

Lotus Pharmaceutical Co., Ltd. and Subsidiaries

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2026 and 2025**

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Lotus Pharmaceutical Co., Ltd. (“the Company”) and its subsidiaries (“the Group”) as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2026 and 2025, 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 \$3,617,038 thousand and \$3,297,122 thousand, constituting 3% and 8% of the consolidated total assets; and the total liabilities amounting to \$607,444 thousand and \$506,460 thousand, representing 1% and 3% of the consolidated total liabilities as of both March 31, 2026 and 2025, respectively; as well as the total comprehensive income amounting to \$8,742 thousand and \$(47,368) thousand, constituting 1% and (3)% of the total consolidated comprehensive income for the three months ended March 31, 2026 and 2025, 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, 2026 and 2025, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and 2025 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 Lu, Chien-Hui.

KPMG

Taipei, Taiwan (Republic of China)

May 11, 2026

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, 2026, December 31 and March 31, 2025

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2026		December 31, 2025		March 31, 2025		Liabilities and Equity		March 31, 2026		December 31, 2025		March 31, 2025	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (notes 6(1) and 8)	\$ 6,195,264	6	7,739,617	8	5,604,915	14	2100	Short-term borrowings (note 6(13))	\$ 1,566,554	1	1,608,742	2	325,504	1
1140	Contract assets— current (notes 6(23) and 7)	98,234	-	184,878	-	98,571	-	2128	Financial liabilities measured at amortized cost— current (note 6(4))	1,310,539	1	1,332,304	1	2,669	-
1170	Notes and accounts receivable, net (notes 6(5), (12) and 8)	8,191,549	8	6,677,828	6	2,155,202	5	2130	Contract liabilities— current (notes 6(23) and 7)	151,296	-	179,157	-	176,107	1
1180	Accounts receivable— related parties (note 7)	-	-	-	-	4,684,691	12	2170	Notes and accounts payable (note 6(7))	3,027,686	3	2,416,233	2	878,738	2
1200	Other receivables	568,138	-	667,266	1	32,408	-	2180	Accounts payable— related parties (note 7)	-	-	-	-	98,409	-
1210	Other receivables— related parties (note 7)	10	-	108	-	18,224	-	2200	Other payables	3,050,263	3	2,977,111	3	2,645,117	7
1220	Current tax assets	308,900	-	269,183	-	149,071	-	2220	Other payables— related parties (note 7)	177	-	40,893	-	109,703	-
1310	Inventories (notes 6(6) and 8)	9,252,074	9	9,649,408	9	3,829,940	10	2230	Current tax liabilities	1,447,929	1	1,416,138	1	958,454	3
1479	Other current assets (note 8)	1,281,516	1	1,264,430	1	495,535	1	2250	Provisions— current (notes 6(7) and (17))	3,710,847	4	4,184,295	4	51,355	-
	Total current assets	<u>25,895,685</u>	<u>24</u>	<u>26,452,718</u>	<u>25</u>	<u>17,068,557</u>	<u>42</u>	2280	Lease liabilities— current (note 6(15))	170,241	-	159,630	-	100,033	-
Non-current assets:								2320	Current portion of long-term borrowings (notes 6(14) and 8)	1,779,155	2	2,541,466	3	3,396,154	8
1510	Financial asset at fair value through profit or loss— non-current (note 6(2))	-	-	-	-	3,222,966	8	2399	Other current liabilities	23,460	-	22,857	-	91,659	-
1517	Financial asset at fair value through other comprehensive income— non-current (note 6(3))	580,003	1	463,882	-	359,621	1		Total current liabilities	<u>16,238,147</u>	<u>15</u>	<u>16,878,826</u>	<u>16</u>	<u>8,833,902</u>	<u>22</u>
1600	Property, plant and equipment (notes 6(7), (8) and 8)	6,946,049	6	6,926,706	7	3,416,648	8	2500	Financial liabilities at fair value through profit or loss— non-current (note 6(2))	10,351,978	10	10,187,370	10	-	-
1755	Right-of-use assets (notes 6(9) and 8)	732,501	1	680,158	1	256,552	1	2520	Financial liabilities measured at amortized cost— non-current (note 6(4))	1,213,816	1	1,129,663	1	125,591	1
1805	Goodwill (notes 6(7) and (10))	32,319,404	30	31,954,931	30	6,138,208	15	2527	Contract liabilities— non-current (note 6(23))	13,988	-	16,287	-	23,851	-
1821	Other intangible assets (notes 6(7), (11), 7 and 8)	26,407,735	25	25,323,596	24	9,417,893	23	2540	Long-term borrowings (notes 6(7) · (14) and 8)	43,708,074	41	42,447,455	40	8,411,763	20
1840	Deferred tax assets (notes 6(7) and 8)	14,097,652	13	13,942,232	13	494,890	1	2550	Provisions— non-current (notes 6(7) and (17))	121,817	-	131,309	-	32,815	-
1930	Long-term accounts receivable (note 6(12))	98,385	-	113,853	-	125,607	-	2570	Deferred tax liabilities (note 6(19))	1,766,583	1	1,697,093	1	1,094,043	3
1990	Other non-current assets (notes 8 and 9)	456,171	-	295,855	-	170,564	1	2580	Lease liabilities— non-current (note 6(15))	755,152	1	718,622	1	165,883	-
	Total non-current assets	<u>81,637,900</u>	<u>76</u>	<u>79,701,213</u>	<u>75</u>	<u>23,602,949</u>	<u>58</u>	2635	Preference share liabilities— non-current (notes 6(7) and (16))	8,643,870	8	8,458,032	8	-	-
								2640	Defined benefit liabilities, net	660,580	1	641,510	1	675,055	2
								2670	Other non-current liabilities	27,405	-	67,908	-	107,679	-
									Total non-current liabilities	<u>67,263,263</u>	<u>63</u>	<u>65,495,249</u>	<u>62</u>	<u>10,636,680</u>	<u>26</u>
									Total liabilities	<u>83,501,410</u>	<u>78</u>	<u>82,374,075</u>	<u>78</u>	<u>19,470,582</u>	<u>48</u>
								Equity (notes 6(20) and (21)):							
								3100	Share capital	2,668,738	3	2,668,738	3	2,658,138	7
								3200	Capital surplus	7,641,635	7	7,641,635	7	7,431,404	18
								3300	Retained earnings	15,796,997	14	15,903,639	15	12,576,091	31
								3400	Other equity	(1,251,035)	(1)	(1,609,996)	(2)	(1,416,323)	(4)
								3500	Treasury shares	(824,160)	(1)	(824,160)	(1)	(48,386)	-
									Total equity	<u>24,032,175</u>	<u>22</u>	<u>23,779,856</u>	<u>22</u>	<u>21,200,924</u>	<u>52</u>
									Total liabilities and equity	<u>\$ 107,533,585</u>	<u>100</u>	<u>106,153,931</u>	<u>100</u>	<u>40,671,506</u>	<u>100</u>
	Total assets	<u>\$ 107,533,585</u>	<u>100</u>	<u>106,153,931</u>	<u>100</u>	<u>40,671,506</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, 2026 and 2025

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

		For the three months ended March 31,			
		2026		2025	
		Amount	%	Amount	%
4000	Net revenue (notes 6(23) and 7)	\$ 8,644,409	100	4,729,784	100
5000	Cost of sales (notes 6(6) and 7)	<u>4,258,787</u>	<u>49</u>	<u>1,814,482</u>	<u>38</u>
5900	Gross profit from operations	<u>4,385,622</u>	<u>51</u>	<u>2,915,302</u>	<u>62</u>
Operating expenses (notes 6(7) and 7):					
6100	Selling expenses	1,274,163	15	678,450	14
6200	Administrative expenses	870,421	10	375,485	8
6300	Research and development expenses	279,587	3	145,106	3
6450	Expected credit loss (note 6(5))	<u>2,254</u>	<u>-</u>	<u>1,557</u>	<u>-</u>
	Total operating expenses	<u>2,426,425</u>	<u>28</u>	<u>1,200,598</u>	<u>25</u>
6900	Operating income	<u>1,959,197</u>	<u>23</u>	<u>1,714,704</u>	<u>37</u>
Non-operating income and expenses:					
7100	Interest income	33,258	1	23,237	-
7010	Other income (notes 6(3) and 7)	24,920	-	14,660	-
7020	Other gains and losses, net (notes 6(25) and 7)	(77,036)	(1)	130,539	3
7050	Finance costs (notes 6(25) and 7)	<u>(1,214,440)</u>	<u>(14)</u>	<u>(140,754)</u>	<u>(3)</u>
		<u>(1,233,298)</u>	<u>(14)</u>	<u>27,682</u>	<u>-</u>
7900	Income before income tax	725,899	9	1,742,386	37
7950	Less: Income tax expense (note 6(19))	<u>158,698</u>	<u>2</u>	<u>306,955</u>	<u>7</u>
	Net income	<u>567,201</u>	<u>7</u>	<u>1,435,431</u>	<u>30</u>
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income	<u>127,679</u>	<u>1</u>	<u>(68,085)</u>	<u>(1)</u>
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>127,679</u>	<u>1</u>	<u>(68,085)</u>	<u>(1)</u>
8360	Components of other comprehensive income that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	<u>168,466</u>	<u>2</u>	<u>100,511</u>	<u>2</u>
	Components of other comprehensive income that may be reclassified to profit or loss	<u>168,466</u>	<u>2</u>	<u>100,511</u>	<u>2</u>
8300	Other comprehensive income, net	<u>296,145</u>	<u>3</u>	<u>32,426</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 863,346</u>	<u>10</u>	<u>1,467,857</u>	<u>31</u>
Earnings per share (note 6(22))					
9750	Basic earnings per share	<u>\$ 2.18</u>		<u>5.47</u>	
9850	Diluted earnings per share	<u>\$ 2.17</u>		<u>5.44</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, 2026 and 2025
(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 gains (losses) on financial asset at fair value through other comprehensive income				Unearned share-based payments
Balance at January 1, 2025	\$ 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
Balance at March 31, 2025	\$ 2,658,138	7,431,404	899,209	846,074	10,830,808	12,576,091	(889,954)	(185,830)	(340,539)	(1,416,323)	(48,386)	21,200,924
Balance at January 1, 2026	\$ 2,668,738	7,641,635	1,398,380	1,108,208	13,397,051	15,903,639	(1,206,475)	(49,426)	(354,095)	(1,609,996)	(824,160)	23,779,856
Net income	-	-	-	-	567,201	567,201	-	-	-	-	-	567,201
Other comprehensive income	-	-	-	-	-	-	168,466	127,679	-	296,145	-	296,145
Total comprehensive income	-	-	-	-	567,201	567,201	168,466	127,679	-	296,145	-	863,346
Appropriation of earnings:												
Cash dividends to shareholders	-	-	-	-	(673,843)	(673,843)	-	-	-	-	-	(673,843)
Share-based payments	-	-	-	-	-	-	-	-	62,816	62,816	-	62,816
Balance at March 31, 2026	\$ 2,668,738	7,641,635	1,398,380	1,108,208	13,290,409	15,796,997	(1,038,009)	78,253	(291,279)	(1,251,035)	(824,160)	24,032,175

