PHARMOSA

Stock Code: 6875

國邑藥品科技股份有限公司

Pharmosa Biopharm Inc.

2024

Annual Report

Notice to readers

For the convenience of readers and for information purpose only, the 2024 annual report has been translated into English from Chinese version prepared and used in the Republic of China. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Information Reporting Website URL: https://mops.twse.com.tw
Company Annual Report Disclosure Website URL:
https://www.pharmosa.com.tw/annual_reports

Publication Date: April 30, 2025

I. **Company Spokesperson and Deputy Spokesperson – Name, Title, Contact Number, and Email:**

Spokesperson: Pei Kan
Title: President
Contact Number: (02)2782-7561
Email: ir@pharmosa.com.tw
Deputy Spokesperson: Shu-Ping Yang
Title: Vice President of Finance & Accounting Division
Contact Number: (02)2782-7561
Email: ir@pharmosa.com.tw

II. **Head Office, Branch Offices, and Factory Addresses & Contact Numbers:**

Head Office: 11F & 11F-1, No. 508, Section 7, Zhongxiao East Road, Nangang District, Taipei City
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III. **Stock Transfer Agency – Name, Address, Website, and Contact Number:**

Name: Stock Affairs Agency Department, KGI Securities Co., Ltd.
Address: 5F, No. 2, Section 1, Chongqing South Road, Taipei City
Website: https://www.kgi.com.tw
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IV. **Name, Firm, Address, Website, and Contact Number of the CPA Auditing the Most Recent Annual Financial Report:**

CPA Names: Shu-Fen Yu, Yu-Fang Yen
Firm: PwC Taiwan
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Tel: (02)2729-6666

V. **Name of the Trading Venue for Overseas Listed Securities and How to Access Information on These Securities: None.**

VI. **Company Website:**https://www.pharmosa.com.tw

Pharmosa Biopharm Inc.

2024 Annual Report

One. Letter to Shareholders

Dear Shareholders,

We sincerely appreciate your attendance at the 2025 Annual General Meeting, despite your busy schedules.

Below is a summary of the key operating results for 2024 and an overview of the 2025 business plan:

I. 2024 Business Results

(I) Business Plan Implementation Results

The company successfully completed a pre-listing cash capital increase in March 2024, issuing 11,800 thousand new shares and raising a total of NT$964,904 thousand. By the end of the year. On March 26, the company was successfully listed on the Taipei Exchange (TPEx). At the same time, the company received several prestigious awards, including the 2023 Outstanding Benchmark Enterprise Award, the 2024 Emerging Benchmark Award, and the 2024 Taipei Biotechnology Gold Award.

Unit:：NT$ Thousand

Item	2024	2023	Difference Amount	Difference Ratio (%)
Operating Revenue	167,568	314,500	(146,932)	(47%)
Operating Costs	40,665	-	40,665	100%
Operating Gross Profit	126,903	314,500	(187,597)	(60%)
Operating Expenses	345,470	317,324	28,146	9%
Operating (Loss) Profit	(218,567)	(2,824)	215,743	7,639%
Net Non-Operating Income	51,914	11,280	40,634	360%
Net (Loss) Profit Before Tax	(166,653)	8,456	(175,109)	(2,071%)
Net (Loss) Profit for the Period	(166,653)	8,456	(175,109)	(2,071%)

1. Operating Revenue, Operating Costs, and Operating Gross Profit

(1) For the sales of R&D drugs, the main sales and production in 2024 were for L606, which was sold to Liquidia Technologies, Inc. (Liquidia). The operating revenue and operating costs amounted to NT$54,863 thousand and NT$40,600 thousand, respectively.

(2) Regarding milestone payments, in 2024, the L606 combination drug was gradually licensed for the MENAT region to Menagen and for Europe, Japan, and other regions to Liquidia. Since the MENAT region is under a distribution license, the upfront received must be deferred under IFRS 15 revenue recognition standards and recognized proportionally based on L606 sales in the region. As a

result, the operating revenue for 2024 was NT$112,630 thousand (US$3.5 million) from upfront for licensing in Europe and other regions.

In summary, the gross profit for 2024 was NT$126,903 thousand, a decrease of NT$187,597 thousand compared to NT$314,500 thousand in the previous year. As the company is engaged in new drug development, its primary revenue before market launch comes from milestone payments for drug licensing and development. Consequently, annual revenue fluctuations are influenced by the timing of milestone payments, which is characteristic of the industry.

2. Operating Expenses

In 2024, the company's operating expenses totaled NT$345,470 thousand, with research and development expenses accounting for NT$294,785 thousand, making up the majority. Selling and administrative expenses amounted to NT$50,685 thousand. The main operating expenses included the development of a next-generation proprietary nebulizer for the L606 combination drug, with related outsourced development costs. For L608, in addition to completing a Phase I clinical trial in Australia, another Phase I clinical trial in New Zealand was initiated, leading to investments in clinical drug manufacturing and clinical trials. On the operational front, to accommodate the expansion of the company's operations and the establishment of a drug filling facility, the company increased its R&D and management personnel, resulting in corresponding operational expenses. In summary, total operating expenses in 2024 were NT$345,470 thousand, reflecting a slight increase of NT$28,146 thousand compared to NT$317,324 thousand in 2023. The changes in expense allocation were primarily influenced by the licensing status of the L606 and L608 combination drugs, the progress of clinical trials, and the overall growth of the company’s operations.

3. Net Non-Operating Income

In 2024, the company's net non-operating income totaled NT$51,914 thousand, primarily consisting of interest income of NT$32,074 thousand and foreign exchange gains of NT$19,312 thousand. The interest income was generated due to the completion of the pre-listing cash capital increase in March 2024 and the inflow of USD foreign currency from operations. The increase in cash levels contributed to higher interest income. Additionally, foreign exchange gains were recorded due to fluctuations in exchange rates during the year. As a result, the company’s total net non-operating income for 2024 reached NT$51,914 thousand, reflecting an increase of NT$40,634 thousand compared to NT$11,280 thousand in 2023.

4. Net (Loss) Profit Before Tax and Net (Loss) Profit for the Period

The company's net loss before tax and net loss for the period in 2024 amounted to NT$166,653 thousand. This was primarily due to the gradual completion of regional licensing for the L606 combination drug, which led to the recognition of licensing upfront and revenue from the sale of L606 for R&D purposes. However, ongoing R&D expenses for L608 and L606, both of which remain in the clinical development trial phase, along with increased operating expenses due to business expansion, contributed to the overall operating loss. Although interest income and other revenue sources provided some financial support, the company still incurred an operational loss. In comparison, the company's net profit before tax and net profit for the period in 2023 were NT$8,456 thousand. The fluctuations between these two years were driven by the receipt of licensing milestone payments and the progress of clinical trials for new drug development, which are inherent characteristics of the industry.

(II) Financial Performance and Profitability Analysis

Analysis Item \ Year		2024	2023
Solvency	Current Ratio (%)	1,448.14	1,302.10
	Quick Ratio (%)	1,403.39	1,257.53
Profitability	Earnings Per Share (NT$)	(1.32)	0.07

(III)Research and Development Status

1. 2024 R&D Expenditures

Unit：NT$ Thousand；Person

Item \ Year	2024
Operating Revenue (A)	167,568
R&D Expenses (B)	294,785
Total Number of Employees (D)	50
Total Number of R&D Employees (E)	37
Proportion of R&D Employees to Total Employees (E/D)	74%

2. 2024 R&D Results

Product Name	Indications	Development Results
L606 Pulmonary Inhalation Drug Delivery Combination	Pulmonary Arterial Hypertension (PAH)	In January 2019, the investigational new drug (IND) application was approved by the U.S. Food and Drug Administration (FDA). In September of the same year, the Phase I clinical trial was completed in the United States. In 2021, L606 officially initiated Phase III clinical trial in the U.S. In March 2023, protocol amendment n was

Product Name	Indications	Development Results
		submitted to expand the patient enrollment criteria. Initially, the study focused only on PAH patients using Tyvaso®, but it was expanded to include PAH and PH-ILD patients using Tyvaso® and Tyvaso DPI®, as well as PAH patients with no prior treatment experience with prostacyclin-class drugs, to assess safety. After the licensing partner takes over, the progress of the Phase III clinical trial for L606 in the U.S. is expected to accelerate.
	Pulmonary Hypertension Due to Interstitial Lung Disease (PH-ILD)	A validation animal study has been completed. In December 2021, a Pre-IND meeting was conducted with the U.S. FDA to plan the clinical development strategy, and the consultation process was completed. After the licensing partner takes over, the consultation with European regulatory authorities and the clinical trial design have been completed.
	Licensing Results	
	✓ In 2023 and 2024, the L606 drug-device combination was gradually licensed to Liquidia for new drug development and commercialization in major global markets, including North America, Europe, and Japan, for the treatment of PAH and PH-ILD. Liquidia is responsible for all future clinical development and marketing expenses related to the product. ✓ In 2024, the commercialization rights for the L606 drug-device combination in the Middle East, North Africa, and Turkey were licensed to Menagen. ✓ Following the licensing of the L606 drug-device combination, the company remains responsible for supplying the drug and the proprietary L606 nebulizer to its licensing partners from the clinical development phase through commercial launch.	
L608 Pulmonary Inhalation Drug Delivery Combination	Pulmonary Arterial Hypertension (PAH)	The production of clinical trial drugs has been completed. In August 2023, the Australian Human Research Ethics Committee (HREC) approved the Phase I clinical trial, which was also registered with the Australian Therapeutic Goods Administration (TGA). The Phase I clinical trial was completed in Australia in October 2024.
	Raynaud's Phenomenon and Digital Ulcers Associated with Systemic Sclerosis (SSc-RP/DU)	In December 2023, the U.S. FDA granted orphan drug designation for the treatment of systemic sclerosis (SSc). The Phase I clinical trial in Australia in 2024 confirmed the sustained-release effect in humans. Based on these proof-of-concept study results, discussions were held with the U.S. FDA in 2024 regarding the subsequent clinical development strategy for the treatment of SSc-RP/DU.

(IV) Budget Execution

The company did not publicly disclose financial forecasts for 2024 but set internal management targets. The overall budget execution remained within the company's internally set targets.

II. 2025 Business Plan Overview

The business plan will focus on four key areas: product licensing, product development, the filling plant/analytical laboratory, and employee retention planning.

(I) Product Licensing Plan

1. L606

L606 has successfully completed licensing agreements in major global markets in 2023 and 2024. Specifically, the rights for North America, Europe, and Japan have been licensed to Liquidia, while the Middle East, North Africa, and Turkey have been licensed to Menagen. The next phase of licensing for L606 will focus on remained key markets, including China, South Korea, and Southeast Asia. The company is actively partnering action for these regions.

2. L608

L608 successfully completed a Phase I clinical trial in Australia in 2024. The results demonstrated both safety and pharmacokinetics in line with the expected proof-of-concept in humans. As a result, in 2025, the company will initiate its commercial expansion efforts, seeking potential partners and licensing opportunities in North America, Europe, or the Asia-Pacific region (including Taiwan).

(II) Product Development Plan

1. L606

Following the collaboration between L606 and Liquidia, Pharmosa Biopharm will focus on the following development plans in 2025:

(1) Supporting Liquidia's clinical trial drug supply for regulatory submissions in major global markets.

Liquidia is currently conducting a Phase III clinical trial for PAH and planning another clinical trial for PH-ILD. In response, Pharmosa Biopharm has scheduled the production of clinical trial drugs and nebulizers accordingly. Simultaneously, the company is working on establishing a stable supply chain for both the drug and nebulizer to meet future commercialization requirements across various global regions.

(2) Providing proprietary nebulizer to Liquidia for clinical research.

Pharmosa Biopharm is conducting regulatory studies for FDA/EMA medical device approval of the nebulizer, ensuring compliance with future global drug and medical device registration requirements for L606.

(3) Assisting Liquidia in establishing a second production line outside of Taiwan.

Under the licensing agreement with Liquidia, Pharmosa Biopharm is responsible for supporting the establishment of a second production line outside of Taiwan. Therefore, Pharmosa Biopharm will assist in this setup according to Liquidia's project plans and timelines.

2. L608

(1) Planning and Execution of Clinical Trials

The Phase I clinical trial completed in Australia has confirmed the sustained-release effect of L608 in humans. Based on these proof-of-concept study results, discussions have been held with the U.S. FDA to outline the next steps in clinical development for the treatment of SSc-RP/DU. In 2025, the company will proceed with finalizing the clinical trial design details with the U.S. FDA, submitting an IND application, and advancing to Phase II clinical development. Simultaneously, Pharmosa Biopharm will engage with European regulatory authorities to discuss the clinical development and regulatory strategies for L608 across various indications.

(2) Planning and Execution of Preclinical studies for Different Requirements

Based on the requirements of regulatory authorities in target markets, the company is planning inhalation toxicology studies to meet long-term animal safety data requirements for various indications.

3. Research on the Proprietary Nebulizer

In collaboration with medical device partners, Pharmosa Biopharm is conducting FDA/EMA regulatory enabling studies for nebulizer medical device approval to support global drug and medical device registration for L606 in major markets. Additionally, the company is developing a nebulizer supply chain and establishing a qualified production line to support future clinical trials and commercialization.

(III) Construction of the Filling Facility

Pharmosa Biopharm has licensed its L606 new drug to Liquidia and Menagen and is responsible for the production of clinical trial drugs and future commercial-scale manufacturing. Currently, the filling and packaging of the drug is outsourced to foreign manufacturers. However, considering the future demand for clinical trials and large-scale commercial production, the company is gradually establishing its own filling facility to ensure sufficient production capacity for future drug supply. In Q4 2023, the conceptual

and basic design of the facility has been completed. In 2024, the detailed design has been finalized, and engineering contracts have been awarded, followed by construction. The expected construction period, including facility validation, is 12 to 15 months.

(IV) Employee Retention Plan

The final batch of employee stock options previously issued by Pharmosa Biopharm for employee retention will be fully vested in 2025. To continue its talent retention strategy, the company plans to issue new employee stock options to maintain and incentivize key personnel.

