



Lotus Pharmaceutical Co., Ltd.

2024

# Annual Report

Publication Date: April 10<sup>th</sup>, 2025

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

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**Overseas Listing:**

None

**Company Website:** <http://www.lotuspharm.com.tw>

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# I. Letters to Shareholders

## 1.1 Operational Overview for the Year 2024

In 2024, Lotus achieved a historic milestone, marked historical high and delivered six consecutive years of double-digit revenue and profit growth. This outstanding performance reflects the success of our dual-engine growth strategy, which has focused on expanding in the Asia-Pacific and global export markets while transforming Lotus into a diversified, world-class pharmaceutical company.

Lotus reported consolidated revenue of NT\$18.584 billion, a 10% increase from 2023, and consolidated net profit after tax of NT\$5.066 billion, representing an impressive 23% year-over-year growth. Earnings per share reached NT\$19.35, setting new records in the company's history. Beyond our financial achievements, Lotus has accelerated its expansion in Southeast Asia. In 2024, we completed two strategic acquisitions: Teva Pharma Thailand and Alphachymotrypsine Choay®, a market-leading anti-inflammatory product in Vietnam and Cambodia. The successful integration of Teva Pharma Thailand has already delivered 185% YoY growth in the Thai market. These acquisitions mark a major step forward in our ambition to become a leading pharmaceutical powerhouse in the Asia-Pacific region.

## 1.2 FY2024 financial results

Unit: M NTD

Item		Year	FY2023	FY2024
P&L	Sales		16,958	18,584
	Gross profit		9,384	10,924
	Net Income		4,106	5,066
Profitability	ROE (%)		26.32%	26.31%
	Net Profits (%)		24.21%	27.26%
	EPS (NTD)		\$15.72	\$19.35

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

## 1.3 R&D Ability and Regulatory Progress

Our in-house R&D focus on developing complex oral oncology generics and 505(b)(2) drugs. In 2024, 10 products completed clinical bioequivalence testing, and 10 new product development projects were initiated. We obtained 67 regulatory approvals in markets worldwide, including significant milestones such as approval for Nintedanib for the treatment of idiopathic pulmonary fibrosis and non-small cell lung cancer in EU countries, Enzalutamide for the treatment of prostate cancer in UK and Tofacitinib for the treatment of severe inflammatory conditions in Canada.

## 1.4 Product Portfolio and Licensing Agreements

Lotus continues to diversify its product portfolio, focusing on in-licensing of innovative products, in addition to our own R&D pipeline. In 2024, we signed 20 business development licensing agreements, including acquisition of Teva pharma Thailand and Alphachymotrypsine Choay®. Additionally, we signed 26 products licensing out agreements for self-development products, further expanding our reach into global markets. In 2024, 87 SKUs of products were launched globally.

## **1.5 Production Excellency and Quality Management**

Lotus's Nantou production facility has been certified by regulatory authorities in the United States, European Union, Brazil, Japan, China, and Taiwan, reinforcing our competitive edge in global export markets. To sustain our growth and drive sustainable development, we remain committed to upgrading production equipment, enhancing quality management systems, optimizing production processes, and improving warehouse inventory management.

## **1.6 Market Outlook and Future Development**

According to IQVIA's "The Global Use of Medicines 2024 – Outlook through 2028" report, the global pharmaceutical market is projected to grow at a compound annual growth rate (CAGR) of 5–8% over the next five years, reaching approximately \$2.3 trillion by 2028. This updated forecast reflects a 2 percentage point increase from previous estimates, driven by greater patient access to innovative therapies, particularly in immunology, endocrinology, and oncology.

While growth in regions such as North America, Western Europe, and Japan is expected to slow due to established healthcare systems and existing access to medicines, regions like Asia-Pacific, Latin America, India, and Africa/Middle East are poised for higher growth. This acceleration is attributed to population expansion and increased healthcare demand.

In response to these evolving market dynamics, we remain committed to a dual-track growth strategy, focusing on the development of complex generics and 505(b)(2) drugs. Additionally, we will continue expanding our global footprint through strategic licensing agreements, strengthening partnerships with key global players, and delivering high-quality, affordable medicines to patients worldwide. These efforts are instrumental in driving Lotus's sustained growth and success.

## **1.7 Corporate sustainability**

At Lotus, our mission is to provide affordable medicine to patients worldwide. Over the years, we have successfully evolved from a domestic company focused on generics into a global pharmaceutical company with a hybrid product portfolio, attracting talent from around the world. Today, we have over 1,400 employees globally, with nearly 10% of our workforce in Taiwan representing 14 different nationalities. To foster cultural understanding and collaboration, we have implemented thoughtful initiatives in internal communication, employee meals, and special celebrations. Additionally, with gender parity among employees and a 6:4 ratio at the senior executive level, we ensure equal opportunities for career advancement. In recognition of our commitment, Lotus was honored with the 2024 Asia's Best Employer Award from HR Asia.

In 2024, Lotus was honored with the 2024 Taiwan BIO Award for outstanding company of the year. We are also proud to report continuous improvement in our ESG ratings across global benchmarks. A key highlight is our MSCI ESG Rating, which advanced from BBB to A in October 2024, reflecting our progress in human capital development, quality initiatives – including multiple successful FDA audits – and corporate governance. Our efforts in board diversity and enhanced disclosures further underscore our dedication to responsible and sustainable business practices.

## 1.8 Outlook

Lotus will continue to implement a dual-track growth strategy in the Asia-Pacific and global export markets, expanding its market presence and enhancing its product portfolio to build a solid foundation for long-term success. Lotus is committed to creating value for shareholders, employees, and society, contributing to a brighter and more sustainable future for all.

Chairman: Vilhelm Róbert Wessman



CEO: Petar Antonov Vazharov



CFO: Eeling Chan



## II. Corporate Governance

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

#### 2.2.1 Information of Directors

##### 1. Information of Directors and Independent Directors

April 28<sup>th</sup>, 2025(Note 8); Unit: shares

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term (in years)	Date First Elected	Shareholding when Elected		Current Shareholding		Current Shareholding of Spouse & Minor Children		Shareholding by Nominee Arrangement		Major Education and Work Experience	Current Positions at Lotus or Other Companies	Other Officers, Directors, or Supervisors who are the Spouse or a Relative Within Two Degrees of Kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Iceland	Vilhelm Róbert Wessman	M 51~60	2023.06.15	3	2015.04.23	-	-	-	-	-	-	-	-	Bachelor's degree in Business Administration and Management, University of Iceland Founder, Alvotech ehf. CEO, Actavis Generics Group	Chairman and CEO, Alvogen Group Director, Alvogen Lux Holdings S.A.R.L. Director, Alvogen IPCo S.A.R.L. Director, Alvogen Pharma US, Inc. Director, Alvogen Iceland ehf. Chairman, Alvotech	N/A	N/A	N/A	N/A
Director	Bulgaria	Petar Antonov Vazharov	M 51~60	2023.06.15	3	2016.08.22	-	-	1,000,000	0.38	-	-	-	-	Medical Doctorate, Sofia University of Medicine MBA, University of Sofia "St. Kliment Ohridski" Senior Manager of Global Business Development, Actavis Generics	CEO, Lotus Pharmaceutical Co., Ltd. Director, Alvogen Korea Holdings Ltd. Director, Alvogen Korea Co., Ltd. Director, Lotus International Pte. Ltd. Director, Alvogen (Thailand) Ltd. Director, Lotus Pharmaceutical (Shanghai) Health Management Consulting Ltd. Director, Lotus Japan Holdings Co., Ltd. Director, Lotus Healthcare Malaysia Sdn. Bhd. Director, Lotus Healthcare Philippines Corp. Director, Lotus Pharma Bulgaria EOOD Director, Meishi Pharma Services Pte. Ltd.	N/A	N/A	N/A	N/A
Director	Iceland	Árni Hardarson (Note 2)	M 51~60	2024.03.26	3	2014.09.29	-	-	-	-	-	-	-	-	Master's degree in law, University of Iceland Iceland Partner, Deloitte Iceland (responsible for heading the Tax and Legal departments) Vice President of Tax and Structure, Actavis Generics General Counsel of Alvogen Deputy CEO of Alvogen Teacher at Reykjavik University and Iceland University – International Tax Law and Corporate Law	Board Director, Alvogen US Supervisor, Alvogen Korea Holdings Ltd. Supervisor, Alvogen Korea Co., Ltd. Co Chairman, Aztiq Pharma Partners Board Director, Alvotech	N/A	N/A	N/A	N/A

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term (in years)	Date First Elected	Shareholding when Elected		Current Shareholding		Current Shareholding of Spouse & Minor Children		Shareholding by Nominee Arrangement		Major Education and Work Experience	Current Positions at Lotus or Other Companies	Other Officers, Directors, or Supervisors who are the Spouse or a Relative Within Two Degrees of Kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	USA	Oranee Tangphao Daniels	F 51~60	2023.06.15	3	2022.06.30	-	-	-	-	-	-	-	-	Master of Science in Cardiovascular Pharmacology, Mc Master University MD, Chulalongkorn University, Thailand Former Chief Medical Officer, Antiva Bioscience and Antiva Biosciences Pty VP, Clinical Pharm & Exp Medicine, Thera Vance	Director and Endowment Fund Administrator, Soroptimist International of San Francisco Independent Clinical Development Advisor for Pharma/Biotech industry	N/A	N/A	N/A	N/A
Director	Switzerland	Yves Hermes	M 51~60	2023.06.15	3	2022.06.30	-	-	-	-	-	-	-	-	Bachelor of Economics and Finance, University of Geneva, Switzerland Founder and Managing Director, Yves Hermes Healthcare Consultancy Area Director South East Asia, Zuellig Pharma	Managing Director, Yves Hermes Healthcare Consultancy Director, Jaloux SA	N/A	N/A	N/A	N/A
Director	Thailand	Innobic LL Holding Co., Ltd.	-	2024.06.13	3	2024.06.13	17,517,348	6.60	17,517,348	6.59	-	-	-	-	-	-	-	-	-	N/A
Director	Thailand	Nat Ativitavas (Note 3)	M 41~50	2023.09.04	3	2023.09.04	-	-	-	-	-	-	-	-	Civil Engineering, Chulalongkorn University Master of Science in Civil Engineering and Ph.D. in Civil Engineering, the University of Texas at Austin Executive Vice President, PTT Public Co., Ltd. Managing Director, Innobic (Asia) Co., Ltd.	Managing Director, Innobic (Asia) Co., Ltd. Director, Inter Pharma Public Co., Ltd. Director, Alvogen Emerging Markets Holdings Ltd. Director, Alvogen Korea Holdings Ltd.	N/A	N/A	N/A	N/A
Director	Thailand	Krisana Winitthumkul (Note 3)	F 61~70	2023.06.15	3	2022.11.23	-	-	-	-	-	-	-	-	B.Sc. in Pharmacy, Chiang Mai University, Thailand Director, Innobic (Asia) Co., Ltd.	Director, Innobic (Asia) Co., Ltd. Consultant, Regulatory Affairs Pharmacy Association (Thailand) Academic Sub-Committee, The College of Industrial Pharmacy of Thailand	N/A	N/A	N/A	N/A
Director	Thailand	Thariswan Tiensawat (Note 3, 4, 5)	F 41~50	2024.10.21	3	2024.10.21	-	-	-	-	-	-	-	-	Master of Business Administration (Finance), Old Dominion University, USA Bachelor of Business Administration (Accounting), Kasetsart University, Thailand Executive Vice President, Group	Executive Vice President, Group Corporate Finance and Strategy, PTT Public Company Limited Director, Innobic (Asia) Co., Ltd. Director, Alvogen Emerging Markets Holdings Ltd.	N/A	N/A	N/A	N/A

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term (in years)	Date First Elected	Shareholding when Elected		Current Shareholding		Current Shareholding of Spouse & Minor Children		Shareholding by Nominee Arrangement		Major Education and Work Experience	Current Positions at Lotus or Other Companies	Other Officers, Directors, or Supervisors who are the Spouse or a Relative Within Two Degrees of Kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
															Corporate Finance and Strategy, PTT Public Company Limited Vice President, Equity Capital Market and Investment Management, PTT Public Company Limited Vice President, Group Financial Structure and Funding, PTT Public Company Limited					
Independent Director	Sweden	Karl Alexius Tiger Karlsson	M 41~50	2023.06.15	3	2023.06.15	-	-	-	-	-	-	-	-	Marketing and Business Administration, George Mason University Executive MBA, Harvard Business School Founder, Chief Executive Officer, and Board Member, Bluefish Pharmaceuticals	Founder, Executive Chairman, and Board Member, Newbury Pharmaceuticals AB Owner / Board Member Alsakali Equity AB and Unity Aesthetic AB	N/A	N/A	N/A	N/A
Independent Director	R.O.C	Jennifer Wang	F 51~60	2023.06.15	3	2023.06.15	-	-	-	-	-	-	-	-	LL.M., Columbia University School of Law LL.M., National Taiwan University Law School LL.B., National Taiwan University Law School Partner, Chen & Lin Attorneys-at-Law	Partner, Chen & Lin Attorneys-at-Law Independent Director, O-Bank Co., Ltd. Independent Director, TXC Co. Ltd.	N/A	N/A	N/A	N/A
Independent Director	R.O.C	Ivy Yang (Note 6, 7)	F 61-70	2024.06.13	3	2024.06.13	-	-	-	-	-	-	-	-	Master of Business Administration, National Taiwan University Bachelor of National Cheng Kung University Independent Director of Forcelead Technology Corp Chief Financial Officer of DBS Bank (Taiwan) Ltd. Director of Citibank (Taiwan) Ltd.	Independent Director of Forcelead Technology Corp.	N/A	N/A	N/A	N/A

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

Note 2: Árni Hardarson was appointed as representative of Alvogen Emerging Markets Holdings Ltd., replacing Thor Kristjansson, on March 26<sup>th</sup>, 2024.

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

Note 4: Wanida Boonpiraks was appointed as representative of Innobic LL Holding Co., Ltd., replacing Phannalin Mahawongtikul, on August 21<sup>st</sup>, 2024.

Note 5: Thariswan Tiensawat was appointed as representative of Innobic LL Holding Co., Ltd., replacing Wanida Boonpiraks, on October 21<sup>st</sup>, 2024.

Note 6: Ivy Yang was elected as Independent Director on June 13<sup>th</sup>, 2024.

Note 7: Independent Director Hjorleifur Palsson resigned on June 13<sup>th</sup>, 2024.

Note 8: It's the information of the book closure date (April 28<sup>th</sup>, 2025) of the 2025 annual general meeting of shareholders.

## 2. Main shareholders of institutional shareholders:

Table 1. List of Main Shareholders of Institutional Shareholders

Institutional Shareholder	Main Shareholder of Institutional Shareholder	Shareholding Ratio (%)
Alvogen Emerging Markets Holdings Limited	Innobic Hong Kong Biddingco Limited	100.00

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

Institutional Shareholder	Main Shareholder of Institutional Shareholder	Shareholding Ratio (%)
Innobic Hong Kong Biddingco Limited	Innobic Hong Kong Holdingco Limited	100.00

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

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

Criteria Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which Subject Serves as Independent Director
Vilhelm Róbert Wessman	<p>Vilhelm Róbert Wessman was born and raised in Iceland. He attended public schools in the Reykjavik area and received his BA in business administration from the University of Iceland. In 1999, at the age of 29, Róbert left his position in the Hamburg office of an Icelandic shipping line and returned to Iceland to become CEO of a near bankrupt local drugmaker, Delta. Merged with another local pharmaceutical company, Actavis was born, and by the time Róbert stepped down as CEO in 2008 to found Alvogen, it had grown to be one of the world's largest generics companies. He has been leading force for growth and innovation in the sector ever since.</p> <p>Alongside Lotus, Róbert has founded and led multiple 'unicorns' — enterprises scaled to be worth more than \$1bn — in this space worldwide. His other companies include generics makers and distributors Actavis, Alvogen, Medis and Adalvo, as well as Iceland-based biosimilars pioneer Alvotech. His achievements and business strategies have been the subject of three Harvard Business School case studies.</p>	<p>No circumstances stipulated in Article 30 of the Company Act apply to Vilhelm Róbert Wessman. Neither Róbert nor his spouse and minor children are employees of Lotus.</p> <p>There is no relationship between spouses or relatives within the second degree of kinship.</p>	N/A
Petar Antonov Vazharov	<p>Petar Antonov Vazharov is the Executive Vice President of APAC, responsible for executing the growth strategy across the APAC market. Petar joined Alvogen Group in 2009, after 9 years with the generic pharmaceutical company Actavis Group in various roles, and has demonstrated his ability to lead the CEE business by delivering 75% CAGR of EBITDA from 2013 to 2015.</p> <p>Petar graduated with a medical doctor's degree from Sofia University of Medicine in 1999 and has an MBA degree from the University of Sofia "Kliment Ohridski" in October 2007.</p>	<p>No circumstances stipulated in Article 30 of the Company Act apply to Petar Antonov Vazharov.</p> <p>There is no relationship between spouses or relatives within the second degree of kinship.</p>	N/A
Árni Hardarson	<p>Árni Hardarson is a director on Alvotech's and Alvogen's Board of Directors as well as being a Co Chairman of Aztiq.</p> <p>Prior to joining Alvogen in 2009, Árni worked for Deloitte in Iceland where he headed the Tax and Legal departments and soon went on to become a partner and member of the Executive Management Committee for Deloitte in 2001.</p> <p>In 2005 Árni joined Actavis as Vice President of Tax and Structure. During his tenure there, he worked closely with Vilhelm Róbert Wessman and contributed to Actavis' transformation from a regional manufacturer into a global pharmaceutical company, by engineering numerous company acquisitions that ultimately led to Actavis' presence in over 40 countries around the world.</p> <p>Árni holds a Master's degree in Law from the University of Iceland and is a member of the Icelandic Bar Association.</p>	<p>No conditions defined in Article 30 of the Company Law apply to Árni Hardarson. Árni, his spouse and children do not hold shares and are not employees of Lotus.</p>	N/A

Criteria Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which Subject Serves as Independent Director
Oranee Tangphao Daniels	<p>Ms. Oranee Tangphao Daniels joined Lotus' Board of Directors on June 30<sup>th</sup>, 2022. Ms. Oranee has more than 30 years in the pharma industry. She worked for Eli Lilly as a Clinical Pharmacologist/ Clinical Research Physician and Amgen as Director to Executive Director. She previously served as the Chief Medical Officer at Antiva Biosciences, a novel topical therapies development company focusing on pre-cancerous lesions caused by HPV.</p> <p>She graduated from Chulalongkorn University with a Bachelor of Medicine (MD) and completed her residency in Internal Medicine. Oranee holds a Master degree in Pharmacology from Mc Master University and received post graduated training at Standford University. She is American Board certified in Clinical Pharmacology (ABCP).</p>	<p>No circumstances stipulated in Article 30 of the Company Act apply to Ms. Oranee Tangphao Daniels. Neither Oranee nor her spouse and minor children hold shares of Lotus; nor are they employees of Lotus.</p> <p>There is no relationship between spouses or relatives within the second degree of kinship.</p>	N/A
Yves Hermes	<p>Mr. Yves Hermes joined Lotus' Board of Directors on June 30<sup>th</sup>, 2022. After several years at PwC Geneva, he worked at SGS Asia Pacific as a Financial Analyst and became Managing Director for SGS Korea and Japan from 2000-2005. Mr. Hermes was then heading Zuellig Pharma Taiwan, then Zuellig Pharma Thailand, and from 2015 to 2021 served as Area Director for Southeast Asia at Zuellig Pharma before he founded his own company – Yves Hermes Healthcare Consultancy, in 2021.</p> <p>Mr. Hermes graduated from the University of Geneva, Switzerland, and obtained a Bachelor of Economics and Finance.</p>	<p>No circumstances stipulated in Article 30 of the Company Act apply to Mr. Yves Hermes.</p> <p>Neither Yves nor his spouse and minor children hold shares of Lotus; nor are they employees of Lotus.</p> <p>There is no relationship between spouses or relatives within the second degree of kinship.</p>	N/A
Nat Ativitavas (Note 1)	<p>Nat Ativitavas joined Lotus' Board of Directors on September 4<sup>th</sup>, 2023. Currently, Nat serves as the Managing Director at Innobic (Asia) Company Limited and the Executive Vice President of PTT Public Company Limited.</p> <p>Nat possesses a Ph.D. degree in civil engineering from the University of Texas at Austin and has rich experience in project management in the oil, gas, and petrochemical business. Recently, Nat has played a critical role in PTT's business expansion into the area of life science.</p>	<p>No circumstances stipulated in Article 30 of the Company Act apply to Nat Ativitavas.</p> <p>Neither Nat nor his spouse and minor children hold shares of Lotus; nor are they employees of Lotus.</p> <p>There is no relationship between spouses or relatives within the second degree of kinship.</p>	N/A
Krisana Winithumkul (Note 1)	<p>Ms. Krisana Winithumkul is the Director at Innobic (Asia) and, working closely with Thai Health Authorities and associations to drive the change in regulatory requirements. She is also involved in monitoring the external environment, which impacts the healthcare industry, and strengthens collaboration and regulatory reform activities in the Thai Health System.</p> <p>Ms. Krisana has more than 30 years of experience in the pharmaceutical industry. She was the Regulatory Affairs and Quality Assurance Lead of Roche Thailand Limited and worked at other big pharma in charge of regulatory affairs. In addition, she has served as the Vice President of the Regulatory Affairs Pharmaceutical Association of Thailand (RAPAT) for a long time, accumulating rich experience in regulations.</p> <p>Ms. Krisana obtained her Bachelor's degree in Pharmacy from Chiang Mai University, Thailand, and her Certificate from Sasin Executive Education Center.</p>	<p>No circumstances stipulated in Article 30 of the Company Act apply to Ms. Krisana Winithumkul.</p> <p>Neither Krisana nor her spouse and minor children hold shares of Lotus; nor are they employees of Lotus.</p> <p>There is no relationship between spouses or relatives within the second degree of kinship.</p>	N/A
Thariswan Tiensawat (Note 1, 2, 3)	<p>Ms. Thariswan Tiensawat joined Lotus' Board of Directors on October 21<sup>st</sup>, 2024.</p> <p>She has dedicated over a decade of her accounting and finance career to PTT, where she currently serves as Executive Vice President - Group Corporate Finance and Strategy. Throughout her journey with PTT Group, she has held key leadership roles across various business units, including Vice President of Equity Capital Market and Investment Management, and Group Financial Structure and Funding, which she gained extensive experience.</p> <p>Ms. Thariswan obtained her Master's degree in Business Administration (Finance) from Old Dominion University and her Bachelor's degree in Business Administration (Accounting) from Kasetsart University.</p>	<p>No circumstances stipulated in Article 30 of the Company Act apply to Ms. Thariswan Tiensawat.</p> <p>Neither Thariswan nor her spouse and minor children hold shares of Lotus; nor are they employees of Lotus.</p> <p>There is no relationship between spouses or relatives within the second degree of kinship.</p>	N/A