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, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2026	2025
Cash flows from operating activities:		
Income before income tax	\$ 725,899	1,742,386
Adjustments:		
Adjustments to reconcile income		
Depreciation expense	194,543	93,505
Amortization expense	437,036	257,990
Expected credit loss	2,254	1,557
Gains on financial asset at fair value through profit or loss	-	(34,107)
Finance costs	1,214,440	140,754
Gains on financial liabilities at amortized cost	(85,223)	-
Interest income	(33,258)	(23,237)
Dividend income	(5,637)	(5,394)
Share-based payment costs	62,816	72,087
Losses on disposal of property, plant and equipment	2,094	37
Unrealized foreign exchange losses (gains)	160,798	(47,055)
Write-downs of inventories	180,956	40,240
Losses (gains) on lease modifications	(823)	1,017
Total adjustments to reconcile income	<u>2,129,996</u>	<u>497,394</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	86,644	123,223
Notes and accounts receivable, net	(1,490,452)	(192,550)
Accounts receivable—related parties	-	630,079
Other receivables	107,039	33,947
Other receivables—related parties	98	49,267
Inventories	256,205	(22,801)
Other current assets	(149,038)	22,890
Long-term accounts receivable	15,758	-
Other non-current assets	(5,217)	-
Total changes in operating assets	<u>(1,178,963)</u>	<u>644,055</u>
Changes in operating liabilities:		
Contract liabilities	(29,675)	(7,731)
Notes and accounts payable	473,117	(113,827)
Accounts payable—related parties	-	15,309
Other payables	(629,864)	13,564
Other payables—related parties	(40,745)	9,238
Provisions	(538,869)	(2,791)
Other current liabilities	20,476	34,607
Defined benefit liabilities, net	32,638	30,697
Total changes in operating liabilities	<u>(712,922)</u>	<u>(20,934)</u>
Total changes in operating assets and liabilities	<u>(1,891,885)</u>	<u>623,121</u>
Total adjustments	<u>238,111</u>	<u>1,120,515</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, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended	
	March 31,	
	2026	2025
Cash flows generated from operations	964,010	2,862,901
Interest received	31,265	20,656
Interest paid	(962,654)	(116,720)
Income taxes paid	(57,576)	(37,944)
Net cash flows generated from (used in) operating activities	<u>(24,955)</u>	<u>2,728,893</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(158,481)	(171,259)
Increase in refundable deposits	(13,234)	(1,793)
Acquisition of intangible assets (including capitalized development expenses)	(1,076,126)	(1,700,038)
Decrease in other current assets	-	15,000
Decrease (increase) in other non-current assets	(53)	870
Dividends received	5,637	5,738
Net cash flows used in investing activities	<u>(1,242,257)</u>	<u>(1,851,482)</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	1,000,000	-
Repayments of short-term borrowings	(1,038,770)	(1,291,418)
Repayments of long-term borrowings	(253,375)	-
Payments of lease liabilities	(54,938)	(28,881)
Cash dividends returned from unvested restricted stock awards	-	207
Net cash flows used in financing activities	<u>(347,083)</u>	<u>(1,320,092)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>69,942</u>	<u>17,483</u>
Net decrease in cash and cash equivalents	(1,544,353)	(425,198)
Cash and cash equivalents at beginning of period	7,739,617	6,030,113
Cash and cash equivalents at end of period	<u>\$ 6,195,264</u>	<u>5,604,915</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Lotus Pharmaceutical Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
For the Three Months Ended March 31, 2026 and 2025
(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 disposed of 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”), a listed company on the Stock Exchange of Thailand. In July 2025, PTT announced a shareholding restructuring plan involving its investment in the Company. On December 31, 2025, the Company ceased to be a subsidiary and become an associate of the PTT Group. Together with the ownership interest held by another PTT’s subsidiary, Innobic LL Holding Company Limited, PTT owned an aggregate ownership interest of 37.75% in the Company as of March 31, 2026.

On December 3, 2025, the Company through its subsidiary completed the acquisition of a group of companies in the United States from the Alvogen Group, please refer to note 6(7) for further details.

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, 2026 and 2025 were authorized for issuance by the Board of Directors of the Company on May 11, 2026.

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, 2026:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

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- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
 - Annual Improvements to IFRS Accounting Standards—Volume 11
 - Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”
- (2) 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:

Standards or Interpretations	Content of amendment	Effective date per IASB
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"> ● 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. ● 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. 	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
	<ul style="list-style-type: none"> ● 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. 	

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

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, 2025. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2025.

(2) Basis of consolidation

The principles of preparation of the consolidated financial statements are the same as those of the 2025 annual consolidated financial statements. For the related information, please refer to note 4 of the 2025 annual consolidated financial statements.

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

Investor	Subsidiary	Nature of business	Shareholding			Notes
			March 31, 2026	December 31, 2025	March 31, 2025	
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 1)
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 4)
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 1)
The Company	Lotus Pharmaceutical, HK Ltd.	Data collection and agent services in Hong Kong	1.56 %	1.56 %	1.56 %	(Note 1)
The Company	Alvogen (Thailand) Ltd.	Sale of pharmaceuticals and medicinal chemical products	2.52 %	2.52 %	2.52 %	(Note 1)
The Company	Lotus Pharmaceutical (Thailand) Co., Ltd.	Sale of pharmaceuticals and medicinal chemical products	90.00 %	90.00 %	90.00 %	
The Company	Lotus US Financing S. a r.l.	Investment business	100.00 %	100.00 %	-	(Note 2&4)
The Company	Lotus Pharmaceuticals US, Inc.	Data collection and agency affairs in U.S.A.	100.00 %	100.00 %	-	(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 1)
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 1)
Lotus Pharmaceutical, HK Ltd.	Alvogen (Thailand) Ltd.	Sale of pharmaceuticals and medicinal chemical products	0.03 %	0.03 %	0.03 %	(Note 1)
Lotus US Financing S. a r.l.	Lotus Alvogen Group Holdings S. a r.l.	Investment business	100.00 %	100.00 %	-	(Note 2&4)

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Investor	Subsidiary	Nature of business	Shareholding			Notes
			March 31, 2026	December 31, 2025	March 31, 2025	
Lotus International Pte. Ltd.	Lotus Support Services SRL	Pharmaceutical regulatory affairs project management services	100.00 %	100.00 %	100.00 %	(Note 1)
Lotus International Pte. Ltd.	Alvogen (Thailand) Ltd.	Sale of pharmaceuticals and medicinal chemical products	97.45 %	97.45 %	97.45 %	(Note 1)
Lotus International Pte. Ltd.	Lotus Alvogen Malta Ltd.	Marketing activities and healthcare consultancy	100.00 %	100.00 %	100.00 %	(Note 1)
Lotus International Pte. Ltd.	Lotus Pharmaceutical, HK Ltd.	Data collection and agent services in Hong Kong	98.44 %	98.44 %	98.44 %	(Note 1)
Lotus International Pte. Ltd.	Lotus Healthcare Malaysia Sdn. Bhd.	Marketing activities and healthcare consultancy	100.00 %	100.00 %	100.00 %	(Note 1)
Lotus International Pte. Ltd.	Lotus Healthcare Philippines Corp.	Sale of pharmaceuticals and medicinal chemical products	100.00 %	100.00 %	100.00 %	(Note 1)
Lotus International Pte. Ltd.	Lotus Pharma Bulgaria EOOD	Sale of pharmaceuticals and medicinal chemical products	100.00 %	100.00 %	100.00 %	
Lotus International Pte. Ltd.	Lotus Pharma ehf.	Marketing activities and healthcare consultancy	100.00 %	100.00 %	100.00 %	(Note 1&5)
Lotus International Pte. Ltd.	Meishi Pharma Services Private Limited	Pharmaceutical research and development service	100.00 %	100.00 %	100.00 %	(Note 1)
Lotus International Pte. Ltd.	Meishi Pharma Service Pte. Ltd.	Management consultancy service	100.00 %	100.00 %	100.00 %	(Note 1)
Lotus International Pte. Ltd.	Lotus Pharmaceutical (Thailand) Co., Ltd.	Sale of pharmaceuticals and medicinal chemical products	10.00 %	10.00 %	10.00 %	
Lotus Alvogen Group Holdings S. a .r.l.	New Alvogen Group Holding Inc. (“NAGH”)	Investment business	100.00 %	100.00 %	-	(Note 3&4)
NAGH	Alvogen Group Inc.	Investment business	100.00 %	100.00 %	-	(Note 3&4)
Alvogen Group Inc.	Alvogen Pharma US Inc.	Investment business and financing activities	100.00 %	100.00 %	-	(Note 3&4)
Alvogen Pharma US Inc.	Alvogen Inc.	Sale of pharmaceuticals and medicinal chemical products	100.00 %	100.00 %	-	(Note 3&4)
Alvogen Pharma US Inc.	Norwich Pharmaceutical, Inc.	Manufactures and sells medicines	100.00 %	100.00 %	-	(Note 3&4)
Alvogen Pharma US Inc.	Alvogen PB Research & Development LLC	Pharmaceutical research and development service	100.00 %	100.00 %	-	(Note 3&4)
Alvogen Pharma US Inc.	Almaject, Inc.	Sale of pharmaceuticals and medicinal chemical products	100.00 %	100.00 %	-	(Note 3&4)