III. Future Corporate Development Strategy

Pharmosa Biopharm is a research-driven biotech company focused on developing sustained-release drug formulations and combination medical device products for home-based treatment. The company's future development plans are outlined as follows:

(I) Short-Term Development Strategies and Plans

1. Complete the licensing of the L606 combination drug in key target markets, including China, South Korea, and Southeast Asia.
2. Collaborate with partners to complete the Phase III clinical trial in the U.S. for the treatment of WHO Group 1 Pulmonary Arterial Hypertension (PAH), as well as a global, multi-center Phase III clinical trial for WHO Group 3 Pulmonary Hypertension associated with Interstitial Lung Disease (PH-ILD).
3. Work with partners to complete global regulatory submissions and commercialization of the L606 combination drug.
4. Complete the Phase II clinical trial for L608 in the treatment of Raynaud’s Phenomenon and Digital Ulcers associated with Systemic Sclerosis (SSc-RP/DU) and engage with regulatory agencies to plan subsequent clinical development.
5. Advance the commercial expansion of L608 through regional partnerships and licensing agreements.

(II) Long-Term Development Strategies and Plans

1. Pharmosa Biopharm aims to license new drugs to international pharmaceutical companies, generating royalty revenues to ensure a stable income stream. At the same time, the company is establishing stable drug supply production lines for licensed products, reducing operational costs and risks while gradually expanding its business scale.
2. The company will continue to expand new indications and global markets for L606 and L608, collaborating with licensing partners to accelerate clinical trials in humans.

Potential new indications include Pulmonary Hypertension associated with Chronic Obstructive Pulmonary Disease (PH-COPD), Chronic Thromboembolic Pulmonary Hypertension (CTEPH), and Pulmonary Fibrosis.

3. Pharmosa Biopharm remains focused on developing new drug-device combination products, extending beyond respiratory therapies like L606 and L608 to injectable drug-device combination systems for peripheral vascular diseases, while continuing to explore innovative medical devices for new drug-device applications.
4. Building on its existing Drug-Device Delivery System, the company plans to develop new combination formulations to address unmet medical needs and expand into new indications to improve patient outcomes.
5. By forming strategic partnerships with globally renowned pharmaceutical companies, Pharmosa Biopharm leverages its strong R&D capabilities and manufacturing expertise. Through collaboration in clinical, regulatory, and commercial aspects, the company aims to efficiently manage drug development costs and shorten the time to market.

IV. Navigating External Competitive, Regulatory, and Business Environments

New drug development is a complex, time-consuming, and capital-intensive process, requiring substantial resources for support. Shortening development timelines and accelerating commercialization is a key competitive advantage. Pharmosa Biopharm's drug development model utilizes its proprietary drug-device technology platform, efficiently applying it to various drug-device combination products. By first conducting proof-of-concept clinical trials, the company works closely with regulatory agencies to negotiate reasonable clinical and regulatory pathways. This approach helps reduce the extensive time and costs associated with new drug development, minimizes development risks, and maximizes the value of R&D achievements.

Pharmosa Biopharm commits to addressing unmet medical needs by developing innovative drug-device combinations tailored to patient and healthcare provider requirements. By prioritizing convenience for home use, the company seeks to expand market potential and improve both medical outcomes and quality of life for patients. We remain dedicated to continued growth and expansion in 2025. We sincerely thank all shareholders for their confidence in Pharmosa Biopharm. On behalf of the entire management team, we express our deepest gratitude for your steadfast support over the years.

Wishing all shareholders good health and success in all endeavors!

Chairman: Chien-Chih Wang CEO: Pei Kan Head of Accounting: Shu-Ping Yang

Two. Corporate Governance Report

I. Information on Directors, President, Vice Presidents, Assistant Vice Presidents, Department Heads, and Branch Office Supervisors

(I) Information of Directors

1. Information of Directors

April 30, 2025 (Unit: shares, %)

Job title	Name	Gender and Age	Nationality or Place of Registration	Date of Initial Appointment	Date of Election	Term of Office	Shares Held at the Time of Election		Current Shares Held		Shares Currently Held by Spouse and Minor Children		Shares Held Under Another Person's Name		Major Experience and Education Background	Current Positions Held in This Company and Other Companies	Other Executives, Directors, or Supervisors with Spousal or Second-Degree Relatives			Notes
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job title	Name	Relations	
Chairman	FENGSI Investment Co., Ltd.	-	Republic of China	October 25, 2021	June 26, 2024	3 years	7,000,000	7.15	7,340,324	5.69	-	-	-	-	-	-	-	-	-	-
	Chien-Chih Wang	Male 51-60 years old	Republic of China	June 21, 2016	June 26, 2024	3 years	2,809,632	2.87	2,946,230	2.28	1,039,800	0.81	-	-	Director, Pharmosa Biopharm Inc. R&D Manager, Everlight Chemical Industrial Corp. Master's Degree in Pharmacology, College of Medicine, National Cheng Kung University Bachelor's Degree in Pharmacy, Kaohsiung Medical University	Chairman and CSO, Anxo Pharmaceutical Co., Ltd. Chairman and President, Taxo Pharmaceutical Co., Ltd. Chairman, AUPA BIOPHARM CO., LTD. Chairman, Pharmaneer Co., Ltd. Director, PHARMANEER DRUGS INC. Director, FENGSI Investment Co., Ltd. Chairman, GISOU Investment Co., Ltd. Director, Pharmosa Therapeutics, Inc. Director, Famous Legend United	-	-	-	-
Vice Chairman	FUKESHEN Investment Co., Ltd.	-	Republic of China	October 25, 2021	June 26, 2024	3 years	8,666,664	8.86	8,566,664	6.64	-	-	-	-	-	-	-	-	-	-
	Representative: Lin-Chiuan Yan	Male 51-60 years old	Republic of China	June 21, 2016	June 26, 2024	3 years	840,000	0.65	840,000	0.65	-	-	-	-	Ph.D. in Chemical Engineering, University of Michigan, USA Master's Degree in Chemical Engineering, National Cheng Kung University Director and CEO, Taxo Pharmaceutical Co., Ltd. Director and CEO, AUPA Biopharm Co., Ltd. Director, Pharmosa Biopharm Inc.	Director, President and CEO, Anxo Pharmaceutical Co., Ltd. CEO, Taxo Pharmaceutical Co., Ltd. Director, President and CEO, AUPA BIOPHARM CO., LTD Chairman, PHARMANEER DRUGS INC. Director and Advisor, Pharmaneer Co., Ltd.	-	-	-	-
Director	Pei Kan	Male 51-60 years old	Republic of China	June 22, 2018	June 26, 2024	3 years	2,230,000	2.75	2,350,000	1.82	52,430	0.04	-	-	Deputy Assistant General Manager, Taiwan Liposome Company Researcher, Drug Delivery Division, Biomedical Engineering Center, Industrial Technology Research	President, Pharmosa Biopharm Inc. Director, Pharmosa Therapeutics, Inc.	-	-	-	-

Job title	Name	Gender and Age	Nationality or Place of Registration	Date of Initial Appointment	Date of Election	Term of Office	Shares Held at the Time of Election		Current Shares Held		Shares Currently Held by Spouse and Minor Children		Shares Held Under Another Person's Name		Major Experience and Education Background	Current Positions Held in This Company and Other Companies	Other Executives, Directors, or Supervisors with Spousal or Second-Degree Relatives			Notes
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job title	Name	Relations	
															Institute Postdoctoral Researcher, College of Medicine, University of Tsukuba, Japan Ph.D. in Chemical Engineering, National Tsing Hua University Master's Degree in Chemical Engineering, National Tsing Hua University Bachelor's Degree in Chemical Engineering, National Tsing Hua University					
Director	Gschliesser Siegfried	Male 41-50 years old	Austria	October 25, 2021	June 26, 2024	3 years	-	-	-	-	-	-	-	-	Vice President of Global Corporate Mergers & Acquisitions and Talent Development Management / Vice President & Deputy CEO of Asia-Pacific / Board Director of North Asia, Alvogen Taiwan CEO/President, Lotus Pharmaceuticals Co., Ltd. Taiwan & Singapore President / Product Manager, Sandoz Germany (now Novartis Group) Head of Generic Business Unit, Merck Serono Germany (now Mylan Pharmaceuticals Group) Master's Degree in Health Business Administration, University of Erlangen-Nuremberg, Germany Master's Degree in Pharmaceutical Technology, Leopold-Franzens Universität Innsbruc, Austri	Director, ANYA BIOPHARM INC. Corporate Representative Director,, Ion Beam Applications Limited Director, BFA Pharma India LLP Director, Daluta Co. Ltd HongKong Director, Anya Biopharm Holdings Corp. Director,IBA Singapore Pte. Ltd. Director,Ion Beam Applications Korea Ltd	-	-	-	-
Independent Director	Yen-Ling Fang	Female 61-70 years old	Republic of China	January 10, 2022	June 26, 2024	3 years	-	-	-	-	-	-	-	-	Practicing CPA, Audit Department; Lead CPA for Financial Services; Executive Director; Vice Chairman, KPMG Taiwan Ph.D. in Finance, Xiamen University Master's Degree in Law, Soochow University Master's Degree in Business Administration, National Chengchi University MBA, Tulane University, USA	Independent Director, WITS Corp. Independent Director, Shanghai Commercial Bank	-	-	-	-
Independent Director	Wen-Chang Chang	Male 71-80 years old	Republic of China	January 10, 2022	June 26, 2024	3 years	-	-	-	-	-	-	-	-	Director and Deputy Minister, Department of Life Sciences Development, National Science and Technology Council, Executive Yuan Vice President, Institute for Biotechnology and Medicine Industry Professor and Chair of Pharmacology, Director of the Institute of Basic Medical Sciences, Vice Dean, Distinguished Chair Professor, Director of the Biotechnology Center, Dean of the College of	Board Director, Taipei Medical University Chair Professor, Graduate Institute of Medical Sciences, Taipei Medical University Honorary Distinguished Chair Professor, National Cheng Kung University Academician, Academia Sinica Member, Compensation Committee, Universal Cement Corporation Independent Director, ScinoPharm Taiwan Ltd.	-	-	-	-

Job title	Name	Gender and Age	Nationality or Place of Registration	Date of Initial Appointment	Date of Election	Term of Office	Shares Held at the Time of Election		Current Shares Held		Shares Currently Held by Spouse and Minor Children		Shares Held Under Another Person's Name		Major Experience and Education Background	Current Positions Held in This Company and Other Companies	Other Executives, Directors, or Supervisors with Spousal or Second-Degree Relatives			Notes
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job title	Name	Relations	
															Biosciences and Biotechnology, and Honorary Distinguished Chair Professor, College of Medicine, National Cheng Kung University Chairman of the Board, Taipei Medical University Ph.D. in Pharmaceutical Sciences, Graduate School of Pharmaceutical Sciences, The University of Tokyo, Japan Master's Degree in Pharmaceutical Sciences, Graduate School of Pharmaceutical Sciences, The University of Tokyo, Japan Bachelor's Degree in Pharmacy, Taipei Medical College (now Taipei Medical University)	Independent Director, Taiwan Aulisa Medical Devices Technologies, Inc.				
Independent Director	Peter Wu	Male 71-80 years old	Republic of China	January 10, 2022	January 10, 2022	3 years	-	-	-	-	29,000	0.02	-	-	Chairman, TWi Biotechnology, Inc. Director and President, AmCad BioMed Corporation Independent Director, iXensor Co., Ltd. Director, Apollo Medical Optics Ltd. Director and Prseident, Merck Sharp & Dohme (China) Ltd. Chairman and President, Schering-Plough Taiwan Ltd. President, Pharmacia & UpJohn Taiwan and China Ltd. CEO, HOLLING BIO-PHARMA. CORP. Advisor, Shanghai Fosun Pharmaceutical (Group) Co., Ltd.Graduate of the Six-Year Pharmacy Program, Chia Nan College of Pharmacy (now Chia Nan University of Pharmacy & Science)	Corporate Representative Director, TaiGen Biopharmaceuticals Holdings Ltd. Corporate Representative Director, TAIGEN BIOTECHNOLOGY CO., LTD. Investment Review Committee Member, Taiwania Capital Biotech Fund	-	-	-	-

Note: The Chairman and the General Manager are not the same person, nor are they spouses or related by kinship.

