used in investing activities</b>	<b>(1,851,482)</b>	<b>(398,619)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from short-term borrowings	-	378,250
Repayments of short-term borrowings	(1,291,418)	(330,950)
Repayments of long-term borrowings	-	(78,833)
Payments of lease liabilities	(28,881)	(28,538)
Cash dividends returned from unvested restricted stock awards	207	-
<b>Net cash flows used in financing activities</b>	<b>(1,320,092)</b>	<b>(60,071)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>17,483</b>	<b>44,586</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(425,198)</b>	<b>1,350,517</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>6,030,113</b>	<b>1,770,880</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 5,604,915</b>	<b>3,121,397</b>

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 Three Months Ended March 31, 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 37.67% in the Company as of March 31, 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 three months ended March 31, 2025 and 2024 were authorized for issuance by the Board of Directors of the Company on May 9, 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 issued 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:

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

- (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**

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
	<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>	

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 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

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

**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.

(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
			March 31, 2025	December 31, 2024	March 31, 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)

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

Investor	Subsidiary	Nature of business	Shareholding			Notes
			March 31, 2025	December 31, 2024	March 31, 2024	
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 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.	Sale of pharmaceuticals and medicinal chemical products and related consulting services	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.	Marketing activities and healthcare consultancy	100.00 %	100.00 %	100.00 %	(Note 2)
Lotus International Pte. Ltd.	Lotus Pharma Bulgaria EOOD	Marketing activities and healthcare consultancy	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 Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

Investor	Subsidiary	Nature of business	Shareholding			Notes
			March 31, 2025	December 31, 2024	March 31, 2024	
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 “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.

(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.

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Notes to the 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>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Cash on hand and demand deposits	<u>\$ 5,604,915</u>	<u>6,030,113</u>	<u>3,121,397</u>

(2) Financial asset at FVTPL

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Financial asset mandatorily measured at FVTPL:			
Foreign preferred stock – New Alvogen Group Holding Inc.	<u>\$ 3,222,966</u>	<u>3,188,859</u>	<u>2,643,919</u>

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

(3) Financial asset at FVOCI

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Financial asset at FVOCI:			
Foreign listed stock – Fuji Pharma Co., Ltd.	<u>\$ 359,621</u>	<u>405,177</u>	<u>424,514</u>

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 ended March 31, 2025 and 2024, dividends of \$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 three months ended March 31, 2025 and 2024.

(4) Notes and accounts receivable, net

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Notes receivable	\$ 78	-	-
Accounts receivable	2,195,356	1,991,139	1,954,644
Less: Expected credit loss allowance	<u>(40,232)</u>	<u>(38,628)</u>	<u>(40,862)</u>
	<u>\$ 2,155,202</u>	<u>1,952,511</u>	<u>1,913,782</u>

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

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>March 31, 2025</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	\$ 1,345,372	- %	21
1 to 60 days past due	98,154	1.73 %	1,699
61 to 90 days past due	12,735	4.18 %	532
91 to 120 days past due	11,367	4.40 %	500
151 to 180 days past due	1,802	97.00 %	1,748
181 to 360 days past due	6,196	96.14 %	5,957
More than 360 days past due	29,775	100.00 %	29,775
	<b>\$ 1,505,401</b>		<b>40,232</b>
<b><u>Group 2</u></b>			
Current	<b>\$ 690,033</b>	- %	-
<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	29,744	100.00 %	29,744
	<b>\$ 1,318,391</b>		<b>38,628</b>
<b><u>Group 2</u></b>			
Current	<b>\$ 672,748</b>	- %	-

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

	<b>March 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	\$ 1,152,975	0.80 %	9,195
1 to 60 days past due	94,999	1.23 %	1,172
61 to 90 days past due	4,372	1.40 %	61
91 to 120 days past due	123	2.99 %	4
121 to 150 days past due	2,000	3.68 %	74
151 to 180 days past due	1,931	32.81 %	634
181 to 360 days past due	13	84.62 %	11
More than 360 days past due	29,711	100.00 %	29,711
	<b>\$ 1,286,124</b>		<b>40,862</b>
<b><u>Group 2</u></b>			
Current	<b>\$ 668,520</b>	- %	-

Group 1: Customer of general risk.

Group 2: Customer of low risk.

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

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ 38,628	41,851
Expected credit loss recognized (reversed)	1,557	(875)
Effect of exchange rate changes	47	(114)
Balance at March 31	<b>\$ 40,232</b>	<b>40,862</b>

(5) Inventories

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Raw materials	\$ 1,144,353	1,098,892	1,099,255
Work in progress	449,065	607,228	528,275
Finished goods and merchandise	2,050,167	1,931,064	1,837,396
Inventory in transit	186,355	196,147	288,201
	<b>\$ 3,829,940</b>	<b>3,833,331</b>	<b>3,753,127</b>

For the three months ended March 31, 2025 and 2024, write-downs of inventories to net realizable value in the amount of \$40,240 and \$42,758, respectively, were included in the cost of sales.

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

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

(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 "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.

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.

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	<u>(13,586)</u>
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.