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Investor	Subsidiary	Nature of business	Shareholding			Notes
			March 31, 2026	December 31, 2025	March 31, 2025	
Alvogen Inc.	Alvogen AMO B Share Holdings LLC	Investment business	100.00 %	100.00 %	-	(Note 3&4)
Alvogen Inc.	Almatica Pharma LLC	Sale of pharmaceuticals and medicinal chemical products	100.00 %	100.00 %	-	(Note 3&4)

Note 1: Non-significant subsidiary, which was not reviewed by independent auditors.

Note 2: Newly incorporated subsidiary in the third quarter of 2025.

Note 3: On December 3, 2025, the Company through its subsidiary, Lotus US Financing S. Ā .r.l., completed the acquisition of 100% equity interest in NAGH. Please refer to note 6(7) for more details.

Note 4: Since the first quarter of 2026, Lotus Japan Holdings Co., Ltd., Lotus US Financing S. Ā .r.l., Lotus Alvogen Group Holdings S. Ā .r.l., NAGH and its subsidiaries have been reviewed by independent auditors.

Note 5: Lotus Pharma ehf. is currently under liquidation process.

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.

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The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the 2025 annual consolidated financial statements. For related information, please refer to note 5 of the 2025 annual consolidated financial statements.

6. Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the consolidated financial statements for the current period and the 2025 annual consolidated financial statements. Please refer to note 6 of the 2025 annual consolidated financial statements.

(1) Cash and cash equivalents

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Cash on hand and demand deposits	\$ 6,115,387	7,425,191	5,604,915
Cash equivalents	<u>79,877</u>	<u>314,426</u>	<u>-</u>
	<u>\$ 6,195,264</u>	<u>7,739,617</u>	<u>5,604,915</u>

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Financial asset mandatorily measured at FVTPL:			
Foreign preferred stock – NAGH	\$ <u>-</u>	<u>-</u>	<u>3,222,966</u>
Financial liabilities measured at FVTPL:			
Contingent consideration from business combinations	\$ <u>10,351,978</u>	<u>10,187,370</u>	<u>-</u>

In December 2025, in connection with the Group's acquisition of 100% equity interest in NAGH, the Company's investment in the preferred stock issued by NAGH was converted into the common shares of NAGH. The consideration transferred by the Group to the selling shareholders of NAGH included contingent consideration based on the achievement of certain agreed-upon performance targets over the next three years. The Group has included such additional consideration as contingent consideration, which represents the fair value at the date of acquisition. Please refer to note 6(7).

For the information of fair value of financial instruments, please refer to note 6(26)D.

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Financial asset at FVOCI:			
Foreign listed stock – Fuji Pharma Co., Ltd.	\$ <u>580,003</u>	<u>463,882</u>	<u>359,621</u>

A. The Group designated above investment as financial asset at FVOCI because it intends to hold the investment for long-term strategic purposes.

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- B. During the three months ended March 31, 2026 and 2025, dividends of \$5,637 and \$5,394, 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, 2026 and 2025.

(4) Financial liabilities measured at amortized cost

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Products related milestone payments:			
Current	\$ <u>1,310,539</u>	<u>1,332,304</u>	<u>2,669</u>
Non-current	\$ <u>1,213,816</u>	<u>1,129,663</u>	<u>125,591</u>

Please refer to note 6(7) of the assumed liabilities through a business combination for further details.

(5) Notes and accounts receivable, net

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Notes receivable	\$ -	-	78
Accounts receivable	8,222,682	6,707,088	2,195,356
Less: Expected credit loss allowance	<u>(31,133)</u>	<u>(29,260)</u>	<u>(40,232)</u>
	\$ <u>8,191,549</u>	<u>6,677,828</u>	<u>2,155,202</u>

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:

	<u>March 31, 2026</u>		
	<u>Gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Expected credit loss allowance</u>
<u>Group 1</u>			
Current	\$ 3,530,510	- %	97
1 to 60 days past due	271,157	0.08 %	221
61 to 90 days past due	89,215	-	1
91 to 120 days past due	934	0.21 %	2
121 to 150 days past due	3,001	12.43 %	373
151 to 180 days past due	3,001	48.85 %	1,466
181 to 360 days past due	63	1.59 %	1
More than 360 days past due	<u>29,313</u>	<u>98.84 %</u>	<u>28,972</u>
	\$ <u>3,927,194</u>		<u>31,133</u>
<u>Group 2</u>			
Current	\$ <u>4,295,488</u>	-	<u>-</u>

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December 31, 2025			
	Gross carrying amount	Weighted average loss rate	Expected credit loss allowance
<u>Group 1</u>			
Current	\$ 2,558,606	- %	31
1 to 60 days past due	78,052	0.02 %	13
61 to 90 days past due	11,287	2.14 %	241
91 to 120 days past due	3,027	- %	-
121 to 150 days past due	63	- %	-
151 to 180 days past due	131	7.63 %	10
181 to 360 days past due	879	8.65 %	76
More than 360 days past due	29,449	98.10 %	28,889
	\$ 2,681,494		29,260
<u>Group 2</u>			
Current	\$ 4,025,594	- %	-
March 31, 2025			
	Gross carrying amount	Weighted average loss rate	Expected credit loss allowance
<u>Group 1</u>			
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
	\$ 1,505,401		40,232
<u>Group 2</u>			
Current	\$ 690,033	- %	-

Group 1: Customer of general risk.

Group 2: Customer of low risk.

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

	<u>2026</u>	<u>2025</u>
Balance at January 1	\$ 29,260	38,628
Expected credit loss recognized	2,254	1,557
Effect of exchange rate changes	(381)	47
Balance at March 31	<u>\$ 31,133</u>	<u>40,232</u>

As of March 31, 2026 and December 31, 2025, certain accounts receivable were pledged as collateral; please refer to note 8. None of the notes and accounts receivable were pledged as collateral as of March 31, 2025.

(6) Inventories

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Raw materials	\$ 2,651,583	2,595,257	1,144,353
Work in progress	1,359,004	1,373,164	449,065
Finished goods and merchandise	5,082,448	5,454,743	2,050,167
Inventory in transit	159,039	226,244	186,355
	<u>\$ 9,252,074</u>	<u>9,649,408</u>	<u>3,829,940</u>

For the three months ended March 31, 2026 and 2025, write-downs of inventories to net realizable value in the amount of \$180,956 and \$40,240, respectively, were included in the cost of sales.

As of March 31, 2026 and December 31, 2025, certain inventories were pledged as collateral; please refer to note 8. None of the inventories were pledged as collateral as of March 31, 2025.

(7) Acquisition of subsidiary

On September 23, 2025, to support the Company's strategic development and business expansion in the United States, the Company's Board of Directors approved the acquisition of 100% equity interest in NAGH through its subsidiary, Lotus US Financing S. ā .r.l.. The purchase price for the acquisition was amounting to USD 1,096,647 thousand (\$34,483,181). Lotus US Financing S. ā .r.l. subsequently transferred the acquired 100% equity interest in NAGH to another subsidiary of the Company, Lotus Alvogen Group Holdings S. ā .r.l. followed the Group's restructuring plan. The business combination was consummated on December 3, 2025.

If the acquisition had occurred on January 1, 2025, management estimates that consolidated revenue and consolidated net income for the three months ended March 31, 2025 would have been \$9,355,121, and \$1,252,021, respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2025.

The Group incurred the acquisition related costs of \$256,004 on legal fees and due diligence costs. These costs have been included in operating expenses in the consolidated statements of comprehensive income.

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

Cash and cash equivalents	\$ 3,960,733
Accounts receivable, net	4,754,692
Other receivables	521,214
Inventories and other current assets	6,075,919
Property, plant and equipment	3,604,987
Right-of-use assets	479,830
Other intangible assets	15,900,045
Deferred tax assets	12,849,618
Other non-current assets	161,171
Short-term borrowings	(103,781)
Financial liabilities measured at amortized cost	(2,300,214)
Accounts payable	(4,443,714)
Other payables and other current liabilities	(3,299,997)
Long-term borrowings (including current portion)	(23,635,264)
Provisions	(4,253,773)
Deferred tax liabilities	(984,955)
Lease liabilities	(660,746)
Other non-current liabilities	(55,888)
Fair value of identifiable net assets	<u>\$ 8,569,877</u>

The fair value of other intangible assets of \$15,900,045 has been determined provisionally pending completion of an independent valuation.

- B. Goodwill

- (a) Goodwill arising from the acquisition has been recognized as follows.