1. Major Shareholders of Corporate Shareholders

April 30, 2025

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders
FENGSI Investment Co., Ltd.	Chien-Chih Wang (48.00%), Cheng-Cheng Wang (30.00%), Wei-Chun Wang (22.00%)
FUKESHEN Investment Co., Ltd.	Lin-Chuan Yan (33.30%), Hsiao-Yu Chen (33.30%), Wen-Hsu Yan (11.70%), Li-Tzu Pai (11.70%), Po-Yu Yan (5.00%), Chih-Hsien Yan (5.00%)

2. Directors' Professional Qualifications and Independence of Independent Directors

April 30, 2025

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies Where Serving as an Independent Director
FENGSI Investment Co., Ltd. Representative: Chien-Chih Wang /Chairman	With over 30 years of expertise in biomedical startup business planning and operations, the individual holds a pharmacist license and serves as a board director for multiple companies. They possess specialized knowledge in corporate governance and management, as well as proficiency in finance and accounting, business operations, international market expansion, and biomedical industry-related strategic planning and management practices. Additionally, they do not fall under any of the disqualifications listed in Article 30 of the Company Act.	Not applicable	0
FUKESHEN Investment Co., Ltd. Representative: Lin-Chuan Yan/Vice-Chairman	With over 35 years of experience in business operations and strategic management in the biomedical field, the individual possesses expertise in corporate governance, international market expansion, and		0

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies Where Serving as an Independent Director
	analytical and managerial skills essential for business operations. They can provide timely corporate governance and operational management insights and strategies to the board of directors and do not fall under any disqualifications listed in Article 30 of the Company Act.		
Pei Kan /Director	With over 20 years of experience in the biomedical industry, the individual has in-depth expertise in pharmaceutical technology development, biomedical market growth, international market expansion, strategic management, business leadership, and operational management practices. As a key executive within the board, the individual engages in strategic discussions and interactions with all board members regarding business management and operations and does not fall under any disqualifications listed in Article 30 of the Company Act.		0
Gschliesser Siegfried /Director	With expertise in business operations and strategic management in the biomedical industry, the individual possesses knowledge in corporate governance, international market expansion, and analytical and managerial skills essential for business operations. They can provide timely corporate governance and operational management insights and strategies to the board of directors and do not fall under any disqualifications listed in	Not applicable	0

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies Where Serving as an Independent Director
	Article 30 of the Company Act.		
Yen-Ling Fang /Independent Director	Holding a CPA certification obtained through the national examination, the individual has over 29 years of experience at KPMG Taiwan, where they previously served as a practicing CPA in the audit department. Currently serving as the CEO of Peace and Grace International Attorneys at Law, the individual has expertise in business, legal affairs, finance, accounting, and corporate operations analysis and management. Their corporate governance expertise enhances the board's governance quality and strengthens the oversight function of the audit committee. They currently serve as the convener of the company's audit committee and as a member of the compensation committee. They do not fall under any disqualifications listed in Article 30 of the Company Act.	(1) Not an employee of the company or any of its affiliates. (2) Not a director or supervisor of the company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph (1) or any of the persons in subparagraphs (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor, or employee of another company where more than half of the board seats or voting shares are controlled by the same person as this company. (7) Not a director (or governor), supervisor, or employee of another company or organization where the chairman, general manager, or	2
Wen-Chang Chang /Independent Director	With over 40 years of experience in the biomedical industry, the individual holds a pharmacist license and possesses expertise in academia, strategic management, and leadership. They have business and corporate operations analysis and management experience and contribute their corporate governance expertise to enhance the board's governance quality and strengthen the oversight function of the audit committee. They do not fall		2

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies Where Serving as an Independent Director
	under any disqualifications listed in Article 30 of the Company Act.	an equivalent position holder of this company serves as the same person or is their spouse.	
Peter Wu /Independent Director	With over 40 years of experience in business management within the biomedical industry, the individual provides industry analysis and integration, international market marketing strategies, risk management, legal strategy/compliance, and management decision-making insights. They possess business, financial, and corporate operations analysis and management expertise, contributing to the enhancement of board governance quality and the oversight function of the audit committee. They do not fall under any disqualifications listed in Article 30 of the Company Act.	(8) Not a director (or governor), supervisor, manager, or shareholder holding more than 5% of a company or organization that has financial or business transactions with this company. (9) The individual is not a professional (such as in business, legal affairs, finance, or accounting) or the owner, partner, director (or governor), supervisor, or manager of a sole proprietorship, partnership, company, or organization that has provided audit services to this company or has received cumulative remuneration exceeding NT$500,000 within the past two years. (10) No spousal or second-degree kinship relationship with any other director. (11) Not been elected under Article 27 of the Company Act as a representative of the government, a legal entity, or its representative.	0

3. Board Diversity and Independence

(1) Board Diversity:

The company has established a "Corporate Governance Best Practice Principles", in which Chapter 3: Enhancing the Functions of the Board of Directors includes a policy on board member diversity. The nomination and selection of board members are conducted in accordance with the company's Articles of Incorporation using a candidate nomination system. In addition to evaluating each candidate's educational background and qualifications, the company also adheres to the "Board Election Regulations" and the "Corporate Governance Best Practice Principles" to ensure diversity among board members.

The current implementation of the company's board diversity policy is as follows:

Diversity Focus / Director Name	Basic Composition						Years of Service as Independent Director		Industry Experience				Professional Expertise			
	Nationality	Gender	Employee Status	Age			Less than 3 years	More than 3 years	Business Development	Administration and Management	International Market	College/University Lecturer	Business	Law	Accounting Finance	Risk Management
				Below 50	50 - 60	Above 60										
FENGSI Investment Co., Ltd. Representative: Chien-Chih Wang	Republic of China	Male	-	-	✓	-	-	-	✓	✓	✓	-	✓	-	-	✓
FUKESHEN Investment Co., Ltd. Representative: Lin-Chuan Yan	Republic of China	Male	-	-	✓	-	-	-	✓	✓	✓	-	✓	-	-	✓
Pei Kan	Republic of China	Male	✓	-	✓	-	-	-	✓	✓	✓	-	✓	-	-	✓
Gschliesser Siegfried	Austria	Male	-	✓	-	-	-	-	✓	✓	✓	-	✓	-	-	✓
Yen-Ling Fang	Republic of China	Female	-	-	-	✓	-	✓	-	-	-	-	✓	✓	✓	✓
Wen-Chang Chang	Republic of China	Male	-	-	-	✓	-	✓	-	✓	✓	✓	✓	-	-	✓
Peter Wu	Republic of China	Male	-	-	-	✓	-	✓	✓	✓	✓	-	✓	-	-	✓

The company currently has a total of 7 board members, including 3 independent directors. Among the board members, 14% hold employee status, which complies with the requirement that more than half of the board members must not hold employee or managerial positions. The three independent directors are each serving their second term, which is in accordance with the regulation that consecutive terms may not exceed three. Additionally, the board has achieved its goal of diversification in members' professional fields. Regarding

gender diversity, the company plans to add at least one female director in the next board election, with the aim of achieving gender diversity on the board.

(2) Board Independence:

The current board consists of 7 directors, including 3 independent directors (43%). All three independent directors have served for less than six years and comply with the requirement that an independent director may not serve on more than three other public companies. All of the company's independent directors comply with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”. None of the directors or independent directors fall under the situations specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act. The company's board demonstrates sufficient independence. For further details regarding the professional qualifications and experience of the directors and the independence of independent directors, please refer to pages 12–15.

(II) Information on President, Vice Presidents, Assistant Vice Presidents, Department Heads, and Branch Office Supervisors

April 30, 2025

Jon Title	Nationality	Name	Gender	Election (Appointment) Date	Shares Held		Shares Held by Spouse and Minor Children		Shares Held Under Another Person's Name		Major Experience and Education Background	Current Positions Held in Other Companies	Managers with Spousal or Second-Degree Kinship Relationships			Status of Employee Stock Option Certificates Obtained by Managers	Notes
					Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)			Jon Title	Name	Relations		
President	Republic of China	Pei Kan	Male	April 1, 2018	2,470,000	1.91	52,430	0.04	-	-	Deputy Assistant General Manager, Taiwan Liposome Company Researcher, Drug Delivery Division, Biomedical Engineering Center, Industrial Technology Research Institute Postdoctoral Researcher, College of Medicine, University of Tsukuba, Japan Ph.D. in Chemical Engineering, National Tsing Hua University Master's Degree in Chemical Engineering, National Tsing Hua University Bachelor's Degree in Chemical Engineering, National Tsing Hua University	Director, Pharmosa Therapeutics, Inc.	-	-	-	(Note 1)	-
Vice President of Finance & Accounting Division	Republic of China	Shu-Ping Yang	Female	June 1, 2015	979,903	0.76	-	-	-	-	Supervisor, AUPA Biopharm Co., Ltd. Assistant Vice President of Business, KGI Securities Co., Ltd. Senior Auditor, KPMG Taiwan Master's Degree in Accounting and Finance, National Cheng Kung University Bachelor's Degree in Accounting, Tunghai University	-	-	-	-		-
Vice President of Operations Division	Republic of China	Hui-An Pao	Male	September 19, 2016	563,870	0.44	-	-	-	-	Senior Associate Vice President, Manufacturing Development Department, Taiwan Liposome Company Yamanouchi Pharmaceutical Co., Ltd. Taiwan Branch (Japan-based company) Head of Quality Assurance and Quality Control, CHI	-	-	-	-		-

Jon Title	Nationality	Name	Gender	Election (Appointment) Date	Shares Held		Shares Held by Spouse and Minor Children		Shares Held Under Another Person's Name		Major Experience and Education Background	Current Positions Held in Other Companies	Managers with Spousal or Second-Degree Kinship Relationships			Status of Employee Stock Option Certificates Obtained by Managers	Notes
					Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)			Jon Title	Name	Relations		
											SHENG Pharma & Biotech Co. Bachelor's Degree in Pharmacy, Chia Nan University of Pharmacy & Science						
Vice President of Administrations Division	Republic of China	Nicole Lin	Female	January 25, 2022	45,576	0.04	-	-	-	-	Vice President and CFO, Formosa Pharmaceuticals Inc. Vice President and CFO, Taiwan Liposome Company Senior Manager, Investment Division, General Bank (USA) Certified Public Accountant, State of California, USA Master's Degree in Business Administration, University of California, Riverside Bachelor's Degree in International Business, Soochow University	-	-	-	-		-
Senior Director of Process Development Division	Republic of China	Frank Liang	Male	September 1, 2022	188,778	0.15	-	-	-	-	Senior Director, Manufacturing Technology Division, TaiMed Biologics Inc. Senior Researcher, Biomedical and Medical Device Research Laboratories, Industrial Technology Research Institute (ITRI) Ph.D. in Chemical Engineering, National Tsing Hua University Master's Degree in Chemical Engineering, National Central University Bachelor's Degree in Chemical Engineering, National Chung Hsing University	-	-	-	-		-
Senior Director of Strategic & Project	Republic of China	Weishu Lu	Male	September 1, 2022	152,861	0.12	-	-	-	-	Director and Deputy General Manager, TWi Biotechnology, Inc. Master's Degree in Pharmacology and Toxicology, Tzu Chi University Bachelor's Degree in Pharmacy, Kaohsiung Medical	-	-	-	-		-

Jon Title	Nationality	Name	Gender	Election (Appointment) Date	Shares Held		Shares Held by Spouse and Minor Children		Shares Held Under Another Person's Name		Major Experience and Education Background	Current Positions Held in Other Companies	Managers with Spousal or Second-Degree Kinship Relationships			Status of Employee Stock Option Certificates Obtained by Managers	Notes
					Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)			Jon Title	Name	Relations		
Development Division											College (now Kaohsiung Medical University)						
Associate Director of Formulation Development Division	Republic of China	Cathy Chen	Female	October 21, 2022	489,266	0.38	-	-	-	-	Associate Researcher, R&D Department, Taiwan Liposome Company Ph.D. in Chemical Engineering, National Tsing Hua University Master's Degree in Chemical Engineering, National Cheng Kung University Bachelor's Degree in Chemical Engineering, National Chung Hsing University	-	-	-	-	(Note 1)	-
Associate Director of Clinical Division	Republic of China	Sydney Chuang	Female	August 9, 2023	168,000	0.13	-	-	-	-	Manager, Linical Taiwan Co., Ltd. Manager, BioGend Therapeutics Co. Ltd. Project Manager, Taiwan Liposome Company Clinical Project Manager, Novartis (Taiwan) Co., Ltd. Master's Degree, Graduate Institute of Traditional Medicine, Yang Ming University Bachelor's Degree in Microbiology, Soochow University	-	-	-	-		-

Note 1: Please refer to Section IV – Capital Raising Status, "5. Employee Stock Option Certificate Issuance Status" for details.
Note 2: The company's President or equivalent (most senior executive) and Chairman are not the same person, nor are they spouses or first-degree relatives.

II. Remuneration Paid to Directors, Presidents, and Vice Presidents in the Most Recent Year

(I) Remuneration to Ordinary Directors and Independent Directors

December 31, 2024; Unit: NT$ Thousand

Job Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income after tax (%)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income after tax (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)						
																The Company		All consolidated entities				
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	Amount in cash	Amount in stock	Amount in cash	Amount in stock	The Company	All consolidated entities	
Chairman	FENGSI Investment Co., Ltd.	180	180	-	-	-	-	-	-	180 (0.11)	180 (0.11)	-	-	-	-	-	-	-	-	180 (0.11)	180 (0.11)	-
	Representative: Chien-Chih Wang	3,006	3,006	-	-	-	-	52	52	3,058 (1.83)	3,058 (1.83)	-	-	-	-	-	-	-	-	3,058 (1.83)	3,058 (1.83)	-
Vice Chairman(Note 2)	FUKESHEN Investment Co., Ltd.	180	180	-	-	-	-	-	-	180 (0.11)	180 (0.11)	-	-	-	-	-	-	-	-	180 (0.11)	180 (0.11)	-
	Representative: Lin-Chuan Yan	1,503	1,503	-	-	-	-	39	39	1,542 (0.93)	1,542 (0.93)	-	-	-	-	-	-	-	-	1,542 (0.93)	1,542 (0.93)	-
Director (Note 1)	FUKESHEN Investment Co., Ltd. Representative: Wen-Hsu Yan	-	-	-	-	-	-	13	13	13 (0.01)	13 (0.01)	-	-	-	-	-	-	-	-	13 (0.01)	13 (0.01)	-
Director (Note 1)	FENGSI Investment Co., Ltd. Representative: Simon Jian	-	-	-	-	-	-	13	13	13 (0.01)	13 (0.01)	-	-	-	-	-	-	-	-	13 (0.01)	13 (0.01)	-
Director	Pei Kan	360	360	-	-	-	-	52	52	412 (0.25)	412 (0.25)	5,516	5,516	108	108	-	-	-	-	6,023 (3.61)	6,023 (3.62)	
Director	Gschliesser Siegfried	360	360	-	-	-	-	52	52	412 (0.25)	412 (0.25)	-	-	-	-	-	-	-	-	412 (0.25)	412 (0.25)	-

Director (Note 1)	CDIB Capital Healthcare Ventures II Limited Partnership	180	180	-	-	-	-	-	-	180 (0.11)	180 (0.11)	-	-	-	-	-	-	-	-	180 (0.11)	180 (0.11)	-
	Representative: Leo Kung	-	-	-	-	-	-	13	13	13 (0.01)	13 (0.01)	-	-	-	-	-	-	-	-	13 (0.01)	13 (0.01)	-
Independent Director	Yen-Ling Fang	570	570	-	-	-	-	52	52	622 (0.37)	622 (0.37)	-	-	-	-	-	-	-	-	622 (0.37)	622 (0.37)	-
Independent Director	Wen-Chang Chang	570	570	-	-	-	-	52	52	622 (0.37)	622 (0.37)	-	-	-	-	-	-	-	-	622 (0.37)	622 (0.37)	-
Independent Director	Peter Wu	570	570	-	-	-	-	52	52	622 (0.37)	622 (0.37)	-	-	-	-	-	-	-	-	622 (0.37)	622 (0.37)	-

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid:
   The remuneration of the company's independent directors includes compensation for performing duties, transportation allowances, and director compensation allocated in accordance with the Articles of Incorporation. When performing duties for the company, independent directors are entitled to fixed remuneration regardless of the company's operating profits or losses. This remuneration is determined by the Board of Directors under the authority granted by the company's "Regulations for Directors and Managers' Remuneration", based on the degree of their involvement in company operations, their contributions, and with reference to industry standards. If the company has earnings, and director compensation is to be distributed in accordance with the company's Articles of Incorporation, the General Manager and the Compensation Committee shall propose a profit distribution plan based on each director's level of participation in company operations and the value of their contributions. The proposal is then submitted to the Board of Directors for approval.
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): N/A.