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

(7) Property, plant and equipment

The movement in the property, plant and equipment of the Group for the three months ended March 31, 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	-	1,310	6,817	2,395	69,121	8	79,651
Disposals	-	(2,265)	(80)	(5,110)	-	-	(7,455)
Reclassification	-	37,861	89,504	4,861	(132,226)	-	-
Effect of exchange rate changes	1,447	2,381	4,289	1,098	589	871	10,675
Balance at March 31, 2025	<u>\$ 600,780</u>	<u>2,112,865</u>	<u>1,752,316</u>	<u>216,469</u>	<u>643,861</u>	<u>101,025</u>	<u>5,427,316</u>
Balance at January 1, 2024	\$ 622,554	1,888,089	1,634,061	192,276	639,408	71,006	5,047,394
Additions	-	7,252	972	1,918	97,997	263	108,402
Disposals	-	(2,395)	(6,096)	(2,683)	-	-	(11,174)
Reclassification	-	61,942	22,595	13,304	(97,841)	-	-
Effect of exchange rate changes	(3,816)	(6,201)	(5,705)	(1,632)	138	(134)	(17,350)
Balance at March 31, 2024	<u>\$ 618,738</u>	<u>1,948,687</u>	<u>1,645,827</u>	<u>203,183</u>	<u>639,702</u>	<u>71,135</u>	<u>5,127,272</u>
Accumulated depreciation:							
Balance at January 1, 2025	\$ -	657,122	1,082,935	149,976	-	59,052	1,949,085
Depreciation	-	15,336	37,636	6,566	-	4,246	63,784
Disposals	-	(2,265)	(80)	(5,073)	-	-	(7,418)
Effect of exchange rate changes	-	1,542	2,217	915	-	543	5,217
Balance at March 31, 2025	<u>\$ -</u>	<u>671,735</u>	<u>1,122,708</u>	<u>152,384</u>	<u>-</u>	<u>63,841</u>	<u>2,010,668</u>
Balance at January 1, 2024	\$ -	623,921	985,131	133,060	-	47,484	1,789,596
Depreciation	-	14,182	35,849	5,925	-	2,226	58,182
Disposals	-	(2,383)	(5,885)	(2,350)	-	-	(10,618)
Effect of exchange rate changes	-	(3,855)	(3,700)	(1,266)	-	(57)	(8,878)
Balance at March 31, 2024	<u>\$ -</u>	<u>631,865</u>	<u>1,011,395</u>	<u>135,369</u>	<u>-</u>	<u>49,653</u>	<u>1,828,282</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 March 31, 2025	<u>\$ 600,780</u>	<u>1,441,130</u>	<u>629,608</u>	<u>64,085</u>	<u>643,861</u>	<u>37,184</u>	<u>3,416,648</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 March 31, 2024	<u>\$ 618,738</u>	<u>1,316,822</u>	<u>634,432</u>	<u>67,814</u>	<u>639,702</u>	<u>21,482</u>	<u>3,298,990</u>

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

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

(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 March 31, 2025	\$ <u>225,571</u>	<u>17,658</u>	<u>13,323</u>	<u>256,552</u>
Balance at January 1, 2024	\$ <u>221,943</u>	<u>21,614</u>	<u>9,862</u>	<u>253,419</u>
Balance at March 31, 2024	\$ <u>287,750</u>	<u>21,082</u>	<u>11,931</u>	<u>320,763</u>

There was no significant addition, disposal, or recognition and reversal of impairment losses of right-of-use assets for the three months ended March 31, 2025 and 2024. Please refer to note 6(8) of the 2024 annual consolidated financial statements for other related information.

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 three months ended				
March 31, 2025	\$ <u>25,786</u>	<u>2,255</u>	<u>1,680</u>	<u>29,721</u>
For the three months ended				
March 31, 2024	\$ <u>26,106</u>	<u>2,000</u>	<u>1,675</u>	<u>29,781</u>

(9) Goodwill

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Goodwill	\$ <u>6,138,208</u>	<u>6,126,521</u>	<u>5,638,800</u>

There was no significant addition, disposal, or recognition of impairment losses of goodwill for the three months ended March 31, 2025 and 2024. Please refer to note 6(9) of the 2024 annual consolidated financial statements for other related information.

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

(10) Other intangible assets

The movement in the intangible assets of the Group for the three months ended March 31, 2025 and 2024, was as follows:

	<u>Product Rights</u>	<u>Brand</u>	<u>In-process R&amp;D</u>	<u>Capitalization of Development 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	1,553,046	-	-	258,759	-	189	1,811,994
Disposals	-	-	-	-	-	(8,621)	(8,621)
Reclassification	26,034	-	-	(30,379)	-	4,345	-
Effect of exchange rate changes	36,336	2,722	1,300	5,481	-	1,423	47,262
Balance at March 31, 2025	<u>\$ 10,177,817</u>	<u>638,717</u>	<u>304,971</u>	<u>3,770,962</u>	<u>362,708</u>	<u>413,613</u>	<u>15,668,788</u>
Balance at January 1, 2024	\$ 8,375,871	679,671	324,525	2,623,324	-	367,639	12,371,030
Additions	7,024	-	-	319,031	-	74	326,129
Reclassification	56,974	-	-	(56,974)	-	-	-
Effect of exchange rate changes	7,535	(7,179)	(3,427)	6,354	-	(2,028)	1,255
Balance at March 31, 2024	<u>\$ 8,447,404</u>	<u>672,492</u>	<u>321,098</u>	<u>2,891,735</u>	<u>-</u>	<u>365,685</u>	<u>12,698,414</u>
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	237,531	-	2,428	-	7,943	10,088	257,990
Disposals	-	-	-	-	-	(8,621)	(8,621)
Effect of exchange rate changes	15,192	2,160	1,095	1,727	-	1,284	21,458
Balance at March 31, 2025	<u>\$ 4,274,477</u>	<u>506,955</u>	<u>261,153</u>	<u>899,710</u>	<u>21,180</u>	<u>287,420</u>	<u>6,250,895</u>
Balance at January 1, 2024	\$ 3,193,437	539,461	265,014	745,097	-	263,026	5,006,035
Amortization	218,502	-	2,540	-	-	7,519	228,561
Effect of exchange rate changes	6,976	(5,697)	(2,789)	(1,233)	-	(1,704)	(4,447)
Balance at March 31, 2024	<u>\$ 3,418,915</u>	<u>533,764</u>	<u>264,765</u>	<u>743,864</u>	<u>-</u>	<u>268,841</u>	<u>5,230,149</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 March 31, 2025	<u>\$ 5,903,340</u>	<u>131,762</u>	<u>43,818</u>	<u>2,871,252</u>	<u>341,528</u>	<u>126,193</u>	<u>9,417,893</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 March 31, 2024	<u>\$ 5,028,489</u>	<u>138,728</u>	<u>56,333</u>	<u>2,147,871</u>	<u>-</u>	<u>96,844</u>	<u>7,468,265</u>

In the first quarter of 2025, the Group acquired a product right from a third party for a total consideration of USD50 million (\$1,652,715). 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 March 31, 2025, the remaining unpaid consideration amounted to USD5 million (\$165,271) was presented in other non-current liabilities.

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

(11) Long-term accounts receivable

The long-term accounts receivable were summarized as follows:

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2024</u>
Long-term accounts receivable	\$ 194,497	193,668	252,861
Less: Discount	<u>(23,226)</u>	<u>(25,470)</u>	<u>(35,897)</u>
	171,271	168,198	216,964
Less: Current portion (classified as accounts receivable, net)	<u>(45,664)</u>	<u>(45,470)</u>	<u>(48,079)</u>
Total	<u>\$ 125,607</u>	<u>122,728</u>	<u>168,885</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 (\$71,034), 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 (\$202,953) in compensation, payable in equal instalments over six years from 2023 to 2028.

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

(12) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2024</u>
Unsecured bank loans	\$ <u>325,504</u>	<u>1,614,619</u>	<u>557,486</u>
Unused credit line	<u>1,202,953</u>	<u>352,579</u>	<u>138,714</u>
Range of interest rates	<u>2.11%~4.18%</u>	<u>1.99%~4.64%</u>	<u>1.88%~5.36%</u>

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

(13) Long-term borrowings

The long-term borrowings were summarized as follows:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Unsecured bank loans	\$ 225,503	224,543	348,228
Secured bank loans	10,913,010	10,884,020	9,597,443
Secured loans from other financial institutions	<u>669,404</u>	<u>664,944</u>	<u>816,104</u>
	11,807,917	11,773,507	10,761,775
Less: Current portion	<u>(3,396,154)</u>	<u>(3,389,979)</u>	<u>(1,348,171)</u>
Total	<u>\$ 8,411,763</u>	<u>8,383,528</u>	<u>9,413,604</u>
Unused credit line	<u>\$ 3,986,000</u>	<u>3,986,000</u>	<u>6,120,000</u>
Range of maturity period (year/month)	<u>2025/04~2026/10</u>	<u>2025/04~2026/10</u>	<u>2024/10~2026/10</u>
Range of interest rates	<u>3.09%~6.13%</u>	<u>2.91%~6.51%</u>	<u>3.43%~7.63%</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 (\$1,578,524) 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 March 31, 2025.

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

(14) Lease liabilities – current and non-current

The carrying amounts of the lease liabilities were as follows:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Current	<u>\$ 100,033</u>	<u>84,315</u>	<u>97,760</u>
Non-current	<u>\$ 165,883</u>	<u>194,063</u>	<u>222,499</u>

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

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Interest expenses on lease liabilities	\$ <b>4,016</b>	<b>4,611</b>
Expenses relating to short-term leases	\$ <b>3,456</b>	<b>3,238</b>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <b>204</b>	<b>244</b>

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

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Total cash outflow for leases	\$ <b>36,557</b>	<b>36,631</b>

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.

(15) Provisions — current and non-current

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Provisions for estimated return of goods	\$ 45,779	43,374	34,590
Provisions for restoration	10,918	10,745	5,432
Provisions for employee benefit obligations	27,473	32,312	17,083
	\$ <b>84,170</b>	<b>86,431</b>	<b>57,105</b>

There were no significant changes in provisions for the three months ended March 31, 2025 and 2024. Please refer to note 6(15) of the 2024 annual consolidated financial statements for other related information.

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

(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 ended March 31, 2025 and 2024 were \$36,091 and \$34,990, 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 \$14,322 and \$11,286 for the three months ended March 31, 2025 and 2024, respectively.