Criteria Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which Subject Serves as Independent Director
Karl Alexius Tiger Karlsson	<p>Mr. Karl Karlsson joined Lotus' Board of Directors as an independent director on June 15<sup>th</sup>, 2023. Mr. Karlsson has nearly 20 years in the pharma industry. He worked for Bluefish Pharmaceuticals as a founder, Chief Executive Officer, and Board Member. He is currently the founder and Executive Chairman of Newbury Pharmaceuticals AB, a rapidly growing hybrid pharmaceutical company for specialty prescription drugs, innovation, and brands with a focus on the Scandinavian markets.</p> <p>Mr. Karlsson studied marketing and business administration at George Mason University and has an MBA degree from Harvard Business School in 2013.</p>	<p>Mr. Karl Karlsson was not elected as a representative of a governmental or juridical person pursuant to Article 27 of the Company Act. No circumstances stipulated in Article 30 of the Company Act apply to Mr. Karl Karlsson; nor have there been any application of the circumstances stipulated in Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Neither Mr. Karl Karlsson nor his spouse and minor children hold shares of Lotus; nor are they employees of Lotus.</p>	N/A
Jennifer Wang	<p>Ms. Jennifer Wang joined Lotus' Board of Directors as an independent director on June 15<sup>th</sup>, 2023.</p> <p>Ms. Wang is currently a partner lawyer at Chen &amp; Lin Attorneys-at-Law. She has more than 20 years of professional experience in legal services to clients in different industry categories. She has also served as an independent director of TXC Corporation since 2016 and served as an independent director at O-Bank Co., Ltd. since 2023.</p> <p>Ms. Wang graduated from National Taiwan University with a LL.M degree and passed the Taiwan Bar Examination. She studied corporate, securities, and mergers and acquisitions at Columbia Law School. She obtained her second LL.M degree at Columbia Law School and passed the New York Bar Examination.</p>	<p>Ms. Wang was not elected as a representative of a governmental or juridical person pursuant to Article 27 of the Company Act. No circumstances stipulated in Article 30 of the Company Act apply to Ms. Wang; nor have there been any application of the circumstances stipulated in Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Neither Ms. Wang nor her spouse and minor children hold shares of Lotus; nor are they employees of Lotus.</p>	2
Ivy Yang (Note 4, 5)	<p>Ms. Yang joined Lotus' Board of Directors as an independent director on June 13<sup>th</sup>, 2024.</p> <p>Ms. Yang is a veteran banker with over 40 years of extensive experience in financial management and M&amp;A projects, having served in prominent roles at several renowned financial institutions. Her previous positions include Chief Financial Officer at DBS Bank (Taiwan) Ltd., Financial Controller at Citibank (Taiwan) Ltd., and Senior Vice President of Finance at Citibank's branches in Singapore and Taipei. She also held senior financial roles at Bankers Trust Co. and BT Yuen Foong Securities Co. Ltd. Additionally, she has served as an independent director of Force lead Technology Corp. since 2023.</p> <p>Ms. Yang holds a bachelor's degree in accounting from National Cheng Kung University and a master's degree in business administration with a specialization in accounting and management decision making (EMBA program) from National Taiwan University.</p>	<p>Ms. Yang was not elected as a representative of a governmental or juridical person pursuant to Article 27 of the Company Act. No circumstances stipulated in Article 30 of the Company Act apply to Mr. Karl Karlsson; nor have there been any application of the circumstances stipulated in Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Neither Mr. Karl Karlsson nor his spouse and minor children hold shares of Lotus; nor are they employees of Lotus.</p>	1

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

Note 2: Wanida Boonpiraks was appointed as representative of Innobic LL Holding Co., Ltd., replacing Phannalin Mahawongtikul, on August 21<sup>st</sup>, 2024.

Note 3: Thariswan Tiensawat was appointed as representative of Innobic LL Holding Co., Ltd., replacing Wanida Boonpiraks, on October 21<sup>st</sup>, 2024.

Note 4: Ivy Yang was elected as Independent Director on June 13<sup>th</sup>, 2024.

Note 5: Independent Director Hjorleifur Palsson resigned on June 13<sup>th</sup>, 2024.

#### 4. Diversity and Independence of the Board of Directors:

##### (1) Diversity:

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

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

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

Additionally, the company places emphasis on gender equality in the composition of its board of directors, aiming for a target female directors ratio of 30% by 2025, with the current ratio of female directors stands at 45%.

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

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

## (2) Independence:

The Company currently has 3 Independent Directors, all of them have served as independent directors for less than 9 years, accounting for 27% of the total directors. Director Petar Antonov Vazharov serves as an employee of the Company; however, this does not impact Director Petar Antonov Vazharov's objective and independent judgment of the Company's operation. In addition, none of the Directors have a marital relationship or are relatives within the second degree of kinship to any other Director of the Company.

The Company will continue to evaluate the independence of Directors. The evaluation criteria include, but are not limited to, whether the Directors continue to provide operational advice, maintain objective and independent judgment, and whether their actions both inside and outside the Board of Directors are appropriate. All Directors of the Company exhibit the required characteristics under proper circumstances.

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

April 28<sup>th</sup>, 2025(Note 9); Unit: shares

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Shareholding of Spouse & Minor		Shareholding by Nominee Arrangement		Major Education and Work Experience	Current Positions at Other Companies	Other Officers who are the Spouse or a Relative Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CEO	Bulgaria	Petar Antonov Vazharov	M	2018.01.16	1,000,000	0.38	-	-	-	-	Medical Doctorate, Sofia University of Medicine MBA, University of Sofia "St. Kliment Ohridski" Senior Manager of Global Business Development, Actavis Generics	Director&CEO, Lotus Pharmaceutical Co., Ltd. Director, Alvogen Korea Holdings Ltd. Director, Alvogen Korea Co., Ltd. Director, Lotus International Pte. Ltd. Director, Alvogen (Thailand) Ltd. Director, Lotus Pharmaceutical (Shanghai) Health Management Consulting Ltd. Director, Lotus Japan Holdings Co., Ltd. Director, Lotus Healthcare Malaysia Sdn. Bhd. Director, Lotus Healthcare Philippines Corp. Director, Lotus Pharma Bulgaria EOOD Director, Meishi Pharma Services Pte. Ltd.	N/A	N/A	N/A	N/A
Deputy General Manager of Strategy and Finance	Iceland	Bjartur Shen	M	2018.01.16	135,500	0.05	-	-	-	-	Master of Science in Economics and Corporate Finance, University of Iceland	Director, Alvogen Korea Co., Ltd. Director, Lotus International Pte., Ltd. Director, Lotus (Thailand) Ltd. Director, Lotus Pharmaceutical, HK, Ltd. Chairman and General Manager, Lotus Pharmaceutical (Shanghai) Health Management Consulting Ltd. Director, Lotus Japan Holdings Co., Ltd. Director, Director, Lotus Healthcare Malaysia Sdn. Bhd. Director, Lotus Healthcare Philippines Corp. Director, Lotus Pharma Bulgaria EOOD Director, Lotus Pharma chf.	N/A	N/A	N/A	N/A
CFO	Malaysia	Eeling Chan	F	2016.11.01	26,500	0.01	-	-	-	-	Bachelor of Commerce, University of Otago, New Zealand Master of Business Systems Monash University, Australia Manager, KPMG Taiwan Corporate Controller, SemiLEDs Corporation Regional controller, Alvogen Asia Pacific	Supervisor, Lotus Pharmaceutical (Shanghai) Health Management Consulting Ltd.	N/A	N/A	N/A	N/A
CIO	R.O.C.	Gwen Hsieh	F	2021.08.02	22,400	0.01	-	-	-	-	Ph.D Program, Computer Science, University of Houston, US Sr. Offering Manager, Security Product Portfolio, IBM	N/A	N/A	N/A	N/A	N/A
Vice President of Research and Development	India	Manish Chawla	M	2019.07.08	50,000	0.02	-	-	-	-	Vice President and Site Head, Xylopia President and Site Head, Zydus Cadila Deputy Director, Dr. Reddy's Team Leader, Ranbaxy PhD and M. Pharm, University Institute of Pharmaceutical Sciences, Panjab University	N/A	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Shareholding of Spouse & Minor		Shareholding by Nominee Arrangement		Major Education and Work Experience	Current Positions at Other Companies	Other Officers who are the Spouse or a Relative Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chief Operations Officer	Canada	Vamsi Kiran Kosaraju (Note 4)	M	2023.11.01	-	-	-	-	-	-	Master's Degree in Microbiology Senior Director, Site Quality Head, Teva Canada Limited Vice President of Quality, Lotus Pharmaceutical Co., Ltd.	N/A	N/A	N/A	N/A	N/A
Vice President of Legal and Compliance	Bosnia and Herzegovina	Edin Buljubasic	M	2022.12.01	150,000	0.06	-	-	-	-	Graduated as LLB from University of Sarajevo, Bosnia and Herzegovina Bar Exam in Sarajevo, Bosnia and Herzegovina passed Patent and Trademark Attorney exam before Institute for IPR of Bosnia and Herzegovina passed General Counsel of Alvogen Group	Director, Lotus Alvogen Malta Ltd.	N/A	N/A	N/A	N/A
APAC Chief Commercial Officer	Singapore	Valerie Lau (Note 5)	F	2024.02.15	150,000	0.06	-	-	-	-	Bachelor of Business–Marketing (Hons), Nanyang Technological University: Head of Asia Pacific, Ascensia Diabetes Care Head of Consumer Healthcare, Sanofi–Aventis Singapore Pte. Ltd, Category Director, The Estée Lauder Companies Inc General Manager, Ciba Vision (Singapore)	N/A	N/A	N/A	N/A	N/A
Vice President of Business Development	India	Prashant Mohan Godse (Note 6)	M	2024.04.01	121,000	0.05	-	-	-	-	MBA (Intl. Marketing) Institute of International Business & Research, Pune Director In-Licensing Speciality Brands, EMENA, Accord Healthcare Ltd.	N/A	N/A	N/A	N/A	N/A
Vice President, of Global Portfolio Management	Spain	Javier Torrejon Nieto (Note 7)	M	2025.01.02	-	-	-	-	-	-	Master of Organic Chemistry, University Autonoma De Barceloma, Barcelona Global Head R&D Innovation, Portfolio & IP	N/A	N/A	N/A	N/A	N/A
Corporate Governance Officer	R.O.C.	Susan Liao (Note 8)	F	2024.04.01	-	-	-	-	-	-	Master of Finance Seattle University IR Head of the YFY Inc. IR Manager, Lite-On Tech	N/A	N/A	N/A	N/A	N/A

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

Note 2: Country Manager of Taiwan Commercial of Stanley Gu resign on December 31<sup>st</sup>, 2024.

Note 3: Yingming Yue stepped down from the position of Vice President of Operations and Supply Chain on November 8<sup>th</sup>, 2024.

Note 4: Vamsi Kiran Kosaraju assumed the position of Chief Operations Officer on November 8<sup>th</sup>, 2024.

Note 5: APAC Chief Commercial Officer of Valerie Lau on board on February 15<sup>th</sup>, 2024.

Note 6: Vice President of Business Development of Prashant Mohan Godse on board on April 1<sup>st</sup>, 2024.

Note 7: Vice President, Global Portfolio Management of Javier Torrejon Nieto on board on January 2<sup>nd</sup>, 2025

Note 8: Corporate Governance Officer of Susan Liao on board on April 1<sup>st</sup>, 2024.

Note 9: It's the information of the book closure date (April 28<sup>th</sup>, 2025) of the 2025 annual general meeting of shareholders.

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

### 1. Compensation for Directors and Independent Directors

Record Date: 2024; Unit: NTD in thousands

Title	Name	Directors' Compensation								A+B+C+D total and percentage of net income after tax		Compensation from concurrent position as employee								A+B+C+D+E+F+G total and percentage of net income after tax (%)		Compensation received from joint venture besides subsidiaries or parent company
		Compensation (A)		Pension (B)		Directors' compensation from profit distribution (C) (Note 3)		Business expenses (D)				Salaries, bonuses, and special expenses (E)		Pension (F)		Employee compensation from profit distribution (G)						
		Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Cash	Stock	Cash	Stock	Lotus	From All Consolidated Entities	
Chairman	Vilhelm Róbert Wessman																					
Director	Petar Antonov Vazharov																					
Director	Árni Hardarson (Note 3)																					
Director	Oranee Tangphao Daniels																					
Director	Yves Hermes																					
Director	Innobic LL Holding Co., Ltd.	13,146	13,146	0	0	0	0	3,204	3,204	16,351 and 0.32%	16,351 and 0.32%	14,546	57,714	0	0	2,755	0	2,755	0	33,652 and 0.66%	76,820 And 1.52%	0
Director	Nat Ativitavas (Note 4)																					
Director	Krisana Winitthumkul (Note 4)																					
Director	Thariswan Tiensawat (Note 4,5)																					
Independent Director	Karl Alexius Tiger Karlsson																					

Title	Name	Directors' Compensation								A+B+C+D total and percentage of net income after tax		Compensation from concurrent position as employee								A+B+C+D+E+F+G total and percentage of net income after tax (%)	Compensation received from joint venture besides subsidiaries or parent company
		Compensation (A)		Pension (B)		Directors' compensation from profit distribution (C) (Note 3)		Business expenses (D)				Salaries, bonuses, and special expenses (E)		Pension (F)		Employee compensation from profit distribution (G)					
		Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Cash	Stock	Cash	Stock		
Independent Director	Jennifer Wang																				
Independent Director	Ivy Yang (Note 6)																				
Director	Alvogen Emerging Markets Holdings Ltd. (Note 7)																				
Director	Phannalin Mahawongtikul (Note 8)																				
Director	Wanida Boonpiraks (Note 5)																				
Independent Director	Thor Kristjansson (Note 3)																				
Independent Director	Hjorleifur Palsson (Note 9)																				

1. Please state the policy, system, standards, and structure of independent directors' compensation payment, and describe the relevance to the amount of compensation according to the directors' responsibilities, risks, and time invested: In 2024, the company's independent directors participated in 24 meeting of the board of directors and functional committees. Lotus provides independent directors and Chairman of Committee with reasonable fixed compensation to attract outstanding external professionals to enter the board of directors and continue to enhance its functions.

2. Besides those disclosed in the table above, compensation for paid services (e.g., independent consultants for parent company, all companies listed in the financial statement, and reinvestment business) provided to the companies listed in the current fiscal year: None

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

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

Note 3: Árni Hardarson was appointed as representative of Alvogen Emerging Markets Holdings Ltd., replacing Thor Kristjansson, on March 26<sup>th</sup>, 2024.

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

Note 5: Thariswan Tiensawat was appointed as representative of Innobic LL Holding Co., Ltd., replacing Wanida Boonpiraks, on October 21<sup>st</sup>, 2024.

Note 6: Ivy Yang was elected as Independent Director on June 13<sup>th</sup>, 2024.

Note 7: Alvogen Emerging Markets Holdings Ltd. resigned upon re-election of the Board of Directors on June 13<sup>th</sup>, 2024.

Note 8: Wanida Boonpiraks was appointed as representative of Innobic LL Holding Co., Ltd., replacing Phannalin Mahawongtikul, on August 21<sup>st</sup>, 2024.

Note 9: Independent Director Hjorleifur Palsson resigned on June 13<sup>th</sup>, 2024.

## Range of Compensation

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

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

## 2. Compensation for General Manager and Vice Presidents

Record Date: 2024; Unit: NTD in thousands

Title	Name	Salaries (A)		Pension (B)		Bonuses and Special Expenses (C)		Employee Profit-Sharing Bonus (D)				A+B+C+D totaled and percentage of net income after tax (%)		Compensation received from joint venture besides subsidiaries or parent company
		Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus	From All Consolidated Entities	Lotus		From All Consolidated Entities		Lotus	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
CEO	Petar Antonov Vazharov													
Deputy General Manager of Strategy and Finance	Bjartur Shen													
CFO	Eeling Chan													
CIO	Gwen Hsieh													
Vice President of Research and Development	Manish Chawla													
Chief Operations Officer	Vamsi Kiran Kosaraju (Note 2)	115,320	178,458	0	0	18,032	29,345	9,908	0	9,908	0	143,260 and 2.83%	217,712 and 4.3%	0
Vice President of Legal and Compliance	Edin Buljubasic													
APAC Chief Commercial Officer	Valerie Lau (Note 3)													
Vice President of Business Development	Prashant Mohan Godse (Note 4)													
Country Manager	Stanley Gu (Note 5)													
Vice President of Operations and Supply Chain	Yingming Yue (Note 6)													

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

Note 2: Vamsi Kiran Kosaraju assumed the position of Chief Operations Officer on November 8<sup>th</sup>, 2024.

Note 3: APAC Chief Commercial Officer of Valerie Lau on board on February 15<sup>th</sup>, 2024.

Note 4: Vice President of Business Development of Prashant Mohan Godse on board on April 1<sup>st</sup>, 2024.

Note 5: Country Manager of Taiwan Commercial of Stanley Gu resign on December 31<sup>st</sup>, 2024.

Note 6: Yingming Yue stepped down from the position of Vice President of Operations and Supply Chain on November 8<sup>th</sup>, 2024.

## Range of Compensation

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

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

### 3. Employees' compensation paid to officers:

Record Date: 2024; Unit: NTD in thousands

	Title	Name	Stock	Cash	Total	Total of Net Income After tax (%)
Manager Officers	CEO	Petar Antonov Vazharov	0	9,908	9,908	0.2
	Deputy General Manager of Strategy and Finance	Bjartur Shen				
	CFO	Eeling Chan				
	CIO	Gwen Hsieh				
	Vice President of Research and Development	Manish Chawla				
	Chief Operations Officer	Vamsi Kiran Kosaraju (Note 1)				
	Vice President of Legal and Compliance	Edin Buljubasic				
	APAC Chief Commercial Officer	Valerie Lau (Note 2)				
	Vice President of Business Development	Prashant Mohan Godse (Note 3)				
	Country Manager	Stanley Gu (Note 4)				
	Vice President of Operations and Supply Chain	Yingming Yue (Note 5)				

Note 1: Vamsi Kiran Kosaraju assumed the position of Chief Operations Officer on November 8<sup>th</sup>, 2024.

Note 2: APAC Chief Commercial Officer of Valerie Lau on board on February 15<sup>th</sup>, 2024.

Note 3: Vice President of Business Development of Prashant Mohan Godse on board on April 1<sup>st</sup>, 2024.

Note 4: Country Manager of Taiwan Commercial of Stanley Gu resign on December 31<sup>st</sup>, 2024.

Note 5: Yingming Yue stepped down from the position of Vice President of Operations and Supply Chain on November 8<sup>th</sup>, 2024.

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

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

Unit: NTD in thousands

Year	Compensation for the Directors, General Manager, and Vice Presidents of Lotus	Percentage of Compensation to Net Profit Income After Tax
2024	234,062	4.62%
2023	223,263	5.44%

2. The remuneration of directors and managers of the Company shall be in accordance with the Articles of Association of the Company and the Organizational Regulations of the Remuneration Committee.

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

## 2.2 Implementation of Corporate Governance:

### 2.2.1 Board of Directors

A total of 10 Board of Director Meetings were held in 2024. The attendance of the Directors and Independent Directors is tabulated below:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance (%)	Remarks
Chairman	Vilhelm Róbert Wessman	10	0	100	Attendance frequency:10
Director	Petar Antonov Vazharov	10	0	100	Attendance frequency:10
Director	Thor Kristjansson	2	0	100	(1) Resigned on March 26 <sup>th</sup> , 2024. (2) Attendance frequency:2
Director	Árni Hardarson	8	0	100	(1) Appointed on March 26 <sup>th</sup> , 2024. (2) Attendance frequency:8
Director	Oranee Tangphao Daniels	9	0	90	Attendance frequency:10
Director	Yves Hermes	10	0	100	Attendance frequency:10
Director	Nat Ativitavas	10	0	100	(1) Representative of Representative of Innobic LL Holding Co., Ltd. (2) Attendance frequency:10
Director	Krisana Winitthumkul	9	1	90	(1) Representative of Innobic LL Holding Co., Ltd. (2) Attendance frequency:10
Director	Phannalin Mahawongtikul	6	1	85.71	(1) Representative of Innobic LL Holding Co., Ltd. (2) Resigned upon August 21 <sup>st</sup> , 2024. (3) Attendance frequency:7
Director	Wanida Boonpiraks	1	0	100	(1) Representative of Innobic LL Holding Co., Ltd. (2) Appointed on August 21 <sup>st</sup> , 2024. (3) Resigned on October 21 <sup>st</sup> , 2024. (4) Attendance frequency:1
Director	Thariswan Tiensawat	2	0	100	(1) Representative of Innobic LL Holding Co., Ltd. (2) Appointed on October 21 <sup>st</sup> , 2024. (3) Attendance frequency:2
Independent Director	Hjorleifur Palsson	3	2	60	(1) Resigned upon June 13 <sup>th</sup> , 2024. (2) Attendance frequency:5
Independent Director	Karl Alexius Tiger Karlsson	9	1	90	Attendance frequency:10
Independent Director	Jennifer Wang	9	1	90	Attendance frequency:10
Independent Director	Ivy Yang	5	0	100	(1) Appointed upon June 13 <sup>th</sup> , 2024. (2) Attendance frequency:5
Other details:					
1. In any of the following circumstances occur in the operation of the Audit Committee, the meeting date, term and session, agenda content, dissenting opinions and reservations or significant recommendations of Independent Directors, the resolutions of the Audit Committee, and the Company's handling of the opinions of the Audit Committee, shall be stated: (1) Items listed in Article 14-3 of the Securities and Exchange Act: Not applicable since the Company has established the Audit Committee. The proposals discussed by the Board of Directors were all passed unanimously with no objections expressed by Independent Directors, and all attending Directors voted in favor of each proposal without objections.					

(2) Apart from the preceding matters, resolutions adopted by the Board of Directors that were opposed or reserved by Independent Directors with record or written statement: None

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

Board of Directors Meeting Date	Content of Proposal	Reasons for Abstentions by Directors	Results of Voting Counts
Mar 14 <sup>th</sup> , 2024	Proposal of FY2024 annual salary adjustments for managerial officers.	Director Petar Antonov Vazharov had conflicts of interest in this case.	Abstained from voting and discussing.
	Proposal of FY2023 annual bonus for managerial officers.	Director Petar Antonov Vazharov had conflicts of interest in this case.	Abstained from voting and discussing.
Aug 8 <sup>th</sup> , 2024	Proposal of the issuance of Employee Restricted Stock Awards in 2024.	Director Petar Antonov Vazharov had conflicts of interest in this case.	Abstained from voting and discussing.
Dec 19 <sup>th</sup> , 2024	Proposal of terminating the supply and distribution agreement with Alvotech hf for Adalimumab in China.	Directors Robert Wessman and Árni Hardarson had conflicts of interest in this case.	Abstained from voting and discussing.

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

3. The external -evaluation cycles, periods, scope, method and content of evaluation of the company's board are listed below:

Cycles	Periods	Scope	Method	Content
Every 3 year	FY2024	To evaluate the performance of the operations of its board of directors (including its functional committees). The scope of the evaluation does not include the performance of the Company's other entities.	The evaluation based on the documents provided by the Company, self-evaluation questionnaires, and on-site interviews, and provided a performance evaluation report according to the evaluation results.	Board: Board of directors - composition and professional development, Board decision-making quality, Board operational effectiveness, Internal control and risk management and Board engagement in corporate social responsibility (CSR). Functional Committee: Level of participation in company operations, Understanding of functional committee responsibilities, Improving the decision-making quality of functional committees, Composition of functional committees and selection of members and Internal control.