Note 1: Stepped down after the full re-election of directors at the shareholders' meeting on June 26, 2024.
Note 2: Assumed office after the full re-election of directors at the shareholders' meeting on June 26, 2024.

(II) Remuneration to Supervisors: None.

(III) Remuneration to the President and Vice Presidents

December 31, 2024; Unit: NT$ Thousand

Job Title	Name	Salary (A)		Retirement pay and pension (B) (Note 1)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
								The Company		All consolidated entities				
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	Amount in cash	Amount in stock	Amount in cash	Amount in stock	The Company	All consolidated entities	
President	Pei Kan	13,036	13,036	432	432	2,766	2,766	-	-	-	-	16,234 (9.74)	16,234 (9.74)	-
Vice Presidentof Operations Division	Hui-An Pao													
Vice President ofAdministrations Division	Nicole Lin													
Finance & Accounting Division of Vice President	Shu-Ping Yang													

Note 1: Amount allocated for retirement pay and pension.

President and Vice Presidents Remuneration Range Table

Ranges of remuneration paid to each of the Company's president and vice presidents	Names of the president and vice presidents	
	The Company	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.)	Nicole Lin, Shu-Ping Yang	Nicole Lin, Shu-Ping Yang
NT$3,500,000 (incl.)～NT$5,000,000 (excl.)	Hui-An Pao	Hui-An Pao
NT$5,000,000 (incl.)～NT$10,000,000 (excl.)	Pei Kan	Pei Kan
NT$10,000,000 (incl.)～NT$15,000,000 (excl.)	-	-
NT$15,000,000 (incl.)～NT$30,000,000 (excl.)	-	-
NT$30,000,000 (incl.)～NT$50,000,000 (excl.)	-	-
NT$50,000,000 (incl.)～NT$100,000,000 (excl.)	-	-
NT$100,000,000 or more	-	-
Total	4	4

(IV) Remuneration to the Five Highest Remunerated Management Personnel of a TWSE or TPEx listed Company

December 31, 2024; Unit: NT$ Thousand

Job Title	Name	Salary (A)		Retirement pay and pension (B) (Note 1)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities entities		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President	Pei Kan	4,686	4,686	108	108	830	830	-	-	-	-	5,624 (3.38)	5,624 (3.38)	-
Vice President of Operations Division	Hui-An Pao	3,077	3,077	108	108	974	974	-	-	-	-	4,159 (2.50)	4,159 (2.50)	-
Senior Director of Process Development Division	Frank Liang	2,600	2,600	108	108	849	849	-	-	-	-	3,557 (2.13)	3,557 (2.13)	-
Vice President of Administrations Division	Nicole Lin	2,837	2,837	108	108	525	525	-	-	-	-	3,470 (2.08)	3,470 (2.08)	-
Senior Director of Strategic and Project Development Division	Wei-Shu Lu	2,146	2,146	108	108	807	807	-	-	-	-	3,061 (1.84)	3,061 (1.84)	-

Note 1: Amount allocated for retirement pay and pension.

(V) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers: None.

(VI) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Total remuneration, as a percentage of net income, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers:

Job Title	Total remuneration as a percentage of net income %			
	2023		2024	
	The Company	All consolidated entities	The Company	All consolidated entities
Director President and Vice Presidents	248.05	248.05	(14.46)	(14.46)

In 2024, the remuneration paid by the company and all consolidated entities to the company's directors, president and vice presidents increased by NT$3,129 thousand compared to 2023. This was primarily due to salary adjustments, performance bonuses, and stock-based compensation related to the capital increase for the general manager and deputy general managers in 2024. Additionally, the complete re-election of the board of directors and adjustment of fixed monthly remuneration also contributed to the increase. Although in 2024 the company received signing fees from the re-licensing of L606 in Europe and other regions and revenue from clinical drug sales, the overall revenue contribution was lower than the signing fee revenue from the L606 North America licensing in 2023. As a result, after-tax net income turned into a loss, causing the ratio of total remuneration to after-tax profit to shift from positive to negative.

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

(1) Remuneration policies, standards, and packages:

A. The company's director remuneration includes compensation, profit-based

remuneration, and business execution expenses:

a. Compensation: Determined based on each director's level of participation in company operations and the value of their contributions, with reference to industry standards. Paid as a monthly salary and subject to periodic evaluation and adjustment.

b. Profit-based remuneration: In accordance with Article 28 of the Articles of Incorporation, up to two percent of annual profit may be allocated if the company is profitable.

c. Business execution expenses: Includes transportation allowances and other payments.

B. The company's managerial remuneration includes salary, retirement pay and pension, rewards, and employee profit-sharing compensation:

a. Salary: Determined based on each individual manager's position and responsibilities, the significance of the role, professional competence, and contribution to the company. The evaluation also takes into consideration the local labor market in Taiwan, comparable industries, and the company's compensation and benefits policies. Salaries may be assessed on an annual or monthly basis and are paid monthly in accordance with company regulations.

b. Retirement pay and pension: Six percent of the employee's total salary is contributed to the individual's personal retirement pension account in accordance with labor regulations.

c. Rewards and employee profit-sharing compensation: In accordance with Article 28 of the Articles of Incorporation, no less than one percent of annual profit may be allocated if the company is profitable. Distribution is determined with reference to the manager's years of service, job grade, work performance, overall contribution, special achievements, the fulfillment of company milestones and the extent of their contribution toward those milestones, as well as the company's overall business performance.

(2) Procedure for determining remuneration:

The company regularly evaluates the remuneration of directors and managers based on the company's "Regulations for Directors and Managers' Remuneration", the "Board Performance Evaluation Policy" applicable to directors, and the "Performance Appraisal Policy" applicable to managers and employees. These

assessments form the basis for determining appropriate remuneration.

The performance evaluations and remuneration reasonableness for directors and managers are reviewed and assessed annually by the Compensation Committee and the Board of Directors. For details on board performance evaluations, please refer to page 31 of this annual report under "Disclosure of Evaluation Cycle, Period, Scope, Methods, and Content for Board Self (or Peer) Assessment Required for Listed and OTC Companies." Performance assessments for managers cover work performance and managerial competence. In addition to considering individual performance metrics and contributions to the company, evaluations also take into account the company's overall business performance, industry risk outlook, and future development trends. The compensation system is reviewed in a timely manner based on actual operating conditions and relevant laws and regulations. In alignment with current corporate governance trends, reasonable remuneration is granted to ensure a balance between sustainable business operations and effective risk management. All actual remuneration paid to directors and managers in 2024 was submitted to and resolved by the Board of Directors after review by the Remuneration Committee.

3. Linkage to operating performance and future risk exposure:

The company's remuneration policy and related standards are reviewed with the company's overall business performance as the primary consideration. Compensation standards are set based on performance achievement and contribution level, aiming to enhance the overall organizational effectiveness of the board and management team. Industry remuneration benchmarks are also referenced to ensure that the company's executive compensation remains competitive, enabling the retention of outstanding managerial talent.

III. State of the Company's Implementation of Corporate Governance

(I) State of Operations of the Board of Directors

The number of board meetings held in the most recent fiscal year was: 9 (A). The attendance by the directors and supervisors was as follows:

Job Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Notes
Chairman	FENGSI Investment Co., Ltd. Representative: Chien-Chih Wang	9	0	100%	Re-elected and reappointed as corporate representative upon re-election on June 26, 2024

Job Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Notes
Vice Chairman	FUKESHEN Investment Co., Ltd. Representative: Lin-Chuan Yan	7	0	100%	New corporate representative appointed and elected upon re-election on June 26, 2024, replacing the former
Director	FUKESHEN Investment Co., Ltd. Representative: Wen-Hsu Yan	2	0	100%	Stepped down upon re-election on June 26, 2024
Director	Pei Kan	9	0	100%	Re-elected on June 26, 2024
Director	CDIB Capital Healthcare Ventures II Limited Partnership Representative:Leo Kung	2	0	100%	Stepped down upon re-election on June 26, 2024
Director	FENGSI Investment Co., Ltd. Representative: Simon Jian	2	0	100%	Stepped down upon re-election on June 26, 2024
Director	Gschliesser Siegfried	9	0	100%	Re-elected on June 26, 2024
Independent Director	Yen-Ling Fang	9	0	100%	Re-elected on June 26, 2024
Independent Director	Wen-Chang Chang	9	0	100%	Re-elected on June 26, 2024
Independent Director	Peter Wu	9	0	100%	Re-elected on June 26, 2024

Other matters that require reporting:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

   (1) Any matter under Article 14-3 of the Securities and Exchange Act.

Meeting Name / Date Held	Motion Details	Independent Directors' Opinions and Company's Response to Independent Directors' Opinions
10th Board, 19th Meeting March 19, 2024	1. Proposal on the Company's 2023 Business Report and Financial Statements 2. Proposal on the Company's 2023 earnings distribution 3. Proposal on the Company's 2023 employee and director compensation allocation	The above proposals were unanimously approved by all directors.

Meeting Name / Date Held	Motion Details	Independent Directors' Opinions and Company's Response to Independent Directors' Opinions
10th Board, 19th Meeting March 19, 2024	4. Proposal on the Company's 2023 Business Report and Financial Statements 5. Proposal on the Company's 2023 earnings distribution 6. Proposal on the Company's 2023 employee and director compensation allocation 7. Proposal on issuing the Company's "Statement on Internal Control System" 8. Proposal on assessing CPA Independence for 2024, appointment of CPAs, and audit fees 9. Proposal on the Company's plan to commission China Ecotek Corporation to undertake the Turnkey project and equipment for the GMP facility at Taipei Bioinnovation Park 10. Proposal to set the record date for converting employee stock option certificates into common shares 11. Proposal for managerial salary adjustments for 2024 12. Proposal to amend the Company's Articles of Incorporation 13. Proposal to amend the Company's "Rules for the Operation of Board Meetings" 14. Proposal to amend the Company's "Rules for the Operation of the Audit Committee" 15. Full re-election of the Company's Board of Directors 16. Proposal to set the date, location, and agenda for the 2024 Annual General Shareholders' Meeting	The above proposals were unanimously approved by all directors.
10th Board, 20th Meeting May 7, 2024	1. The Company's Consolidated Financial Statements for 2024 Q1 2. Proposal to apply for renewal of credit facility with Mega International Commercial Bank, Taipei Fuxing Branch 3. Proposal for the nomination and review of director candidates Proposal to lift restrictions on non-competition obligations	
11th Board, 1st Meeting June 26, 2024	1. Election of Chairman of the Board 2. Election of Vice Chairman of the Board 3. Appointment of members for the second term of the Remuneration Committee	
11th Board, 2nd Meeting August 6, 2024	1. The Company's Consolidated Financial Statements for 2024 Q2 2. Proposal to lift restrictions on non-competition obligations 3. Proposal to amend the Company's "Regulations for Directors and Managers' Remuneration" 4. Proposal on director remuneration	
11th Board, 3rd Meeting August 20, 2024	1. Proposal for the Company to enter into an exclusive licensing agreement with Menagen Pharmaceutical Industries, granting commercialization rights of the L606 new drug for the treatment of pulmonary hypertension in the Middle East, North Africa, and Turkey	

Meeting Name / Date Held	Motion Details	Independent Directors' Opinions and Company's Response to Independent Directors' Opinions
11th Board, 3rd Meeting August 20, 2024	2. Proposal for the Company to enter into a financing and credit facility agreement with First Commercial Bank, Zhonglun Branch	The above proposals were unanimously approved by all directors.
11th Board, 4th Meeting October 2, 2024	1. Proposal for the Company to amend the L606 licensing agreement with Liquidia Technologies, Inc. to include additional licensed countries and to sign a licensing agreement for the L606 dedicated nebulizer	
11th Board, 5th Meeting November 5, 2024	1. The Company's Consolidated Financial Statements for 2024 Q3 2. Proposal to set the record date for converting employee stock option certificates into common shares 3. Proposal to amend the Company's "Corporate Governance Best Practice Principles" 4. Proposal to amend the Company's "Audit Committee Charter" 5. Proposal to amend the Company's "Rules for the Operation of Board Meetings"	
11th Board, 6th Meeting December 17, 2024	1. Proposal for the Company's 2025 Business Plan and budget 2. Proposal for the Company's 2025 audit plan 3. Proposal on the change of the Company's Corporate Governance Officer 4. Proposal to establish the Company's "Sustainability Information Management Guidelines"	
11th Board, 7th Meeting February 26, 2025	1. Proposal on the Company's 2024 Business Report and Financial Statements 2. Proposal on the Company's 2024 deficit compensation 3. Proposal on issuing the Company's "Statement on Internal Control System" 4. Proposal to revise the "production cycle" and the related approval authority matrix 5. Proposal to revise the "accounting system" 6. Proposal to assess the independence of the CPA, appoint the certifying CPA, and approve audit fees for 2025 7. Proposal for the Company to issue 1,000,000 employee stock option certificates and establish the "Regulations for the Issuance and Subscription of Employee Stock Option Certificates" 8. Definition and scope of the company's general staffs 9. Proposal to amend the Company's Articles of Incorporation 10. Proposal for salary adjustments for the Chairman, Vice Chairman, and managers for 2025 11. Proposal to grant performance bonuses to employees for the successful licensing of L606	

Meeting Name / Date Held	Motion Details	Independent Directors' Opinions and Company's Response to Independent Directors' Opinions
11th Board, 7th Meeting February 26, 2025	12. Proposal for the Company to enter into a financing and credit facility agreement with KGI Commercial Bank 13. Proposal to lift restrictions on directors' non-competition obligations 14. Proposal to set the date, location, and agenda for the 2025 annual general shareholders' meeting	The above proposals were unanimously approved by all directors.