(17) Income tax

A. Income tax expense

The components of income tax for the three months ended March 31, 2025 and 2024 were as follows:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
Current tax expense		
Current period	\$ 307,332	269,966
Adjustments in respect of prior years	(377)	87
	<b>\$ 306,955</b>	<b>270,053</b>

B. Income tax assessments

As of March 31, 2025, the tax authorities have completed the examination of the Company's income tax returns through 2020.

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

(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 March 31, 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 March 31, 2025, December 31 and March 31, 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 November 7, 2024, August 8, 2024, March 14, 2024 and August 10, 2023, the Board of Directors approved the issuance of 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).

B. Capital surplus

The ending balances of capital surplus were as follows:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Additional paid-in capital	\$ 5,474,195	5,474,195	5,305,689
Treasury share transactions	30,660	30,660	25,546
Conversion of convertible bonds	1,268,876	1,268,876	1,268,876
Restricted stock awards	<u>657,673</u>	<u>657,228</u>	<u>530,438</u>
	<b><u>\$ 7,431,404</u></b>	<b><u>7,430,959</u></b>	<b><u>7,130,549</u></b>

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).

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

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.

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 remaining items will need to be approved in the shareholders' meeting.

As of March 31, 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.

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

E. Treasury shares

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

On April 30, 2024 and August 10, 2023, the Board of Directors approved the transfer of 26 thousand and 66 thousand treasury shares, respectively, to employees. As of March 31, 2025, December 31 and March 31, 2024, 86 thousand, 86 thousand and 60 thousand treasury shares, respectively, were transferred. Please refer to note 6(19) for the details.

As of March 31, 2025, December 31 and March 31, 2024, a total of 464 thousand, 464 thousand and 490 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 March 31, 2025, December 31 and March 31, 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.

As of March 31, 2025, December 31 and March 31, 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 March 31, 2025 and 2024. For the related information, please refer to note 6(19) of the 2024 annual consolidated financial statements.

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

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

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

	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ (410,771)	(449,413)
Share-based payment costs	71,432	74,479
Balance at March 31	<b>\$ (339,339)</b>	<b>(374,934)</b>

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 \$655 for the years ended March 31, 2025.

<b>Grant date</b>	<b>Total shares vested (thousands)</b>	<b>Vesting conditions</b>	<b>Share price</b>	<b>Exercise price</b>	<b>Fair value per unit</b>
May 19, 2024	26	Note	301	10	291

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:

	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ (1,855)	-
Share-based payment costs	655	-
Balance at March 31	<b>\$ (1,200)</b>	-

(20) Earnings per share

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

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Basic earnings per share		
Net income attributable to owners of the Company	\$ <b>1,435,431</b>	<b>1,036,296</b>
Weighted average number of ordinary shares (in thousands)	<b>262,452</b>	<b>261,524</b>
Basic earnings per share (in dollars)	<b>\$ 5.47</b>	<b>3.96</b>
Diluted earnings per share		
Net income attributable to owners of the Company	\$ <b>1,435,431</b>	<b>1,036,296</b>
Weighted average number of ordinary shares (in thousands)	262,452	261,524
Effect of dilutive potential ordinary shares		
Share-based payment to employees (in thousands)	1,530	1,427
Remuneration to employees (in thousands)	71	42
Weighted average number of ordinary shares (diluted) (in thousands)	<b>264,053</b>	<b>262,993</b>
Diluted earnings per share (in dollars)	<b>\$ 5.44</b>	<b>3.94</b>

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

(21) Revenue from contracts with customers

A. Disaggregation of revenue

	<b>For the three months ended March 31, 2025</b>		
	<b>Pharmaceuticals Segment</b>	<b>Other Segment</b>	<b>Total</b>
Primary geographical markets:			
United States	\$ 1,926,132	12,132	1,938,264
South Korea	1,470,441	-	1,470,441
Taiwan	650,118	-	650,118
Others	649,548	21,413	670,961
	<b>\$ 4,696,239</b>	<b>33,545</b>	<b>4,729,784</b>
Major products/services lines:			
Sale of goods	\$ 4,653,861	-	4,653,861
Out-licensing of IP rights	41,393	-	41,393
Services and others	985	33,545	34,530
	<b>\$ 4,696,239</b>	<b>33,545</b>	<b>4,729,784</b>

	<b>For the three months ended March 31, 2024</b>		
	<b>Pharmaceuticals Segment</b>	<b>Other Segment</b>	<b>Total</b>
Primary geographical markets:			
South Korea	\$ 1,492,740	-	1,492,740
United States	1,474,696	6,726	1,481,422
Taiwan	625,995	-	625,995
Others	578,497	19,490	597,987
	<b>\$ 4,171,928</b>	<b>26,216</b>	<b>4,198,144</b>
Major products/services lines:			
Sale of goods	\$ 4,093,910	-	4,093,910
Out-licensing of IP rights	78,018	-	78,018
Services and others	-	26,216	26,216
	<b>\$ 4,171,928</b>	<b>26,216</b>	<b>4,198,144</b>

B. Contract balances

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>	<b>January 1, 2024</b>
Contract assets — current	<b>\$ 98,571</b>	<b>221,774</b>	<b>90,406</b>	<b>128,782</b>
Contract liabilities — current	<b>\$ 176,107</b>	<b>180,900</b>	<b>152,425</b>	<b>132,854</b>
Contract liabilities — non-current	<b>\$ 23,851</b>	<b>26,563</b>	<b>39,539</b>	<b>45,326</b>

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

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 \$14,681 and \$8,910 included in contract liabilities balance at the beginning of the year has been recognized as revenue for the three months ended March 31, 2025 and 2024, respectively.