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

(1) Enhancing Director competency

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

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

(2) Information transparency

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

## 2.2.2 Audit Committee's Operation:

The Company held a total of 9 Audit Committee Meetings in 2024. The attendance record of independent directors is as follows:

Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Independent Director	Hjorleifur Palsson	5	0	100	(1) Convener of the 4 <sup>th</sup> Term. (2) Resigned upon June 13 <sup>th</sup> , 2024. (3) Attendance frequency: 5
Independent Director	Ivy Yang	4	0	100	(1) Convener of the 5 <sup>th</sup> Term. (2) Appointed upon June 13 <sup>th</sup> , 2024. (3) Attendance frequency: 4
Independent Director	Karl Alexius Tiger Karlsson	7	2	77.78	Attendance frequency: 9
Independent Director	Jennifer Wang	9	0	100	Attendance frequency: 9

Other details:

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

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

Audit Committee Meeting Date	Content of Proposal
4-4 Jan 29 <sup>th</sup> , 2024	(1) Proposal of the Company's 2024 budget and CAPEX plan.
4-5 Mar 11 <sup>th</sup> , 2024	(1) Proposal for the Statements of FY2023 Internal Control System. (2) Proposal for FY2023 Business Report and Financial Statements. (3) Proposal for FY2023 earnings distribution. (4) Proposal of FY2024 CPA appointment and audit fees. (5) Proposal for the issuance of Employee Restricted Stock Awards in 2024.
4-6 Apr 26 <sup>th</sup> , 2024	(1) Proposal for the listing of private placement shares. (2) Proposal for the amendments to certain articles of the Company's "Procedures for Acquisition or Disposal of Assets."
4-7 May 8 <sup>th</sup> , 2024	(1) Proposal for Q1'24 consolidated financial statements.
4-8 Jun 3 <sup>rd</sup> , 2024	(1) Proposal of the addition and amendment of the Internal Control System. (2) Proposal of the acquisition of shares of TEVA PHARMA (THAILAND) CO., LTD.
5-1 Aug 7 <sup>th</sup> , 2024	(1) Proposal for Q2'24 consolidated financial statements. (2) Proposal for the issuance of Employee Restricted Stock Awards in 2024.
5-2 Aug 28 <sup>th</sup> , 2024	(1) Proposal of the acquisition of product rights related to Alpha Choay in Vietnam by the Company's subsidiary from SANOFI VIETNAM SHAREHOLDING COMPANY ("Sanofi"). (2) Proposal of the short-term financing facility to subsidiary in Thailand.
5-3 Nov 6 <sup>th</sup> , 2024	(1) Proposal for the FY2025 annual audit plan. (2) Proposal for Q3'24 consolidated financial statements. (3) Proposal of the Company's "Sustainability Information Management Procedures." (4) Proposal of the Company's "Procedures for Preparation and Assurance of the Sustainability Report." (5) Proposal for amendments to certain articles of the Company's "Articles of Incorporation" ("AOI").

Audit Committee Meeting Date	Content of Proposal
5-4 Dec 17 <sup>th</sup> , 2024	(1) Proposal of the capital injection proposal in Lotus International Pte. Ltd. (“Lotus SG”). (2) Proposal of the change on the short-term financing facility to Alvogen (Thailand) Ltd. (“Alvogen TH”) (3) Proposal of terminating the supply and distribution agreement with Alvotech hf for Adalimumab in China.
All above proposals did not receive any dissenting opinions, reserved opinions, or significant recommendations from Independent Directors, and were approved by all attending Directors without objection.	

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

2. The execution of abstention by Independent Directors on matters concerning conflicts of interest. The name, proposal content, reason for recusal, and participation status of the Independent Director in voting shall be disclosed: None

3. Communication between Independent Directors and the internal audit director and CPAs (including significant matters, methods, and outcomes of communication on the Company’s finance and business conditions) is as follows.

(1) The head of internal audit of the Company regularly submits audit reports and communicates the contents of audit reports with independent directors, and reports to the Audit Committee and the Board of Directors on a quarterly basis. In addition, the head of audit of the Company also conducts independent communication with the independent directors from time to time when there is no management team attending the meeting, and the communication channels are smooth and in good condition. The Company's 2024 years of internal audit and independent directors are summarized separately as follows, and disclosed on the company's website:

Meeting Dates	Communication Content	Reserve Opinions of Independent Directors
Mar 11 <sup>th</sup> , 2024	(1) Explanation of the internal audit execution for the fourth quarter of 2023. Audit projects include engaging in derivatives transactions, lending of funds and making endorsements guarantees to others, acquisition and disposal of assets, financial reporting process, oversea sales procedures, ITGC (including information security), ethical operating management, subsidiary audits - Korea. (2) Explanation of 2023 statement of internal control system.	None
May 8 <sup>th</sup> , 2024	Explanation of the internal audit execution for the first quarter of 2024. Audit projects include engaging in derivatives transactions, lending of funds and making endorsements guarantees, financing processing, domestic sales process, sales procedures of Korean subsidiary.	None
Aug 7 <sup>th</sup> , 2024	Explanation of the internal audit execution for the second quarter of 2024. Audit projects include engaging in derivatives transactions, lending of funds and making endorsements guarantees, payroll and compensation, asset manager: CWIP, RD project manager, HR operation: recruitment and resignation procedures.	None
Nov 6 <sup>th</sup> , 2024	(1) Explanation of the internal audit execution for the third quarter of 2024. Audit projects include engaging in derivatives transactions, review of IFRS management and accounting process, lending of funds and making endorsements guarantees, export sale – accounts receivable and collection operations, subsidiary audits – Singapore: intangible assets management, supplier management, procure to pay operations, production cycle: demand planning and production planning procedure, procure to pay operations of subsidiary in Korea. (2) Explanation of 2025 annual audit plan.	None
Dec 10 <sup>th</sup> , 2024	Introduction to the organization and competency of the internal audit department, explanation of the functions of internal auditing, discussion on focus of 2025 audit projects, discussion on the arrangement of meetings between the Internal Audit Director and the Independent Directors for 2025.	None

(2) The Company's CPAs attend and report on the results of the audit or review of the financial statements of the current quarter when the board of directors reviews the financial statements of the current quarter, and also report to the independent directors on special matters or other communication matters required by relevant laws and regulations, and the communication channels are open and in good condition. The company's 2024 years of separate communication between CPAs and independent directors are summarized as follows, and disclosed on the company's website:

<b>Meeting Dates</b>	<b>Communication Content</b>	<b>Reserve Opinions of Independent Directors</b>
Mar 11 <sup>th</sup> , 2024	(1) Explanation of the audit results of the financial reports for 2023. (2) Discussion and communication regarding other questions raised by Independent Directors.	None
May 8 <sup>th</sup> , 2024	(1) Explanation of the audit results of the financial reports for the first quarter of 2024. (2) Discussion and communication regarding other questions raised by Independent Directors.	None
Aug 6 <sup>th</sup> , 2024	Communication regarding the financial reports for the second quarter of 2024.	None
Aug 7 <sup>th</sup> , 2024	(1) Explanation of the audit results of the financial reports for the second quarter of 2024. (2) Discussion and communication regarding other questions raised by Independent Directors.	None
Nov 4 <sup>th</sup> , 2024	Communication regarding the financial reports for the third quarter of 2024.	None
Nov 6 <sup>th</sup> , 2024	(1) Explanation of the audit results of the financial reports for the third quarter of 2023. (2) Key Audit Matter report. (3) Discussion and communication regarding other questions raised by Independent Directors.	None

4. Major achievements:

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

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

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

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
(4) Has the Company established internal rules prohibiting insider trading based on undisclosed information?	V		The Company has established the Procedures for Acquisition or Disposal of Assets, strictly prohibiting insiders from trading securities using undisclosed material information, in accordance with relevant laws and regulations. Regular and ad-hoc internal awareness and training courses are conducted, and reminders regarding the importance of preventing insider trading and related precautions are sent via email to insiders every month.	Full compliance
3. Composition and Responsibilities of the Board of Directors (1) Has the Board of Directors established a diversity policy and management targets for the composition of directors and implemented them accordingly?	V		According to the third chapter of the Corporate Governance Best Practice Principles, which focuses on enhancing the functions of the Board of Directors, and the Rules for Election of Directors, the appointment of directors in the Company follows a candidate nomination system. The composition of the Board of Directors should be formulated with the considerations of the operation of the board itself, the company's business model, and development needs, aiming for appropriate diversification policies. Criteria for the diversity of board members should include but not be limited to basic requirements and values, including gender, age, nationality, and cultural backgrounds, as well as professional knowledge and skills, including legal, accounting, industry, financial, marketing, or technological expertise or industry experience. Currently, among the 8 Directors and 3 Independent Directors of the Company, nationalities include Iceland, Sweden, Bulgaria, Thailand, Switzerland, USA, and Taiwan, with a foreign director ratio as high as 82%. Meanwhile, there are 5 female directors among the current board members, accounting for 45% of the overall board. For details on the composition of professional capabilities, please refer to page 10 of the annual report. The Company's diversity policy and its implementation for the composition of the Company's Board of Directors is also disclosed on the Company's website and on the Market Observation Post System.	Full compliance

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
(2) Besides the Remuneration Committee and the Audit Committee, the establishment of which are required by law, has the Company voluntarily established other functional committees?	V		To address operational needs and in compliance with Article 27, Paragraph 1 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Board of Directors approved on March 6, 2025, to incorporate risk management into the Audit Committee and rename it the Audit and Risk Committee.	Full compliance
(3) Has the Company established an internal rule and a method of evaluating the performance of its Board of Directors, implemented such annual performance evaluations, and submitted the evaluation results to the Board of Directors as a reference for the compensation and future nomination or reelection of individual Directors?	V		The Company has established the Procedures for Performance Evaluation of the Board of Directors, which stipulates that by the end of the first quarter of each year, the performance evaluation of the board and functional committees for the previous year shall be conducted. The evaluation results are then submitted to the board of directors for consideration in individual director's compensation, nomination for re-election, and other related matters. The most recent evaluation results were reported to the board on March 6 <sup>th</sup> , 2025.	Full compliance
(4) Does the Company regularly evaluate the independence of its CPAs?	V		The Audit Committee of the Company regularly evaluates the independence and competence of CPAs yearly, and submits the evaluation results as following to the Board of Directors: 1. The auditor's independence declaration. 2. Ensure the audit partner rotates every five years. 3. Annually evaluate the independence and competence of the external auditor based on the results of the auditor survey and the Audit Quality Indicator (AQI) released by Financial Supervisory Commission regarding the dimensions of profession, quality control, independence, monitoring. The independence and competency of CPAs for 2024 engagement has been resolved by the Audit Committee on March 4 <sup>th</sup> ,2025 and approved by the Board of Directors on March 6 <sup>th</sup> ,2025.	Full compliance
4. Has the Company established a full- or part-time corporate governance unit or appointed personnel to be in charge of matters involving corporate governance (including but not limited to providing information	V		Through the resolution of the Board of Directors on March 14 <sup>th</sup> , 2024, the Company appointed Susan Liao as the Corporate Governance Officer. Her responsibilities include handling matters related to board meetings and shareholders' meetings in	Full compliance

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
required by Directors related to business operations, handling legal compliance matters related to Board of Directors' Meetings and Shareholder Meetings, and producing minutes of Board of Directors' meetings and Shareholder Meetings)?			accordance with the law, preparing minutes of board meetings and shareholders' meetings, assisting Directors in their appointment and continuous education, providing necessary information for Directors to carry out their duties, and assisting Directors in compliance with laws and regulations. Details of the Corporate Governance Officer's training in the most recent year are as follows. (Note 1)	
5. Has the Company established a means of communication with its stakeholders (including but not limited to shareholders, employees, customers, and suppliers) or created a section for stakeholders on the Company's website? Does the Company respond appropriately to stakeholders' questions on major issues of corporate social responsibility?	V		The Company provides diverse and smooth communication channels for stakeholders, including financial institutions, creditors, employees, shareholders, medical professionals, and the community. These channels include the Company's website, among others. ( <a href="http://www.lotuspharm.com.tw">http://www.lotuspharm.com.tw</a> ) The website includes information on department heads, their contact numbers, and email addresses. It also features an 'Investors' section where financial business information is disclosed in accordance with laws and regulations, along with corporate governance-related information. The "Contact Us" section provides contact numbers for operational headquarters, research and R&D centers, and production bases. Additionally, it includes a dedicated line for medication orders from medical institutions, a hotline for reporting adverse drug reactions, and an email address for reporting violations of ethics. The table outlining the responsible units, issues related to stakeholders, and communication response methods is as follows, and report to the board on May 9 <sup>th</sup> , 2025. (Note 2)	Full compliance
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		The Company has commissioned the Department of Stock Transfer Agency, CTBC Bank Co., Ltd. to assist in handling matters related to the Company's shareholders' meetings.	Full compliance
7. Information Transparency (1) Has the Company established a corporate website to disclose information regarding its financial, business, and corporate governance status?	V		The Company has launched a website ( <a href="http://www.lotuspharm.com.tw">http://www.lotuspharm.com.tw</a> ) to disclose monthly revenues, quarterly financial statements, recordings of earnings call, materials for shareholders' meetings and their records, and corporate governance-related information. Additionally, the website provides links to the Market Observation Post System.	Full compliance

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
			All financial, operational, and corporate governance information pertaining to the Company is disclosed as legally required on the Market Observation Post System.	
(2) Has the Company use other information disclosure channels (e.g., maintaining an English website, designating staffs to handle information collection and disclosure, appointing spokespersons, webcasting earning calls)?	V		The Company has appointed designated personnel to collect, disclose, and communicate company information externally. The Company implemented a spokesperson system, appointing both a spokesperson and a deputy spokesperson. The Company has also established an English website. The Company discloses its financial information on the Company website and Market Observation Post System regularly, on a monthly basis. The Company also discloses information about earning calls and provide recordings of these briefings on the website for investors to access.	Full compliance
(3) Does the Company disclose and file annual financial statements within two months of the close of the Company's fiscal year? Does the Company publish its quarterly financial reports and monthly operating reports before their respective deadlines?		V	The Company has yet disclosed and filed its annual financial statement within two months after the close of the Company's fiscal year, but the annual and quarterly financial statements and the monthly operating reports are disclosed and filed in compliance with relevant laws and regulations, before their respective deadlines.	Full compliance
8. Does the Company have information, other than the abovementioned, to be disclosed to facilitate a better understanding of its corporate governance practices? (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, continuous education of Directors, risk management policies and criteria for risk evaluation and their implementation status, customer relation policies and its implementation, and the Company's purchase of liability insurance for Directors)	V		<p>1. The Company has established an Employee Welfare Committee, implemented a retirement pension system, provides equal employment opportunities, conducts various employee training programs and offers group insurance for employees, and arranges regular health check-ups. These measures comply with the requirements of Labor Standards Act and respect international human rights conventions. The Company strives to eliminate discrimination, promote equality, and foster a friendly workplace environment that embraces diversity.</p> <p>2. The Company holds earning calls every quarter to maintain open communication channels with both customers and investors. The Company also organized free clinic activities in 2024 to fulfill our corporate social responsibility and promote the concept of health care.</p> <p>3. The Company implements the cGMP system and adhere to PIC/S GMP regulations. The</p>	Full compliance

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
			<p>Company has established the Manufacture/ Vendor Qualification Review Procedure, with stringent reviewing and auditing mechanisms, to ensure that suppliers comply with environmental, occupational health, and safety regulations, and that there are no significant violations of environmental and social sustainability.</p> <p>4. The Company's attendance of Directors at board meetings reached 93.6% in 2024. The Company has established both an Audit Committee and a Remuneration Committee to assist Directors in strengthening the implementation of corporate governance. The attendance of committee members was 92.6% for the Audit Committee and 93.3% for the Remuneration Committee.</p> <p>5. The Company has established an Internal Audit Division, which is an independent unit under the Board of Directors. The unit is responsible for establishing internal control systems in accordance with legal requirements. The unit is obliged to propose an annual audit plan for the following year to be approved by the Audit Committee and the Board of Directors. Regular quarterly execution reports are then submitted to the Audit Committee and the Board of Directors for review.</p> <p>6. The Directors of the Company diligently abstain from discussion and voting on matters in which they have conflicts of interest, in accordance with legal requirements. For details regarding the abstention of Directors, please refer to 20 of the annual report.</p> <p>7. The Company has purchased liability insurance coverage of USD15 million for all Directors.</p> <p>8. Directors' trainings in the most recent year are shown below. (Note 3)</p>	
9. The Company's improvements in corporate governance based on the indicators stipulated in the Corporate Governance Evaluation Results issued in the most recent year by the Corporate Governance Center of the TWSE, and its priority	V		<p>The Company has devised improvement policies based on the corporate governance evaluation results of 2024:</p> <p>1. The Company amended the Procedures for Handling Material Inside Information and Prevention from Insider Trading at the Board Meeting on January 31<sup>st</sup>, 2024, stipulating</p>	Full compliance

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
strengthening measures for the indicators requiring further improvement.			<p>that any insider of the Company shall not trade the Company's shares during the close periods, specifically 30 days prior to the announcement of annual financial reports and 15 days prior to the announcement of quarterly financial reports. The Company has also been informing the insiders of the prohibition prior to the beginning of the close periods.</p> <p>2. The Company has announced succession planning and operations on the "Corporate Governance" section of the Company's website.</p> <p>3. The Company amended the Procedures for Performance Evaluation of the Board of Directors at the Board Meeting on January 31<sup>st</sup>, 2024, stipulating that the Company's Board of Directors performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. The evaluation was completed in 2024 through the Taiwan Investor Relations Institute (TIRI), and the Board Performance Evaluation Results were announced in the "Board of Directors" section of the Company's website.</p> <p>4. The Company has disclosed the link between the performance evaluation of directors and managers and their compensation in the annual report.</p> <p>5. The Company established the "ESG and Risk Management Workforce" in the first quarter of 2024. The 2023 Annual Report discloses that this team will report the annual ESG performance results and risk responses to the Board of Directors on a regular basis. Additionally, the Implementation of Sustainable Development has been announced in the "Citizenship" section of the company website, disclosing the Board's oversight of sustainable development.</p> <p>6. The Company amended the Procedures for Code of Business Conduct and Ethics at the Board Meeting on January 31<sup>st</sup>, 2024, announced the revised procedures to the company website, and presented the Implementation of Corporate Ethical</p>	

Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
			<p>management report to the Board on November 7<sup>th</sup>, 2024.</p> <p>7. The Company approved the establishment of the Procedures for Preparation and Assurance of the Sustainability Report at the Board Meeting on November 7<sup>th</sup>, 2024, which stipulate referring to SASB standards for disclosing industry-specific indicators and the SASB indicators index in the sustainability report.</p> <p>8. The Company presented the Stakeholder Communication Situation Report to the Board of Directors on May 9<sup>th</sup>, 2024.</p> <p>9. The Company has announced Procedures for Code of Business Conduct and Ethics on the “Corporate Governance” section of the Company’s website.</p> <p>10. The Company's Sustainability Report for 2023 was prepared in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework, disclosing relevant information on the company's governance, strategy, risk management, metrics, and targets related to climate-related risks and opportunities.</p> <p>11. The Company has disclosed the annual greenhouse gas emissions for the past two years in the 2023 Annual Report and the 2023 Sustainability Report.</p> <p>12. The Company has clearly outlined its greenhouse gas reduction management policy, including reduction targets, implementation measures, and progress, in the 2023 Annual Report and the 2023 Sustainability Report.</p>	

Note 1: Corporate Governance Officer’s training in the most recent year

Date	Organizer	Course Title	Hours
Jun 6 <sup>th</sup> , 2024	bcSD Taiwan	GHG Protocol Corporate Standard and Scope 3 Standard Advocacy Course	7.0
Sep 3 <sup>rd</sup> , 2024	bcSD Taiwan	Sustainability Knowledge Empowerment Training Course - Non-Electronics Industry	6.0
Sep 9 <sup>th</sup> , 2024	Taiwan Insurance Institute	Corporate Governance Special Lecture (2024, Issue 8) - New Trends in Green Finance - Sharing from Renewable Energy Industry Practitioners	3.0
Sep 30 <sup>th</sup> , 2024	Taiwan Stock Exchange	Taiwan Capital Market Summit	3.0

Note 2: Stakeholders

Stakeholders	Concerned Topics	Communication Channels and Agreement Result						
Government agencies	<ul style="list-style-type: none"> <li>• Drug quality and safety</li> <li>• Drug accessibility</li> <li>• Corporate governance and ethical operations</li> <li>• Cyber security and privacy protection</li> <li>• Supplier management</li> </ul>	<ul style="list-style-type: none"> <li>• Appoint a specialist to manage correspondence with government agencies, handling a total of 1,716 electronic official documents between January and December 2024, including 772 incoming and 944 outgoing documents.</li> <li>• All directors meet the standards of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". The total number of training sessions for the 12 directors (including former directors) is 18, with a total of 87 hours.</li> <li>• In alignment with the Financial Supervisory Commission's (FSC) Sustainability Roadmap for TWSE/TPEX-listed companies, the 2024 greenhouse gas (GHG) inventory and third-party assurance were completed across major operational sites. In parallel, the TCFD framework has been implemented to address climate change. The GHG inventory and assurance details are shown in the table below: <table border="1" data-bbox="794 768 1444 1301"> <thead> <tr> <th data-bbox="794 768 986 801"></th> <th data-bbox="986 768 1444 801">Scope</th> </tr> </thead> <tbody> <tr> <td data-bbox="794 801 986 1070">GHG Inventory</td> <td data-bbox="986 801 1444 1070">Taiwan: Lotus Pharmaceutical Co., Ltd. Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. Singapore: Lotus International Pte. Ltd. India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited, Norwich Clinical Services Private Limited.</td> </tr> <tr> <td data-bbox="794 1070 986 1301">GHG Third-Party Assurance</td> <td data-bbox="986 1070 1444 1301">Taiwan: Lotus Pharmaceutical Co., Ltd. Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. Singapore: Lotus International Pte. Ltd. India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited.</td> </tr> </tbody> </table> </li> <li>• The Lotus Taiwan and Korea factories completed a total of 8 inspections. The Taiwan Nantou factory received approval in all 3 inspections. The Korea Hyangnam factory received approval in all 3 MFDS inspections. The Korea Gongju factory underwent 2 MFDS inspections, with one receiving approval, while the other did not meet the required standards due to inconsistencies in some data from the Alvogen Korea outsourced laboratory. After verification, it was confirmed that the product quality was unaffected. The company subsequently reviewed and strengthened the management processes for outsourced laboratories, actively making improvements to ensure future compliance with relevant regulations.</li> </ul>		Scope	GHG Inventory	Taiwan: Lotus Pharmaceutical Co., Ltd. Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. Singapore: Lotus International Pte. Ltd. India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited, Norwich Clinical Services Private Limited.	GHG Third-Party Assurance	Taiwan: Lotus Pharmaceutical Co., Ltd. Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. Singapore: Lotus International Pte. Ltd. India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited.
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Shareholders/investors	<ul style="list-style-type: none"> <li>• Corporate Governance and Ethical Operations</li> <li>• Drug quality and safety</li> <li>• Drug accessibility</li> <li>• Talent Attraction and Retention</li> <li>• Business Performance</li> <li>• Cyber security and privacy protection</li> <li>• Supplier management</li> </ul>	<ul style="list-style-type: none"> <li>• Held 1 annual general meeting.</li> <li>• Held 4 earnings release.</li> <li>• Invited to attend 10 investor meetings/ forum.</li> <li>• There were 67 public announcements made on the Market Observation Post System from January to December 2024.</li> </ul>						