(2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution: None.

2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted.

Meeting Name / Date Held	Meeting Content	Director Recused Due to Conflict of Interest	Reason for Recusal and Voting Participation
10th Board, 19th Meeting March 19, 2024	Proposal for managerial salary adjustments for 2024	Director Pei Kan	Director Pei Kan had a personal interest in the matter and therefore recused themselves from discussion and voting.
11th Board, 1st Meeting June 26, 2024	Appointment of members for the second term of the Remuneration Committee	Independent Director Yen-Ling Fang, Independent Director Wen-Chang Chang, and Independent Director Peter Wu	Independent Director Yen-Ling Fang, Independent Director Wen-Chang Chang, and Independent Director Peter Wu had a personal interest in the matter and therefore recused themselves from discussion and voting.
11th Board, 2nd Meeting August 6, 2024	Proposal to lift restrictions on non-competition obligations	Independent Director Yen-Ling Fang	Independent Director Yen-Ling Fang, due to holding positions in other companies, did not participate in the discussion or voting on this proposal.
	Proposal on director remuneration	Chairman Chien-Chih Wang, Vice Chairman Lin-Chuan Yan, Independent Director Yen-Ling Fang, Independent Director Wen-Chang Chang, and Independent Director Peter Wu	Regarding the fixed monthly remuneration for independent directors, Independent Director Yen-Ling Fang, Independent Director Wen-Chang Chang, and Independent Director Peter Wu, due to personal interests, recused themselves from discussion and voting. Regarding the fixed monthly remuneration for the Chairman and vice Chairman, Chairman Chien-Chih Wang and Vice Chairman Lin-Chuan Yan, due to personal interests, recused themselves from discussion and voting.

Meeting Name / Date Held	Meeting Content	Director Recused Due to Conflict of Interest	Reason for Recusal and Voting Participation
11th Board, 7th Meeting February 26, 2025 2nd Board, 7th Meeting	Proposal for salary adjustments for the Chairman, Vice Chairman, and managers for 2025	Chairman Chien-Chih Wang, Vice Chairman Lin-Chuan Wang, Director Pei Kan	Chairman Chien-Chih Wang, Vice Chairman Lin-Chuan Wang, and Director Pei Kan recused themselves from the discussion and voting due to conflicts of interest.
	Proposal to grant performance bonuses to employees for the successful licensing of L606	Director Pei Kan	Director Pei Kan had a personal interest in the matter and therefore recused themselves from discussion and voting.
	Proposal to lift restrictions on non-competition obligations	Vice Chairman Lin-Chuan Yan	Vice Chairman Lin-Chuan Yan, due to holding positions in other companies, did not participate in the discussion or voting on this proposal.

3. For a TWSE or TPEx listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete table "Implementation of Evaluations of the Board of Directors."

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once a year	January 1, 2024 - December 31, 2024	Board of directors and board members, functional committees	Self-assessment questionnaires for the board of directors, board members, and functional committees	<u>Board Performance Evaluation</u> A. Level of participation in company operations B. Enhancement of board decision-making quality C. Board composition and structure D. Selection and ongoing training of directors E. Internal control <u>Board Members Performance Evaluation</u> A. Understanding of company goals and mission B. Awareness of directors' responsibilities C. Level of participation in company operations D. Internal relationship management and communication E. Professional expertise and continuing education of directors F. Internal control <u>Functional Committees Performance Evaluation</u> A. Level of participation in company operations

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
				B. Awareness of responsibilities within functional committees C. Enhancement of functional committees' decision-making quality D. Composition and member selection of functional committees E. Internal control

The company has completed the board performance self-assessment for 2024, and the results were submitted to the board of directors in the first quarter of 2025 as a basis for review and improvement. The performance evaluation of the board and its members indicated that all directors (including independent directors) gave positive assessments regarding the efficiency and operation of the board and functional committees.

4. Evaluation of goals and implementation status for strengthening board functions in the current and most recent year (e.g., establishing an audit committee, improving information transparency):

(1) The company has established an audit committee and a compensation committee to assist the board in fulfilling its supervisory responsibilities.

(2) The company has taken out "directors' liability insurance" to mitigate legal risks for directors and enhance corporate governance capabilities.

(3) The company has formulated the "Board Performance Evaluation Policy" and has implemented effectiveness evaluations for the overall board and individual directors since 2022. In 2024, the board performance evaluation was conducted by an external organization.

(4) The company actively arranges continuing education for directors to enhance their knowledge of corporate governance. In 2024, all seven directors completed more than 12 hours of training.

(5) The board continues to strengthen corporate governance and sustainability efforts and is committed to achieving high ratings in corporate governance evaluations.

(6) In accordance with regulations, the company discloses material financial and operational information on the Market Observation Post System (MOPS) and the company website. A spokesperson and deputy spokesperson system is in place, and dedicated personnel are responsible for information disclosure and communication.

(II) Operation of the Audit Committee

The company established its audit committee on January 10, 2022. The audit committee is composed of three independent directors. In addition to fulfilling its statutory duties, the audit committee is intended to assist the board of directors in overseeing the proper presentation of the company's financial statements, the selection (and dismissal) as

well as the independence and performance of the certifying CPAs, the effective implementation of the company's internal control system, compliance with relevant laws and regulations, and the management of existing or potential risks.

In 2024, and up to the date of publication of this annual report, the audit committee held a total of 6 (A) meetings. Attendance by the independent directors is as follows:

Job Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B /A)	Notes
Independent Director	Yen-Ling Fang	6	0	100%	Re-elected on June 26, 2024
Independent Director	Wen-Chang Chang	6	0	100%	Re-elected on June 26, 2024
Independent Director	Peter Wu	6	0	100%	Re-elected on June 26, 2024

Other matters that require reporting:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

   (1) Any matter under Article 14-5 of the Securities and Exchange Act:

Meeting Name / Date Held	Motion Details	Audit committee resolutions and follow-up actions
1st Term, 13th Meeting March 19, 2024	1. Proposal on the Company's 2023 Business Report and Financial Statements 2. Proposal on the Company's 2023 earnings distribution 3. Proposal on the Company's 2023 employee and director compensation allocation 4. Proposal on issuing the Company's "Statement on Internal Control System" 5. Proposal on assessing CPA Independence for 2024, appointment of CPAs, and audit fees 6. Proposal on the Company's plan to commission China Ecotek Corporation to undertake the Turnkey project and equipment for the GMP facility at Taipei Bioinnovation Park 7. Proposal to set the record date for converting employee stock option certificates into common shares	None of the Audit Committee members expressed objections or reservations regarding the proposals listed above, and all proposals were approved by unanimous resolution of the committee members.
1st Term, 14th Meeting May 7, 2024	1. The Company's Consolidated Financial Statements for 2024 Q1	
2nd Term, 1st Meeting August 6, 2024	1. The Company's Consolidated Financial Statements for 2024 Q2	
2nd Term, 2nd Meeting November 5, 2024	1. The Company's Consolidated Financial Statements for 2024 Q3 2. Proposal to set the record date for converting employee stock option certificates into common shares	None of the Audit Committee members expressed objections or reservations regarding the proposals listed above, and all proposals were approved by unanimous resolution of the committee members.
2nd Term, 3rd Meeting December 17, 2024	1. Proposal to establish the Company's "Sustainability Information Management Guidelines"	
2nd Term, 4th Meeting February 26, 2025	1. Proposal on the Company's 2024 Business Report and Financial Statements 2. Proposal on the Company's 2024 loss offset 3. Proposal on issuing the Company's "Statement on Internal Control System" 4. Proposal to revise the "production cycle" and the related approval authority matrix 5. Proposal to revise the "accounting system" 6. Proposal to assess the independence of the CPA, appoint the certifying CPA, and approve audit fees for 2025 7. Proposal for the Company to issue 1,000,000 employee stock option certificates and establish the "Regulations for the Issuance and Subscription of Employee Stock Option	

Meeting Name / Date Held	Motion Details	Audit committee resolutions and follow-up actions
	Certificates” 8. Proposal to amend the Company’s Articles of Incorporation	

(2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: None.

2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest - specify the independent director’s name, the content of the motion, the cause for recusal, and whether and how the independent director voted: N/A.

3. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor:

(1) Communication with the chief internal audit officer:

Date	Communication Matters	Communication Results
March 19, 2024	October to December 2023 audit implementation report	No opinion
May 7, 2024	January to March 2024 audit implementation report	No opinion
August 6, 2024	April to June 2024 audit implementation report	No opinion
November 5, 2024	July to September 2024 audit implementation report	No opinion
December 17, 2024	Formulation of the 2025 audit plan	No opinion
February 26, 2025	October to December 2024 audit implementation report, and proposed revisions to the “production cycle,” related approval authority matrix, and the “accounting system”	No opinion

The Company’s chief internal audit officer communicates with independent directors on a monthly basis through audit reports and reports on the execution of audit activities to the audit committee at least once per quarter through audit committee meetings. In the event of any special circumstances, the audit committee members are also informed immediately. As of the date of publication of this annual report, no such special circumstances have occurred. Communication between the

audit committee and the Company's chief internal audit officer has been effective.

(2) Communication with the CPAs:

Date	Communication Matters	Communication Results
March 19, 2024	2023 financial statements, 2023 audit scope, responsibilities of audit personnel, audit findings (including significant accounting estimates), assessment of audit quality indicators (AQIs), evaluation of auditor independence and suitability, and key regulatory updates.	No opinion
May 7, 2024	2024 Q1 financial statements	No opinion
August 6, 2024	2024 Q2 financial statements	No opinion
November 5, 2024	2024 Q3 financial statements	No opinion
December 17, 2024	2024 audit scope, responsibilities of audit personnel, audit findings (including significant accounting estimates), evaluation of audit quality indicators (AQIs), assessment of auditor independence and suitability, and key regulatory updates.	No opinion
February 26, 2025	2024 financial statements	No opinion

Matters communicated between the Company's CPA and the independent directors include the results of the audit or review of the quarterly financial reports, the scope and timing of the audit or review, significant findings, a declaration by personnel subject to independence requirements at the CPA's firm affirming compliance with professional ethical standards related to independence, key audit matters to be communicated in the financial statements, and the impact of legal and regulatory changes on the company. In the event of any special circumstances, the Audit Committee members are also informed immediately. As of the date of publication of this annual report, no such circumstances have occurred. Communication between the Company's Audit Committee and the CPAs has been effective.

4. The Company's Audit Committee's key tasks and highlights for the year are summarized as follows:

(1) Establishment or amendment of the internal control system.

(2) Assessment of the effectiveness of the internal control system.

(3) Establishment or amendment of significant management regulations or operating procedures, such as procedures for the acquisition or disposal of assets, engagement in derivative transactions, lending of funds to others, or endorsement and provision of guarantees for others involving major financial and business activities.

(4) Matters involving directors' personal interests.

(5) Major asset or derivative transactions.

(6) Significant fund lending, endorsements, or provision of guarantees.

(7) Raising, issuing, or private placement of equity-related securities.

(8) Appointment, dismissal, or remuneration of the CPAs.

(9) Appointment or dismissal of financial, accounting, or internal audit officers.

(10) Annual financial reports and second-quarter financial reports requiring CPA certification, signed or stamped by the chairman, managerial officers, and accounting officer.

(III) Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established its "Corporate Governance Best-Practice Principles" in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and has made them available on the Company's website and the Market Observation Post System (MOPS).	No significant difference
II. Shareholding Structure and Shareholders' Rights	✓			No significant difference
(I) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?			(I) The Company has established the "Rules of Procedure for Shareholders' Meetings" and convenes the annual shareholders' meeting each year in accordance with regulations as a regular channel for communication with shareholders. To facilitate effective and timely interaction with investors, the Company has designated a spokesperson and deputy spokesperson, and discloses their contact information on both the Company's website and the Market Observation Post System (MOPS). This serves as a means for handling shareholder suggestions, inquiries, and disputes, thereby safeguarding shareholders' rights and interests.	
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		(II) The Company has appointed a stock affairs agent to handle shareholder-related matters. The Company identifies major shareholders and their ultimate controllers based on the shareholder register provided by the agent at the book closure date, and regularly reports changes in shareholdings of directors and shareholders holding more than 10% of the Company's shares.	
(III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		(III) The Company has established the "Regulations for the Management of Transactions with Affiliates, Related Parties, and Group Enterprises," the "Operating Guidelines for Financial and Business Dealings among Related Parties," and the "Regulations for the Supervision and Management of Subsidiaries" within its internal	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(IV) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓		control system. All transactions with affiliates are clearly regulated, and a comprehensive firewall and risk control mechanism are in place. (IV) The Company has implemented the "Procedures for Handling Material Internal Information" and the "Insider Trading Prevention Management Guidelines" to regulate the trading of securities by insiders. The Company regularly holds training sessions covering topics such as the obligations of insiders to uphold ethical business practices and case studies on insider trading. In addition, the Company conducts periodic awareness campaigns to emphasize the prohibition on insiders trading securities using non-public information.	
III. Composition and responsibilities of the board of directors (I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		(I) The Company's board diversity policy is stipulated in the "Corporate Governance Best-Practice Principles" and the "Rules for Election of Directors," and is disclosed on the Company's website. The content is as follows: The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards: 1. Basic requirements and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:	No significant difference