(22) Remuneration to employees and directors

The Company's articles of incorporation require that earnings shall first be offset against any deficit, then, a minimum of 1% will be distributed as employee remuneration, and a maximum of 10% will be allocated as remuneration to directors. 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 ended March 31, 2025 and 2024, the Company accrued and recognized employee remuneration amounting to \$15,766 and \$12,706, 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 2023. The related information about remuneration to employees and directors is available at the Market Observation Post System website.

(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</b>	
	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
Losses on disposal of property, plant and equipment	\$ (37)	(556)
Gains on financial asset at FVTPL	34,107	59,218
Foreign exchange gains	101,495	93,372
Others	(5,026)	(5,225)
	<b>\$ 130,539</b>	<b>146,809</b>

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

B. Finance costs

The details of finance costs were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Interest expenses on borrowings	\$ 135,062	143,647
Interest expenses on lease liabilities	4,016	4,611
Others	1,676	3,053
	<b>\$ 140,754</b>	<b>151,311</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.

B. Liquidity risk

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

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Within 1 year</b>	<b>1~5 years</b>	<b>Over 5 years</b>
<b>March 31, 2025</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 325,504	326,657	326,657	-	-
Notes and accounts payable (including related parties)	977,147	977,147	977,147	-	-
Other payables (including related parties)	2,754,820	2,754,820	2,754,820	-	-
Long-term borrowings (including current portion)	11,807,917	12,345,366	3,695,717	8,649,649	-
Lease liabilities – current and non- current	265,916	294,913	110,657	183,739	517
	<b>\$ 16,131,304</b>	<b>16,698,903</b>	<b>7,864,998</b>	<b>8,833,388</b>	<b>517</b>

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

	<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	<u>278,378</u>	<u>309,850</u>	<u>97,237</u>	<u>210,070</u>	<u>2,543</u>
	<u><b>\$ 16,065,482</b></u>	<u><b>16,850,284</b></u>	<u><b>7,918,720</b></u>	<u><b>8,929,021</b></u>	<u><b>2,543</b></u>
<b>March 31, 2024</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 557,486	563,420	563,420	-	-
Notes and accounts payable (including related parties)	696,943	696,943	696,943	-	-
Other payables (including related parties)	2,410,278	2,410,278	2,410,278	-	-
Long-term borrowings (including current portion)	10,761,775	11,889,282	1,816,530	10,072,752	-
Lease liabilities – current and non- current	<u>320,259</u>	<u>362,258</u>	<u>113,958</u>	<u>239,818</u>	<u>8,482</u>
	<u><b>\$ 14,746,741</b></u>	<u><b>15,922,181</b></u>	<u><b>5,601,129</b></u>	<u><b>10,312,570</b></u>	<u><b>8,482</b></u>

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

C. Market risk

(a) Currency risk

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

	<u>March 31, 2025</u>			<u>December 31, 2024</u>			<u>March 31, 2024</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 128,866	33.05	4,259,575	167,437	32.70	5,475,954	165,505	31.84	5,270,010
EUR	32,087	35.74	1,146,799	32,864	34.01	1,117,633	27,318	34.51	942,837
<u>Non-monetary items</u>									
USD	97,505	33.05	3,222,966	97,505	32.70	3,188,859	83,032	31.84	2,643,919
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	53,595	33.05	1,771,545	57,303	32.70	1,874,076	50,224	31.84	1,599,226
EUR	1,892	35.74	67,621	13,316	34.01	452,863	2,619	34.51	90,377

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

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 three months ended March 31, 2025 and 2024, with all other variable factors remaining constant, would have increased or decreased the income before income tax by \$178,360 and \$226,162, 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 ended March 31, 2025 and 2024, the foreign exchange gains (including realized and unrealized portions) amounted to \$101,495 and \$93,372, 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 \$816 and \$966 for the three months ended March 31, 2025 and 2024, respectively.

(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 \$35,962 and \$42,451 for the three months ended March 31, 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.

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

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>March 31, 2025</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		<b>\$ 3,222,966</b>	<u>-</u>	<u>-</u>	<u>3,222,966</u>	<u>3,222,966</u>
Financial asset at FVOCI						
Foreign listed stock		<b>\$ 359,621</b>	<u>359,621</u>	<u>-</u>	<u>-</u>	<u>359,621</u>
		<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		<b>\$ 3,188,859</b>	<u>-</u>	<u>-</u>	<u>3,188,859</u>	<u>3,188,859</u>
Financial asset at FVOCI						
Foreign listed stock		<b>\$ 405,177</b>	<u>405,177</u>	<u>-</u>	<u>-</u>	<u>405,177</u>
		<b>March 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		<b>\$ 2,643,919</b>	<u>-</u>	<u>-</u>	<u>2,643,919</u>	<u>2,643,919</u>
Financial asset at FVOCI						
Foreign listed stock		<b>\$ 424,514</b>	<u>424,514</u>	<u>-</u>	<u>-</u>	<u>424,514</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.

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

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 three months ended March 31, 2025 and 2024 and the valuation techniques have not changed.