Consideration transferred	\$ 34,483,181
Less: Fair value of identifiable net assets	<u>(8,569,877)</u>
Goodwill	<u>\$ 25,913,304</u>

The goodwill is attributable mainly to the synergies expected to be achieved from integrating NAGH and its subsidiaries with the Group's existing business in the United States. None of the goodwill recognized is expected to be deductible for tax purposes.

The fair value of the assets acquired and the liabilities assumed by the Company were determined provisionally, and those amounts are subject to final evaluation. The Company will continue to review the aforesaid matters during the measurement period. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provisional amounts, or any additional provisions as at the acquisition date, then the accounting for the acquisition will be revised.

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(b) Consideration transferred (translated at the exchange rates on December 3, 2025)

The detail of the consideration transferred was as follows:

Cash consideration	\$ 12,254,794
Fair value of previously held interest (note 6(2))	3,741,860
Preference share liabilities at fair value (Note 1)	8,458,490
Contingent consideration (Note 2)	10,187,920
Closing adjustment	<u>(159,883)</u>
Total	<u><u>\$ 34,483,181</u></u>

Note 1: Preference shares with fair value of \$8,458,490 were issued as part of the consideration transferred for the purchase of NAGH and its subsidiaries.

Note 2: In accordance with the arrangement, if NAGH and its subsidiaries achieve the agreed-upon performance targets over the next three years, the Group shall pay the former shareholders of NAGH consideration of up to USD 500,000 thousand. Under this arrangement, the undiscounted range of all potential future payments that the Company may be required to make is between USD 0 and USD 500,000 thousand. The fair value of the contingent consideration arrangement, measured using an income approach, amounted to \$10,187,920. The fair value measurement is based on significant unobservable inputs, which are classified as Level 3 inputs under IFRS 13 “Fair Value Measurement” as endorsed by the FSC; please refer to note 6(26) for further details. As of March 31, 2026 and December 31, 2025, the amount recognized in respect of this contingent consideration arrangement was measured at fair value, with changes recognized in profit or loss as a financial liability measured at fair value through profit or loss. The valuation range and the assumptions used in the estimation remained unchanged.

(8) Property, plant and equipment

The movement in the property, plant and equipment of the Group for the three months ended March 31, 2026 and 2025, 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, 2026	\$ 624,650	4,031,316	3,348,989	272,545	657,970	127,334	9,062,804
Additions	-	427	1,625	13,873	104,341	8,751	129,017
Disposals	-	-	(21,463)	(6,914)	-	-	(28,377)
Reclassification	-	130	82,821	474	(86,756)	3,331	-
Effect of exchange rate changes	<u>(6,136)</u>	<u>20,106</u>	<u>4,188</u>	<u>1,947</u>	<u>41,954</u>	<u>(5,031)</u>	<u>57,028</u>
Balance at March 31, 2026	<u><u>\$ 618,514</u></u>	<u><u>4,051,979</u></u>	<u><u>3,416,160</u></u>	<u><u>281,925</u></u>	<u><u>717,509</u></u>	<u><u>134,385</u></u>	<u><u>9,220,472</u></u>

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	<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>
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>
Accumulated depreciation:							
Balance at January 1, 2026	\$ -	715,118	1,206,240	152,490	-	62,250	2,136,098
Depreciation	-	39,304	87,882	12,217	-	9,508	148,911
Disposals	-	-	(21,374)	(4,909)	-	-	(26,283)
Effect of exchange rate changes	-	(7,038)	25,663	1,953	-	(4,881)	15,697
Balance at March 31, 2026	<u>\$ -</u>	<u>747,384</u>	<u>1,298,411</u>	<u>161,751</u>	<u>-</u>	<u>66,877</u>	<u>2,274,423</u>
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>
Carrying amounts:							
Balance at January 1, 2026	<u>\$ 624,650</u>	<u>3,316,198</u>	<u>2,142,749</u>	<u>120,055</u>	<u>657,970</u>	<u>65,084</u>	<u>6,926,706</u>
Balance at March 31, 2026	<u>\$ 618,514</u>	<u>3,304,595</u>	<u>2,117,749</u>	<u>120,174</u>	<u>717,509</u>	<u>67,508</u>	<u>6,946,049</u>
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>

As of March 31, 2026, December 31 and March 31, 2025, certain property, plant and equipment were pledged as collateral; please refer to note 8.

(9) 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, 2026	<u>\$ 649,750</u>	<u>16,877</u>	<u>13,531</u>	<u>680,158</u>
Balance at March 31, 2026	<u>\$ 702,547</u>	<u>14,212</u>	<u>15,742</u>	<u>732,501</u>
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>

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, 2026 and 2025. Please refer to note 6(9) of the 2025 annual consolidated financial statements for other related information.

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Information on depreciation for the periods was as follow:

	<u>Buildings</u>	<u>Office equipment</u>	<u>Vehicles</u>	<u>Total</u>
Depreciation:				
For the three months ended				
March 31, 2026	\$ <u>41,494</u>	<u>2,508</u>	<u>1,630</u>	<u>45,632</u>
For the three months ended				
March 31, 2025	\$ <u>25,786</u>	<u>2,255</u>	<u>1,680</u>	<u>29,721</u>

As of March 31, 2026 and December 31, 2025, certain right of use assets were pledged as collateral; please refer to note 8. None of the right of use assets were pledged as collateral as of March 31, 2025.

(10) Goodwill

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Goodwill	\$ <u>32,319,404</u>	<u>31,954,931</u>	<u>6,138,208</u>

There was no significant addition, disposal, or recognition of impairment losses of goodwill for the three months ended March 31, 2026 and 2025. Please refer to note 6(10) of the 2025 annual consolidated financial statements for other related information.

(11) Other intangible assets

The movement in the intangible assets of the Group for the three months ended March 31, 2026 and 2025, was as follows:

	<u>Product Rights</u>	<u>Brand</u>	<u>In-process R&D</u>	<u>Capitali- zation of Develop- ment Expenses</u>	<u>Customer Relationship</u>	<u>Others</u>	<u>Total</u>
Cost:							
Balance at January 1, 2026	\$ 13,058,227	616,549	294,386	14,254,158	3,860,798	518,654	32,602,772
Additions	404,149	-	-	1,173,695	-	157	1,578,001
Reclassification	29,034	-	-	(29,034)	-	-	-
Effect of exchange rate changes	<u>325,972</u>	<u>(12,626)</u>	<u>(6,028)</u>	<u>(85,886)</u>	<u>56,330</u>	<u>(1,124)</u>	<u>276,638</u>
Balance at March 31, 2026	<u>\$ 13,817,382</u>	<u>603,923</u>	<u>288,358</u>	<u>15,312,933</u>	<u>3,917,128</u>	<u>517,687</u>	<u>34,457,411</u>
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	<u>36,336</u>	<u>2,722</u>	<u>1,300</u>	<u>5,481</u>	<u>-</u>	<u>1,423</u>	<u>47,262</u>
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>

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	Product Rights	Brand	In-process R&D	Capitali- zation of Develop- ment Expenses	Customer Relationship	Others	Total
Accumulated amortization and impairment losses:							
Balance at January 1, 2026	\$ 5,011,756	489,361	259,102	1,135,026	77,397	306,534	7,279,176
Amortization	307,886	-	2,356	-	105,547	21,247	437,036
Effect of exchange rate changes	349,188	(10,022)	(5,372)	(533)	1,651	(1,448)	333,464
Balance at March 31, 2026	<u>\$ 5,668,830</u>	<u>479,339</u>	<u>256,086</u>	<u>1,134,493</u>	<u>184,595</u>	<u>326,333</u>	<u>8,049,676</u>
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>
Carrying amounts:							
Balance at January 1, 2026	<u>\$ 8,046,471</u>	<u>127,188</u>	<u>35,284</u>	<u>13,119,132</u>	<u>3,783,401</u>	<u>212,120</u>	<u>25,323,596</u>
Balance at March 31, 2026	<u>\$ 8,148,552</u>	<u>124,584</u>	<u>32,272</u>	<u>14,178,440</u>	<u>3,732,533</u>	<u>191,354</u>	<u>26,407,735</u>
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>

As of March 31, 2026 and December 31, 2025, certain other intangible assets were pledged as collateral; please refer to note 8. None of the other intangible assets were pledged as collateral as of March 31, 2025.

(12) Long-term accounts receivable

The long-term accounts receivable were summarized as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Long-term accounts receivable	\$ 155,103	217,619	194,497
Less: Discount	(13,541)	(15,605)	(23,226)
	141,562	202,014	171,271
Less: Current portion (classified as accounts receivable, net)	(43,177)	(88,161)	(45,664)
Total	<u>\$ 98,385</u>	<u>113,853</u>	<u>125,607</u>

In the first quarter of 2024, the Group entered into an agreement with a third-party distributor for a total consideration of KRW 3.15 billion (\$67,164), payable in equal instalments over six years from 2024 to 2029.

In the third quarter of 2023, the Court issued final judgment requiring a third-party distributor to pay KRW 9 billion (\$191,898) in compensation, payable in equal instalments over six years from 2023 to 2028.

As of March 31, 2026, December 31 and March 31, 2025, no expected credit loss was recognized.