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions. The board of directors has formulated a board member diversity policy, which is disclosed on the Company's website and the Market Observation Post System (MOPS). Please refer to pages 16-17 of this annual report.	
(II) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	✓		(II) The Company has established a remuneration committee and an audit committee in accordance with legal requirements since 2022 and will establish other functional committees as needed in the future.	
(III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	✓		(III) The Company has adopted the "Board Performance Evaluation Policy," which was approved by the board of directors. Internal performance evaluations are conducted at least once a year for the board as a whole, individual board members, the remuneration committee, and the audit committee. The results of these evaluations, together with self-assessments by board members, serve as a reference for the nomination of directors and the determination of their remuneration. The results of the 2024 performance evaluation were submitted to the board of directors on February 26, 2025. Please refer to page 31of this annual report for "Evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content."	
(IV) Does the Company regularly evaluate its external auditors' independence?	✓		(IV) The Company's Audit Committee conducts an annual assessment of the independence and suitability of the CPA. In addition to requiring	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			the CPA to provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)," the committee evaluates the CPA based on the criteria listed in Note 1 and 13 AQI metrics. It was confirmed that apart from audit, tax, and IPO advisory service fees, there are no other financial interests or business relationships between the CPA and the Company, and that no family members of the CPA violate independence requirements. With reference to the AQI metrics, it was confirmed that the CPA and the accounting firm exceed the industry average in both audit experience and training hours. The results of the most recent evaluation were submitted to and approved by the audit committee and the board of directors on February 26, 2025.	
IV. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	✓		The Company appointed a chief corporate governance officer through a resolution of the board of directors on August 9, 2023. The primary responsibilities include handling matters related to convening board and shareholders' meetings in accordance with the law, preparing minutes for board and shareholders' meetings, assisting directors with onboarding and continuing education, providing information necessary for directors to perform their duties, and assisting directors in complying with laws and regulations.	No significant difference
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its	✓		The Company has designated a spokesperson and a deputy spokesperson, and in accordance with regulations, announces relevant business, financial, and shareholder-related matters on the Market Observation Post System (MOPS). A stakeholder section has also been established on the Company's website. Stakeholders such as shareholders and investors, employees,	No significant difference

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?			licensing partners, suppliers, and contract manufacturers may communicate with the Company through the designated email address on the website to offer suggestions or inquire about relevant issues.	
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The Company has appointed the "Stock Affairs Department of KGI Securities Co., Ltd." as its professional shareholder services agent to handle matters related to its shareholder meetings.	No significant difference
VII. Information Disclosure				
(I) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	✓		(I) The Company has established a corporate website that provides information on its business operations, financials, and corporate governance. In accordance with regulations, the Company regularly and periodically files and discloses various business and financial information on the Market Observation Post System (MOPS).	
(II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓		(II) The Company also maintains an English website and has designated personnel responsible for collecting and disclosing corporate information. The spokesperson and deputy spokesperson system is implemented in accordance with regulations.	No significant difference
(III) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	✓		(III) Pursuant to Articles 10 and 11 of the "Taipei Exchange Market Rules Governing the Review of Emerging Stocks for Trading on the Business Premises of Securities Firms," the Company announces and files its financial reports and monthly operating results as required.	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices?				No significant difference
(I) Employee Rights and Employee Wellness	✓		(I) Please refer to Section V, "Labor Relations," in this annual report.	
(II) Investor Relations	✓		(II) The Company has established an "Investor Relations" section on its website to provide investors with reference information regarding operations and financials.	
(III) Supplier Relations and Rights of Stakeholders	✓		(III) The Company has provided information regarding "Stakeholders" on its website.	
(IV) Directors' Continuing Education	✓		(IV) Details of directors' continuing education have been disclosed on the Market Observation Post System (MOPS); please refer to Note 2.	
(V) Implementation of Risk Management Policies and Risk Assessment Standards	✓		(V) Please refer to Chapter VII of the Company's annual report for the risk assessment disclosures.	
(VI) Purchasing Liability Insurance for Directors	✓		(VI) The Company has provided directors' liability insurance starting from 2023; please refer to Note 3.	
IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement: The Company was not included among the companies evaluated, so this item does not apply.)				

Note 1: 2024 CPA Independence and Suitability Assessment Form

Name of Firm	PwC Taiwan
Name of CPA (1)	Shu-Fen Yu
Major education and professional background	Education and professional qualifications: - Master's degree in Accounting and Managerial Decision-Making, EMBA Program, National Taiwan University - CPA, Republic of China Professional experience: - Supervisor, Taiwan Bio Industry Organization - Co-leader of the Biomedical Industry Practice, PwC Taiwan - Project leader of the 2022 PwC Industry Research Report on the Development and Trends of Precision Medicine - Practicing CPA for the Biomedical Industry, PwC Taiwan - Lecturer, PwC Consulting Taiwan - Deputy Lead CPA for the Food & Beverage, Consumer Goods, and Leisure Agriculture Industries, PwC Taiwan
Name of CPA (2)	Yu-Fang Yen
Major education and professional background	Education and professional qualifications: - Master's degree in Accounting, Tamkang University - Bachelor's degree in Accounting, Soochow University - CPA, Republic of China Professional experience: - Head of Biomedical Startups and International Linkage Practice, PwC Taiwan - Lead CPA for Innovation and Entrepreneurship Services, PwC Taiwan - Lecturer at the Advanced Directors' Academy, Taiwan Corporate Governance Association - Lecturer for Judicial Officials Training, and internal/external training at PwC Taiwan - Advisor for the "Strategic Manufacturing Investment Enhancement Program" commissioned by the Industrial Development Bureau, Ministry of Economic Affairs, through the Taiwan Venture Capital Association - Financial advisor for the Ministry of Science and Technology's iCAN Program - Mentor for PwC's Scale-up Accelerator Program for Startup Growth

Evaluation item	Evaluation results	Does the CPA comply with independence requirements?
Does the CPA have any direct or material indirect financial interest in the Company?	No	Yes
Does the CPA have any lending or guarantee arrangements with the Company or its directors?	No	Yes
Does the CPA have any close business relationship or potential employment relationship with the Company?	No	Yes
Have the CPA or any members of the audit engagement team held positions at the Company as directors, managers, or in roles with significant influence over the audit engagement currently or within the past two years?	No	Yes
Has the CPA provided any non-audit services to the Company that could directly affect the audit work?	No	Yes
Has the CPA acted as an intermediary in the issuance of the Company's shares or other securities?	No	Yes
Has the CPA served as legal counsel for the Company or represented the Company in resolving conflicts with third parties?	No	Yes
Does the CPA have any familial relationship with the Company's directors, managers, or personnel in positions with significant influence over the audit engagement?	No	Yes
Does the CPA have any familial relationship with the Company's directors, managers, or personnel in positions with significant influence over the audit engagement?	No	Yes

Note 2: Status of directors' continuing education

All directors of the Company have professional backgrounds and are currently engaged in work related to their respective fields. The Company also organizes seminars and provides relevant regulatory updates to directors as needed. Directors additionally participate in corporate governance courses offered by professional institutions to stay informed. A summary of the directors' continuing education in 2024 is provided below:

Job Title	Name	Organizer	Course Name	Hours of Continuing Education
Chairman	Chien-Chih Wang	Taiwan Institute of Directors	Trends and Risk Management in Digital Technology and Privacy Protection	3.0
		Taiwan Corporate Governance Association	Practical Analysis and Key Issues of Corporate Overseas Investment and Mergers & Acquisitions	3.0
		Securities and Futures Institute	Corporate Management and Risk Response Strategies	3.0
		Securities and Futures Institute	Key Points of Corporate Governance Evaluation That Directors and Supervisors Should Pay Attention To (Including Gender Equality)	3.0
Vice Chairman	Lin-Chuan Yan	Taiwan Corporate Governance Association	Practical Analysis and Key Issues of Corporate Overseas Investment and Mergers & Acquisitions	3.0
		Securities and Futures Institute	Corporate Management and Risk Response Strategies	3.0
		Taipei Exchange	2024 WIW: Lecture on the Symphony of Digital Finance and Sustainable Finance in the Era of AI Boom	3.0
		Securities and Futures Institute	Key Points of Corporate Governance Evaluation That Directors and Supervisors Should Pay Attention To (Including Gender Equality)	3.0
Director	Pei Kan	Taiwan Corporate Governance Association	Practical Analysis and Key Issues of Corporate Overseas Investment and Mergers & Acquisitions	3.0
		Securities and Futures Institute	Corporate Management and Risk Response Strategies	3.0
		Taipei Exchange	2024 WIW: Lecture on the Symphony of Digital Finance and Sustainable Finance in the Era of AI Boom	3.0
		Securities and Futures Institute	Key Points of Corporate Governance Evaluation That Directors and Supervisors Should Pay Attention To (Including Gender Equality)	3.0

Job Title	Name	Organizer	Course Name	Hours of Continuing Education
Director	Gschliesser Siegfried	Taiwan Institute of Directors	Trends and Risk Management in Digital Technology and Privacy Protection	3.0
		Securities and Futures Institute	Corporate Management and Risk Response Strategies	3.0
		Taiwan Corporate Governance Association	Understanding Directors' Responsibilities Through the Company Act and the Securities and Exchange Act	3.0
		Securities and Futures Institute	Key Points of Corporate Governance Evaluation That Directors and Supervisors Should Pay Attention To (Including Gender Equality)	3.0
Director	Wen-Hsu Yan	Taiwan Institute of Directors	Trends and Risk Management in Digital Technology and Privacy Protection	3.0
Director	Leo Kung	Taiwan Institute of Directors	Trends and Risk Management in Digital Technology and Privacy Protection	3.0
Director	Simon Chien	Taiwan Institute of Directors	Trends and Risk Management in Digital Technology and Privacy Protection	3.0
Independent Director	Yen-Ling Fang	Taiwan Institute of Directors	Practical Tax and Accounting Treatment of Common Corporate Real Estate Transactions	3.0
		Taiwan Institute of Directors	Trends and Risk Management in Digital Technology and Privacy Protection	3.0
		Taiwan Institute of Directors	Global Tax and Investment Strategy Adjustments and Practical Analysis of CFC Rules	3.0
		Securities and Futures Institute	Corporate Management and Risk Response Strategies	3.0
		Taiwan Institute of Directors	Aligning with IFRS Sustainability Disclosure Standards – In-Depth Explanation of IFRS S1 and S2	3.0
		Taiwan Corporate Governance Association	AI and the Open-Source Era – Legal Risk Analysis for Enterprises	3.0

Job Title	Name	Organizer	Course Name	Hours of Continuing Education
		Taiwan Corporate Governance Association	Building Sustainable Corporate Competitiveness through DEI Culture	3.0
		Taiwan Institute of Directors	Intelligent Leadership: Creating a New Paradigm for AI Governance	3.0
		National Federation of CPA Associations of ROC	Latest Regulations and Practical Case Analysis of Money Laundering Control Act	3.0
		Taiwan Institute of Directors	Embracing the Sustainability Era: Core Content and Response Strategies of IFRS Sustainability Disclosure Standards S1 and S2	3.0
Independent Director	Wen-Chang Chang	Taiwan Institute of Directors	Trends and Risk Management in Digital Technology and Privacy Protection	3.0
		Taiwan Institute of Directors	Global Economic Outlook (Inflation, Interest Rate Policies, and the Green Trade War)	3.0
		Securities and Futures Institute	Corporate Management and Risk Response Strategies	3.0
		Internal Audit Association of the Republic of China	Rethinking the Role of Internal Audit Through Case Studies – The Intersection of Ethics, Morality, and Law	3.0
		Taiwan Institute of Directors	Trends in the Development of the Generative AI Industry	3.0
Independent Director	Peter Wu	Taiwan Institute of Directors	Trends and Risk Management in Digital Technology and Privacy Protection	3.0
		Securities and Futures Institute	Corporate Management and Risk Response Strategies	3.0
		Taiwan Corporate Governance Association	Global Economic Conditions and Industry Outlook	3.0
		Taiwan Corporate Governance Association	Trends and Risk Management of Generative AI	3.0

Note 3: Status of the Company's directors and officers liability insurance coverage

Insured Parties	Insurance Company	Insurance Period	Coverage Amount
Directors and key officers	Chubb Insurance Co., Ltd.	January 1, 2024 - December 31, 2024	USD 5,000,000
Directors and key officers	Chubb Insurance Co., Ltd.	January 1, 2025 - December 31, 2025	USD 5,000,000

(IV) Composition, Responsibilities, and Operation of the Remuneration Committee

1. Information on Remuneration Committee Members

Qualifications / Capacity / Name		Professional Qualifications and Experience	Independence Status	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director	Peter Wu	Please refer to pages 12–15 for "Information on Directors' Professional Qualifications and Independence of Independent Directors."	Please refer to pages 12–15 for "Information on Directors' Professional Qualifications and Independence of Independent Directors."	0
Independent Director	Yen-Ling Fang	Please refer to pages 12–15 for "Information on Directors' Professional Qualifications and Independence of Independent Directors."	Please refer to pages 12–15 for "Information on Directors' Professional Qualifications and Independence of Independent Directors."	2
Independent Director	Wen-Chang Chang	Please refer to pages 12–15 for "Information on Directors' Professional Qualifications and Independence of Independent Directors."	Please refer to pages 12–15 for "Information on Directors' Professional Qualifications and Independence of Independent Directors."	3

2. Scope of Authority of the Remuneration Committee

The committee shall faithfully perform the following duties with the care of a good

administrator and submit its recommendations to the board of directors for discussion:

(1) Establish and regularly review the Company's policies, systems, standards, and structure for the annual and long-term performance goals and remuneration of directors and managers.

(2) Regularly evaluate the achievement of performance goals by directors and managers of the Company, and determine the content and amount of their individual remuneration.

3. Operation of the Remuneration Committee

(1) The Company's remuneration committee has a total of 3 members.

(2) The term of the current members is from June 26, 2024 to June 25, 2027. The number of remuneration committee meetings held in the most recent fiscal year was: 3 (A). The attendance by the members was as follows:

Job Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Notes
Independent Director	Yen-Ling Fang	3	0	100%	Re-elected on June 26, 2024
Independent Director	Wen-Chang Chang	3	0	100%	Re-elected on June 26, 2024
Independent Director	Peter Wu	3	0	100%	Re-elected on June 26, 2024

Other matters that require reporting:

I. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): During 2024 and up to the date of publication of this annual report, there were no instances in which the board of directors did not adopt or amended the recommendations of the remuneration committee.

II. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: During 2024 and up to the date of publication of this

annual report, there were no instances of any committee member expressing dissenting or qualified opinions.

4. The following is the Company's Remuneration Committee meeting, review, and evaluation information for the most recent year:

Meeting Name / Date Held	Motion Details	Resolution Outcome
1st Term, 8th Meeting March 19, 2024	1. Proposal for adjustments to the Chairman's and managers' compensation for 2024	All members of the remuneration committee expressed no dissenting or qualified opinions regarding the above motion, and all proposals were approved by unanimous resolution of the committee.
2nd Term, 1st Meeting August 6, 2024	1. Proposal to amend the Company's "Regulations for Directors and Managers' Remuneration" 2. Proposal on director remuneration	
2nd Term, 2nd Meeting February 26, 2025	1. Proposal for adjustments to the Chairmans, Vice Chairman's, and managers' compensation for 2024 2. Proposal to grant performance bonuses to employees for the successful licensing of L606	

(V) The state of the company's promotion of sustainable development, any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such deviation; a company that meets certain conditions shall disclose climate-related information

1. Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board? (The TWSE/TPEx listed company shall report the implementation status. This is not a comply-or-explain provision.)	✓		The Company established a “Sustainability Promotion Task Force” in 2024. The task force is convened by the President and, based on the Company’s sustainability strategy, is divided into three functional groups: the “Business Management Group,” the “Environmental Sustainability Group,” and the “Labor Rights Group.” The members of these groups are composed of personnel from relevant business units. Each group conducts internal coordination meetings to continuously promote awareness, provide education and training, and engage in environmental protection and public welfare activities. These efforts are reported to the board of directors, which serves as the highest decision-making and supervisory body for the Company’s sustainable development. An overview of the Company’s sustainability implementation in 2024 is provided in Sections 2 to 7 below.	No significant difference

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (The TWSE/TPEx listed company shall report the implementation status. This is not a comply-or-explain provision.)</td><td>✓</td><td></td><td>The Company properly manages risk items related to market and industry trends, R&D, supply chain, information security, legal compliance, and sustainability issues. In accordance with relevant regulations, the Company has established risk management policies, internal control systems, and related operating procedures. For matters not yet fully addressed, continuous monitoring and improvement are carried out to manage both potential and existing risk issues.
<table>
<tr><th>Risk Category</th><th>Risk Description</th><th>Risk Management Strategy</th></tr>
<tr><td rowspan="2">Corporate Governance</td><td>Changes in industry trends and market competition from the development of similar drugs may affect the terms of external licensing negotiations.</td><td>● Closely monitor the R&D progress of competitors developing similar drugs in order to take timely countermeasures.
● Hold regular forums or meetings with experts to discuss industry R&D trends and the Company’s own development strategies, in order to stay abreast of drug development trends and adjust R&D plans and resource allocation accordingly.
● Conduct competitive analysis of target markets early on and engage with potential partners at the initial development stage to build long-term trust, facilitating future licensing or collaboration efforts.
● After completing proof of concept for a new drug, clearly define responsibilities to advance the commercialization of licensed products while expanding into various target markets, aiming to achieve product commercialization goals and enhance operational performance.
● Strengthen product competitiveness by securing patent protection and establishing a presence in major global markets.</td></tr>
<tr><td>The success of new drug development</td><td>● Closely monitor regulatory updates from the U.S. FDA and the European Medicines Agency (EMA) to support product development</td></tr>
</table></td><td>No significant difference</td></tr>
</table>

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			depends on regulatory approval.	planning, including regulations and quality requirements for drug manufacturing control (CMC), preclinical, and clinical trials. ● License products to international pharmaceutical companies during the development process to leverage their familiarity with local regulations, saving time and resources in development. ● Establish strong strategic alliances and interactive networks with domestic and international preclinical and clinical trial contract research organizations (CROs) to ensure alignment in timelines for regulatory filings and license acquisition, and to reduce the time and resources spent on redundant trials.
			Shortage of required products due to insufficient supply of raw materials or production capacity by outsourced partners	● Establish long-term, stable partnerships with contract manufacturers to form a qualified supply chain network for pharmaceuticals and medical devices, thereby reducing risk variables. ● Develop a second supply chain, including the Company's ongoing construction of a filling facility, and establish a second supplier through technology transfer, in order to increase production capacity, diversify risks, manage supply and demand, and enhance supply chain resilience.
			Cybersecurity incidents affecting normal business operations	● Establish an IT team responsible for information security, tasked with setting information security policies, assisting in planning and implementing security operations, and promoting and enforcing cybersecurity policies.

Item	Implementation status					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description			
					● Cybersecurity personnel work with the audit department to conduct annual internal audits, ensuring the effective implementation of information security audits and the feasibility and effectiveness of the Company's cybersecurity practices. ● Cybersecurity personnel regularly monitor system hardware for abnormalities, update firmware, and patch software vulnerabilities in response to cybersecurity updates. ● Cybersecurity personnel regularly inspect the Company's server backup plans and record the results in backup inspection logs to ensure the effective execution of annual disaster recovery drills.	
			Environmental	Improper disposal of pharmaceutical waste may lead to environmental pollution	Industrial waste is managed in accordance with legal requirements. Waste is classified and stored based on its chemical characteristics and then handled by vendors approved by the competent authority.	
			Social	Laboratory accidents caused by operational errors	● A comprehensive laboratory safety and hygiene management policy has been established. ● Safety equipment, such as protective clothing and first aid supplies, is regularly procured. ● Laboratory personnel receive annual safety training to develop emergency response capabilities and self-management of safety. ● An annual emergency response and first aid drill is held for employees to strengthen the coordination of the emergency response team.	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			Inability to ensure the quality and safety of pharmaceuticals may threaten patient health and the Company's reputation ● Establish and rigorously implement a comprehensive quality system to thoroughly monitor operational quality. ● Supervise and manage the raw materials and production provided by outsourced contract manufacturers to ensure that the materials and pharmaceutical products meet usage requirements and the standards approved by regulatory authorities for market authorization.	
III. Environmental Issues (I) Has the Company set an environmental management system designed to industry characteristics?	✓		(I) The Company's core business lies in new drug development, and its operational facilities are currently limited to offices and laboratories. The filling facility under construction is primarily intended to support the future launch or mass production of self-developed new drugs. As such, there are currently no concerns regarding emissions from production processes. Laboratory waste is handled through contracts with qualified waste disposal vendors, in accordance with the "Waste Disposal Act" and the "Permit Management Regulations for Waste Clearance and Disposal Organizations" for the proper removal of laboratory waste. Going forward, the Company will continue to uphold its commitment to environmental resource protection and sustainable development, support government efforts in implementing prevention and early warning mechanisms, and adhere to and promote global environmental protection.	No significant difference
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		(II) The Company is engaged in the pharmaceutical R&D industry and does not use materials with a high environmental impact. Since its establishment, the Company has adhered to relevant environmental regulations and policies set by the government and is committed to improving resource utilization efficiency.	
(III) Has the	✓		(III) For the Company's assessment of climate change-related risks and opportunities and	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?			its corresponding response measures, please refer to Note 1.	
(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		(IV) The Company does not belong to an energy-intensive industry. As its core business is new drug development, there are no direct manufacturing activities that result in greenhouse gas emissions. The energy, resources, and materials consumed are limited and do not place a significant burden on the environment. Greenhouse gas emissions, water consumption, and total waste generated over the past two years will be disclosed on the Company's website and in the 2024 Sustainability Report. Management policies are as follows: 1. Greenhouse Gases: The Company uses equipment, computers, and office machines certified with the "Energy Saving Label" to conserve electricity and reduce carbon dioxide emissions. It also continues to organize educational training to promote environmental awareness and achieve sustainable development goals. 2. Water Consumption: All of the Company's water supply comes from the Taiwan Water Corporation, and operational risks related to water resource shortages are relatively low. Nevertheless, the Company continues to implement comprehensive water resource management. For office and laboratory water use, infrastructure maintenance and improvements are carried out to avoid unnecessary waste. In addition, employees are regularly educated and reminded about water conservation to reduce the Company's impact on water resources and the environment. 3. Waste: Internal waste primarily consists of general household waste generated by employees during daily activities. To enhance environmental efficiency, the Company actively promotes waste sorting. Recyclable waste such as paper,	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			various bottles and cans, and food waste is collected by the building and handled by certified recycling vendors. Non-recyclable waste is collected and disposed of by the building management. Furthermore, for waste items with resource reuse potential, such as decommissioned computer equipment, the Company partners with the ASUS Foundation for recycling and donates the refurbished equipment to underprivileged groups, fulfilling both environmental and social responsibilities. For industrial waste, the Company enforces strict management procedures in accordance with relevant regulations. Waste is classified and properly stored based on its chemical properties and is ultimately disposed of by professional vendors approved by the competent authorities, ensuring compliance with legal requirements and environmental protection standards.	
IV. Social Issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(I) In terms of human rights protection, the Company respects employees' labor rights and adheres to the principles and spirit of various international human rights conventions, including the Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organization. The Company has established a Human Rights Policy that prohibits all forms of discrimination, forced labor, and child labor, and prevents any acts of human rights violations. The policy ensures gender equality, explicitly states fair treatment for all employees, and is actively implemented to uphold human rights protections. The Company complies with labor and human rights laws and promotes human rights protection and labor rights awareness among employees. A summary of the Company's human rights management policy and specific initiatives is as follows: 1. Providing a Safe, Hygienic, and Healthy Work Environment (1) The Company provides a safe and healthy work environment along with necessary health and first-aid measures, eliminating potential hazards in the workplace that could affect employees' health and safety, and reducing the risk of occupational injuries. (2) The Company actively monitors and manages abnormal workloads to prevent excessive working hours. Occupational health and safety training and health checkups are conducted regularly, and various health and safety	No significant difference

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			promotion activities are held periodically to support employees' physical and mental well-being and to promote work-life balance. 2. Support for Labor-Management Negotiation To foster cooperative labor-management relations, the Company holds labor-management meetings on a quarterly basis. These meetings effectively safeguard the rights and obligations of both parties and provide a platform for communication and coordination, thereby promoting a harmonious and diverse workplace. 3. Personal Data and Information Security Protection To protect the privacy rights of all employees, customers, and stakeholders, the Company has established a comprehensive and rigorous personal data and information security control mechanism and protective measures to ensure the security of related data and information. 4. Equal Employment Opportunity (1) Employees are hired without discrimination based on race, nationality, age, gender, marital status, language, ideology, political stance, or religious beliefs. (2) The Company does not employ child labor under the age of 16. (3) A "Measures for the Prevention of Sexual Harassment, Complaint and Disciplinary Action" policy is in place to eliminate any form of workplace sexual harassment or discriminatory behavior. 5. Reasonable Working Hours The Company strictly adheres to government labor laws and clearly stipulates regulations regarding working hours and overtime. Implementation Details: In 2024, the Company conducted human rights-related training for employees, including topics such as workplace equality, sexual harassment prevention, protection of employee information privacy, and maintaining a safe, healthy, and hygienic work environment. The total training duration was 193.5 hours, with 131 participants completing the training. The Company will continue to focus on human rights protection and promote relevant training to raise awareness and reduce the likelihood of related risks. (II) 1. Compensation System	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		The Company complies with the Labor Standards Act and other relevant laws to establish a comprehensive compensation system. Salary is determined based on the nature of the work, level of responsibility, and professional function. Employee knowledge, skills, relevant experience, and education are also taken into account, and salaries are set according to different job categories. Additionally, the Company offers salary packages above industry averages. Salaries are adjusted regularly based on the Company's operating performance and individual employee performance to ensure that employee contributions are fairly rewarded. 2. Employee Benefits The Company provides comprehensive employee benefits and has established an Employee Welfare Committee. Welfare activities are jointly planned by the Company and the Committee. In addition to statutory benefits, the Company also offers a diverse welfare system tailored to employees' needs. Please refer to Section V "Labor Relations" of this annual report. 3. Workplace Diversity and Equality The Company emphasizes gender equality and equal pay, ensuring that men and women receive equal compensation and promotion opportunities for the same roles. Over 50% of management positions are held by women, promoting inclusive and sustainable economic growth. In 2024, female employees accounted for an average of 62% of the workforce, and women held 50% of managerial positions on average. 4. Performance or Results Appropriately Reflected in Employee Compensation In accordance with Article 28 of the Company's Articles of Incorporation, if there is profit in a given year, the Company may allocate no less than 1% as employee compensation.	
(III) Does the Company provide employees with a safe and healthy working environment, and	✓		(III) The Company places great importance on the assessment and control of occupational safety and health risks related to overall operations. To provide a high-quality working environment and ensure employees' personal safety, the Company implements various protective measures in accordance with relevant occupational safety and health laws. For details, please refer to Section V "Labor Relations" of this annual report.	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
implement regular safety and health education for employees?				
(IV) Has the Company established effective career development training programs for employees?	✓		(IV) From the moment each employee joins the Company, they are entitled to training resources provided by the Company. Through diverse and self-directed training programs, employees in different roles are supported in deepening their professional expertise and enhancing their managerial competencies. The goal is for every employee to grow alongside the Company and work toward the realization of its sustainable development objectives. The training programs at each stage are as follows: 1. New Recruits Training Pre-employment training includes the Company's history and core values, an overview of the organization, an introduction to the work environment, and explanations of various employee benefits policies. 2. General Training for All Employees In alignment with Company goals and policies, general training courses are held annually (covering human rights policies, environmental and safety policies, occupational health and safety, fire evacuation drills, information security awareness, etc.) to ensure that all employees understand and comply, thereby enhancing their competencies. 3. Professional Training These trainings are tailored according to R&D strategies or departmental functions. Employees may participate in various technical training sessions or academic programs based on their job responsibilities and project needs, enabling them to strengthen their professional skills and broaden their knowledge.	
(V) Does the company comply with the relevant laws and international standards with regards to	✓		(V) The Company's products are still in the research and development stage and have not yet been commercially sold. Pharmosa Biopharm adheres to a comprehensive process from new drug R&D and preclinical studies, clinical trials, manufacturing, drug registration, to post-market sales and pharmacovigilance, with the goal of providing customers with safe and compliant products while actively safeguarding the rights and interests of stakeholders.	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?				
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		(VI) The Company has established the "Supplier Management Policy" to govern the selection, management, and evaluation of suppliers. Eligible suppliers are evaluated annually based on ten criteria: product or service quality, quality management capabilities, relevant quality documentation, technical expertise, responsiveness to technical issues, ability to resolve technical issues, pricing reasonableness, quotation and delivery coordination, service attitude, and ESG performance scores. The Company also plans to optimize the "Supplier Management Policy" in the near future to strengthen sustainability-related assessments, including environmental management, social responsibility, labor rights, and governance indicators, to ensure that suppliers meet the Company’s sustainability requirements and jointly enhance sustainable supply chain management quality while fulfilling corporate social responsibility.	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	✓		The Company has prepared this report in accordance with the 2021 edition of the Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards 2021), and it also complies with the requirements of Appendix 2 of the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEx Listed Companies." The appendix of this report provides a GRI Standards Index and climate-related information for TWSE/TPEx listed companies for stakeholder reference. The 2023 Sustainability Report is scheduled to be disclosed by the end of August 2025 and will be uploaded to the Company's website and the Market Observation Post System (MOPS). The financial data disclosed in this report has been audited and attested by PwC Taiwan in accordance with the International Financial Reporting Standards (IFRS), and is presented in thousands of New Taiwan dollars. The disclosure scope is consistent with the consolidated financial figures made public.	
VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has adopted its own "Sustainable Development Best Practice Principles" based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies." In alignment with the spirit of these regulations, the Company has actively promoted sustainable development goals by establishing a "Sustainability Promotion Task Force" to formulate a sustainability strategy roadmap and action plans. The relevant operations have been disclosed on the Company's website and the Market Observation Post System (MOPS). All employees and affiliated enterprises are required to comply with these principles, and there are no material deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.				
VII. Other important information to facilitate better understanding of the company's promotion of sustainable development: ● Pharmosa Biopharm, together with companies such as OBI Pharma, Century Biotech Development Corporation, and AP Biosciences, co-hosted a charitable blood donation event at the Taipei Biotech Park. ● Pharmosa Biopharm replaces its communication devices on a regular basis each year and participates in the ADOC 2.0 program organized by the ASUS Foundation. The program, which combines environmental sustainability with social welfare, is part of the "Recycled Computers, Project Hope" initiative aimed at bridging the digital divide.				