(c) Reconciliation of Level 3 fair values

For the three months ended March 31, 2025 and 2024, the changes of fair values \$34,107 and \$59,218, 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.

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 (0.75 years, 1 year and 0.68 year at Mar 31, 2025, Dec 31 and Mar 31, 2024, respectively.)</li> <li>· Estimated stock price (USD906.21, USD906.21 and USD900.56 at Mar 31, 2025, Dec 31 and Mar 31, 2024, respectively.)</li> <li>· Discount rate (28.2%, 28.2% and 28% at Mar 31, 2025, Dec 31 and Mar 31, 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>

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

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

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

	<b>Impact on income statement</b>	
	<b>Increased</b>	<b>Decreased</b>
Balance at March 31, 2025		
Discount rate (5.00% movement)	\$ <u>(273,466)</u>	<u>358,971</u>
Balance at December 31, 2024		
Discount rate (5.00% movement)	\$ <u>(270,572)</u>	<u>355,172</u>
Balance at March 31, 2024		
Discount rate (5.00% movement)	\$ <u>(246,816)</u>	<u>947,526</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.

(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:

	<b>January 1, 2025</b>	<b>Cash flow</b>	<b>Foreign exchange movement</b>	<b>Others (Note)</b>	<b>March 31, 2025</b>
Short-term borrowings	\$ 1,614,619	(1,291,418)	2,303	-	325,504
Long-term borrowings (include current portion)	11,773,507	-	16,088	18,322	11,807,917
Lease liabilities	<u>278,378</u>	<u>(28,881)</u>	<u>1,284</u>	<u>15,135</u>	<u>265,916</u>
Total liabilities from financing activities	<u>\$ 13,666,504</u>	<u>(1,320,299)</u>	<u>19,675</u>	<u>33,457</u>	<u>12,399,337</u>
	<b>January 1, 2024</b>	<b>Cash flow</b>	<b>Foreign exchange movement</b>	<b>Others (Note)</b>	<b>March 31, 2024</b>
Short-term borrowings	\$ 510,000	47,300	186	-	557,486
Long-term borrowings (include current portion)	10,822,349	(78,833)	(1,062)	19,321	10,761,775
Lease liabilities	<u>252,440</u>	<u>(28,538)</u>	<u>11</u>	<u>96,346</u>	<u>320,259</u>
Total liabilities from financing activities	<u>\$ 11,584,789</u>	<u>(60,071)</u>	<u>(865)</u>	<u>115,667</u>	<u>11,639,520</u>

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

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

**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 "Aztiq 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 Malta Shared Services Ltd.	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
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:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<u>2025</u>	<u>2024</u>
Alvogen Inc.	\$ 1,936,650	1,475,620
Adalvo Limited	196,465	391,491
INIH	985	754
Other related parties	-	4,420
	<u>\$ 2,134,100</u>	<u>1,872,285</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.

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

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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts receivable –	Alvogen Inc.	\$ 3,940,383	4,453,932	3,337,100
related parties	Adalvo Limited	735,450	804,926	751,009
	Other related parties	8,858	1,658	9,488
		<u>\$ 4,684,691</u>	<u>5,260,516</u>	<u>4,097,597</u>
Other receivables – related parties	Alvogen PB R&D	\$ 18,005	32,530	109,871
	Adalvo Limited	-	27,142	15,386
	Alvogen Inc.	-	8,925	42,163
	Other related parties	219	963	307
		<u>\$ 18,224</u>	<u>69,560</u>	<u>167,727</u>

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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts payable – related parties	Alvogen Inc.	<u>\$ 98,409</u>	<u>82,334</u>	<u>17,733</u>
Other payables – related parties	Alvogen Inc.	\$ 66,789	42,578	77,855
	AZTIQ Consulting ehf.	17,642	17,018	-
	Alvogen PB R&D	17,354	17,170	16,717
	Adalvo Limited	7,237	21,137	11,697
	INIH	-	-	2,148
	Other related parties	681	1,400	897
		<u>\$ 109,703</u>	<u>99,303</u>	<u>109,314</u>

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

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>	<b>For the three months ended March 31,</b>	
		<b>2025</b>	<b>2024</b>
Adalvo Limited	Intangible assets	\$ -	<b>852</b>

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 March 31, 2025 and 2024, the remaining unpaid milestones amounted to \$41,861 (EUR1,125 thousand and USD50 thousand) and \$41,057 (EUR1,125 thousand and USD70 thousand), respectively.

E. Others

(a)

<u>Accounts</u>	<u>Names of related parties</u>	<b>For the three months ended March 31,</b>	
		<b>2025</b>	<b>2024</b>
Cost of sales	Other related parties	\$ <b>16,746</b>	<b>35,901</b>
Operating expense	INIH	\$ -	2,690
	Other related parties	21,073	24,909
		<b>\$ 21,073</b>	<b>27,599</b>
Other income	Alvogen Inc.	\$ 5,307	24,197
	Other related parties	279	265
		<b>\$ 5,586</b>	<b>24,462</b>
Reimbursed income for development costs recognized as an offset to research and development expense	Alvogen PB R&D	\$ -	<b>(2,882)</b>

(b)

<u>Accounts</u>	<u>Names of related parties</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Contract assets— current	Adalvo Limited	\$ 95,172	82,853	86,657
	Alvogen Inc.	-	130,415	-
		<b>\$ 95,172</b>	<b>213,268</b>	<b>86,657</b>