Stakeholders	Concerned Topics	Communication Channels and Agreement Result
Employees	<ul style="list-style-type: none"> <li>• Drug quality and safety</li> <li>• Talent Attraction and Retention</li> <li>• Occupational health and safety</li> <li>• Cyber security and privacy protection</li> <li>• Climate Adaptation Actions</li> </ul>	<ul style="list-style-type: none"> <li>• 4 labor-management meetings were held from January to December 2024.</li> <li>• In the 2024 employee engagement survey, a total of 1,482 questionnaires were sent to employees worldwide, and 1,268 were collected, with a response rate of 87%. The 2024 survey results showed improvements in both engagement and employee experience.</li> <li>• 7 townhalls were held from January to December 2024.</li> <li>• Korean labor union: Total of 28 meetings held from January to December 2024.</li> </ul>
Medical institution and Customers	<ul style="list-style-type: none"> <li>• Corporate Governance and Ethical Operations</li> <li>• Drug quality and safety</li> <li>• Waste and toxic chemical substance management</li> <li>• Drug accessibility</li> <li>• Cyber security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>• Lotus Taiwan organized a total of 333 academic events related to medical products, with 12,985 participants. These events included 134 focused on oncology drugs and 199 on non-oncology drugs.</li> <li>• 2 major factory visits were organized in Taiwan to provide medical professionals involved in drug quality a deeper understanding of the high-quality products offered by Lotus.</li> </ul>
Suppliers and partners	<ul style="list-style-type: none"> <li>• Waste and toxic chemical substance management</li> <li>• Drug accessibility</li> <li>• Business Performance</li> <li>• Cyber security and privacy protection</li> <li>• Drug quality and safety</li> <li>• Corporate Governance and Ethical Operations</li> </ul>	<ul style="list-style-type: none"> <li>• The Procurement Department planned to audit 25 suppliers in 2024 (13 from Taiwan, 10 from Korea, and 2 joint suppliers), achieving 100% completion of the audits with no significant deficiencies or risks identified.</li> <li>• The Quality Department planned to audit 135 suppliers in 2024, performing on-site audits for 30 and document-based audits for 104 suppliers, achieving a 99% completion rate with no significant deficiencies or risks.</li> <li>• Held our first global Supplier Conference to promote communication among partners. The conference was held in two sessions with over 150 suppliers in attendance.</li> </ul>
Patients and NGOs	<ul style="list-style-type: none"> <li>• Corporate Governance and Ethical Operations</li> <li>• Drug quality and safety</li> <li>• Waste and toxic chemical substance management</li> <li>• Drug accessibility</li> <li>• Cyber security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>• Lotus Taiwan held a total of 142 patient activities, including 3 brain tumor medical seminar, 136 osteoporosis patient events, 2 Parkinson's disease health care series seminars, and 1 men's health education seminar, reaching 11,312 individuals.</li> <li>• Lotus Taiwan held two volunteer medical services and pharmacist lectures in rural areas of Nantou, providing medical services to a total of 357 residents, with 300 residents attending the pharmacist lectures.</li> <li>• Lotus Taiwan collaborated with One-Forty, a nonprofit organization dedicated to migrant worker education, to hold a workshop at Nantou Yumin Hospital. Nearly 20 migrant workers attended to enhance their understanding of dementia care.</li> <li>• Lotus Taiwan donated 7 types of medicines to the 31st Love Knows No Boundaries Free Medical Service for free clinics in Cambodia.</li> <li>• Lotus Taiwan donated NTD 100,000 to The Garden of Hope Foundation to promote children's and women's rights.</li> <li>• Combining the Employee Family Day Event with Charity. The company invited employees to collectively donate a total of NTD 400,000 to support the Maria Social Welfare Foundation's "0-3 Year-Old Maria Baby Early Intervention Program."</li> </ul>

Stakeholders	Concerned Topics	Communication Channels and Agreement Result
		<ul style="list-style-type: none"> <li>Lotus Korea collaborated with Good People International to donate daily hygiene products, amounting to KRW 20 million, to 200 low-income women and teenagers.</li> <li>Lotus Korea has continued to hold making bread and kimchi voluntary activities for over 10 years, donating a total of KRW 3.5 million to support these activities.</li> </ul>
Media	<ul style="list-style-type: none"> <li>Corporate Governance and Ethical Operations</li> <li>Drug quality and safety</li> <li>Business Performance</li> <li>Drug accessibility</li> <li>Cyber security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>There was a total of 24 press releases related to the Company's website disclosure and operations from January to December 2024.</li> </ul>

Note 3: Directors' training courses in the current year

Title	Name	Date	Organizer	Course Title	Hours
Chairman	Vilhelm Róbert Wessman	Jul 3 <sup>rd</sup> , 2024	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Petar Antonov Vazharov	Jul 3 <sup>rd</sup> , 2024	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Árni Hardarson	Jul 3 <sup>rd</sup> , 2024	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Oranee Tangphao Daniels	Jul 3 <sup>rd</sup> , 2024	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Yves Hermes	Jul 3 <sup>rd</sup> , 2024	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Nat Ativitavas	Jul 3 <sup>rd</sup> , 2024	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Krisana Winitthumkul	Jul 3 <sup>rd</sup> , 2024	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Phannalin Mahawongtikul	Jul 3 <sup>rd</sup> , 2024	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Director	Tharisswan Tiensawat	May 15 <sup>th</sup> , 2024	Thai Institute of Directors	Subsidiary Governance Program 6.0	6.0
		May 20 <sup>th</sup> , 2024	D-GA Academy	Business Portfolio Management	6.0
Independent Director	Karl Alexius Tiger Karlsson	Jul 3 <sup>rd</sup> , 2024	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
Independent Director	Jennifer Wang	Mar 13 <sup>th</sup> , 2024	Taiwan Corporate Governance Association	Corporate Governance and Sustainable Development	1.0
		Apr 9 <sup>th</sup> , 2024	Taiwan Corporate Governance Association	Circulatory Economic Benefits and Business Opportunities in Sustainable Finance	2.0
		Aug 5 <sup>th</sup> , 2024	Taiwan Corporate Governance Association	Sustainable Trends Every Director Must Know and the Review of the Sustainability Report	3.0
		Aug 12 <sup>th</sup> , 2024	Taiwan Corporate Governance Association	Development of TCFD & SBTi and the Authority of the Board of Directors	3.0
Independent Director	Ivy Yang	Jul 3 <sup>rd</sup> , 2024	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Forum	6.0
		Jul 30 <sup>th</sup> , 2024	Taiwan Investor Relations Institute	Key Strategies for Companies to Improve ESG Performance	3.0
		Aug 1 <sup>st</sup> , 2024	Taiwan Investor Relations Institute	Development Opportunities and Challenges for Taiwanese Businesses in China	3.0

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

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

### 1. Current members of the Compensation Committee:

Title	Criteria Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which Subject Serves as Member of Compensation Committee
Independent Director	Jennifer Wang (Note)	<p>Ms. Wang joined Lotus' Board of Directors as an independent director on June 15<sup>th</sup>, 2023.</p> <p>Ms. Wang is currently a partner lawyer at Chen &amp; Lin Attorneys-at-Law. She has more than 20 years of professional experience in legal services to clients in different industry categories. She has also served as an independent director of TXC Corporation since 2016 and served as an independent director at O-Bank Co., Ltd. since 2023.</p> <p>Ms. Wang graduated from National Taiwan University with a LL.M degree and passed the Taiwan Bar Examination. She studied corporate, securities, and mergers and acquisitions at Columbia Law School. She obtained her second LL.M degree at Columbia Law School and passed the New York Bar Examination.</p>	<p>Ms. Wang wasn't elected as a governmental or juridical person or its representative as defined in Article 27 of the Company Law, and the conditions defined in Article 30 of the Company Law. Ms. Wang, her spouse and children all do not hold shares of Lotus and there are no conditions of Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.</p>	2
Independent Director	Karl Alexius Tiger Karlsson	<p>Mr. Karl Karlsson joined Lotus' Board of Directors as an independent director on June 15<sup>th</sup>, 2023. Mr. Karlsson has nearly 20 years in the pharma industry. He worked for Bluefish Pharmaceuticals as a founder, Chief Executive Officer, and Board Member. He is currently the founder and Executive Chairman of Newbury Pharmaceuticals AB, a rapidly growing hybrid pharmaceutical company for specialty prescription drugs, innovation, and brands with a focus on the Scandinavian markets.</p> <p>Mr. Karlsson studied marketing and business administration at George Mason University and has an Executive MBA degree from Harvard Business School in 2013.</p>	<p>Mr. Karl Karlsson wasn't elected as a governmental or juridical person or its representative as defined in Article 27 of the Company Law, and the conditions defined in Article 30 of the Company Law. Mr. Karl Karlsson, his spouse and children all do not hold shares of Lotus and there are no conditions of Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.</p>	N/A
Independent Director	Ivy Yang	<p>Ms. Yang joined Lotus' Board of Directors as an independent director on June 13<sup>rd</sup>, 2024.</p> <p>Ms. Yang is a veteran banker with over 40 years of extensive experience in financial management and M&amp;A projects, having served in prominent roles at several renowned financial institutions. Her previous positions include Chief Financial Officer at DBS Bank (Taiwan) Ltd., Financial Controller at Citibank (Taiwan) Ltd., and</p>	<p>Ms. Yang wasn't elected as a governmental or juridical person or its representative as defined in Article 27 of the Company Law, and the conditions defined in Article 30 of the Company Law. Ms. Wang, her spouse and children all do not hold shares of Lotus and there are no conditions of Paragraph 1, Article 6 of the Regulations Governing the Appointment and</p>	1

Title	Criteria Name	Professional Qualifications and Experience	Independent Status	Number of Other Public Companies in Which Subject Serves as Member of Compensation Committee
		Senior Vice President of Finance at Citibank's branches in Singapore and Taipei. She also held senior financial roles at Bankers Trust Co. and BT Yuen Foong Securities Co. Ltd. Additionally, she has served as an independent director of Force lead Technology Corp. since 2023. Ms. Yang holds a bachelor's degree in accounting from National Cheng Kung University and a master's degree in business administration with a specialization in accounting and management decision making (EMBA program) from National Taiwan University.	Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	

Note: Convener.

## 2. Operations of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of three members.
- (2) Term of service: the term of service of the Company is from June 13<sup>th</sup>, 2024 to June 12<sup>th</sup>, 2027. A total of 5 Remuneration Committee Meetings was held in 2024. Attendance at Remuneration Committee Meetings was as follows:

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

### Other details:

1. If the board of directors declines to adopt or modify a recommendation of the compensation committee, it is imperative to note down the board meeting's date, session, motion, resolution as well as Tatung Company's disposition of the compensation committee's recommendation. (If the remuneration passed by the board exceeds the recommendation of the compensation committee, the circumstances and causes for the difference shall be specified):  
None
2. As to a resolution of the compensation committee, if a committee member expresses any objection or reservation recorded or in a written statement, it is imperative to specify the committee's date, session, disposition of the comments: None
3. The Remuneration Committee shall exercise the due care of a good administrator with the goal of fulfilling the following duties:

- (1) Establishment and regular review of performance evaluation criteria for Directors and managers, annual and long-term performance targets, and policies, systems, standards, and compensation structure.
- (2) Regular assessment and establishment of the salary and compensation of Directors and managers, and determining the content and amount of individual salary and compensation based on the results obtained from performance evaluations.

4. Proposals, reviews and decisions made in the 2024 Remuneration Committee meetings, and the Company's handling of opinions are summarized as follows:

Session/ Date	Proposal/Discussion	Decision
6-3 Jan 29 <sup>th</sup> , 2024	(1) Proposal of the appointment of the new APAC Chief Commercial Officer.	Approved without objection
6-4 Mar 11 <sup>th</sup> , 2024	(1) Proposal for FY2023 employees' bonus and directors' compensation out of profit-sharing. (2) Proposal of the issuance of Employee Restricted Stock Awards in 2024. (3) Proposal of the appointment of the new Vice President of Business Development. (4) Proposal of the Company's director and manager compensation framework and performance appraisal system. (5) Proposal for FY2024 annual salary adjustments for managerial officers. (6) Proposal for FY2023 annual bonus for managerial officers.	Approved without objection
7-1 Aug 7 <sup>th</sup> , 2024	(1) Proposal of the issuance of Employee Restricted Stock Awards in 2024.	Approved without objection
7-2 Nov 6 <sup>th</sup> , 2024	(1) Proposal of the promotion of the Vice President of Quality to Chief Operations Officer. (2) Proposal of the new issuance of Employee Restricted Stock Awards in 2024. (3) Proposal of the appointment of the Vice President of Portfolio Management.	Approved without objection

### 2.2.5 Implementation of Sustainable Development:

Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
1. Does the Company establish and implement the governance structure of sustainable development, organize the department of sustainable development (full time/part time)? Status managed by senior management team which authorized by Board of Directors and status supervised by Board of Directors.	V		<p>The Company established the "ESG and Risk Management Workforce" in the first quarter of 2024, chaired by the CEO. The workforce is composed of senior executives from various departments, responsible for formulating sustainability and risk strategies and short-, medium-, and long-term goals, coordinating across internal departments, interacting with external stakeholders, managing reporting and disclosures, handling communications, and overseeing the progress of relevant projects.</p> <p>The "ESG and Risk Management Workforce " will regularly report annual ESG performance results and risk responses to the board of directors. Furthermore, effective 2025, the Audit Committee has broadened its functions to be the "Audit and Risk Committee." Beyond overseeing climate-related risk disclosures, the committee has also assumed greater responsibility for strengthening the company's overall risk management framework.</p>	Full compliance
2. Does the Company conduct risk assessments on environmental, social, and corporate governance issues related to company operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies accordingly?	V		<p>The Company's operations are in compliance with regulations and the Company's internal control system. Each department votes on behalf of the stakeholders it represents to determine its significance. Appropriate management policies or strategies regard to issues of the environment, society, and corporate governance would be established in accordance with the materiality principles.</p> <p>1. Environment: The Company established its Occupational Safety Department to ensure that factories abide by environmental protection regulations. The Company has tasked the EHS Department with formulating an energy management policy and continues to strengthen environmental protection work with the goal of increasing energy efficiency by 1% to 2% annually. The Company also has a waste classification system with measures that encompass classification, recycling, and waste reduction.</p>	Full compliance

Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
			<p>2. Social: (1) The Company holds fire drill and work safety trainings every year to cultivate employees' responding ability towards emergencies and self-safety management. (2) The Company follows regulations and international standards for customer health and safety, customer privacy, and the marketing and labeling of its products and services, including but not limited to Pharmaceutical Affairs Act and PIC/S GMP.</p> <p>3. Corporate Governance: (1) The Company's operations are in compliance with regulations and the Company's internal control system to make sure that all employees and operations of the Company are in compliance with regulations. (2) The Company has arranged Director's training and purchased liability insurance for all of its Directors each year. (3) The Company has appointed a designated person to collect and disclose Company information and to communicate with stakeholders.</p>	
<p>3. Environmental Subject</p> <p>(1) Has the Company set an environmental management system designed to industry characteristics?</p>	V		(1) The Company is a cGMP-compliant pharmaceutical company. In addition, clear SOPs for handling waste produced in production and living areas have been established and are stringently executed. The Company has established an EHS Department, Environmental Health and Hygiene Management Committee, and Environmental Health and Safety (EHS) Manual. It also manages and audits overall environmental safety and hygiene.	Full compliance
<p>(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?</p>	V		(2) The Company aspires to improve resource utilization. It encourages and implements the recycling of resources to reduce waste, performs waste sorting and recycling, recycles paper and plastic waste on a monthly basis, and is planning to use recycled water in the future.	Full compliance
<p>(3) Has the Company assessed potential climate risks and opportunities for the Company's present and future, and established countermeasures accordingly?</p>	V		(3) The company will timely assess the current and future potential risks and opportunities of climate change for the enterprise, and formulate appropriate response measures for relevant issues in a timely manner.	Full compliance

Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons																																	
	Yes	No	Summary																																		
(4) Has the Company carried out greenhouse gas inventories, water-use inventories, and waste inventories for the past two years, and established policies for energy efficiency, carbon reduction, greenhouse gas reduction, water-use efficiency, and waste management?	V		<p>(4) In 2023 and 2024, the greenhouse gas emissions, water consumption, and total waste generated by Lotus were calculated based on the latest emission factors announced by the Bureau of Energy. Details are provided below. The scope of the 2024 greenhouse gas inventory and assurance can be found on page 32.</p> <p>GHG: Unit: ton/ revenue million</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>By Product unit</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>3,310.3169</td> <td>12,129.5761</td> <td>0.91</td> </tr> <tr> <td>2024</td> <td>2,672.0538</td> <td>12,842.9899</td> <td>0.83</td> </tr> </tbody> </table> <p>Water-use: Unit: degree/ revenue million</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Water-use</th> <th>By Product unit</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>111,572</td> <td>6.58</td> </tr> <tr> <td>2024</td> <td>117,884</td> <td>6.34</td> </tr> </tbody> </table> <p>Waste: Unit: ton/ revenue 10 million</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Toxics</th> <th>Non-Toxics</th> <th>By Product unit</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>49.07</td> <td>386.61</td> <td>0.257</td> </tr> <tr> <td>2024</td> <td>68.69</td> <td>515.02</td> <td>0.314</td> </tr> </tbody> </table> <p>The Company established its Occupational Safety Department to ensure that factories abide by environmental protection regulations. The Company has tasked the EHS Department with formulating an energy management policy and continues to strengthen environmental protection work with the goal of increasing energy efficiency by 1% to 2% annually.</p>	Year	Scope 1	Scope 2	By Product unit	2023	3,310.3169	12,129.5761	0.91	2024	2,672.0538	12,842.9899	0.83	Year	Water-use	By Product unit	2023	111,572	6.58	2024	117,884	6.34	Year	Toxics	Non-Toxics	By Product unit	2023	49.07	386.61	0.257	2024	68.69	515.02	0.314	Full compliance
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<p>4. Social Subject</p> <p>(1) Does the Company set policies and procedures in compliance with regulations and the International Bill of Human Rights?</p>	V		<p>(1) The Company is committed to respecting and observing all human rights, as described in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. The</p>	Full compliance																																	

Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
(2) Has the Company established and implemented employee benefits policies (including compensation, leave, and other benefits), and is the Company's business performance appropriately reflected in employee compensation?	V		<p>Company's employment policy does not discriminate on the basis of gender, race, age, marital status, or family background. It also accounts for underprivileged or disabled groups in accordance with the People with Disabilities Rights Protection Act and the Act of Gender Equality in Employment to provide equal opportunity for employment and promotion. The Company has a reasonable compensation and bonus system. It regularly offers in-service training and education and ensures that employees receive sufficient leave and pensions.</p> <p>(2) The Company established and implemented employee welfare policies, including to establish welfare funds and Employee Welfare Committee, aiming to provide various welfare to employees like company trip, company hiking, allowance for birthday, marry, death, hospitalization and festivals, and other company activities. The Company provided more annual leave days than Labor Standard Act regulated. If employees encounter any accident, they can apply for unpaid leave to take care of personal issues.</p> <p>The Company's male and female employees have equal remuneration conditions and promotion opportunities. The Company's average percentage of female employees and female supervisors was 48% and 35% respectively last year. The Company shall, if any profits earned by the Company for a fiscal year, pay no less than 1% of the profits to regular employees of the Company and subsidiaries as allowance, contract and probationary employees are not included. In addition, the Company should raise employees' salary annually according to market status, economical trend, and personal performance. The Company gave an average of 4% salary raise last year.</p>	Full compliance

Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons																											
	Yes	No	Summary																												
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		<p>(3) To protect employees from harmful substances in the workplace, the Company provides comfortable working environment. The Company conducts environmental monitoring twice a year as references for further improvement. In addition, director of each plant should provide annual safety work plans. The Company's EHS department will submit internal audit reports and propose improvements to the company website for reference to all departments.</p> <table border="1"> <thead> <tr> <th colspan="2">Work safety inspection</th> </tr> </thead> <tbody> <tr> <td>Work safety internal audit</td> <td>1/ month</td> </tr> <tr> <td>Manufacturing safety inspection</td> <td>1/ week</td> </tr> <tr> <td>On-site supervisor management</td> <td>1/ week</td> </tr> <tr> <td>General plant inspection</td> <td>1/ month</td> </tr> <tr> <td>Work safety inspection</td> <td>1/ week</td> </tr> </tbody> </table> <p>The Company has 4 employees injury involving 4 people in the current year (0.53% of the total number of employees at the end of 2024). In addition to reviewing and improving the working environment and policies, the Company will also strengthen occupational safety education and training as follows:</p> <table border="1"> <thead> <tr> <th>Training item</th> <th>Number of participants</th> <th>Total hours</th> </tr> </thead> <tbody> <tr> <td>New-hired Training</td> <td>275</td> <td>825</td> </tr> <tr> <td>Occupational re-training</td> <td>689</td> <td>2,274</td> </tr> <tr> <td>Fire fighting training</td> <td>474</td> <td>1,115</td> </tr> <tr> <td>Escape Exercise</td> <td>404</td> <td>202</td> </tr> </tbody> </table> <p>There were no fire incidents in the company's 2024 years.</p>	Work safety inspection		Work safety internal audit	1/ month	Manufacturing safety inspection	1/ week	On-site supervisor management	1/ week	General plant inspection	1/ month	Work safety inspection	1/ week	Training item	Number of participants	Total hours	New-hired Training	275	825	Occupational re-training	689	2,274	Fire fighting training	474	1,115	Escape Exercise	404	202	Full compliance
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Escape Exercise	404	202																													
(4) Has the Company established effective career development training plans?	V		<p>(4) The Company utilizes four major talent training methods, namely new-employee training, professional training, key talent</p>	Full compliance																											

Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
(5) Does the Company follow regulations and international standards for customer health and safety, customer privacy, and the marketing and labeling of its products and services; and has the Company established policies and procedures to protect consumer or customer rights and process of complaints?	V		<p>cultivation, and online universities, to create an effective training system for competency development. In the most recent fiscal year, the total number of career training sessions across the group was 19,633, with a total of 35,123 hours.</p> <p>(5) 1. The Company follows regulations and international standards for customer health and safety, customer privacy, and the marketing and labeling of its products and services, including but not limited to Pharmaceutical Affairs Act, PIC/S GMP, Regulation of Bioavailability and Bioequivalence Studies, Standards for Medicament Factory Establishments, Pharmaceutical Good Manufacturing Practice Regulations, Toxic Chemical Substances Control Act, Controlled Drugs Act, Act Governing Food Safety and Sanitation.</p> <p>2. The Company has established the Customer Service in charge of the handling of product related issues for customers and has also established the customers' feedback handling operation procedure, in order to provide timely problem solving and professional service to customers.</p>	Full compliance
(6) Has the Company established and implemented supplier management policies that enforce supplier compliance with environmental protection, occupational safety and health, and labor rights regulations?	V		<p>(6) The company has established the contractor and visitor management procedures (EHS-S0-007), clearly standardizing the pre-operation process, focusing on the number of personnel entering the factory and the designate person in charge of on-site safety, identify dangerous operation, pre-operation inspection and safety protection; suppliers are required to apply personal accident insurance for the construction personnel of the project prior to undertaking the work, Give safety education and training with corresponding training records to jointly prevent public security</p>	Full compliance

Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
			accidents and disasters. If the Supplier has any breach of the Contractor and Visitor Management Procedures, they will be liable for penalties, deductions, compensation, or permanent cessation of the contracting rights according to the violation.	
5. Does the Company follow international reporting standards or guidelines for the publication of sustainable development reports and other reports that disclose non-financial Company information? Have said reports acquired third-party assurance opinion statements or verification?	V		The Company's 2024 sustainability report has been compiled in accordance with GRI and SASB standards and is expected to be assured by a third party this year and posted on MOPS and the Company's website by the end of August.	Full compliance
6. If the Company has established its sustainable development code of practice pursuant to the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, please describe the Company's operational status and deviations from the principles: The Company has established its Code of Practice for Sustainable Development.				
7. Other important information to facilitate better understanding of the Company's implementation of sustainable development: (1) Environmental protection: Global warming has created unpredictable weather conditions. Enterprises should do their utmost to reduce their impact on the environment. Although the Company has received cGMP accreditation, large amounts of water, electricity, premium diesel, and natural gas are nonetheless indispensable for normal operations, and during the manufacturing process, wastewater and solid waste are produced. Nonetheless, wastewater treatment, environmental pollution reduction, and environmental safety have always been important goals in the process of R&D and production for Lotus. The Company established its Occupational Safety Department to ensure that factories abide by environmental protection regulations. The Company has tasked the EHS Department with formulating an energy management policy and continues to strengthen environmental protection work with the goal of increasing energy efficiency by 1% to 2% annually. The Company also has a waste classification system with measures that encompass classification, recycling, and waste reduction. (2) Community Engagement and Social Welfare: In addition to continuously caring for patients in Lotus' primary development sectors, we also actively helped and supported underserved communities, migrant workers, and residents in remote areas to improve their health and well-being. In 2024, Lotus Taiwan held a total of 142 patient activities, reaching 11,312 individuals. These activities included 3 brain tumor medical seminar, 136 osteoporosis patient events, 2 Parkinson's disease health care series seminars, and 1 men's health education seminar. By collaborating with professional physicians, therapists and professors, Lotus shared professional information and care guidelines on diseases, serving as a strong support system for patients. Additionally, Lotus Taiwan and Korea held several social caring activities, the details and outcomes are shown below. A. Lotus Taiwan (a) Nantou Rural Areas Volunteer Medical Service: Lotus Taiwan collaborated with the Nantou Youth Society Group to organize 2 volunteer medical services, providing medical services to a total of 357 residents, with 300 residents attending the pharmacist lecture. (b) Migrant Caregiver Dementia Care Training Workshop: To enhance migrant workers' understanding of dementia care, Lotus Taiwan partnered with One-Forty, a nonprofit organization dedicated to migrant worker education and held the workshop at Nantou Yumin Hospital. Nearly 20 migrant workers attended. (c) Donation of Medicine for Medical Services in Cambodia: A total of 7 types of medicines were donated, amounting to NTD 360,000, providing medical resources to approximately 2,000 local patients. (d) The Garden of Hope Foundation "Shining Children's Concert and Taiwan Girls' Day": A total of NTD 100,000 was donated to The Garden of Hope Foundation to promote children's and women's rights.				

Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	Summary	
<p>(e) Combining the Employee Family Day Event with Charity. Employees were encouraged to donate a total of NTD 400,000 to support the Maria Social Welfare Foundation's "0-3 Year-Old Maria Baby Early Intervention Program."</p> <p>B. Lotus Korea</p> <p>(a) Donate Hygiene Products to Low-Income Women and Teenagers: The activity has been ongoing for 5 years, providing daily hygiene products to women, amounting to KRW 20 million. Each year, approximately 270 employees voluntarily donate money, helping around 200 women.</p> <p>(b) Sharing Bread Voluntary Activities: The activity has been ongoing for 11 years, in collaboration with the Republic of Korea National Red Cross Yeongdeungpo Branch. Lotus Korea donated KRW 500,000, with 20 employees attending the activity to make bread for distribution to socially vulnerable groups.</p> <p>(c) Making Kimchi Voluntary Activities: The activity has been ongoing for 12 years, with about 15 employees attending to make kimchi to support low-income families.</p> <p>Furthermore, in 2024, the company introduced Volunteer Leave to encourage employees to participate in social welfare activities. Employees who engage in volunteer services approved by government agencies or registered for public interest purposes are entitled to one paid volunteer leave day per year. In 2024, a total of 24 employees applied for this leave, accumulating 192 hours of volunteer service.</p> <p>(3) Human rights: The Company's personnel regulations conform to the provisions of the Labor Standards Act. Dedicated personnel are appointed to handle relevant matters. The Company also maintains a favorable work environment and ensures labor rights for employees in accordance with the International Bill of Human Rights, Gender Equality in Employment Act, Sexual Harassment Prevention Act, Personal Information Protection Act, and Maternal Health Protection Plan. The Company values employees' physical and emotional well-being as well as their lifestyles. It has established an employee welfare committee, organizes annual corporate retreats and recreational events for employees, and provides subsidies for marriages and funerals, thereby promoting employees' physical health and emotional well-being and strengthening employee relationships. In addition, the Company offers a variety of insurance options to its employees. Checkups and training are provided annually to improve employees' health and capabilities.</p> <p>(4) Health &amp; safety: The Company's SOPs have been developed in accordance with pharmaceutical GMP standards. It holds regular occupational safety and hygiene training to ensure a safe work environment.</p>				

### 1.2.6 Implementation of climate-related information:

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>The Corporate Governance Department convenes the ESG and Risk Management Workforce regularly to deliberate, decide upon, evaluate, and supervise climate related issues and matters. After identifying climate-related impacts, meetings are held with senior executives to discuss the potential harms of risks and propose improvement suggestions and measures to adapt and mitigate climate-related financial risks. The Chairman of the ESG and Risk Management Workforce affirms the short-term, medium-term, and long-term objectives. The ESG and Risk Management Workforce reports regularly annual ESG performance, including climate change-related issues, to the board of directors.</p> <p>Furthermore, effective 2025, the Audit Committee has broadened its functions to be the "Audit and Risk Committee." Beyond overseeing climate-related risk management, the committee has also assumed greater responsibility for strengthening the company's overall risk management framework.</p>
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long	<p>Lotus conducted a climate materiality assessment and identified two transition risks and one climate-related opportunity. The company analyzed their financial implications and developed corresponding response strategies. The disclosures for "Climate-Related Risks and Financial Impacts" and "Climate-Related Opportunities and Financial Impacts" are presented as follows:</p>

Item	Implementation status																								
<p>term).</p> <p>3. Describe the financial impact of extreme weather events and transformative actions.</p>	<p><b>▼Climate-related risks and financial impacts</b></p> <table border="1" data-bbox="539 277 1442 1234"> <thead> <tr> <th>Type</th> <th>Risk Category</th> <th>Impact Period</th> <th>Risk Impact and Financial Implications</th> <th>Adaptation and Response Measures</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Transformation risk</td> <td>Policy and regulatory risks</td> <td>Short term</td> <td>Regulatory authorities require the annual expansion of the scope of greenhouse gas emissions disclosures and assurance; however, the increased operational costs from greenhouse gas inventory guidance and verification have a low financial impact on the company.</td> <td> <ul style="list-style-type: none"> <li>Conduct carbon inventory and assurance at all operating sites in alignment with country carbon reduction targets.</li> <li>Gradually implement the Scope 3 carbon inventory plan.</li> <li>Set carbon reduction strategies.</li> </ul> </td> </tr> <tr> <td>Renewable energy policy</td> <td>Short term</td> <td>In response to the country's push for renewable energy, power generation costs are expected to rise, leading to increased electricity expenses. Based on the 2024 electricity purchase prices in Taiwan and Korea, energy costs are projected to increase by NT\$18 million in 2025, primarily affecting the factories in Taiwan and Korea.</td> <td> <ul style="list-style-type: none"> <li>Gradually replace energy-consuming equipment to achieve energy-saving and carbon reduction goals.</li> <li>Carbon emissions reduction measures and energy-saving strategies are implemented at the source, including manufacturing processes and transportation, to minimize environmental impact and electricity consumption, while reducing the risk of rising electricity costs in the future.</li> </ul> </td> </tr> </tbody> </table> <p><b>▼Climate-related opportunities and financial impacts</b></p> <table border="1" data-bbox="539 1290 1442 1653"> <thead> <tr> <th>Type</th> <th>Climate-related opportunities</th> <th>Opportunity Description and Financial Implications</th> <th>Impact Period</th> <th>Adaptation and Response Measures</th> </tr> </thead> <tbody> <tr> <td>Resource efficiency</td> <td>Use energy-efficient appliances.</td> <td>Promote energy performance management and replace energy-consuming appliances to reduce electricity consumption and operational costs.</td> <td>Short term</td> <td> <ol style="list-style-type: none"> <li>Gradually replace public appliances in factories with variable-frequency drives and LED lighting.</li> <li>Set a target to reduce per capita electricity consumption by 1% per year.</li> </ol> </td> </tr> </tbody> </table>	Type	Risk Category	Impact Period	Risk Impact and Financial Implications	Adaptation and Response Measures	Transformation risk	Policy and regulatory risks	Short term	Regulatory authorities require the annual expansion of the scope of greenhouse gas emissions disclosures and assurance; however, the increased operational costs from greenhouse gas inventory guidance and verification have a low financial impact on the company.	<ul style="list-style-type: none"> <li>Conduct carbon inventory and assurance at all operating sites in alignment with country carbon reduction targets.</li> <li>Gradually implement the Scope 3 carbon inventory plan.</li> <li>Set carbon reduction strategies.</li> </ul>	Renewable energy policy	Short term	In response to the country's push for renewable energy, power generation costs are expected to rise, leading to increased electricity expenses. Based on the 2024 electricity purchase prices in Taiwan and Korea, energy costs are projected to increase by NT\$18 million in 2025, primarily affecting the factories in Taiwan and Korea.	<ul style="list-style-type: none"> <li>Gradually replace energy-consuming equipment to achieve energy-saving and carbon reduction goals.</li> <li>Carbon emissions reduction measures and energy-saving strategies are implemented at the source, including manufacturing processes and transportation, to minimize environmental impact and electricity consumption, while reducing the risk of rising electricity costs in the future.</li> </ul>	Type	Climate-related opportunities	Opportunity Description and Financial Implications	Impact Period	Adaptation and Response Measures	Resource efficiency	Use energy-efficient appliances.	Promote energy performance management and replace energy-consuming appliances to reduce electricity consumption and operational costs.	Short term	<ol style="list-style-type: none"> <li>Gradually replace public appliances in factories with variable-frequency drives and LED lighting.</li> <li>Set a target to reduce per capita electricity consumption by 1% per year.</li> </ol>
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<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>To identify and assess significant impacts or risks related to operations, Lotus Corporate Governance regularly evaluates climate change risks and reports to the ESG and Risk Management Workforce to understand potential financial impacts, serving as the basis for policy formulation and goal setting.</p> <p>Furthermore, effective 2025, the Audit Committee has broadened its functions to be the "Audit and Risk Committee." Beyond overseeing climate-related risk management, the committee has also assumed its responsibility for strengthening the company's overall risk management framework.</p>																								
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios,</p>	<p>The company adopts the Intergovernmental Panel on Climate Change (IPCC) RCP 8.5 climate scenario to identify and analyze short-, medium-, and long-term climate risks and opportunities within the scope of its operations. The details of the</p>																								

Item	Implementation status								
<p>parameters, assumptions, analysis factors and major financial impacts used should be described.</p>	scenario analysis are provided in the table below.								
	Risk Factors	Analytical Method	Financial impacts						
	Extremely high temperatures	Use the Climate Analytics tool to assess the potential impacts of global warming on extreme heat events, including the frequency and intensity of heatwaves and other high-temperature extreme events.	Climate change data for Lotus' operational regions indicates that the impact of future high temperatures will be limited, or that existing air conditioning, ventilation, and cooling systems are adequate to manage the rising temperatures, meaning the impact of high temperatures on production operations will be negligible.						
	Flooding	Use the Climate Central tool to measure the impact of sea level rise and climate change on flood risks in coastal and low-lying areas, providing relevant data and models.	Based on simulation data, since the main factories and supply chain facilities of Lotus are located in higher-altitude, non-flood-prone areas, the risk of flooding is relatively low. Although the Singapore office is situated in a high flood-risk area, it is merely an office, not a production site. Furthermore, there are no plans to establish a factory in Singapore, so the impact of flooding on production operations is deemed negligible.						
Water scarcity	Use the Aqueduct Water Risk Atlas - Water Stress tool, specifically designed to assess water resource stress and water scarcity risks globally, analyzing challenges in water resource management and potential solutions.	Currently, Lotus has a stable water supply, and its operational sites are not located in areas facing significant water stress, with no short-term impacts anticipated. However, based on scientific models, the sites in Korea and India are projected to face water scarcity risks in the medium to long term. The company will continue to monitor local water resource policies and develop strategies to mitigate the risk of water shortages.							
<p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>● Short-term goals</p> <ul style="list-style-type: none"> <li>• Our company has adopted the ISO 14064-1 standard for greenhouse gas inventory. The scope of the 2024 inventory and assurance is shown in the table below. Moving forward, we will gradually expand the inventory scope to comply with regulatory requirements in various countries.</li> </ul> <table border="1" data-bbox="549 1541 1433 1944"> <thead> <tr> <th data-bbox="549 1541 746 1574"></th> <th data-bbox="746 1541 1433 1574">Scope</th> </tr> </thead> <tbody> <tr> <td data-bbox="549 1574 746 1776">GHG Inventory</td> <td data-bbox="746 1574 1433 1776">Taiwan: Lotus Pharmaceutical Co., Ltd. Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. Singapore: Lotus International Pte. Ltd. India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited, Norwich Clinical Services Private Limited</td> </tr> <tr> <td data-bbox="549 1776 746 1944">GHG Third-Party Assurance</td> <td data-bbox="746 1776 1433 1944">Taiwan: Lotus Pharmaceutical Co., Ltd. Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. Singapore: Lotus International Pte. Ltd. India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• Set 2022 as the baseline year and establish carbon reduction targets.</li> <li>• Reduce greenhouse gas emissions by 1% annually.</li> <li>• Reduce per capita electricity consumption by 1% annually.</li> <li>• Pay attention to Scope 3 greenhouse gas emissions and enhance awareness and</li> </ul>				Scope	GHG Inventory	Taiwan: Lotus Pharmaceutical Co., Ltd. Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. Singapore: Lotus International Pte. Ltd. India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited, Norwich Clinical Services Private Limited	GHG Third-Party Assurance	Taiwan: Lotus Pharmaceutical Co., Ltd. Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. Singapore: Lotus International Pte. Ltd. India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited
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Item	Implementation status
	<p>understanding across relevant departments.</p> <ul style="list-style-type: none"> <li>● Medium-term goals <ul style="list-style-type: none"> <li>• Reduce carbon emissions by 36% compared with the baseline year at major operating sites in Taiwan and Korea.</li> <li>• Disclose carbon reduction targets, strategies, and concrete action plans in 2027.</li> <li>• Complete the disclosure of 2027 greenhouse gas emissions information and assurance for combined companies in 2028.</li> <li>• Gradually implemented a carbon inventory program for scope 3 greenhouse gas.</li> <li>• Evaluate boiler operational efficiency and plan to replace existing diesel boilers with natural gas boilers.</li> <li>• Purchase energy-saving equipment to improve the energy usage structure and continue promoting energy-saving and carbon reduction measures.</li> </ul> </li> <li>● Long-term goals <ul style="list-style-type: none"> <li>• Achieve net-zero emissions by 2050.</li> </ul> </li> </ul>
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Lotus currently does not employ carbon pricing tools. Discussions on relevant matters will be held in the future.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	<p>Lotus established the ESG and Risk Management Workforce in 2024 and set greenhouse gas emissions reduction targets with 2022 as the baseline. The target is to achieve a 36% reduction in Taiwan and Korea by 2030, compared with the baseline year and to reach net-zero emissions by 2050 as medium- and long-term goals.</p> <p>Additionally, Lotus currently does not utilize carbon credits or renewable energy certificates as part of its strategy.</p>
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	Table 1-1 provides a detailed inventory and assurance of greenhouse gas emission.

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

1-1 Greenhouse gas inventory and assurance information

Year	Scope 1		Scope 2		Assurance institution	Assurance principle	Assurance opinion
	Total Emissions (metric tons CO <sub>2</sub> e)	CO <sub>2</sub> intensity (tCO <sub>2</sub> e / NT\$ million)	Total Emissions (metric tons CO <sub>2</sub> e)	CO <sub>2</sub> intensity (tCO <sub>2</sub> e / NT\$ million)			
2024	2,672.0538	0.1438	12,842.9899	0.6911	Grant Thornton	International Standard on Assurance Engagements (ISAE)3410, Assurance Engagements on Greenhouse Gas Statements	Limited assurance
2023	3,310.3169	0.1952	12,129.5761	0.7152	Grant Thornton	International Standard on Assurance Engagements (ISAE)3410, Assurance Engagements on Greenhouse Gas Statements	Limited assurance

Note 1: The greenhouse gas inventory standard in the table above refers to ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 2: In the 2024 greenhouse gas third-party assurance, the scope has been expanded compared to 2023 to include Singapore's Lotus International Pte. Ltd., India's Alvogen Pharma India Pvt Ltd. and Meishi Pharma Services Private Limited.

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

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

- Short-term goals

- Our company has adopted the ISO 14064-1 standard for greenhouse gas inventory. The scope of the 2024 inventory and assurance is shown in the table below. Moving forward, we will gradually expand the inventory scope to comply with regulatory requirements in various countries.

	Scope
GHG Inventory	Taiwan: Lotus Pharmaceutical Co., Ltd. Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. Singapore: Lotus International Pte. Ltd. India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited, Norwich Clinical Services Private Limited
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- Set 2022 as the baseline year and establish carbon reduction targets.
- Reduce greenhouse gas emissions by 1% annually.
- Reduce per capita electricity consumption by 1% annually.
- Pay attention to Scope 3 greenhouse gas emissions and enhance awareness and understanding across relevant departments.

- Medium-term goals

- Reduce carbon emissions by 36% compared with the baseline year at major operating sites in Taiwan and Korea.
- Disclose carbon reduction targets, strategies, and concrete action plans in 2027.
- Complete the disclosure of 2027 greenhouse gas emissions information and assurance for combined companies in 2028.
- Gradually implemented a carbon inventory program for scope 3 greenhouse gas.
- Evaluate boiler operational efficiency and plan to replace existing diesel boilers with natural gas boilers.
- Purchase energy-saving equipment to improve the energy usage structure and continue promoting energy-saving and carbon reduction measures.

- Long-term goals

- Achieve net-zero emissions by 2050.

### 2.2.7 Ethical Management and Implementation Measures:

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

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

Item	Implementation Status		Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons	
	Yes	No		Summary
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		<p>in operational processes. They also verify compliance with the Code of Conduct and Ethics to prevent dishonest behavior. Additionally, the Audit Office has included "Integrity Management Operations " in the annual audit plan selection to assess the implementation of the Company's code of conduct and ethics operation.</p> <p>(5) In order to make employees aware of the company's integrity management policy, the company publicizes the " Procedures for Ethical Management and Guidelines for Conduct " and "Handling of Honest Behaviors of Company Personnel" and other relevant norms to all employees on the company's website. Issues related to the Company's ethical management and corporate governance are included in the training of new employees, please refer to page 78 on the implementation status of employee training and training.</p>	Full compliance
<p>3. Whistleblowing System</p> <p>(1) Has the Company established a specific report and reward system, set up conveniently accessible whistleblowing channel, and designate responsible individuals to handle the reports received?</p> <p>(2) Has the Company established standard operating procedures for the acceptance and investigation of whistleblower reports and post-investigation follow-up measures, and mechanisms to ensure confidentiality?</p> <p>(3) Has the Company adopted proper measures to protect the whistleblowers from inappropriate disciplinary actions due to their whistle-blowing?</p>	V  V  V		<p>(1) The Company has set up the handling of dishonest behaviors of the Company's personnel to be disclosed on the Company's website and internal webpages, and shall be carried out by the responsible units.</p> <p>(2) The Company encourages its employees to proactively report dishonest or unethical behavior to their department heads or audit unit. Senior management or head of audit shall then decide whether to report the matter further depending on the severity of the violation. The whistleblowers' identities shall remain anonymous.</p> <p>(3) The Company ensures that the identities of whistleblowers remain anonymous and guarantees that no inappropriate disciplinary actions shall be imposed on whistleblowers.</p>	Full compliance  Full compliance  Full compliance
<p>4. Enhanced Information Disclosure</p> <p>(1) Does the Company disclose relevant and reliable information</p>	V		(1) The Company advocates its " Procedures for Ethical Management and Guidelines	Full compliance

Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
regarding its ethical corporate management policies and their implementation on its website and the Market Observation Post System website of the Taiwan Stock Exchange?			for Conduct " to its employees on the Company website, thus promoting concepts of ethical management in the day-to-day operations of all employees.	
<p>5. If the Company has established its ethical corporate management code of practice pursuant to the Ethical Corporate Management Best-Practice Principle for TWSE/TPEX Listed Companies, please describe the Company's operational status and deviations from the principles:</p> <p>The Company's operations comply with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. Major policies, investment projects, asset acquisitions and dispositions, fund loaning, endorsement guarantees, and financing are reviewed and analyzed by dedicated departments and approved by the Board of Directors.</p>				
<p>6. Other important information to facilitate better understanding of the Company's ethical corporate management: (e.g., the Company's review and amendment to its ethical corporate management code of practice)</p> <p>The Company's operations comply with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. Major policies, investment projects, asset acquisitions and dispositions, fund loaning, endorsement guarantees, and financing are evaluated and analyzed by dedicated departments and approved by the Board of Directors. The CPAs review the Company's accounting books, and questionable items undergo stringent review. Regular and ad hoc audits are conducted to improve oversight mechanisms, internal management, and risk management.</p>				

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

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

## 2.2.9 Internal Control System and Execution Status:

### 1. Statement on Internal Control:

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

Date: March 06, 2025

Based on the findings of self-assessment, Lotus Pharmaceutical Co., Ltd. (Lotus) states the following with regard to its internal control system during the fiscal year 2024:

1. Lotus's BOD and Management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may be subject to change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes remedial actions as soon as a deficiency is identified.
3. Lotus evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinbelow, the "Regulations"). The criteria adopted by the Regulations identify five key components based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component also includes several items. Please refer to the Regulations for details.
4. Lotus has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of the assessment mentioned in the preceding paragraph, Lotus believes that as of December 31, 2024, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement is an integral part of Lotus's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on March 06, 2025, where none of the eleven attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Lotus Pharmaceutical Co., Ltd.