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(13) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>March 31,</u> <u>2025</u>
Unsecured bank loans	\$ 1,513,219	1,517,678	325,504
Unsecured loans from other financial institutions	<u>53,335</u>	<u>91,064</u>	<u>-</u>
	<u>\$ 1,566,554</u>	<u>1,608,742</u>	<u>325,504</u>
Unused credit line	<u>\$ 491,898</u>	<u>195,910</u>	<u>1,202,953</u>
Range of interest rates	<u>2.08%~6.94%</u>	<u>2.08%~6.94%</u>	<u>2.11%~4.18%</u>

(14) Long-term borrowings

The long-term borrowings were summarized as follows:

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>March 31,</u> <u>2025</u>
Unsecured bank loans	\$ 213,220	217,677	225,503
Secured bank loans	21,042,556	20,815,963	10,913,010
Secured loans from other financial institutions	<u>24,231,453</u>	<u>23,955,281</u>	<u>669,404</u>
	45,487,229	44,988,921	11,807,917
Less: Current portion	<u>(1,779,155)</u>	<u>(2,541,466)</u>	<u>(3,396,154)</u>
Total	<u>\$ 43,708,074</u>	<u>42,447,455</u>	<u>8,411,763</u>
Unused credit line	<u>\$ 6,526,603</u>	<u>4,973,100</u>	<u>3,986,000</u>
Range of maturity period (year/month)	<u>2026/05~2029/03</u>	<u>2026/05~2029/03</u>	<u>2025/04~2026/10</u>
Range of interest rates	<u>3.20%~14.81%</u>	<u>3.20%~14.81%</u>	<u>3.09%~6.13%</u>

In September 2025, the Company entered into a new syndicated loan facility in an aggregate amount of \$21,730,000 equivalent with a syndicate of banks led by CTBC and made early repayment on existing syndicated loan facility. 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 3.75 times and the net leverage ratio of the Group (excluding subsidiaries in Korea and the United States) shall not exceed 3.5 times, and (ii) interest cover ratio of the Group must exceed 3 times.

In December 2025, the Group's subsidiary in Korea entered into a new syndicated loan facility in an aggregate amount of KRW 120 billion (\$2,558,635) 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 4.25 times.

For the borrowings of Alvogen Pharma US Inc., pursuant to the relevant loan agreements, the net leverage ratio, calculated on an annualized basis using the financial results of the most recent two quarters, must not exceed 3.5 times; on a full-year basis, the net leverage ratio must not exceed 3 times.

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The Group complied with the abovementioned financial covenants as of December 31, 2025.

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

(15) Lease liabilities — current and non-current

The carrying amounts of the lease liabilities were as follows:

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>March 31,</u> <u>2025</u>
Current	\$ <u>170,241</u>	<u>159,630</u>	<u>100,033</u>
Non-current	\$ <u>755,152</u>	<u>718,622</u>	<u>165,883</u>

Please refer to note 6(26) for the maturity analysis.

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	<u>2026</u>	<u>2025</u>
Interest expenses on lease liabilities	\$ <u>14,006</u>	<u>4,016</u>
Expenses relating to short-term leases	\$ <u>2,745</u>	<u>3,456</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>291</u>	<u>204</u>

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

	For the three months ended March 31,	
	<u>2026</u>	<u>2025</u>
Total cash outflow for leases	\$ <u>71,980</u>	<u>36,557</u>

A. Real estate leases

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

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

B. Other leases

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

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(16) Preference share liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Redeemable Preferred Stock	\$ 8,643,870	8,458,032	-

On December 3, 2025, the Company's subsidiary, Lotus US Financing S. à r.l. issued 228,387 redeemable preferred shares as part of the consideration for the 100% equity acquisition of NAGH, please refer to note 6(7) for further details.

According to the issuance terms, the key features of the shares are as follows:

- A. **Redemption Obligation:** The term is three years from the closing date. The Group is obligated to redeem all outstanding preferred shares at maturity, with an option for early redemption.
- B. **Dividend Distribution:** Dividends are set at escalating annual rates (11%, 17.5%, and 20% for Years 1 to 3, respectively) payable in kind or in cash, or a combination thereof, as determined by the agreement.
- C. **Exchange Rights:** Any portion not fully redeemed at maturity will be automatically exchanged into common shares of Lotus Alvogen Group Holdings S. à r.l. at an exchange ratio determined in the agreement.

For the three months ended March 31, 2026, the Group recognized \$48,947 of interest expense on preference share liabilities. Please refer to note 6(25).

(17) Provisions – current and non-current

	Estimated return of goods	Employee benefit obligations	Rebate	Other	Total
Balance at January 1, 2026	\$ 1,311,868	126,013	2,849,867	27,856	4,315,604
Provisions made	104,853	11,541	1,158,890	47	1,275,331
Provisions used	(116,509)	(21,298)	(1,677,352)	(2,053)	(1,817,212)
Effect of exchange rate changes	18,929	327	40,273	(588)	58,941
Balance at March 31, 2026	1,319,141	116,583	2,371,678	25,262	3,832,664
Less: current	(1,319,141)	-	(2,371,678)	(20,028)	(3,710,847)
Non-current	\$ -	116,583	-	5,234	121,817
Balance at January 1, 2025	\$ 43,374	32,312	-	10,745	86,431
Provisions made	2,376	1,089	-	47	3,512
Provisions used	(300)	(6,081)	-	-	(6,381)
Effect of exchange rate changes	329	153	-	126	608
Balance at March 31, 2025	45,779	27,473	-	10,918	84,170
Less: current	(45,779)	-	-	(5,576)	(51,355)
Non-current	\$ -	27,473	-	5,342	32,815

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(18) 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, 2025 and 2024.

The pension cost recognized in profit or loss for the three months ended March 31, 2026 and 2025 were \$34,191 and \$36,091, 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 \$39,575 and \$14,322 for the three months ended March 31, 2026 and 2025, respectively.

(19) Income tax

A. Income tax expense

The components of income tax for the three months ended March 31, 2026 and 2025 were as follows:

	For the three months ended March 31,	
	2026	2025
Current tax expense		
Current period	\$ 158,386	307,332
Adjustments in respect of prior years	312	(377)
Income tax expense	\$ 158,698	306,955

B. Income tax assessments

As of March 31, 2026, the tax authorities have completed the examination of the Company's income tax returns through 2022, except for 2021, for which the examination has not yet been finalized.

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(20) 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, 2026 and 2025. For the related information, please refer to note 6(20) of the 2025 annual consolidated financial statements.

A. Share capital

On June 18, 2025, November 7, 2024, August 8, 2024, March 14, 2024 and August 10, 2023, the Board of Directors approved the issuance of 1,230 thousand, 200 thousand, 170 thousand, 560 thousand and 2,487 thousand shares, respectively, under the 2023 RSA Plan. Please refer to note 6(21). 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(21).

B. Capital surplus

The ending balances of capital surplus were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Additional paid-in capital	\$ 5,692,533	5,692,533	5,474,195
Treasury share transactions	37,131	37,131	30,660
Conversion of convertible bonds	1,268,876	1,268,876	1,268,876
Restricted stock awards	643,095	643,095	657,673
	<u>\$ 7,641,635</u>	<u>7,641,635</u>	<u>7,431,404</u>

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

For the details about treasury share transactions and restricted stock awards, please refer to note 6(21).

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.

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

The appropriation of earnings for 2025 was approved by the Board of Directors on March 12, 2026; cash dividend at \$2.56 dollars per share in the amount of \$673,843 and stock dividend at \$0.13 dollars per share in the amount of \$34,165 were approved. Stock dividend and the remaining items will need to be approved in the shareholders' meeting.

As of March 31, 2026 and 2025, dividends payable in the amount of \$673,843 and \$1,519,653, respectively, were recognized under other payables.

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

E. Treasury shares

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

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On March 6, 2025, April 30, 2024 and August 10, 2023, the Board of Directors approved the transfer of 50 thousand, 26 thousand and 66 thousand treasury shares, respectively, to employees. As of March 31, 2026, December 31 and March 31, 2025, 136 thousand, 136 thousand and 86 thousand treasury shares, respectively, were transferred. Please refer to note 6(21) for the details.

As of March 31, 2026, December 31 and March 31, 2025, a total of 4,064 thousand, 4,064 thousand and 464 thousand shares, respectively, were yet to be transferred.

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

(21) 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. The Plan was executed and completed in the second quarter of 2025. Please refer to note 6(21) to the consolidated financial statements for the year ended December 31, 2025.

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, 2026 and 2025. For the related information, please refer to note 6(21) of the 2025 annual consolidated financial statements.

As of March 31, 2026, the number of shares forfeited under the 2023 RSA Plan was 232 thousand shares. On December 18, 2025, November 12, 2025, January 21, 2025 and August 8, 2024, the Board of Directors approved to cancel 50 thousand, 120 thousand, 32 thousand and 30 thousand of the forfeited shares, respectively.

As of March 31, 2026, December 31 and March 31, 2025, there were 0 thousand, 0 thousand and 1,583 thousand shares, respectively, available for future grants under the 2023 RSA Plan.

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

	2026	2025
Balance at January 1	\$ (353,768)	(410,771)
Share-based payment costs	62,598	71,432
Balance at March 31	\$ (291,170)	(339,339)

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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 \$218 and \$655 for the three months ended March 31, 2026 and 2025, respectively.