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

(c)

<u>Accounts</u>	<u>Names of related parties</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Contract liabilities—current	Adalvo Limited	\$ <u>140,586</u>	<u>147,387</u>	<u>93,483</u>

(4) Key management personnel compensation

	<u>For the three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 38,583	37,793
Share-based payments	<u>53,269</u>	<u>50,695</u>
	<u>\$ 91,852</u>	<u>88,488</u>

**8. Assets pledged as security**

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

<u>Asset</u>	<u>Purpose of pledge</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
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.	68	925	847
Land	Long-term borrowings	556,864	598,943	618,326
Buildings and plant equipment	Long-term borrowings	1,440,076	1,415,361	1,316,822
Machinery equipment	Long-term borrowings	<u>143,936</u>	<u>149,813</u>	<u>166,673</u>
		<u>\$ 2,140,944</u>	<u>2,180,042</u>	<u>2,117,668</u>

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

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

**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 March 31, 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.
- (3) As of March 31, 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 49,581 )	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 (\$27,782) 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; the case is in progress. Alvogen Korea believes that the aforementioned business arrangement was implemented in a legally compliant manner and intends to pursue available legal remedies to defend its interests.

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

**11. Subsequent events:**

On April 10, 2025, the Board of Directors approved to repurchase 4,000 thousand shares as treasury shares for the purpose of transferring to employees.

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

**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 March 31,					
		2025			2024		
		Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Employee benefits							
Salary		209,336	381,655	590,991	181,535	328,250	509,785
Labor and health insurance		8,541	7,396	15,937	7,054	6,867	13,921
Pension		15,191	35,222	50,413	13,790	32,486	46,276
Others		11,467	116,001	127,468	15,856	115,497	131,353
Depreciation		51,449	42,056	93,505	49,086	38,877	87,963
Amortization		5,030	252,960	257,990	2,399	226,162	228,561

- (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 three months ended March 31, 2025:

- A. Loans to other parties: Please refer to Table 1.
  - B. Guarantees and endorsements for other parties: None.
  - C. Securities held as of March 31, 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.

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

(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.

**14. Segment information**

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

	<b>For the three months ended March 31, 2025</b>			
	<b>Pharmaceuticals Segment</b>	<b>Other Segment</b>	<b>Elimination</b>	<b>Total</b>
Net revenue:				
Revenue from external customers	\$ 4,696,239	33,545	-	4,729,784
Intersegment revenues	-	50,570	(50,570)	-
Total net revenue	<u>\$ 4,696,239</u>	<u>84,115</u>	<u>(50,570)</u>	<u>4,729,784</u>
Operating income	<u>\$ 1,708,274</u>	<u>6,893</u>	<u>(463)</u>	<u>1,714,704</u>
Reportable segment assets	<u>\$ 40,614,461</u>	<u>839,779</u>	<u>(782,734)</u>	<u>40,671,506</u>
	<b>For the three months ended March 31, 2024</b>			
	<b>Pharmaceuticals Segment</b>	<b>Other Segment</b>	<b>Elimination</b>	<b>Total</b>
Net revenue:				
Revenue from external customers	\$ 4,171,928	26,216	-	4,198,144
Intersegment revenues	-	54,059	(54,059)	-
Total net revenue	<u>\$ 4,171,928</u>	<u>80,275</u>	<u>(54,059)</u>	<u>4,198,144</u>
Operating income	<u>\$ 1,253,521</u>	<u>2,290</u>	<u>(229)</u>	<u>1,255,582</u>
Reportable segment assets	<u>\$ 34,175,357</u>	<u>819,342</u>	<u>(707,733)</u>	<u>34,286,966</u>

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

**Loans to other parties**

**For the three months ended March 31, 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	1,652,715	1,421,335	5.7%	2	-	Operating funding	-	-	-	3,400,936	3,400,936	Note 5
1	Lotus International Pte. Ltd.	Lotus Healthcare Philippines Corp.	Other receivables from related parties	Yes	33,054	33,054	18,180	5.7%	2	-	Operating funding	-	-	-	3,400,936	3,400,936	Note 5
2	NCS	Meishi Pharma Services Private Limited	Other receivables from related parties	Yes	85,327	85,327	85,327	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 March 31, 2025 (excluding investment in subsidiaries, associates and joint ventures)**  
**March 31, 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	3,222,966	-	3,222,966	
Lotus Japan Holdings Co., Ltd.	Fuji Pharma Co., Ltd.	-	FVOCI - non-current	1,219	359,621	4.9 %	359,621	

**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 three months ended March 31, 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	412,895	8.73%	90~180 days	-	-	1,559,801	22.80%	
The Company	Adalvo Limited	Other related party	Sales	191,411	4.05%	120 days	-	-	726,219	10.62%	
Lotus Pharma Bulgaria EOOD	Alvogen Inc.	Other related party	Sales	1,513,237	31.99%	90~150 days	-	-	2,376,926	34.75%	

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20%**  
**of the capital stock**  
**March 31, 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	Action Taken		
The Company	Alvogen Inc.	Other related party	1,559,801	0.89	554,862	Expect to collect in (Note 2) the second quarter	393,307	-
The Company	Adalvo Limited	Other related party	726,219	1.02	368,871	Expect to collect in (Note 3) the second quarter	105,577	-
Lotus Pharma Bulgaria EOOD	Alvogen Inc.	Other related party	2,376,926	2.65	854,461	Expect to collect in (Note 4) the second quarter	569,414	-

Note 1: As of May 9, 2025.