Chairman: Vilhelm Róbert Wessman



President: Petar Antonov Vazharov



2. Internal control system audit report by CPA: None

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

1. Minutes of Significant Resolutions and Implementation Status of the Shareholders' Annual Meeting held on June 13<sup>th</sup>, 2024 for the Company:

Major Resolutions	Resolution	Implementation																												
(1) Proposal for amendments to certain articles of the Company's "Procedures for Acquisition or Disposal of Assets."	The voting rights in favor accounted for 83.40% of the total voting rights of the attending shareholders. The proposal was passed according to the proposal presented by the board of directors.	The proposal was operated in accordance with the amended Company's "Procedures for Acquisition or Disposal of Assets."																												
(2) Proposal for amendments to certain articles of the Company's "Articles of Incorporation" ("AOI").	The voting rights in favor accounted for 94.05% of the total voting rights of the attending shareholders. The proposal was passed according to the proposal presented by the board of directors.	The proposal was operated in accordance with the amended Company's "Articles of Incorporation" ("AOI").																												
(3) Proposal for amendments to certain articles of the Company's "Rules and Procedures of Shareholders' Meeting."	The voting rights in favor accounted for 93.86% of the total voting rights of the attending shareholders. The proposal was passed according to the proposal presented by the board of directors.	The proposal was operated in accordance with the amended Company's "Rules and Procedures of Shareholders' Meeting."																												
(4) Election of all Directors prior to the expiration of the term of office of existing directors.	<p>Election results:</p> <table border="1"> <thead> <tr> <th colspan="2">Director</th> </tr> <tr> <th>Name</th> <th>Number of elected votes</th> </tr> </thead> <tbody> <tr> <td>Vilhelm Róbert Wessman</td> <td>336,066,582</td> </tr> <tr> <td>Petar Antonov Vazharov</td> <td>265,446,619</td> </tr> <tr> <td>Árni Hardarson</td> <td>120,085,918</td> </tr> <tr> <td>Oranee Tangphao Daniels</td> <td>120,071,772</td> </tr> <tr> <td>Yves Hermes</td> <td>120,059,234</td> </tr> <tr> <td>Nat Ativitavas (Note)</td> <td>119,918,185</td> </tr> <tr> <td>Phannalin Mahawongtikul (Note)</td> <td>119,917,644</td> </tr> <tr> <td>Krisana Winitthumkul (Note)</td> <td>119,912,654</td> </tr> <tr> <th colspan="2">Independent Director</th> </tr> <tr> <td>Jennifer Wang</td> <td>142,446,527</td> </tr> <tr> <td>Ivy Yang</td> <td>142,048,415</td> </tr> <tr> <td>Karl Alexius Tiger Karlsson</td> <td>141,299,034</td> </tr> </tbody> </table> <p>Note: Representative of Innobic LL Holding Co., Ltd.</p>	Director		Name	Number of elected votes	Vilhelm Róbert Wessman	336,066,582	Petar Antonov Vazharov	265,446,619	Árni Hardarson	120,085,918	Oranee Tangphao Daniels	120,071,772	Yves Hermes	120,059,234	Nat Ativitavas (Note)	119,918,185	Phannalin Mahawongtikul (Note)	119,917,644	Krisana Winitthumkul (Note)	119,912,654	Independent Director		Jennifer Wang	142,446,527	Ivy Yang	142,048,415	Karl Alexius Tiger Karlsson	141,299,034	After the completion of the board of directors' election, the proposal was announced and registration changes were processed accordingly.
Director																														
Name	Number of elected votes																													
Vilhelm Róbert Wessman	336,066,582																													
Petar Antonov Vazharov	265,446,619																													
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Independent Director																														
Jennifer Wang	142,446,527																													
Ivy Yang	142,048,415																													
Karl Alexius Tiger Karlsson	141,299,034																													
(5) Proposal for releasing the directors (Independent directors) and representative from the non-competition restrictions.	The voting rights in favor accounted for 86.10% of the total voting rights of the attending shareholders. The proposal was passed according to the proposal presented by the board of directors.	The proposal was executed according to the resolution and an announcement was made accordingly.																												

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

<b>Date</b>	<b>Major Resolutions</b>
21-7 Jan 31 <sup>st</sup> , 2024	(1) Proposal for the Company's 2024 budget and CAPEX plan. (2) Proposal for amendments of "Procedures for Code of Business Conduct and Ethics," "Procedures for Handling Material Inside Information and Prevention from Insider Trading," and "Procedures for Performance Evaluation of the Board of Directors." (3) Proposal for appointment of the new APAC Chief Commercial Officer.
21-8 Mar 14 <sup>th</sup> , 2024	(1) Proposal for FY2023 Business Report and Financial Statements. (2) Proposal for FY2023 earnings distribution. (3) Proposal for FY2023 employees' bonus and directors' compensation out of profit-sharing. (4) Proposal for FY2024 CPA appointment and audit fees. (5) The re-election of all Board of Directors in advance. (6) The dates and agenda of the 2024 Annual General Meeting. (7) Proposal for appointment of the Corporate Governance Officer. (8) Proposal for issuance of Employee Restricted Stock Awards in 2024. (9) Proposal for appointment of the new Vice President of Business Development. (10) Proposal for Company's director and manager compensation framework and performance appraisal system. (11) Proposal for FY2024 annual salary adjustments for managerial officers. (12) Proposal for FY2023 annual bonus for managerial officers.
21-9 Apr 30 <sup>th</sup> , 2024	(1) Proposal for listing private placement shares. (2) Proposal for amendments to certain articles of the Company's "Procedures for Acquisition or Disposal of Assets." (3) Proposal for amendments to certain articles of the Company's "Articles of Incorporation" ("AOI"). (4) Proposal for amendments to certain articles of the Company's "Rules and Procedures of Shareholders' Meeting." (5) The qualification of the candidates of Directors nominated by the Company. (6) Proposal for releasing the directors (Independent directors) and representative from the non-competition restrictions. (7) Proposal for revised agenda for the 2024 Annual General Meeting agenda.
21-10 May 9 <sup>th</sup> , 2024	(1) Proposal for Q1'24 consolidated financial statements. (2) Proposal of regarding the utilization of undistributed earnings from 2023 for reinvestment.
21-11 Jun 6 <sup>th</sup> , 2024	(1) Proposal for addition and amendment of the Internal Control System. (2) Proposal for acquisition of shares of TEVA PHARMA (THAILAND) CO., LTD.
22-1 Jun 13 <sup>th</sup> , 2024	(1) Election of the Chairman of the 22 <sup>nd</sup> term Board of Directors. (2) Proposal for appointment of the 7 <sup>th</sup> term Remuneration Committee members.
22-2 Aug 8 <sup>th</sup> , 2024	(1) Proposal for Q2'24 consolidated financial statements. (2) Proposal of Company's 2023 Sustainability Report. (3) Proposal for issuance of Employee Restricted Stock Awards in 2024.
22-3 Sep 5 <sup>th</sup> , 2024	(1) Proposal for acquisition of product rights related to Alpha Choay in Vietnam by the Company's subsidiary from SANOFI VIETNAM SHAREHOLDING COMPANY ("Sanofi"). (2) Proposal for the short-term financing facility to subsidiary in Thailand.

Date	Major Resolutions
22-4 Nov 7 <sup>th</sup> , 2023	<ul style="list-style-type: none"> <li>(1) Proposal for Q3'24 consolidated financial statements.</li> <li>(2) Proposal of FY2025 annual audit plan.</li> <li>(3) Proposal of the Company's "Sustainability Information Management Procedures."</li> <li>(4) Proposal of the Company's "Procedures for Preparation and Assurance of the Sustainability Report."</li> <li>(5) Proposal for amendments to certain articles of the Company's "Articles of Incorporation" ("AOI").</li> <li>(6) Proposal for promotion of the Vice President of Quality to Chief Operations Officer.</li> <li>(7) Proposal for new issuance of Employee Restricted Stock Awards in 2024.</li> <li>(8) Proposal for appointment of the Vice President of Portfolio Management.</li> </ul>
22-5 Dec 19 <sup>th</sup> , 2023	<ul style="list-style-type: none"> <li>(1) Proposal of capital injection proposal in Lotus International Pte. Ltd. ("Lotus SG").</li> <li>(2) Proposal for change on the short-term financing facility to Alvogen (Thailand) Ltd. ("Alvogen TH")</li> <li>(3) Proposal of terminating the supply and distribution agreement with Alvotech hf for Adalimumab in China.</li> </ul>
22-6 Jan 21 <sup>st</sup> , 2025	<ul style="list-style-type: none"> <li>(1) Proposal for the Company's 2025 budget and CAPEX plan.</li> <li>(2) Proposal for the new Lotus group indicators of the variable bonus and benefits program.</li> </ul>
22-7 Mar 6 <sup>th</sup> , 2025	<ul style="list-style-type: none"> <li>(1) Proposal for FY2024 Business Report and Financial Statements.</li> <li>(2) Proposal for FY2024 earnings distribution.</li> <li>(3) Proposal for FY2024 employees' bonus and directors' compensation out of profit-sharing.</li> <li>(4) Proposal for FY2025 CPA appointment and audit fees.</li> <li>(5) Proposal for the establishment of the Audit and Risk Committee.</li> <li>(6) Proposal for amendments to certain articles of the Company's "Audit Committee Charter."</li> <li>(7) Proposal for amendments to certain articles of the Company's "Articles of Incorporation" ("AOI").</li> <li>(8) Proposal of the Company's "Risk Management Policies and Procedures."</li> <li>(9) Proposal for amendments to certain articles of the Company's "Corporate Governance Best Practice Principles."</li> <li>(10) The by-election of one director.</li> <li>(11) The qualification of the candidates of Directors nominated by the Company.</li> <li>(12) Proposal to lift the non-compete restrictions on the Company's directors and their representatives.</li> <li>(13) The dates and agenda of the 2025 Annual General Meeting.</li> <li>(14) Proposal for FY2025 annual salary adjustments for managerial officers.</li> <li>(15) Proposal for FY2024 annual bonus for managerial officers.</li> </ul>
22-8 Apr 10 <sup>th</sup> , 2025	<ul style="list-style-type: none"> <li>(1) Proposal to share buyback program for transfer to employees</li> </ul>

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

**2.3 CPA Service and Audit Fees:**

Unit: NTD in thousands

CPA Firm	Names of CPAs	Audit Period	Audit Fees	Non-Audit Service Fees	Total	Remarks
KPMG Taiwan	An Chih Cheng	2024.01.01 ┆ 2024.12.31	7,636	1,505	9,141	The non-audit service fees include : \$40 thousand review of thousand full-time employee salary information for non-supervised positions , \$400 thousand review of filing application to the Competent Authority, \$205 thousand scrapping inventory counts and \$860 thousand tax compliance .
	Pao Lian Chou					

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

**2.4 Change of CPA: None**

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

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

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

Unit: shares

Title	Name	2024		as of April 28 <sup>th</sup> , 2025 (The book closure date of AGM)	
		Increase (decrease) in Shareholdings	Increase (decrease) in Pledged Shares	Increase (decrease) in Shareholdings	Increase (decrease) in Pledged Shares
Chairman	Vilhelm Róbert Wessman	0	0	0	0
Director and CEO	Petar Antonov Vazharov	(130,000)	0	0	0
Director	Árni Hardarson	0	0	0	0
Director	Oranee Tangphao Daniels	0	0	0	0
Director	Yves Hermes	0	0	0	0
Representative of Director	Innobic LL Holding Co., Ltd. Nat Ativitavas (Note 1, 2)	0	0	0	0
Representative of Director	Innobic LL Holding Co., Ltd. Thariswan Tiensawat (Note 1, 2, 3, 4)	0	0	0	0
Representative of Director	Innobic LL Holding Co., Ltd. Krisana Winitthumkul (Note 1, 2)	0	0	0	0
Independent Director	Hjorleifur Palsson(Note 5)	0	0	NA	NA
Independent Director	Karl Alexius Tiger Karlsson	0	0	0	0
Independent Director	Jennifer Wang	0	0	0	0
Independent Director	Ivy Yang (Note 6)	0	0	0	0
Deputy General Manager of Strategy and Finance	Bjartur shen	60,500	0	0	0
CFO	Eeling Chan	9,500	0	0	0
CIO	Gwen Hsieh	4,400	0	0	0
Vice President of Research and Development	Manish Chawla	7,500	0	0	0
COO	Vamsi Kiran Kosaraju	0	0	0	0
Vice President of Legal and Compliance	Edin Buljubasic	0	0	0	0
APAC Chief Commercial Officer	Lau Siew Lay	150,000	0	0	0
Vice President of Business Development	Prashant Mohan Godse	0	0	0	0
Vice President of Global Portfolio Management	Javier Torrejon Nieto (Note 7)	NA	NA	0	0
Company Corporate Officer	Susan Liao	0	0	0	0

Title	Name	2024		as of April 28 <sup>th</sup> , 2025 (The book closure date of AGM)	
		Increase (decrease) in Shareholdings	Increase (decrease) in Pledged Shares	Increase (decrease) in Shareholdings	Increase (decrease) in Pledged Shares
Juristic Director / Major Shareholder	Alvogen Emerging Markets Holdings Ltd. (Note 1)	(26,521,723)	0	0	0
Representative of Director	Alvogen Emerging Markets Holdings Ltd. Thor Kristjansson (Note 1, 10)	NA	NA	NA	NA
Representative of Director	Alvogen Emerging Markets Holdings Ltd. Phannalin Mahawongtikul (Note 1, 4)	0	0	NA	NA
Vice President of Operations and Supply Chain	Yingming Yue (Note 8)	0	0	0	0
Country Manager of Taiwan	Stanley Gu (Note 9)	15,500	0	0	0

Note 1: Alvogen Emerging Markets Holdings Ltd. resigned upon re-election of the Board of Directors on June 13<sup>th</sup>, 2024.

Note 2: Innobic LL Holding Co., Ltd. was appointed upon re-election of the Board of Directors on June 13<sup>th</sup>, 2024.

Note 3: Thariswan Tiensawat was appointed as representative of Innobic LL Holding Co., Ltd., replacing Wanida Boonpiraks, on October 21<sup>st</sup>, 2024.

Note 4: Wanida Boonpiraks was appointed as representative of Innobic LL Holding Co., Ltd., replacing Phannalin Mahawongtikul, on August 21<sup>st</sup>, 2024.

Note 5: Independent Director Hjorleifur Palsson resigned on June 13<sup>th</sup>, 2024.

Note 6: Ivy Yang was elected as Independent Director on June 13<sup>th</sup>, 2024.

Note 7: Vice President, Global Portfolio Management of Javier Torrejon Nieto on board on January 2<sup>nd</sup>, 2025.

Note 8: Yingming Yue stepped down from the position of Vice President of Operations and Supply Chain on November 8<sup>th</sup>, 2024.

Note 9: Country Manager of Taiwan Commercial of Stanley Gu resign on December 31<sup>st</sup>, 2024.

Note 10: Árni Hardarson was appointed as representative of Alvogen Emerging Markets Holdings Ltd., replacing Thor Kristjansson, on March 26<sup>th</sup>, 2024.

## 2.6.2 Share Transfers with Related Parties: None

## 2.6.3 Share Pledges with Related Parties: None

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

Unit: shares(Note 1)

Name	Shareholdings of Shareholder		Shareholdings of Spouse or Underage Children of the Shareholder		Total Shareholdings by Nominee Arrangement		Relationships or Kinships Among the Top Ten Major Shareholders	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Alvogen Emerging Markets Holdings Ltd. (Note 2)	82,446,796	31.02%	-	-	-	-	-	-
AZTIQ LOTUS S.A.R.L.,	26,521,723	9.98%	-	-	-	-	-	-
Innobic LL Holding Company Limite	17,517,348	6.59%	-	-	-	-	-	-
Fubon Life Insurance Co., Limited-twotc-ffi	6,402,000	2.41%	-	-	-	-	-	-
Citibank (Taiwan) serves as the custodian for the investment account of the Central Bank of Norway(Norges Bank).	2,789,000	1.05%	-	-	-	-	-	-
Allianz Global Investors Taiwan Intelligence Trends Fund	2,200,000	0.83%	-	-	-	-	-	-
Vanguard Total International Stock Index Fund · a series of Vanguard Star Funds	1,875,189	0.71%	-	-	-	-	-	-
The new system of employee retirement funds.	1,732,880	0.65%	-	-	-	-	-	-
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	1,724,000	0.65%	-	-	-	-	-	-
Kar Yuen Investments Limited	1,533,000	0.58%	-	-	-	-	-	-

Note 1: It's the information of the book closure date (April 28<sup>th</sup>, 2025) of the 2025 annual general meeting of shareholders.

Note 2: The institutional shareholder, Alvogen Emerging Markets Holdings Limited, is currently in the process of undergoing a name change. Upon completion, the company will be renamed Innobic Asia Investment Holding Limited.

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

NA

### III. Capital Raising

#### 3.1 Sources of Share Capital:

##### 3.1.1 Share Capital History:

###### 1. Share capital history

Year Month	Issue price (NTD)	Authorized Share Capital		Paid-up Capital		Remarks		
		Shares (in thousands)	Amount (NTD in thousands)	Shares (in thousands)	Amount (NTD in thousands)	Source of share capital (NTD)	Property offsets other than cash	Other (Note)
May, 2024	10	400,000,000	4,000,000,000	265,518,312	2,655,183,120	The issuance restricts RSA of NT\$5,600 thousand	N/A	1
Sep, 2024	10	400,000,000	4,000,000,000	265,488,312	2,654,883,120	Cancel the withdrawn RSA of NT\$300 thousand	N/A	2
Sep, 2024	10	400,000,000	4,000,000,000	265,658,312	2,656,583,120	The issuance restricts RSA of NT\$1,700 thousand	N/A	3
Nov, 2024	10	400,000,000	4,000,000,000	265,858,312	2,658,583,120	The issuance restricts RSA of NT\$2,000 thousand	N/A	4
Feb, 2025	10	400,000,000	4,000,000,000	265,813,812	2,658,138,120	Cancel the withdrawn RSA of NT\$445 thousand	N/A	5

Note 1: Jing-Shou-Shang-Zi No. 11330076320,

Note 2: Jing-Shou-Shang-Zi No. 11330158930,

Note 3: Jing-Shou-Shang-Zi No. 11330170220,

Note 4: Jing-Shou-Shang-Zi No. 11330205390,

Note 5: Jing-Shou-Shang-Zi No. 11430016670.

##### 3.1.2 Type of Shares

Type of Shares	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered common shares	265,813,812	134,186,188	400,000,000	

#### 3.2 List of Major Shareholders:

Name of major shareholder	Shares (Note 1)	Shareholdings (shares)	Shareholding Ratio (%)
Alvogen Emerging Markets Holdings Ltd. (Note 2)		82,446,796	31.02%
AZTIQ LOTUS S.A.R.L.,		26,521,723	9.98%
Innobic LL Holding Company Limited		17,517,348	6.59%
Fubon Life Insurance Co., Limited-twotc-ffi		6,402,000	2.41%
Citibank (Taiwan) serves as the custodian for the investment account of the Central Bank of Norway (Norges Bank).		2,789,000	1.05%
Allianz Global Investors Taiwan Intelligence Trends Fund		2,200,000	0.83%
Vanguard Total International Stock Index Fund		1,875,189	0.71%
The new system of employee retirement funds		1,732,880	0.65%
Vanguard Emerging Markets Stock Index Fund		1,724,000	0.65%
Kar Yuen Investments Limited		1,533,000	0.58%

Note1: It's the information of the book closure date (April 28<sup>th</sup>, 2025) of the 2025 annual general meeting of shareholders.

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

### **3.3 Dividend Policy and Implementation:**

#### **3.3.1 Dividend Policy:**

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

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

#### **3.3.2 Proposal for the Dividend Distribution in the Last Year:**

The Board of Directors of the Company decided to distribute cash of NT\$1,519,653,008 to the shareholders. The cash per share to be distributed is proposed to be NT\$5.73. The Chairman shall be authorized to handle all the matters related to the distribution.

#### **4.6.3 Major Change Expected in the Dividend Policy: None**

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

### **3.5 Employee Profit-Sharing and Compensation for Directors:**

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

The Independent Directors of the Company only receive the attendance fee and the fixed remuneration for the execution of business. If profit is made in the current year, the Company shall allocate no less than 1% of the profit to employees as compensation and no more than 10% of the profit to Directors as compensation. In the instance of a loss, earnings shall be retained to make up for the loss.

The annual profit characterized in the preceding paragraph refers to the pre-tax profit of the year before deducting employee benefits and director remuneration.

Employee remuneration shall be provided in the form of shares or cash. The method, cash amount, and share amount shall be passed by majority vote in a Board of Director's Meeting with more than two-thirds attendance, and presented in a General Shareholders' Meeting.

Director remuneration (incl. Independent Directors) shall be provided in the form of cash. The issuance ratio shall be proposed by the Remuneration Committee, passed by majority vote in a Board of Director's Meeting with more than two-thirds attendance, and presented in a General Shareholders' Meeting.

Employees who are entitled to employees' additional compensation are those officially hired by the Company with labor insurance and benefits and the employees of subsidiaries under certain conditions. Temporary employees and probationary employees are not included.