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

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

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

	<u>2026</u>	<u>2025</u>
Balance at January 1	\$ (327)	(1,855)
Share-based payment costs	218	655
Balance at March 31	<u>\$ (109)</u>	<u>(1,200)</u>

(22) Earnings per share

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

	<u>For the three months ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
Basic earnings per share		
Net income attributable to owners of the Company	\$ <u>567,201</u>	<u>1,435,431</u>
Weighted average number of ordinary shares (in thousands)	<u>259,896</u>	<u>262,452</u>
Basic earnings per share (in dollars)	<u>\$ 2.18</u>	<u>5.47</u>
Diluted earnings per share		
Net income attributable to owners of the Company	\$ <u>567,201</u>	<u>1,435,431</u>
Weighted average number of ordinary shares (in thousands)	259,896	262,452
Effect of dilutive potential ordinary shares		
Share-based payment to employees (in thousands)	1,830	1,530
Remuneration to employees (in thousands)	27	71
Weighted average number of ordinary shares (diluted) (in thousands)	<u>261,753</u>	<u>264,053</u>
Diluted earnings per share (in dollars)	<u>\$ 2.17</u>	<u>5.44</u>

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(23) Revenue from contracts with customers

A. Disaggregation of revenue

For the three months ended March 31, 2026			
	Pharmaceuticals Segment	Other Segment	Total
Primary geographical markets:			
United States	\$ 4,780,277	1,755	4,782,032
South Korea	1,581,480	-	1,581,480
Malta	1,061,010	3,526	1,064,536
Taiwan	641,070	-	641,070
Others	560,363	14,928	575,291
	\$ 8,624,200	20,209	8,644,409
Major products/services lines:			
Sale of goods	\$ 8,524,613	-	8,524,613
Out-licensing of IP rights	86,149	-	86,149
Services and others	13,438	20,209	33,647
	\$ 8,624,200	20,209	8,644,409
For the three months ended March 31, 2025			
	Pharmaceuticals Segment	Other Segment	Total
Primary geographical markets:			
United States	\$ 1,926,132	12,132	1,938,264
South Korea	1,470,441	-	1,470,441
Malta	191,411	5,054	196,465
Taiwan	650,118	-	650,118
Others	458,137	16,359	474,496
	\$ 4,696,239	33,545	4,729,784
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
	\$ 4,696,239	33,545	4,729,784

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B. Contract balances

	March 31, 2026	December 31, 2025	March 31, 2025	January 1, 2025
Contract assets – current	\$ 98,234	184,878	98,571	221,774
Contract liabilities – current	\$ 151,296	179,157	176,107	180,900
Contract liabilities – non-current	\$ 13,988	16,287	23,851	26,563

For details on notes and accounts receivable, net and expected credit loss allowance, please refer to note 6(5). For details on accounts receivable – related parties, please refer to note 7.

The amount of \$43,520 and \$14,681 included in contract liabilities balance at the beginning of the year has been recognized as revenue for the three months ended March 31, 2026 and 2025, respectively.

(24) Remuneration to employees and directors

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

For the three months ended March 31, 2026 and 2025, the Company accrued and recognized employee remuneration amounting to \$5,662 and \$15,766, 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, 2025 and 2024, the remunerations to employees amounted to \$55,296 and \$61,832, respectively, and no remunerations to directors. There is no difference between the remuneration to employees and directors and the actual distribution in 2024. The related information about remuneration to employees and directors is available at the Market Observation Post System website.

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(25) Non-operating income and expenses

A. Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31,	
	2026	2025
Losses on disposal of property, plant and equipment	\$ (2,094)	(37)
Gains on financial asset at FVTPL	-	34,107
Foreign exchange gains (losses)	(168,006)	101,495
Gains on financial liabilities at amortized cost	85,223	-
Others	7,841	(5,026)
	\$ (77,036)	130,539

B. Finance costs

The details of finance costs were as follows:

	For the three months ended March 31,	
	2026	2025
Interest expenses on borrowings	\$ 1,145,129	135,062
Interest expenses on lease liabilities	14,006	4,016
Interest expenses on preference share liabilities	48,947	-
Others	6,358	1,676
	\$ 1,214,440	140,754

(26) 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(26) of the 2025 annual consolidated financial statements.

A. Credit risk

For credit risk exposure of notes and accounts receivable (including related parties), please refer to notes 6(5) and 7.

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

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B. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~5 years</u>	<u>Over 5 years</u>
March 31, 2026					
Non-derivative financial liabilities					
Financial liabilities measured at FVTPL – non-current	\$ 10,351,978	15,975,275	-	15,975,275	-
Financial liabilities measured at amortized cost – current and non-current	2,524,355	3,041,105	1,425,634	1,567,545	47,926
Short-term borrowings	1,566,554	1,362,286	1,362,286	-	-
Notes and accounts payable	3,027,686	3,027,686	3,027,686	-	-
Other payables (including related parties)	3,050,440	3,050,440	3,050,440	-	-
Long-term borrowings (including current portion)	45,487,229	55,843,525	7,024,297	48,819,228	-
Lease liabilities – current and non-current	925,393	1,119,354	220,317	707,040	191,997
Preference share liabilities – non-current	8,643,870	8,818,201	-	8,818,201	-
	<u>\$ 75,577,505</u>	<u>92,237,872</u>	<u>16,110,660</u>	<u>75,887,289</u>	<u>239,923</u>
December 31, 2025					
Non-derivative financial liabilities					
Financial liabilities measured at FVTPL – non-current	\$ 10,187,370	15,721,250	-	15,721,250	-
Financial liabilities measured at amortized cost – current and non-current	2,461,967	2,854,407	1,395,104	1,412,139	47,164
Short-term borrowings	1,608,742	1,617,999	1,617,999	-	-
Notes and accounts payable	2,416,233	2,416,233	2,416,233	-	-
Other payables (including related parties)	3,018,004	3,018,004	3,018,004	-	-
Long-term borrowings (including current portion)	44,988,921	56,385,970	7,022,612	49,363,358	-
Lease liabilities – current and non-current	878,252	1,068,782	205,927	641,781	221,074
Preference share liabilities – non-current	8,458,032	8,677,981	-	8,677,981	-
	<u>\$ 74,017,521</u>	<u>91,760,626</u>	<u>15,675,879</u>	<u>75,816,509</u>	<u>268,238</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~5 years</u>	<u>Over 5 years</u>
March 31, 2025					
Non-derivative financial liabilities					
Financial liabilities measured at amortized cost— current and non-current	\$ 128,260	181,521	2,671	178,850	-
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	<u>265,916</u>	<u>294,913</u>	<u>110,657</u>	<u>183,739</u>	<u>517</u>
	<u>\$ 16,259,564</u>	<u>16,880,424</u>	<u>7,867,669</u>	<u>9,012,238</u>	<u>517</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, 2026</u>			<u>December 31, 2025</u>			<u>March 31, 2025</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	\$ 92,535	31.95	2,956,544	105,735	31.44	3,324,573	128,866	33.05	4,259,575
EUR	51,669	37.02	1,912,645	25,744	37.07	954,348	32,087	35.74	1,146,799
<u>Non-monetary items</u>									
USD	-	-	-	-	-	-	97,505	33.05	3,222,966
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	394,702	31.95	12,610,946	403,539	31.44	12,688,275	53,595	33.05	1,771,545
EUR	7,996	37.02	295,990	6,536	37.07	242,294	1,892	35.74	67,621

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, 2026 and 2025, with all other variable factors remaining constant, would have increased or decreased the income before income tax by (\$401,887) and \$178,360, respectively.

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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, 2026 and 2025, the foreign exchange gains (losses) (including realized and unrealized portions) amounted to (\$168,006) and \$101,495, 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 \$5,074 and \$816 for the three months ended March 31, 2026 and 2025, 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 \$58,000 and \$35,962 for the three months ended March 31, 2026 and 2025, respectively.

D. Fair value of financial instruments

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

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

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

Except as described in the following table, the Group considers the carrying amounts of financial instruments, including cash and cash equivalents, 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.

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(c) Reconciliation of Level 3 fair values

For the three months ended March 31, 2025, the changes of fair values \$34,107 was recognized in profit or loss.

About the conversion of the preferred stock investment to the common shares investment in NAGH, please refer to note 6(2).

(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 or liabilities 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"> · Duration (0.75 year at Mar 31, 2025.) · Estimated stock price (USD 906.21 at Mar 31, 2025.) · Discount rate (28.2% at Mar 31, 2025.) 	<ul style="list-style-type: none"> · The estimated fair value would increase if the duration were shorter. · The estimated fair value would increase if the estimated stock price were higher. · The estimated fair value would decrease if the discount rate were higher.
Financial liabilities at FVTPL – non-current	Discounted Cash Flow method	<ul style="list-style-type: none"> · Discount rate (9.8% and 9.8% at Mar 31, 2026 and Dec 31, 2025, respectively.) 	<ul style="list-style-type: none"> · The estimated fair value would decrease if the discount rate were higher.

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- (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, 2026, December 31 and March 31, 2025, the impact on the fair value of financial asset or liabilities at FVTPL would be as follows:

	Impact on income statement	
	Increased	Decreased
Financial liabilities at FVTPL – non-current:		
Balance at March 31, 2026		
Discount rate (1.00% movement)	<u>\$ 310,636</u>	<u>(268,672)</u>
Balance at December 31, 2025		
Discount rate (1.00% movement)	<u>\$ 305,697</u>	<u>(264,400)</u>
Financial asset at FVTPL – non-current:		
Balance at March 31, 2025		
Discount rate (5.00% movement)	<u>\$ (273,466)</u>	<u>358,971</u>

- (27) 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 2025 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, 2025. Please refer to note 6(27) of the 2025 annual consolidated financial statements for further details.

- (28) Financing activities not affecting current cash flow

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

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

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

	January 1, 2026	Cash flow	Foreign exchange movement	Others	March 31, 2026
Short-term borrowings	\$ 1,608,742	(38,770)	(3,418)	-	1,566,554
Long-term borrowings (including current portion) (Note 1)	44,988,921	(253,375)	546,619	205,064	45,487,229
Lease liabilities (Note 2)	<u>878,252</u>	<u>(54,938)</u>	<u>7,427</u>	<u>94,652</u>	<u>925,393</u>
Total liabilities from financing activities	<u>\$ 47,475,915</u>	<u>(347,083)</u>	<u>550,628</u>	<u>299,716</u>	<u>47,979,176</u>

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	January 1, 2025	Cash flow	Foreign exchange movement	Others	March 31, 2025
Short-term borrowings	\$ 1,614,619	(1,291,418)	2,303	-	325,504
Long-term borrowings (including current portion) (Note 1)	11,773,507	-	16,088	18,322	11,807,917
Lease liabilities (Note 2)	278,378	(28,881)	1,284	15,135	265,916
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>

Note 1: Other items include the amortization of deferred financing cost.