Note 2: \$385,582 was past due less than 90 days; \$169,280 was past due over than 90 days, of which the full amount was received in subsequent period.

Note 3: \$266,979 was past due less than 90 days; \$101,892 was past due over than 90 days, of which the full amount was received in subsequent period.

Note 4: \$577,797 was past due less than 90 days; \$276,664 was past due over than 90 days, of which the full amount was received in subsequent period.

**Lotus Pharmaceutical Co., Ltd. and Subsidiaries**  
**Business relationships and significant intercompany transactions**  
**For the three months ended March 31, 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	662,826	(Note 3)	1.63 %
0	The Company	Lotus Pharma Bulgaria EOOD	1	Royalty income	611,686	(Note 3)	12.93 %
0	The Company	Lotus International Pte. Ltd.	1	Purchase	85,045	(Note 3)	1.80 %
1	Lotus International Pte. Ltd.	Alvogen (Thailand) Ltd.	2	Other receivables – related parties	1,421,335	(Note 3)	3.49 %

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 three months ended March 31, 2025**

Table 6

(Shares in Thousands)  
(Amounts in Thousands)

Investor Companies	Investee Companies	Locations	Main Businesses and Products	Original Investment Amounts		Balance as of March 31, 2025			Net Income (Losses) of Investee	Investment Income (Losses) (Note 1)	Notes
				March 31, 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	3,279,987 (USD 103,600)	3,279,987 (USD 103,600)	103,600	100.00 %	4,847,334	805,812	825,306	
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 %	(18)	62	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 %	3,902,242	57,616	106,523	Note 2
The Company	Alvogen India	India	Investment business	298,509 (USD 9,950)	298,509 (USD 9,950)	512	100.00 %	213,057	10,477	10,014	Note 2
The Company	Lotus Japan Holdings Co., Ltd.	Japan	Sale of medicine and clinical machine retail	623,647	623,647	-	100.00 %	394,464	4,459	4,459	
The Company	Alvogen (Thailand) Ltd.	Thailand	Sale of pharmaceuticals and medicinal chemical products	3,859 (USD 131)	3,859 (USD 131)	40	2.52 %	7,010	(34,334)	(88)	
The Company	Avos Pharma Science Co., Ltd.	Taiwan	Biotech technological consulting services, clinical machine retail and related consulting services	100	100	-	100.00 %	312	-	-	
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 %	1,423,533	23,886	13,620	
Lotus International Pte. Ltd.	Lotus Support Services SRL	Romania	Pharmaceutical regulatory affairs project management services	3,010	3,010	44	100.00 %	16,004	1,165	1,165	
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 %	111,702	(34,334)	(3,394)	
Lotus International Pte. Ltd.	Lotus Alvogen Malta Ltd.	Malta	Sale of pharmaceuticals and medicinal chemical products and related consulting services	1,419 (EUR 42)	1,419 (EUR 42)	42	100.00 %	4,250	331	331	

Investor Companies	Investee Companies	Locations	Main Businesses and Products	Original Investment Amounts		Balance as of March 31, 2025			Net Income (Losses) of Investee	Investment Income (Losses) (Note 1)	Notes
				March 31, 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 %	(1,134)	62	61	
Lotus International Pte. Ltd.	Lotus Healthcare Malaysia Sdn. Bhd.	Malaysia	Marketing activities and healthcare consultancy	7 (MYR 1)	7 (MYR 1)	1	100.00 %	395	(5)	(5)	
Lotus International Pte. Ltd.	Lotus Healthcare Philippines Corp.	Philippines	Marketing activities and healthcare consultancy	59,763 (PHP 106,658)	59,763 (PHP 106,658)	106,658	100.00 %	9,200	(4,070)	(7,833)	
Lotus International Pte. Ltd.	Lotus Pharma Bulgaria EOOD	Bulgaria	Marketing activities and healthcare consultancy	8,503 (BGN 538)	8,503 (BGN 538)	538	100.00 %	1,769,444	740,036	740,036	
Lotus International Pte. Ltd.	Lotus Pharma ehf.	Iceland	Marketing activities and healthcare consultancy	106 (ISK 500)	106 (ISK 500)	500	100.00 %	2,475	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 %	39,220	(7,366)	(7,366)	
Lotus International Pte. Ltd.	Meishi Pharma Service Pte. Ltd.	Singapore	Management consultancy service	-	-	-	100.00 %	(94)	-	-	
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 %	158,170	23,886	1,513	
Lotus Pharmaceutical, HK Ltd.	Alvogen (Thailand) Ltd.	Thailand	Sale of pharmaceuticals and medicinal chemical products	30 (USD 1)	30 (USD 1)	-	0.03 %	17	(34,334)	(1)	

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 three months ended March 31, 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 March 31, 2025	Net Income of the Investee	Percentages of Ownership	Investment Income	Carrying Amount	Accumulated Inward Remittance of Earnings as of March 31, 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	261	100.00%	261	(1,116)	-
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 March 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
21,011	21,011	12,720,554

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.