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

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

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

1. Distribution of employee cash bonuses, stock bonuses, and Director compensation: The Board of Directors has resolved to distribute a bonus of NT\$61,831,578 to the employees and compensation of NT\$0 to directors in cash.
2. Proposed distribution of employee stock bonuses and the proportion of net profit after tax and total employee bonuses: None

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

Unit: NTD

Employees' Profit-sharing Bonus		Directors' Compensation	Note
Share Dividends	Cash Dividends		
0	50,818,451	0	Same as 2023 Financial Statements

**3.6 Share Repurchase:**

Apr 10<sup>th</sup>, 2025

Repurchase no.	Fourth times
Purpose of repurchase	Transfer to employees
Type of shares repurchased	Common shares
Ceiling on total amount of shares repurchased (NT\$)	NT\$17,068,109,900
Scheduled repurchase period	April 11 <sup>th</sup> , 2025 to June 9 <sup>th</sup> , 2025
Number of shares intended to be repurchased	4,000,000 shares
Repurchase price range	NT\$180 per share to NT\$245 per share
Types and numbers of shares bought back	-
Amount of shares bought back (NT\$)	-
Ratio of the number of shares already repurchased to the number of shares intended to be repurchased (%)	-

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

**3.8 Preferred Stocks: None**

**3.9 Global Depository Receipts: None**

**3.10 Employee Stock Option: None**

### 3.11 Employee Restricted Stock Awards:

#### 3.11.1 Employee Restricted Stock Awards:

Apr 10<sup>th</sup>, 2025

Type of Employee Restricted Stock Awards	2020 Employee Restricted Stock Awards		2023 Employee Restricted Stock Awards			
Effective date of declaration and the total number of shares	May 11 <sup>th</sup> , 2020 2,500,000 shares		July 27 <sup>th</sup> , 2023 5,000,000 shares			
Issuance date	Jun 2 <sup>nd</sup> , 2020	Dec 1 <sup>st</sup> , 2020	Sep 26 <sup>th</sup> , 2023	Apr 30 <sup>th</sup> , 2024	Aug 30 <sup>th</sup> , 2024	Nov 11 <sup>th</sup> , 2024
Issuance shares of employee restricted stock awards	2,190,000 shares	50,000 shares	2,487,000 shares	560,000 shares	170,000 shares	200,000 shares
Number of new shares for restricted employee stock	-	-	2,513,000 shares	2,013,000 shares	1,843,000 shares	1,643,000 shares
Issuance price	Free		Free			
The ratio of issued shares of employee restricted stock awards to the total number of issued shares	0.84%		1.29%			
Vesting conditions of employee restricted stock awards	<p>Subject to the actual issuance plan, the granted employees shall achieve the performance goals which are agreed by both parties. The award of Restricted Stock shall vest at a maximum rate of:</p> <p>5-year plan: 2nd anniversary - 25%, 3rd anniversary - 25%, 4th anniversary - 25% and 5th anniversary - 25%.</p> <p>3-year plan: 2nd anniversary - 50%, and 3rd anniversary - 50%.</p>		<p>Granted employees shall have no violation on any terms of the Company's employment agreement, employee handbook, or policies during the vesting period and shall achieve the performance goals which are agreed by both parties and Company goals. The personal performance shall be rated as meet expectation, and the Company's Earning Before Tax (EBT) of the Consolidated is not negative for the fiscal year prior to the vesting or EBITDA of the Consolidated for the fiscal year prior to the vesting is higher than the year proceeding. The award of Restricted Stock shall vest at a maximum rate of:</p> <p>(1) 5-year plan: 1st anniversary – 20%, 2nd anniversary – 20%, 3rd anniversary – 20%, 4th anniversary – 20% and 5th anniversary – 20%.</p> <p>(2) 3-year plan: 1st anniversary – 33%, 2nd anniversary – 33%, and 3rd anniversary – 34%.</p>			
Restriction of rights on employee restricted stock awards	<p>Exception to inheritance, the granted employees cannot sell, pledge, transfer, endow, collateralize or dispose of the restricted stock awards.</p> <p>The rights to vote at shareholders' meeting, and right of distribution of shares/dividends and preemptive rights of shareholders: the same as other common stocks of the company.</p>		<p>(1) Except for inheritance, the restricted rights may not be sold, pledged, transferred, gifted to another person, used to create any encumbrance or otherwise dispose of.</p> <p>(2) Restricted employee shares must be delivered to the trust for safekeeping immediately. And before the vested conditions are fulfilled, the employee shall not request the trustee to return the new shares with restricted employee rights for any reason or in any way.</p> <p>(3) All the attending rights, proposal rights, motion rights, speech rights, voting rights and any other shareholder rights are the same as the issued ordinary shares of the Company and shall be exercised in accordance with the trust agreement.</p>			

Type of Employee Restricted Stock Awards	2020 Employee Restricted Stock Awards		2023 Employee Restricted Stock Awards			
			<p>(4) The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or indirectly, from and cash distributed based on such unvested RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests (collectively, the “Restricted Share and Cash Distribution”). For the avoidance of doubt, for the purpose of these measures, the unvested RSAs shall include all the corresponding Restricted Share and Cash Distribution, which are subject to the same restrictions and thus unvested.</p> <p>(5) Other rights are the same as the issued ordinary shares of the Company and shall be exercised in accordance with the trust agreement.</p>			
Custody of employee restricted stock awards	The restricted stock awards shall be kept in custody with the custodian bank before they become vested.					
The treatment for the employee restricted stock awards, of which the grantees fail to meet the vesting conditions	The Company shall buyback such shares at the gratis and cancel the shares.					
Number of employee restricted stock awards that have been bought back	362,500 Shares	50,000 Shares	32,000 Shares	30,000 Shares	-	-
Number of vested employee restricted stock awards	1,623,750 Shares	-	672,900 Shares		-	-
Number of unvested employee restricted stock awards	203,750 Shares	-	1,782,100 Shares	530,000 Shares	170,000 Shares	200,000 Shares
The ratio of number of unvested employee restricted stock awards to the total number of issued shares (%)	0.08%	-	0.67%	0.20%	0.06%	0.08%
The impact on shareholders' equity	The ratio of number of unvested employees restricted stock awards to the total number of issued shares is 0.08%, which has no significant impact on the dilution of the shareholdings.		The ratio of number of unvested employees restricted stock awards to the total number of issued shares is 1.01%, which has no significant impact on the dilution of the shareholdings.			

Note: The “total number of issued shares” as of April 10<sup>th</sup>, 2025 mentioned in the above table is referred to as the number of shares listed in the Change Registration Information of the Ministry of Economic Affairs, which currently is 265,813,812 shares.

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

April 10<sup>th</sup>, 2025; Unit: shares, %, NTS

	Title	Name	Number of Employee Restricted Stock Awards Granted	The Ratio of Number of Employee Restricted Stock Awards Granted to the Total Number of Issued Shares	Vested Employee Restricted Stock Awards			Unvested Employee Restricted Stock Awards				
					Number of Vested Employee Restricted Stock Awards	Issuance Price	Total Issuance Amount	The Ratio of Number of Vested Employee Restricted Stock Awards to the Total Number of Issued Share	Number of Unvested Employee Restricted Stock Awards	Issuance Price	Total Issuance Amount	The Ratio of Number of Unvested Employee Restricted Stock Awards to the Total Number of Issued Shares
Officers	CEO	Petar Antonov Vazharov	3,492,000	1.31	1,457,400	-	-	0.55	2,006,100	-	-	0.75
	Deputy General Manager of Strategy and Finance	Bjartur Shen										
	CFO	Eeling Chan										
	CIO	Gwen Hsieh										
	Vice President of Research and Development	Manish Chawla										
	Chief Operations Officer	Vamsi Kiran Kosaraju (Note 2)										
	Vice President of Legal and Compliance	Edin Buljbasic										
	APAC Chief Commercial Officer	Valerie Lau (Note 3)										
	Vice President of Business Development	Prashant Mohan Godse (Note 4)										
	Vice President of Operations and Supply Chain	Yingming Yue (Note 5)										
	Country Manager	Stanley Gu (Note 6)										
Employees	Director	Justin Lee	710,000	0.27	325,250	-	-	0.12	384,750	-	-	0.14
	Director	Snaevar Vidisson										
	Director	HK Lim										
	Director	Julia Lin										
	Director	Ella Tsai										
	Director	Sydney Kin										
	Director	Ryan Koh										
	Director	Sascha Knell										
	Director	Fiona Lei										
	Director	Boris Strashilov										

Note 1: The "total number of issued shares" as of April 10<sup>th</sup>, 2025 mentioned in the above table is referred to as the number of shares listed in the Change Registration Information of the Ministry of Economic Affairs, which currently is 265,813,812 shares.

Note2: Vamsi Kiran Kosaraju assumed the position of Chief Operations Officer on November 8<sup>th</sup>, 2024.

Note3: APAC Chief Commercial Officer of Valerie Lau on board on February 15<sup>th</sup>, 2024.

Note4: Vice President of Business Development of Prashant Mohan Godse on board on April 1<sup>st</sup>, 2024.

Note5: Yingming Yue stepped down from the position of Vice President of Operations and Supply Chain on November 8<sup>th</sup>, 2024.

Note6: Country Manager of Taiwan Commercial of Stanley Gu resign on December 31<sup>st</sup>, 2024.

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

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

## IV. Operational Highlights

### 4.1 Business Activities

#### 4.1.1 Business Scope

##### 1. Main business scope

The Company is primarily involved in the manufacture of generic pharmaceuticals. In recent years, the Company has actively expanded into global export markets with a keen focus on the development of complex generics. Company products are currently sold in Taiwan, South Korea, the United States, China, Japan, Europe, and several Southeast Asian countries. According to the Company's registration form, main business operations include:

- (1) Drugs and Medicines Manufacturing
- (2) Retail Sale of Drugs and Medicines
- (3) Retail sale of Medical Equipment
- (4) International Trade
- (5) Cosmetics Ingredients Manufacturing
- (6) Wholesale of Food and Grocery
- (7) Wholesale of Cosmetics
- (8) Retail sale of Food and Grocery
- (9) Other Consultancy
- (10) Biotechnology Services
- (11) All business items that are not prohibited or restricted by law, except those that are subject to special approval

##### 2. Percent of business

Unit: NTD in thousands

	2024	
	Amount	Percent of Consolidated Revenue
Sale of goods	18,285,191	98%
Out-licensing of IP rights	169,805	1%
Services and others	129,231	1%
Total	18,584,227	100%

##### 3. Current products

Lotus Pharmaceutical Co., Ltd. focuses on the commercialization of pharmaceuticals, dedicated to providing patients with better, safer, and more accessible medications. The company possesses a top-tier research and manufacturing platform recognized in Asia and has established partnerships in global markets including the United States, Europe, Japan, China, and Brazil. Lotus engages in over 100 strategic pharmaceutical projects worldwide, comprising over 250 commercialized products. Through internal research investment and collaborative licensing, the company invests in high-threshold oncology drugs, difficult generic drugs, 505(b)(2), and strategically expands through mergers and acquisitions of branded drugs, licensing of internationally renowned new active ingredients, and biosimilars, forming a diverse and rich product portfolio to address unmet medical needs of patients globally.

#### 4. New products in development

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

#### 4.1.2 Industry Overview

##### 1. Current status and development of the global pharmaceutical Market

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

In 2023, the global pharmaceutical market was valued at approximately \$1.56 trillion USD, reflecting a compound annual growth rate (CAGR) of 5.1% from 2018 to 2023. Projections indicate that the market will reach around \$2.36 trillion USD by 2030, with a CAGR of 6.12% from 2023 to 2030.

Advanced markets continue to dominate, generating approximately \$1.14 trillion USD in sales in 2023, accounting for 73% of the global market. The top ten advanced countries—including the United States, Germany, France, the United Kingdom, Italy, Spain, Japan, Canada, Australia, and South Korea—collectively contributed around \$1.02 trillion USD, representing 65% of the global pharmaceutical market.

Emerging markets have also demonstrated strong growth, reaching approximately \$420 billion USD in 2023, with a projected CAGR of 5-8% from 2023 to 2027. Meanwhile, low-income countries contributed about \$26 billion USD in 2023, with an expected CAGR of 4.5-7.5% over the same period.

Among therapeutic areas, oncology, immunosuppressants, and antidiabetic drugs are expected to lead market growth in the coming years. The oncology sector, in particular, is projected to reach \$409 billion USD by 2028, fueled by increasing demand for patented treatments, innovative therapies, and a rising global cancer burden.

#### 2027 Global Pharmaceutical Market by Therapeutic Area

Unit: US\$ billion; %

Therapeutic Area	Forecast Sales for 2027	2023~2027 CAGR
Oncologics	377	13~16
Immunosuppressants	177	3~6
Anti-diabetics	168	3~6
Cardiovascular	126	1~4
Respiratory	92	3~6
Central Nervous System	81	2~5
Infectious diseases	74	2~5
GU sexual health	58	2~5
GI products	52	3~6
Mental health	48	0~3

Source: 2023 Biotechnology Industry in Taiwan; Global Use of Medicines 2023 : Outlook to 2027, IQVIA, Jan 2023.

Beyond branded specialty drugs, the generic pharmaceutical industry is also poised for substantial growth. As patents for numerous blockbuster drugs continue to expire, there is an increasing push for generic alternatives to reduce healthcare costs. In fact, the global generic drug market was valued at approximately \$361.7 billion USD in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 8.3%, reaching an estimated \$682.9 billion USD by 2030. Governments worldwide are implementing pro-generic policies, including expedited approvals, pricing incentives, and substitution mandates, to promote the accessibility of cost-effective treatments. This trend is particularly evident in mature markets like the United States and Europe, where healthcare payers and policymakers emphasize value-based care and drug affordability.

In Southeast Asia (SEA), the generic pharmaceutical market is also expanding significantly. The region is witnessing an increase in demand for affordable medicines due to factors such as growing populations, rising prevalence of chronic diseases, and improving healthcare infrastructure. The SEA generic drug market is currently valued at around \$10 billion USD and is expected to grow at a strong CAGR of 8-10% over the next decade. Countries like India, Indonesia, and the Philippines are key players in the SEA generics market, benefiting from large-scale manufacturing, cost-competitive pricing, and strategic investments in local pharmaceutical production. Additionally, government policies promoting the use of generics to manage healthcare expenditure are becoming more prevalent across SEA countries.

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

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

### (1) Upstream:

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

### (2) Midstream:

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

### (3) Downstream:

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

## 3. Product development trends and competition

### (1) Product development trend

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

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

### (2) Status of competing products

In recent years, our company has transitioned from being a local pharmaceutical manufacturer in Taiwan to becoming an internationally diversified comprehensive pharmaceutical company. This transformation is in response to the various policy interventions regarding drug pricing implemented by governments worldwide. Unlike companies focusing solely on the generic drug market after patent expiration or vertically integrated generic drug conglomerates such as Sandoz, Teva, and Mylan, Lotus Pharmaceutical Co., Ltd. (Lotus Pharma) focuses on the research, development, manufacturing, and sales of niche generic drugs and generic drugs for cancer treatment.

Furthermore, leveraging our strong business development capabilities, we engage in mergers and acquisitions of branded drugs, licensing of internationally renowned branded drugs, 505(b)(2) applications, biosimilars, and new active ingredients to introduce into the Asian market. This diverse product portfolio enhances our competitiveness. Since 2009, our company has successfully passed multiple GMP

inspections conducted by regulatory authorities including the Taiwan Food and Drug Administration (TFDA) (in compliance with PIC/S standards), the U.S. Food and Drug Administration (FDA), the European Medicines Agency (EMA), the Pharmaceuticals and Medical Devices Agency of Japan (PMDA), the China Food and Drug Administration (CFDA), and the Brazilian Health Regulatory Agency (ANVISA), demonstrating our high level of competitive advantage.

#### 4.1.3 Research and Development

##### 1. Developments in technology and research:

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

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

Unit: NTD in thousands

Item \ Year	2020	2021	2022	2023	2024
R&D expenses	505,379	595,925	520,449	720,826	773,894
Net operating income	10,728,583	12,649,189	14,632,772	16,957,971	18,584,227
R&D expenses as a percentage of net revenue	4.71%	4.71%	3.56%	4.25%	4.16%

##### 3. Technologies or products successfully developed in recent years:

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

In 2024, we have gain approval of Nintedanib for the treatment of idiopathic pulmonary fibrosis and non-small cell lung cancer in EU countries, Enzalutamide for the treatment of prostate cancer in UK and Tofacitinib for the treatment of severe inflammatory conditions in Canada.

In summary, in the fiscal year 2024, our company obtained a total of 67 drug approvals globally, with 31 new products successfully launched.

#### 4.1.4 Long-Term and Short-Term Business Development Plan

##### 1. Short-term development plan:

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

##### 2. Medium and long-term development plan:

We focus on niche advantages, specializing in the research and development of challenging generic drugs. Through collaborations with international pharmaceutical companies, we enrich our product portfolio by licensing renowned international medications, thereby enhancing our market competitiveness.

## 4.2 Market and Sales Overview

### 4.2.1 Market Analysis

#### 1. Sales regions of major products

Units: NTD in thousands

Year	2023		2024	
Region	Amount	Percentage (%)	Amount	Percentage (%)
USA	6,814,802	40	7,767,542	42
Korea	5,586,521	33	5,712,119	31
Taiwan	2,412,754	14	2,516,049	13
Others	2,143,894	13	2,588,517	14
Total	16,957,971	100	18,584,227	100

#### 2. Market Shares

Our pharmaceutical sales business operates through two key platforms: the Asia-Pacific market and the global export market beyond Asia. In addition to strengthening our product portfolio, we actively develop new products and secure licensing agreements for internationally recognized medications to enhance accessibility. Our Korean subsidiary continues to lead the weight management drug market in Korea.

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

#### 3. Supply and demand outlook growth opportunities

In 2023, the global pharmaceutical market was valued at approximately \$1.56 trillion USD, projections indicate that the market will reach around \$2.36 trillion USD by 2030. This growth is driven by key factors such as rising healthcare costs, demographic shifts, and increased investment in preventive medicine.

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

To address these evolving healthcare needs, Lotus Pharmaceutical Co., Ltd. continues to expand its portfolio of complex generic drugs and oncology immunotherapy treatments. The global demand for high-quality yet affordable medicines is growing, particularly in emerging markets, making generic and specialty drugs increasingly vital to healthcare systems.

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

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

#### 4. Advantages, disadvantages, and countermeasures

##### (1) Advantages

- (A) Global Aging Population and Improved Living Standards, Growth of Global Pharmaceutical Market
- (B) Government Support for Pharmaceutical Industry Development and Favorable Development Environment
- (C) Product Focus on High-Technology Threshold Generic Drugs
- (D) High Standard Production Technology

##### Response Strategy:

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

##### (2) Disadvantage and countermeasures

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

##### Response Strategy:

Lotus Pharmaceutical Co., Ltd. has highly experienced R&D personnel with over 10 years of experience, including R&D leadership with over 20 years of international pharmaceutical industry experience. This wealth of industry experience is crucial for topic selection, analysis, and API selection. Lotus Pharma employs advantageous topic selection strategies tailored to different markets, particularly focusing on cultivating export markets, which will effectively increase profit margins in the long term.

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

##### Response Strategy:

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

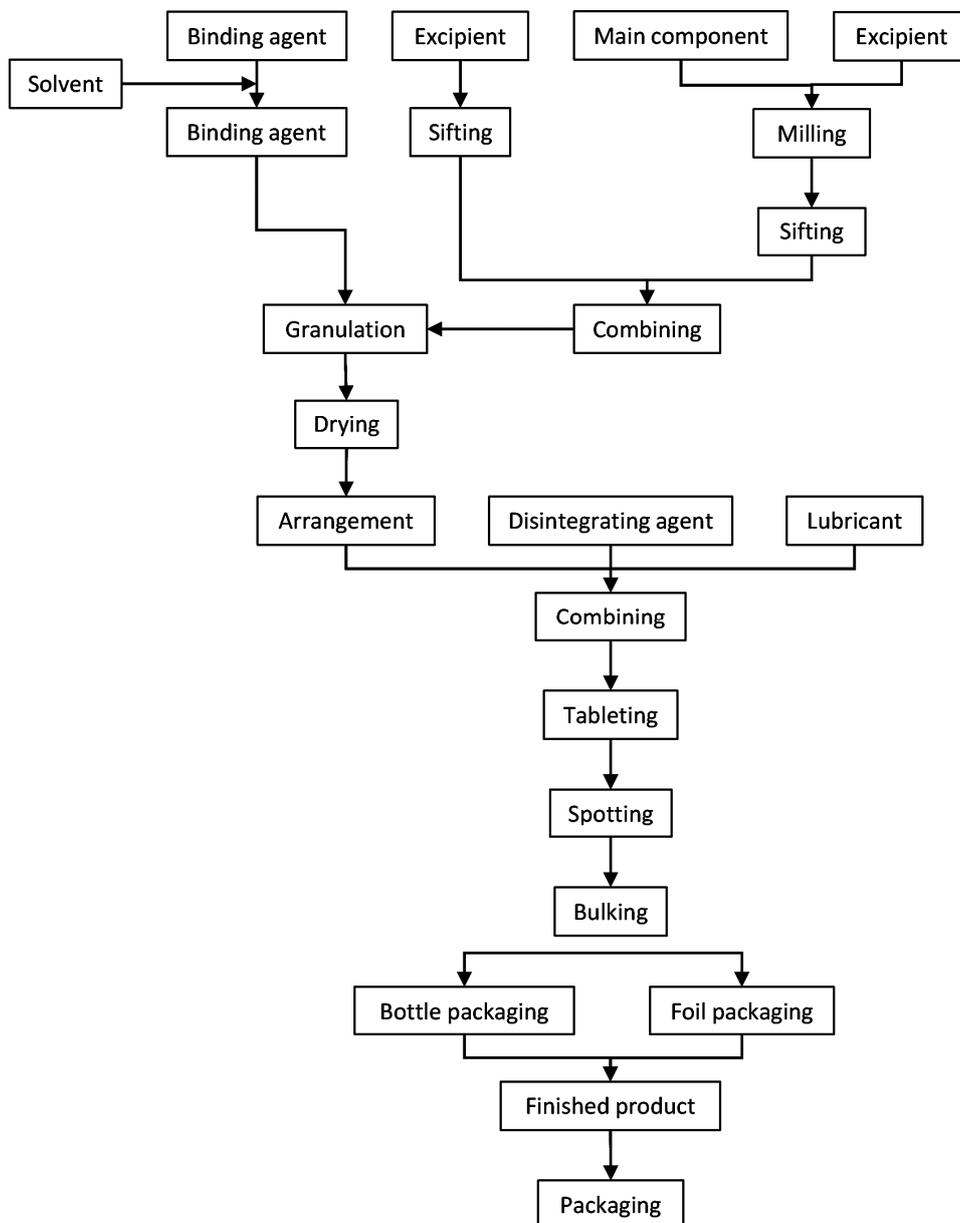
To circumvent originator patent barriers and mitigate the risk of patent invalidity claims, thorough patent avoidance analysis and strategic litigation planning are essential. These cornerstones enable specialty generic drug manufacturers to achieve a swift and competitive market entry.

## 4.2.2 Applications and Manufacturing Process of Major Products

### 1. Purpose of major products

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

### 2. Manufacturing process of main products



### 4.2.3 Supply of Major Raw Materials :

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

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

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

Unit: NTD in thousands

Item	2023				2024			
	Name	Amount	Percentage of Total Purchase (%)	Relationship	Name	Amount	Percentage of Total Purchase (%)	Relationship
1	Company A	849,224	11	-	Company C	1,180,676	16	-
2	Company B	782,247	10	-	Company A	701,720	10	-
3	Others	6,303,279	79	-	Others	5,355,501	74	-
-	Net Purchase	7,934,750	100	-	Net Purchase	7,237,897	100	-

Note : As of the date of this Annual Report, the financial statements of the first quarter of 2025 have not been reviewed by the Accountant.

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

Unit: NTD in thousands

Item	2023				2024			
	Name	Amount	Percentage of Total Sales (%)	Relationship	Name	Amount	Percentage of Total Sales (%)	Relationship
1	Company D	6,796,469	40	Related parties	Company D	7,754,627	42	Related parties
2	Others	10,161,502	60	-	Company E	2,056,656	11	-
3	-	-	-	-	Others	8,772,944	47	-
-	Net Sales	16,957,971	100	-	Net Sales	18,584,227	100	-

Note : As of the date of this Annual Report, the financial statements of the first quarter of 2025 have not been reviewed by the Accountant.