Note 2: Other items include the addition and other changes in lease liabilities.

7. Related-party transactions

(1) Parent company and ultimate controlling party

Upon deconsolidation by the PTT Group on December 31, 2025, the Company is the ultimate parent company of the Group and it is considered that there is no ultimate controlling party; 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	Other related party (Note1)
Adalvo Competence Center SRL	Other related party (Note2)
Adalvo Limited	Other related party (Note2)
Alvogen Holding (Thailand) Ltd.	Other related party
Alvogen Inc.	Other related party (Note3)
Alvogen PB Research & Development LLC (“Alvogen PB R&D”)	Other related party (Note3)
AZTIQ Consulting ehf.	Other related party
Innobic (Asia) Co., Ltd.	Other related party
Innobic LL Holding Company Limited	Other related party
NAGH	Other related party (Note3)
Norwich Pharmaceuticals, Inc.	Other related party (Note3)

Note 1: INIH is no longer the Company’s parent company since December 31, 2025; please refer to note 7(1).

Note 2: The company ceased to be a related party to the Company effective from October 2025.

Note 3: Due to the acquisition of 100% equity interest in NAGH, the company became the Company’s subsidiary effective from December 3, 2025. Please refer to note 6(7) for more details.

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(3) Significant transactions with related parties

A. Sales

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

	For the three months ended March 31, 2025
Alvogen Inc.	\$ 1,936,650
Adalvo Limited	196,465
INIH	985
	\$ 2,134,100

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

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

B. Receivables from related parties

Accounts	Name of related parties	March 31, 2025
Accounts receivable –	Alvogen Inc.	\$ 3,940,383
related parties	Adalvo Limited	735,450
	Other related parties	8,858
		\$ 4,684,691

Accounts	Name of related parties	March 31, 2026	December 31, 2025	March 31, 2025
Other receivables – related parties	Alvogen PB R&D	\$ -	-	18,005
	Other related parties	10	108	219
		\$ 10	108	18,224

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

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C. Payables to related parties

<u>Accounts</u>	<u>Names of related parties</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Accounts payable – related parties	Alvogen Inc.	\$ -	-	98,409
Other payables – related parties	AZTIQ Consulting ehf.	\$ -	39,882	17,642
	Alvogen Inc.	-	-	66,789
	Adalvo Limited	-	-	7,237
	Alvogen PB R&D	-	-	17,354
	INIH	-	256	-
	Other related parties	177	755	681
		<u>\$ 177</u>	<u>40,893</u>	<u>109,703</u>

D. Others

(a)

<u>Accounts</u>	<u>Names of related parties</u>	<u>For the three months ended March 31,</u>	
		<u>2026</u>	<u>2025</u>
Cost of sales	Other related parties	\$ -	16,746
Operating expenses	Other related parties	65,589	21,073
Other income	Alvogen Inc.	\$ -	5,307
	Other related parties	-	279
		<u>\$ -</u>	<u>5,586</u>

(b)

<u>Accounts</u>	<u>Names of related parties</u>	<u>March 31, 2025</u>
Contract assets – current	Adalvo Limited	\$ 95,172

(c)

<u>Accounts</u>	<u>Names of related parties</u>	<u>March 31, 2025</u>
Contract liabilities – current	Adalvo Limited	\$ 140,586

(4) Key management personnel compensation

	<u>For the three months ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
Short-term employee benefits	\$ 44,614	38,583
Share-based payments	30,276	53,269
	<u>\$ 74,890</u>	<u>91,852</u>

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8. Assets pledged as security

As of March 31, 2026, December 31 and March 31, 2025, the following assets were pledged as collaterals:

<u>Asset</u>	<u>Purpose of pledge</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Bank demand deposits and others (classified as cash and cash equivalents)	Long-term borrowings	\$ 670,368	1,797,884	-
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.	64	65	68
Accounts receivable	Long-term borrowings	4,729,520	4,213,863	-
Inventories	Long-term borrowings	5,398,122	5,372,814	-
Prepayments and other current assets	Long-term borrowings	1,053,134	1,232,975	-
Land	Long-term borrowings	618,514	624,650	556,864
Buildings and plant equipment	Long-term borrowings	3,303,774	2,814,036	1,440,076
Machinery equipment	Long-term borrowings	1,626,785	1,575,049	143,936
Other property, plant and equipment	Long-term borrowings	186,924	723,047	-
Right-of-use assets	Long-term borrowings	465,434	474,361	-
Other intangible assets	Long-term borrowings	13,544,796	13,139,201	-
Deferred tax assets and other non-current assets	Long-term borrowings	13,280,699	12,908,018	-
		<u>\$ 44,893,134</u>	<u>44,890,963</u>	<u>2,140,944</u>

In addition, as of March 31, 2026, December 31 and March 31, 2025, the entire shares of Alvogen Korea Holdings were pledged as collateral to secure the Company's bank loan facility; and as of the same dates, the entire shares of Alvogen Korea were pledged as collateral. As of March 31, 2026 and December 31, 2025, the entire shares of Lotus US Financing S. ā .r.l. were pledged as collateral to secure the Company's bank loan facility.

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

9. Commitments and contingencies

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.

10. Losses due to major disasters: None.

11. Subsequent events:

On April 16, 2026, the Company’s Board of Directors approved the transfer of 1,192 thousand treasury shares to employees.

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,					
		2026			2025		
		Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Employee benefits							
Salary		455,363	621,885	1,077,248	209,336	381,655	590,991
Labor and health insurance		9,401	6,493	15,894	8,541	7,396	15,937
Pension		27,720	46,046	73,766	15,191	35,222	50,413
Others		46,015	216,323	262,338	11,467	116,001	127,468
Depreciation		124,575	69,968	194,543	51,449	42,056	93,505
Amortization		4,985	432,051	437,036	5,030	252,960	257,990

(2) Seasonality of operations

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

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

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, 2026:

- A. Loans to other parties: Please refer to Table 1.
 - B. Guarantees and endorsements for other parties: None.
 - C. Material securities held as of March 31, 2026 (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: None.
 - E. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
 - F. Business relationships and significant intercompany transactions: Please refer to Table 3.
- (2) Information on investees (excluding information on investees in Mainland China): Please refer to Table 4.
- (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 5.
 - B. Limitation on investment in Mainland China: Please refer to Table 5.
 - C. Significant transactions: None.

14. Segment information

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

	For the three months ended March 31, 2026			
	Pharmaceuticals Segment	Other Segment	Elimination	Total
Net revenue:				
Revenue from external customers	\$ 8,624,200	20,209	-	8,644,409
Intersegment revenues	-	93,890	(93,890)	-
Total net revenue	<u>\$ 8,624,200</u>	<u>114,099</u>	<u>(93,890)</u>	<u>8,644,409</u>
Operating income (loss)	<u>\$ 1,914,978</u>	<u>(13,663)</u>	<u>57,882</u>	<u>1,959,197</u>
Reportable segment assets	<u>\$ 96,353,269</u>	<u>23,581,535</u>	<u>(12,401,219)</u>	<u>107,533,585</u>

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

	For the three months ended March 31, 2025			
	Pharmaceuticals Segment	Other Segment	Elimination	Total
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>

Lotus Pharmaceutical Co., Ltd. and Subsidiaries

Loans to other parties

For the three months ended March 31, 2026

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	1,320,585	1,309,973	1,086,319	5.1%	2	-	Operating funding	-	-	-	1,535,430	1,535,430	Note 5
1	Lotus International Pte. Ltd.	Lotus Healthcare Philippines Corp.	Other receivables from related parties	Yes	51,121	51,121	51,121	5.1%	2	-	Operating funding	-	-	-	1,535,430	1,535,430	Note 5
1	Lotus International Pte. Ltd.	The Company	Other receivables from related parties	Yes	1,886,550	-	-	-	2	-	Operating funding	-	-	-	1,535,430	1,535,430	Note 5
2	NCS	Meishi Pharma Services Private Limited	Other receivables from related parties	Yes	104,791	103,594	103,594	10.0%	2	-	Operating funding	-	-	-	154,172	154,172	Note 5
3	Lotus Pharma Bulgaria EOOD	Lotus International Pte. Ltd.	Other receivables from related parties	Yes	2,076,786	2,076,786	2,076,786	4.9%	2	-	Operating funding	-	-	-	2,899,354	2,899,354	Note 5
4	Alvogen Inc.	Alvogen Group Inc.	Other receivables from related parties	Yes	18,112,942	18,112,942	18,112,942	6.0%	2	-	Operating funding	-	-	-	30,551,889	30,551,889	Note 5

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			
5	Alvogen Group Inc.	Alvogen Inc.	Other receivables from related parties	Yes	3,830,060	3,830,060	3,830,060	0.2%	2	-	Operating funding	-		-	25,720,787	25,720,787	Note 5
6	Alvogen Pharma US Inc.	Norwich Pharmaceutical, Inc.	Other receivables from related parties	Yes	1,023,449	1,023,449	1,023,449	2.3%	2	-	Operating funding	-		-	27,369,625	27,369,625	Note 5 & 6
6	Alvogen Pharma US Inc.	Alvogen Inc.	Other receivables from related parties	Yes	44,353,708	44,353,708	44,353,708	2.3%~7.3%	2	-	Operating funding	-		-	27,369,625	27,369,625	Note 5 & 6
6	Alvogen Pharma US Inc.	Almatica Pharma LLC	Other receivables from related parties	Yes	5,869,775	5,869,775	5,869,775	2.2%~7.3%	2	-	Operating funding	-		-	27,369,625	27,369,625	Note 5 & 6

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., Alvogen (Thailand) Ltd., Lotus Pharma Bulgaria EOOD, Alvogen Inc., Alvogen Group Inc., Alvogen Pharma US Inc., Norwich Pharmaceutical, Inc. and Almatica Pharma LLC 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.