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

Unit: persons

Year		2023	2024	As of April 10 <sup>th</sup> , 2025
Employee numbers	Research and development	323	312	321
	Administration	168	206	205
	Manufacturing	502	595	606
	Sales	413	496	499
	Total	1,406	1,609	1,631
Average age		38.93	40.76	40.64
Average years of service		4.88	5.28	5.07
Education level distribution	Postgraduate	21	20	20
	Graduate	404	456	483
	Undergraduate	861	1,005	1,005
	High school	117	124	119
	Middle school or lower	3	4	4

**4.4 Expenditures on Environmental Protection**

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

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

**4.4.2 Future Responses and Possible Expenditures:**

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

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

The Company does not use RoHS substances.

**4.5 Labor-Management Relations**

**4.5.1 Employee Benefits**

The Company embraces a corporate culture of humanistic management and implements a number of welfare measures. Therefore, in an atmosphere of mutual care and co-creation, the Company maintains a harmonious relationship with its employees. The success of a company depends on the commitment of its talents. Therefore, the Company pays special

attention to the concepts and practice of talent cultivation and management. It respects individuals, affirms their achievements, and provides a fair working environment that maximizes individual potential and ensures that employees enjoy a sense of achievement, confidence, and satisfaction in their work. The Company's employee welfare and retirement measures, their implementation, employer-employee agreements, and protection of workers' rights are as follows:

1. Employee welfare measures:

- (1) Facilities: The company provides free coffee and tea, parking lots, transportation bus, cafeteria, and breastfeeding room for employees.
- (2) Subsidy: Hold Company Day every year to inspire morales, and provide funds for launching after-work activities to improve personal relationship among employees.
- (3) Additional welfare measures: The Company has established an Employee Welfare Committee that regularly organizes employee trips and hiking activities. The Company also provides birthday gifts, New Year vouchers, and wedding and funeral allowances. Employee events are also organized on an occasional basis.
- (4) Health care and insurance welfare: The Company provides annual employee health examinations, safety and hygiene lectures, and health examination plans for colleagues and dependents with health examination institutions and health care consultations. The Company pays attention to employee protection. In addition to insuring employees by law, such as labor insurance, national health insurance, and other social insurance, the Company also insures group insurance, such as accident insurance and hospitalization medical insurance, and provides emergency relief funds.
- (5) Alvogen Korea Co., Ltd. has established a Workers' Union in accordance with local laws and regulations.

2. Employee training and implementation:

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

(1) Employee training:

Item	Number of Classes	Number of Participants	Total Hours	Total Cost
New employee training	4,786	9,464	11,772	30,382.2
Professional competency training	285	9,006	18,300.5	64,106.5
Supervisor training	21	269	1,632	112,885.1
Self-development training	240	894	3,418	70,517.7
Total	5,332	19,633	35,123	277,892

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

A. International internal audit qualifications: 2 at Lotus

B. Pharmacist certificate: 15 at Lotus

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

D. Lawyer license :1 at Lotus

### 3. Retirement system and implementation

The retirement system is handled in accordance with the Labor Standards Act and Labor Pension Act. For workers covered under the old Labor Retirement Reserve Fund labor pension scheme, we allocate 2% of our employees' monthly salaries for deposit into a designated Bank of Taiwan (previously the Central Trust of China) account set up under the company name, As of March 31<sup>st</sup>, 2025 which has currently accumulated a total of NT\$17,293 thousand. For workers covered under the new pension system, we allocate 6% of our employees' monthly salaries based on their contribution classification for deposit into designated personal accounts set up with the Bureau of Labor; a total of NT\$30,496 thousand was allocated in 2024.

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

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

#### **4.5.2 Losses Incurred by Labor Disputes in Recent Years as of the Date of this Annual Report (including potential disputes and appropriate countermeasures): None**

## **4.6 Information Security Management**

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

#### 1. Information security risk management architecture:

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

characteristics in real-time. It can be blocked viruses, ransomware, and malicious programs in files in real-time, effectively reducing the risk of damage caused by hacker attacks.

## 2. Information security policy:

- (1) To ensure the security of data, systems, equipment, and network communications, the user's company focuses on blocking external intrusion and damage.
- (2) Ensuring that access permissions to system information accounts and system changes are authorized through company-prescribed procedures is essential.
- (3) Implement destruction procedures; discarded computer storage media should be destroyed to prevent accidental exposure and data leakage.
- (4) Monitor the security status and activity logs of information systems to effectively manage and handle information security incidents.
- (5) Maintain the availability and integrity of data and systems; in the event of a disaster or damage, restore normal operations.

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

## 3. Specific management plans and resources invested in information ty management:

The company regularly reviews internal information security specifications, establishes a security risk management framework for data communication, plans data communication security promotion, considers data communication security policies and objectives when allocating relevant resources, and provides the establishment, implementation, maintenance, and continuous improvement of data communication security. Maintain the resources required for the program. To reduce the risk loss and compensation liability caused by business interruption, in order to strengthen the cybersecurity protection capability, vulnerability scanning and penetration testing are conducted half-annually, analyze the internal risk level according to the asset value, weakness, threat, and influence, and formulate security measures to strengthen the project based on the risk assessment results to ensure and improve enhance overall cybersecurity environment.

To address the increasingly diverse and complex cyberattacks, our company has established a firewall replacement project which started in the end of 2023 and finished in the middle of 2024. This project involves replacing the traditional firewall (Cisco ASA) with a next-generation firewall (Fortinet). In addition to standard firewall functionality, the next-generation firewall equipment also includes additional features such as intrusion prevention, malware protection, and more, effectively enhancing the overall quality of cybersecurity.

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

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

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

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

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

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

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

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

#### 4.7 Material Contracts

	Contract Type	Contract Parties	Term of Agreement	Main Purpose	Restrictions
1	Distribution Agreement	Alvogen Korea Co., Ltd. and Roche Korea	2013/09/10 ~	Distribution	N/A
2	Distribution Agreement	Alvogen Korea Co., Ltd. and Astrazeneca Korea Ltd.	2016/10/01 ~	Distribution	N/A
3	Distribution Agreement	Alvogen Korea Holdings Ltd.	2017/04/02 ~	Distribution	N/A
4	Distribution Agreement	Alvogen Group Inc.	2019/01/10 ~	Distribution	N/A
5	Settlement Agreement	Alvogen Pine Brook LLC and Celgene	2019/03/19	REVLIMID® product rights	N/A
6	Distribution Agreement	Alvogen Korea Co., Ltd. and Chong Kun Dang	2019/06/26 ~	Sales	N/A
7	Distribution Agreement	Alvogen Korea Co., Ltd. and Chong Kun Dang	2019/10/29 ~ 2024/12/31	Sales	N/A
8	Share Subscription Agreement	Innobic LL Holding Co., Ltd.	2021/04/16 ~	Investment	N/A
9	Distribution Agreement	Fuji Pharma Co. LTD	2021/06/30~ 2031/06/29	Distribution	N/A
10	Agreement for the Acquisition of Certain Assets	Eli Lilly and Company	2021/07/30 ~	Product rights	N/A
11	Distribution agreement	Eli Lilly Export S.A.	2021/07/30 ~ 2023/7/29	Sales	N/A
12	Agreement for the Acquisition of Certain Assets	Eli Lilly and Company	2022/03/22 ~	Product rights	N/A
13	Distribution agreement	Eli Lilly Export S.A.	2022/03/22 ~	Sales	N/A
14	Distribution Agreement	Lotus International Pte. Ltd.	2022/09/27 ~	Distribution	N/A
15	Agreement for the Acquisition of Certain Assets	Eli Lilly and Company	2022/12/13 ~	Product rights	N/A
16	Distribution agreement	Eli Lilly Export S.A.	2022/12/19 ~	Sales	N/A
17	License Agreement	Unicycive Therapeutics Inc.	2023/2/1~	Product rights	N/A
18	Settlement Agreement	Novartis Pharmaceuticals Corporation	2023/12/08~	Midostaurin product rights	N/A
19	Distribution Agreement	Fuji Pharma Co., Ltd.,	2024/01/24~	Distribution	N/A
20	Loan	Alvogen Korea Holdings Ltd. and Shinhan Bank and Korea Investment & Securities Co., Ltd.	2021/03/05~ 2023/10/31	Loan	N/A
21	Loan	Citibank Taiwan Limited, Far Eastern International Bank and CTBC Bank Co., Ltd.	2022/06/24~ 2023/05/29	Loan	N/A
22	Guarantee	Far Eastern International Bank	2022/06/24~ 2023/05/29	Guarantee	N/A

	Contract Type	Contract Parties	Term of Agreement	Main Purpose	Restrictions
23	Loan	Citibank Taiwan Limited, China Trust Commercial Bank and Mizuho Bank Co., Ltd.	2023/01/18~ 2023/05/29	Loan	N/A
24	Loan	China Trust Commercial Bank	2023/05/19~ 2023/10/16	Loan	N/A
25	Loan	China Trust Commercial Bank Co., Ltd. coordinates and the United Loan Bank Group	2023/09/27~	Loan	N/A
26	Guarantee	China Trust Commercial Bank	2023/09/27~	Guarantee	N/A
27	Loan	Alvogen Korea Co., Ltd. and Shinhan Bank and Korea Investment & Securities Co., Ltd.	2023/10/18~	Loan	N/A
28	Share Purchase Agreement	Actavis Holding Asia B.V. Actavis Group Pts Ehf Actavis Dutch Holdings B.V. Teva Pharma (Thailand) Co. Ltd.	2024/06/06~	Share aquisition	N/A
29	Asset Purchase	Sanofi Vietnam Shareholding Company	2024/09/06~	Asset aquisition	N/A

## V. Financial Status, Operating Results, and Risk Management

### 5.1 Financial Status

Unit: NTD in thousands

Item	Year	2023	2024	Difference	
				Amount	%
Current assets		12,652,873	18,098,279	5,445,406	43
Financial asset at fair value through profit or loss – non-current		2,584,701	3,188,859	604,158	23
Financial assets at fair value through other comprehensive income – non-current		463,611	405,177	(58,434)	(13)
Property, plant and equipment		3,257,798	3,395,360	137,562	4
Right-of-use assets		253,419	270,971	17,552	7
Goodwill		5,669,621	6,126,521	456,900	8
Other intangible assets		7,364,995	7,838,085	473,090	6
Deferred tax assets		411,687	486,423	74,736	18
Other non-current assets		332,884	291,468	(41,416)	(12)
Total assets		32,991,589	40,101,143	7,109,554	22
Current liabilities		4,524,277	8,438,124	3,913,847	87
Long-term borrowings		9,519,386	8,383,528	(1,135,858)	(12)
Deferred tax liabilities		721,199	1,092,749	371,550	52
Other non-current liabilities		893,092	1,006,316	113,224	13
Total liabilities		15,657,954	18,920,717	3,262,763	21
Share capital		2,649,583	2,658,583	9,000	-
Capital surplus		7,130,549	7,430,959	300,410	4
Retained earnings		8,900,089	12,660,106	3,760,017	42
Other equity		(1,295,489)	(1,520,836)	(225,347)	17
Treasury shares		(51,097)	(48,386)	2,711	(5)
Total equity		17,333,635	21,180,426	3,846,791	22

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

- (1) Current assets: Mainly due to the increase in cash.
- (2) Financial asset at fair value through profit or loss – non-current: Mainly due to the valuation gains on FVTPL.
- (3) Current liabilities: Mainly due to the increase in short-term borrowings and current portion of long-term borrowings.
- (4) Deferred tax liabilities: Mainly due to the increase of deferred income tax related to the capitalization of R&D expenses and FVTPL.
- (5) Retained earnings: Mainly due to the increase in profit.

## 5.2 Financial Performance

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

Unit: NTD in thousands

Item \ Year	2023	2024	Increase (decrease) Amount	Increase (decrease) Percentage (%)
Operating income	16,957,971	18,584,227	1,626,256	10
Operating costs	7,574,159	7,660,151	85,992	1
Operating gross profit	9,383,812	10,924,076	1,540,264	16
Operating expenses	4,480,870	4,904,097	423,227	9
Operating profit	4,902,942	6,019,979	1,117,037	23
Non-operating income and expenditure	199,983	339,599	139,616	70
Net profit before tax	5,102,925	6,359,578	1,256,653	25
Income tax (cost) interest	(997,299)	(1,294,068)	(296,769)	30
Net profit after tax	4,105,626	5,065,510	959,884	23
<p>Analysis of items that have increased or decreased (by over 20% in percentage and by over NT\$10,000,000 in amount) in the most recent two years:</p> <p>(1) Operating profit: Mainly due to the increase in revenues from Lenalidomide.</p> <p>(2) Non-operating income and expenditure: Mainly due to the increase in interest income and the decrease in losses from early repayment of loans.</p> <p>(3) Net profit before tax, Net profit after tax and Income tax cost: Mainly due to the increase in revenue and profit through a diversified product portfolio.</p>				

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

#### 1. Projected sales volume in the following year and basis

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

#### 2. Potential impacts on future finances and countermeasures

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

## 5.3 Cash Flow

### 5.3.1 Cash Flow Analysis for the Most Recent Two Years:

	2023	2024	Increases (decrease) Percentage
Cash flow percentage (%)	35.67	72.94	104.49
Cash flow allowable percentage (%)	48.92	72.33	47.85
Cash reinvestment percentage (%)	5.30	32.44	512.08

The change in cash flow, allowable cash flow, cash reinvestment: It was caused by the increase in profit through a diversified product portfolio, increase of the money received from accounts receivable from related parties and increase in accounts payable, resulting in an increase in cash inflows from operating activities.

### 5.3.2 Liquidity Improvement Plan:

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

### 5.3.3 Cash Flow Analysis for the Following Year:

Cash Balance at the Beginning of the Period (1)	Estimated Annual Cash Inflow from Operating Activities (2)	Estimated Annual Cash Outflow (3)	Estimated Cash Surplus (insufficiency) (1) + (2) - (3)	Remedial Measures for Estimating Insufficient Cash Balance	
				Fundraising Plan	Financial Plan
6.03 billion	6.19 billion	4.74 billion	7.48 billion	Not applicable	Not applicable

Analysis of changes in cash flow in the current year:

- Annual net cash flow from operating activities is primarily derived from operating activities. Cash flow was stable.
- Estimated annual cash outflow primarily derived from the repayment of long-term borrowings, payment of cash dividends and the acquisition of product right.
- In response to the company's strategic planning and business development, fundraising plans or financial planning may be carried out.

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

### 5.4.1 Major Capital Expenditures Estimated Use and Source of Funds:

Units: NTD in thousands

Project	Source of Funds	Complete Date	Total Amount
Site Master Plan & Upgrade	The Company's own capital and revenue	2024/12/31	287,000

### 5.4.2 Major Capital Expenditures Anticipated Benefits

Seizing global opportunities for oral oncology drugs and specialty generic drugs through the selection of niche drug candidates; a turnkey whole factory export business model; formulation research and development; global licensing; international registration of pharmaceuticals; Taiwanese manufacturing; and international sales.

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

### 5.5.1 The Company's Investment Policy

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

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

Dec 31<sup>st</sup>, 2024; Unit: NTD in thousand

Item	Description	Profits or Losses in 2024	Business Activities	Main Causes for Profits or Losses	Improvement Plans	Future Investment Plans
	Alvogen Korea Holdings Ltd.	350,978	Investment business	Investment business	None	None
	Alvogen Pharma India Pvt Ltd.	28,848	Investment business	Investment business	None	None
	Lotus International Pte.Ltd.	837,024	Investment business and drug distribution	Investment business	None	None
	Alvogen (Thailand) Ltd.	41,789	Distribution of medical and chemical drugs	Sales business	None	None
	Lotus Support Services SRL	3,965	Service of medical and regulatory affairs	Medical and regulatory affairs	None	None
	Lotus Alvogen Malta Ltd.	149	Distribution of medical and chemical drugs and other consultant services	Expansion business	None	None
	Lotus Pharmaceutical, HK Ltd.	(9,478)	Data collection and agency business in Hong Kong	Impairment loss on intangible assets	Monitor continuously	None
	Lotus Pharmaceutical (Shanghai) Health Management Consulting Limited	1,092	Medical health management, trade information and market planning and business information	Medical technology consulting services	None	None
	Lotus Japan Holdings Co., Ltd.	10,696	Investment business	Investment business	None	None
	Avos Pharma Science Co., Ltd.	(4)	Biotechnology service, distribution of medical equipment and other consultant services	Operations in Taiwan	To decrease of expenses	None

Item \ Description	Profits or Losses in 2024	Business Activities	Main Causes for Profits or Losses	Improvement Plans	Future Investment Plans
Lotus Healthcare Malaysia Sdn. Bhd.	205	Sales business and other consultant services	Expansion business	None	None
Lotus Healthcare Philippines Corp.	(22,583)	Sales business and other consultant services	Expansion business	To decrease of expenses	None
Lotus Pharma Bulgaria EOOD	989,189	Sales business and other consultant services	Expansion business	None	None
Lotus Pharma ehf.	698	Sales business and other consultant services	Expansion business	None	None
Meishi Pharma Service Pte. Ltd.	-	Management and consultant services	Expansion business	None	None
Meishi Pharma Services Private Limited	(9,935)	Management and consultant services	Increase in the operating expenses at the early stage	To become the R&D center	None
Teva Pharma (Thailand) Co., Ltd.	16,831	Distribution of medical and chemical drugs	Sales business	None	None

## 5.6 Risk Management

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

Risk management execution and responsible units:

- (1) Financial risk, liquidity risk, credit risk: Financial and Accounting Department→General Manager's Office→Chairman's Office
- (2) Legal risk: Legal Affairs Department→General Manager's Office
- (3) Market risk, operational risk: Sales and Marketing Department/Manufacturing facility→General Manager's Office
- (4) R&D control risk: Research and Development Department→Manufacturing facility→General Manager's Office

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

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

The impact of changes in interest rates and exchange rates on the Company's profit and loss in 2024:

Units: NTD in thousands; %

Item	2024
Net interest income (expenditure)	(469,328)
Net exchange gain (loss)	168,112
Net interest income (expenditure) as a percentage of net revenue (%)	(2.53)

Item	2024
Net interest income (expenditure) as a percentage of pre-tax net loss (%)	(7.38)
Net exchange gain (loss) as a percentage of net revenue (%)	0.90
Net exchange gain (loss) as a percentage of pre-tax net loss (%)	2.64

1. Interest rate changes: The Company's 2024 and 2023 interest expenditure of its net revenues were -2.53% and -3.10%, respectively. It was mainly due to the increase in revenues. In the future, it plans to continue negotiating lending conditions and interest expenditure reductions with the lending institutions.
2. Changes in the exchange rate: In 2024, the Company listed the exchange gain amounting to NT\$168,112 thousand, which was 0.90% of its net revenue. Therefore, the impact of changes in the exchange rate was minimal. In the future, the Company will monitor foreign exchange fluctuations and evaluate the related influence continuously.
3. Inflation: Inflation had no significant impact on Company profits/losses. Nonetheless, the Company will continue to monitor inflation and adjust sales prices and inventories accordingly.
4. Countermeasures:
  - (1) The Company shall pay attention to trends in major currencies in the international currency market as well as non-economic international trends and changes to remain up-to-date on the latest exchange rates and adopt countermeasures in a timely manner. It shall take into account the risk imposed by changing interest rates during the quoting process and adjust sales prices accordingly to ensure profitability.
  - (2) The Company primarily pays for purchases in the same currency to automatically hedge risk.
  - (3) The Company shall regularly collect financial information and foreign exchange reports from financial institutions and consolidate the dates to determine foreign exchange and interest rate trends, and adjust foreign exchange and capital strategies as necessary.
  - (4) The Company shall monitor future trends and utilize a range of financial instruments in the capital market to reduce the cost of capital.

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

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

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

The R&D expenses excluding capitalization in 2025 is projected to be more than NTD \$1.16 billion. The main R&D direction is to continue to focus on manufacturing difficult generic drugs and expanding into highly regulated global markets. High value-added products shall be prioritized.

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

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

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

1. With the increasing emphasis on regimen and hygiene among the nation, the demand for biopharmaceuticals continues to rise. Additionally, due to rapid advancements in technology, our company continuously upgrades manufacturing facilities that comply with the standards of the U.S. Food and Drug Administration (FDA). We prioritize strict quality control, actively develop formulations, and optimize clinical trial designs to stay ahead of market demands as our operational goal.

2. Information security risk assessment and analysis:

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

Below are detailed explanations:

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

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

(2) Data access record and backup

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

### (3) Continuous operation of the information system

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

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

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

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

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

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

From the beginning of 2024 to the date of the Annual Report, we completed two strategic acquisitions: Teva Pharma Thailand and Alphachymotrypsine Choay®, a market-leading anti-inflammatory product in Vietnam and Cambodia. The successful integration of Teva Pharma Thailand has already delivered 185% YoY growth in the Thai market. These acquisitions mark a major step forward in our ambition to become a leading pharmaceutical powerhouse in the Asia-Pacific region.

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

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

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

1. Risk of inbound concentration: In recent years, the company has been continuously strengthening its product portfolio and enhancing the layout of independently developed products in target markets. Due to the localization of supply chains caused by the COVID-19 pandemic in various countries in recent years, the company has actively diversified the sources of raw material supply and strengthened supply chain management to accommodate its ongoing growth strategy. Therefore, the company's current operational status does not entail risks associated with centralized procurement.

2. Risk of sales concentration: In recent years, our company has embarked on a proactive transformation from a generic drug manufacturer to a hybrid drug manufacturer. This transformation includes acquiring branded drugs (such as Cialis and Alimta), obtaining licensing and sales rights for new molecular entities (such as Zepzelca), and introducing biosimilar drugs. These initiatives aim to achieve diversification in product sales, target markets, and sales partners, further reducing the risk associated with concentrated sales.

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

In July 2024, the Company's major shareholder, Alvogen Emerging Markets Holdings Limited (to be renamed Innobic Asia Investment Holding Limited), undertook an investment structure adjustment and transferred 9.99% of its shares to Aztiq Lotus S.A.R.L., a Luxembourg-based company. Following the transfer, its shareholding decreased to 31.05%. This change does not affect the Company's management control and has no material impact on its financial or business operations.

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

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

**5.6.12 Litigations and Non-Litigated Incidents:**

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

**5.6.13 Other Major Risks and Their Countermeasures: None**

**5.7 Additional Information: None**

## **VI. Special Notes**

### **6.1 Affiliated Businesses**

**6.1.1 Consolidated Statements of Operation of Affiliated Businesses & Business Relationship Report:** The information is available at the Market Observation Post System (MOPS)

(website: [https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10))

**6.1.2 Consolidated Financial Statements of Affiliated Business:** Please refer to page 3 in 2024 consolidated financial report of Lotus Group.

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

**6.3 Other Supplementary Notes:** None

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

**Lotus Pharmaceutical Co., Ltd.**

**Chairman: Vilhelm Róbert Wessman**