Note 6: The subsidiaries' "Procedures for Lending Funds to Others" have been established by the end of March 31, 2026 in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. The relevant following processes are currently in progress.

Lotus Pharmaceutical Co., Ltd. and Subsidiaries
Material securities held as of March 31, 2026 (excluding investment in subsidiaries, associates and joint ventures)
March 31, 2026

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	
Lotus Japan Holdings Co., Ltd.	Fuji Pharma Co., Ltd.	-	FVOCI - non-current	1,219	580,003	4.59 %	580,003	

Lotus Pharmaceutical Co., Ltd. and Subsidiaries
Business relationships and significant intercompany transactions
For the three months ended March 31, 2026

Table 3

(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	Sales	216,752	(Note 3)	2.51 %
0	The Company	Lotus International Pte. Ltd.	1	Purchases	190,608	(Note 3)	2.20 %
0	The Company	Alvogen Inc.	1	Sales	388,639	(Note 3)	4.50 %
0	The Company	Alvogen Inc.	1	Accounts receivable – related parties	2,184,579	(Note 3)	2.03 %
1	Lotus International Pte. Ltd.	Alvogen Korea	2	Sales	97,080	(Note 3)	1.12 %
2	Alvogen Group Inc.	Alvogen Inc.	2	Accounts receivable – related parties	5,902,915	(Note 3)	5.49 %
2	Alvogen Group Inc.	Alvogen PB R&D	2	Accounts payable – related parties	3,190,839	(Note 3)	2.97 %
2	Alvogen Group Inc.	Alvogen Inc.	2	Interest expense	285,083	(Note 3)	3.30 %
3	Alvogen Pharma US Inc.	Norwich Pharmaceutical, Inc.	2	Accounts receivable – related parties	29,919,955	(Note 3)	27.82 %
3	Alvogen Pharma US Inc.	Alvogen Inc.	2	Accounts payable – related parties	58,831,852	(Note 3)	54.71 %
3	Alvogen Pharma US Inc.	Almatica Pharma LLC	2	Accounts payable – related parties	19,147,613	(Note 3)	17.81 %
3	Alvogen Pharma US Inc.	Alvogen PB R&D	2	Accounts receivable – related parties	13,951,026	(Note 3)	12.97 %
4	Norwich Pharmaceutical, Inc.	Alvogen Inc.	2	Sales	1,176,622	(Note 3)	13.61 %
4	Norwich Pharmaceutical, Inc.	Alvogen Inc.	2	Purchases	466,712	(Note 3)	5.40 %
4	Norwich Pharmaceutical, Inc.	Alvogen Inc.	2	Accounts receivable – related parties	22,376,442	(Note 3)	20.81 %

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	
4	Norwich Pharmaceutical, Inc.	Alvogen PB R&D	2	Accounts receivable—related parties	4,173,982	(Note 3)	3.88 %
5	Alvogen Inc.	Almatica Pharma LLC	2	Sales	105,386	(Note 3)	1.22 %
5	Alvogen Inc.	Almatica Pharma LLC	2	Accounts receivable—related parties	11,524,472	(Note 3)	10.72 %
5	Alvogen Inc.	Alvogen PB R&D	2	Accounts payable—related parties	6,946,059	(Note 3)	6.46 %
5	Alvogen Inc.	Almaject, Inc	2	Accounts receivable—related parties	1,109,834	(Note 3)	1.03 %
6	Alvogen PB R&D	Almatica Pharma LLC	2	Accounts receivable—related parties	2,094,749	(Note 3)	1.95 %

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.

Note 5: For information of loans to others, please refer to Table 1.

Lotus Pharmaceutical Co., Ltd. and Subsidiaries
Information on investees (excluding information on investees in Mainland China)
For the three months ended March 31, 2026

Table 4

(Shares in Thousands)
(Amounts in Thousands)

Investor Companies	Investee Companies	Locations	Main Businesses and Products	Original Investment Amounts		Balance as of March 31, 2026			Net Income (Losses) of Investee	Investment Income (Losses) (Note 1)	Notes
				March 31, 2026	December 31, 2025	Shares	Percentages of Ownership	Carrying Amount (Note 1)			
The Company	Lotus International Pte. Ltd.	Singapore	Investment business and sale of medicine	1,580,213 (USD 50,100)	3,473,141 (USD 110,100)	50,100	100.00 %	4,240,862	145,367	134,152	
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 %	15	401	6	
The Company	Alvogen Korea Holdings	Korea	Investment business	4,858,270 (USD 157,029)	4,858,270 (USD 157,029)	1,457	100.00 %	4,349,384	143,291	193,366	Note 2
The Company	Alvogen India	India	Investment business	298,509 (USD 9,950)	298,509 (USD 9,950)	512	100.00 %	231,118	10,196	8,245	Note 2
The Company	Lotus Japan Holdings Co., Ltd.	Japan	Sale of medicine and clinical machine retail	623,647 (JPY 2,225,400)	623,647 (JPY 2,225,400)	-	100.00 %	619,606	4,103	4,103	
The Company	Alvogen (Thailand) Ltd.	Thailand	Sale of pharmaceuticals and medicinal chemical products	3,859 (USD 131)	3,859 (USD 131)	40	2.52 %	14,181	15,030	379	
The Company	Avos Pharma Science Co., Ltd.	Taiwan	Biotech technological consulting services, clinical machine retail and related consulting services	100	100	-	100.00 %	275	-	-	
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 %	1,456,335	32,318	21,208	
The Company	Lotus US Financing S. à r.l.	Luxembourg	Investment business	15,936,884 (USD 509,113)	15,936,884 (USD 509,113)	15,509	100.00 %	16,503,387	366,390	366,390	
The Company	Lotus Pharmaceuticals US, Inc.	U.S.A.	Data collection and agency affairs in U.S.A.	-	-	1	100.00 %	(10,076)	(7,474)	(7,474)	Note 3
Lotus International Pte. Ltd.	Lotus Support Services SRL	Romania	Pharmaceutical regulatory affairs project management services	3,010 (RON 445)	3,010 (RON 445)	44	100.00 %	19,020	688	688	
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 %	333,256	15,030	14,647	
Lotus International Pte. Ltd.	Lotus Alvogen Malta Ltd.	Malta	Marketing activities and healthcare consultancy	1,419 (EUR 42)	1,419 (EUR 42)	42	100.00 %	5,901	258	258	

Investor Companies	Investee Companies	Locations	Main Businesses and Products	Original Investment Amounts		Balance as of March 31, 2026			Net Income (Losses) of Investee	Investment Income (Losses) (Note 1)	Notes
				March 31, 2026	December 31, 2025	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 %	924	401	395	
Lotus International Pte. Ltd.	Lotus Healthcare Malaysia Sdn. Bhd.	Malaysia	Marketing activities and healthcare consultancy	7 (MYR 1)	7 (MYR 1)	1	100.00 %	1,186	113	113	
Lotus International Pte. Ltd.	Lotus Healthcare Philippines Corp.	Philippines	Sale of pharmaceuticals and medicinal chemical products	59,763 (PHP 106,485)	59,763 (PHP 106,485)	106,485	100.00 %	(26,943)	(9,100)	(9,100)	
Lotus International Pte. Ltd.	Lotus Pharma Bulgaria EOOD	Bulgaria	Sale of pharmaceuticals and medicinal chemical products	8,503 (BGN 538)	8,503 (BGN 538)	538	100.00 %	2,898,940	83,484	83,484	
Lotus International Pte. Ltd.	Lotus Pharma ehf.	Iceland	Marketing activities and healthcare consultancy	106 (ISK 500)	106 (ISK 500)	500	100.00 %	2,579	-	-	Note 4
Lotus International Pte. Ltd.	Meishi Pharma Services Private Limited	India	Pharmaceutical research and development service	158,658 (INR 436,463)	158,658 (INR 436,463)	91	100.00 %	110,919	(13,642)	(940)	
Lotus International Pte. Ltd.	Meishi Pharma Service Pte. Ltd.	Singapore	Management consultancy service	-	-	-	100.00 %	(90)	-	-	
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 %	161,815	32,318	2,356	
Lotus Pharmaceutical, HK Ltd.	Alvogen (Thailand) Ltd.	Thailand	Sale of pharmaceuticals and medicinal chemical products	30 (USD 1)	30 (USD 1)	-	0.03 %	103	15,030	4	
Lotus US Financing S. à r.l.	Lotus Alvogen Group Holdings S. à r.l.	Luxembourg	Investment business	21,867,440 (USD 695,440)	21,867,440 (USD 695,440)	516	100.00 %	22,545,048	416,772	416,772	
Lotus Alvogen Group Holdings S. à r.l.	NAGH	U.S.A.	Investment business	21,701,261 (USD 698,189)	21,701,261 (USD 698,189)	576	100.00 %	34,841,192	381,163	417,455	Note 2

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, NAGH and Alvogen India are their consolidated financial statements.

Note 3: As of March 31, 2026, the investment amount hasn't been remitted.

Note 4: Lotus Pharma ehf. is currently under liquidation process.

Lotus Pharmaceutical Co., Ltd. and Subsidiaries
Information on investment in Mainland China
For the three months ended March 31, 2026

Table 5

(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, 2026	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2026	Net Income of the Investee	Percentages of Ownership	Investment Income	Carrying Amount	Accumulated Inward Remittance of Earnings as of March 31, 2026
					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	49	100.00%	49	(627)	-
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, 2026	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
21,011	21,011	14,419,305

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.