(VI) Climate-Related Information of TWSE/TPEx Listed Company

<table>
<tr><td colspan="2">Item</td><td colspan="3">Implementation status</td></tr>
<tr><td>I.</td><td>Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</td><td colspan="3">Pharmosa Biopharm has formulated its "Sustainable Development Best Practice Principles" based on the government’s corporate sustainability policies. These principles serve as a guideline for implementing environmental sustainability, emphasizing resource recycling and reuse, pollution prevention, and promoting environmental awareness among employees. The Company encourages employees to adopt and practice eco-friendly habits both in the workplace and in daily life to achieve the goal of energy conservation and carbon reduction. The Company’s Board of Directors serves as the highest-level governance body for climate-related matters. From a sustainable development perspective, the Board oversees and formulates strategies related to climate change and responds to both domestic and international net-zero commitments. It authorizes the Sustainability Promotion Task Force to identify potential climate-related risks and opportunities, formulate response measures, regularly review performance, and report the results to the Board for evaluation.</td></tr>
<tr><td>II.</td><td>Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</td><td colspan="3" rowspan="2"><table>
<tr><th>Item</th><th>Financial Impact on the Company</th><th>Response Strategies</th></tr>
<tr><td>Transition Risk
Policies and Regulations
Stricter Emission Reporting Requirements</td><td>Investment in energy-saving and carbon-reduction resources, as well as resources for inventorying, verifying, and disclosing the organization’s greenhouse gas emissions—extending to product carbon footprints across the entire lifecycle—leads to increased operating costs.</td><td>● Adopt energy-saving and carbon-reduction policies, such as controlling air conditioning temperatures and implementing water and electricity-saving measures to reduce operational energy consumption.
● Strengthen training in greenhouse gas emissions inventory to build internal capabilities for conducting inventories independently.
● When renovating office spaces, the Company purchases energy- and water-efficient air conditioning, lighting, and water-saving equipment eligible for government subsidies, and considers installing self-owned solar power systems or water recycling systems.
● The Company plans to conduct annual carbon emission inventories and disclose the results on its website and in the sustainability report.</td></tr>
</table></td></tr>
<tr><td>III.</td><td>Describe the financial impact of extreme weather events and transformative actions.</td></tr>
</table>

		Rising Raw Material Costs	Climate change has led to raw material shortages and increasing demands for environmentally friendly materials. The introduction of carbon tariffs in various countries has further increased the Company's operating costs, with a moderate level of financial impact.	● Although the Company's products have not yet entered mass production, energy conservation and emission reduction have been prioritized from the production of clinical trial drugs, focusing on manufacturing methods, processes, and production management. ● During the design of R&D and production process trials, the Company incorporates green packaging concepts and establishes new experimental models aimed at energy conservation and carbon reduction, in order to offer pharmaceutical products with lower carbon intensity to the public.
		Physical Risks Increased severity of extreme weather events such as typhoons and floods	Natural disasters may lead to damage or operational loss. Given the current office-based operations, the financial impact is low.	● The Company promptly monitors conditions and encourages employees to work remotely, or arranges for substitutes or backup personnel to assume duties as needed. This flexible manpower allocation helps minimize operational disruption and property damage. ● Ensure that all doors and windows are securely closed, and place valuables in a safe area. ● Check whether ceiling-mounted equipment is securely fastened and safe.
IV.	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	In accordance with risk management practices, the following actions are implemented: ● The Sustainability Task Force conducts climate risk assessments concurrently while evaluating ESG risks. ● The Sustainability Task Force discusses and resolves significant ESG and climate risks in its meetings, which are then approved by the President. ● Based on the approved ESG and climate risks, execution strategies and objectives are established. The Company plans to report annually to the Board of Directors on the implementation status of ESG and climate risk management.		
V.	If scenario analysis is used to assess resilience to climate change risks, the scenarios,	As of the date of this annual report, the Company has not used scenario analysis to assess resilience to climate change risks; therefore, this is not applicable.		

	parameters, assumptions, analysis factors and major financial impacts used should be described.	
VI.	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.	As of the date of this annual report, the Company has not yet completed a transition plan for managing climate-related risks. The relevant content will be disclosed on the Company's official website upon completion.
VII.	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	As of the date of this annual report, the Company has not used internal carbon pricing as a planning tool; therefore, it is not applicable.
VIII.	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.	As Pharmosa Biopharm's proprietary R&D products are currently in the clinical trial stage and not yet commercially available, the Company has not set any greenhouse gas emission reduction targets at this time. Since carbon emissions are not currently a primary climate-related issue for the Company, no reduction targets have been established. However, as the Company expands its operations in line with future mass production, it will continue to minimize greenhouse gas emissions from operations through the efficient use of energy. The Company also remains committed to actively cooperating with regulatory authorities in promoting greenhouse gas reduction initiatives and will gradually establish a carbon emission management system.
IX.	Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan	separately fill out in points 1-1 and 1-2 below

1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

The Company and its consolidated financial reporting entities (with subsidiaries currently having no substantive business operations) provide the following assurance status for the greenhouse gas inventory over the most recent two fiscal years:

Category		2023		2024		Assurance body and assurance status (verification certificate)
		Total emissions (metric tons CO2e)	Intensity (metric tons CO2e/NT$ million)	Total emissions (metric tons CO2e)	Intensity (metric tons CO2e/NT$ million)	
Parent company	Scope 1	0.7114	0.0022	0.6580	0.0039	The Company has not yet conducted greenhouse gas inventory and assurance. We will comply with the planning and requirements of Corporate Governance 3.0 – Sustainable Development Roadmap, and complete the greenhouse gas inventory and assurance according to the scheduled timeline.
	Scope 2	117.0429	0.3722	88.4008	0.5276	
	Scope 3	—		-		
	Total	117.7543	0.3744	89.0588	0.5315	

Note: Revenue for 2023 was NT$314.500 million; revenue for 2024 was NT$167.568 million. The subsidiaries currently have no substantive business operations.

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.
According to the Financial Supervisory Commission's "Sustainable Development Roadmap for TWSE/TPEx Listed Companies," companies with paid-in capital of less than NT$5 billion must complete the greenhouse gas inventory for both parent and subsidiary companies for the year 2026 by 2027 at the latest, with 2026 as the base year. The Company will continue to monitor the latest developments in carbon reduction policies from both the government and the industry.

(VII) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
I. Establishment of ethical corporate management policies and programs	✓		(I) The Company has adopted the "Code of Ethical Conduct," the "Ethical Corporate Management Best Practice Principles," and the "Procedures for Ethical Management and Guidelines for Conduct," all of which have been approved by the Board of Directors. These policies explicitly require that the Company's directors, managerial officers, employees, or those with substantial control shall not, in the course of conducting business, directly or indirectly offer, promise, request, or accept any improper benefits, or engage in any other unethical, unlawful, or fiduciary-breaching conduct in exchange for or in pursuit of personal or corporate gain. These principles are actively communicated to the Board, top management, and employees.	No significant difference
(I) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?				
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the	✓		(II) The Company has established a "Code of Ethical Conduct" to enhance the understanding of its employees, management, and related stakeholders. It has also formulated the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" to serve as behavioral guidelines for directors, independent directors, senior managers, and all personnel. Under the Ethical Corporate	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?			Management Best Practice Principles, directors, managerial officers, employees, or those with substantial control shall not, in the course of conducting business, directly or indirectly offer, promise, request, or accept any improper benefits, or engage in any other unethical, unlawful, or fiduciary-breaching conduct in exchange for or in pursuit of personal or corporate gain.	
(III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✓		(III) The Company strictly prohibits directors, supervisors, managers, employees, or those with substantial control from directly or indirectly offering, promising, requesting, or accepting any improper benefits, or engaging in any other unethical, unlawful, or fiduciary-breaching conduct. Additionally, the Company has established a whistleblower mailbox and formulated a "Whistleblower System" that clearly outlines the procedures and responsible units for handling whistleblower cases.	
II. Ethical Management Practice (I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	✓		(I) The Company conducts business activities in a fair and transparent manner. Prior to entering into transactions, it assesses the ethical records of potential business partners to avoid dealings with parties involved in unethical conduct. This is to ensure that the parties operate fairly and transparently and do not engage in or require the offering or acceptance of bribes. When contracts are signed, the rights and obligations of both	No significant difference

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			parties are clearly stipulated, and the terms of cooperation include clauses on ethical conduct.	
(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	✓		(II) Matters related to ethical corporate management are overseen by the President, who serves as the convener of the “Sustainability Promotion Task Force.” Meetings are held as needed, and each unit, according to its responsibilities and scope of work, assists the Board of Directors and management in formulating and supervising the implementation of ethical management policies and prevention programs. This ensures adherence to the ethical conduct guidelines, and the responsible unit reports the implementation results to the Board of Directors on a regular basis.	
(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		(III) The Company’s "Procedures for Ethical Management and Guidelines for Conduct" and "Rules of Procedure for Board Meetings" clearly stipulate that any director who has a conflict of interest with the matters being discussed by the Board that may be detrimental to the Company’s interests shall not participate in the discussion or vote, and must recuse themselves. They may also not act as a proxy to exercise voting rights for other directors.	
(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk	✓		(IV) The Company has established relevant accounting and internal control systems. Based on the results of the risk assessment for unethical conduct, the Audit Office formulates related audit plans and conducts audits to ensure compliance with the unethical conduct	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?			prevention program. The implementation of audits is reported regularly to the Board of Directors. Corporate governance systems, internal controls, and management regulations that are more susceptible to corruption and bribery risks are included as key items in the Company's annual audit plan. Based on risk assessments, the Company develops the annual audit plan. The focus and frequency of routine audits are determined by tracking and improving on deficiencies identified in previous audits.	
(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?	✓		(V) Training is a crucial part of the Company's implementation of its ethics policy. The Company continuously strengthens employees' awareness of compliance through training sessions on ethical corporate management and periodic internal anti-corruption training courses.	
III. Implementation of Complaint Procedures				
(I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?	✓		(I) To foster a culture of integrity and transparency and to promote sound corporate governance while protecting the rights of whistleblowers, the Company has established a "Whistleblower Policy" approved by the Board of Directors. The Company has set up and announced whistleblowing email channels on both the official and internal websites to provide internal and external parties with a way to report criminal, fraudulent, or unlawful conduct. The Audit Office is the designated unit responsible for receiving whistleblower	No significant difference

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			cases (whistleblowing email: audit@pharmosa.com.tw). The Chairman assigns a project leader or investigation team to conduct investigations.	
(II) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	✓		(II) 1. The Company's Whistleblower Policy sets forth the principles for accepting whistleblower reports, investigation procedures, follow-up measures, and whistleblower protection provisions. 2. Handling Principles: (1) Anonymous or pseudonymous reports, or reports lacking specific allegations and evidence, may not be accepted. (2) Reports that fall outside the applicable scope of the Whistleblower Policy will not be processed. 3. Investigation Procedures (including deadlines): (1) Immediate action may be taken to halt any reported misconduct, along with necessary preventive or emergency measures. (2) Relevant departments are required to submit written reviews and corrective actions. A summary of the investigation findings, handling procedures, and follow-up improvements will be submitted to the Board of Directors. (3) In the case of major violations or issues that could cause significant harm to the Company,	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			the investigating unit must prepare a report immediately and notify the independent directors or audit committee in writing. All whistleblowing records, including reports, investigation processes, and outcomes, must be retained in written or electronic form under confidential management, with encryption and restricted access. These documents must be retained for at least five years, and if litigation related to the report arises before the expiration of the retention period, they must be kept until the conclusion of the legal proceedings. 4. Confidentiality Mechanism: All personnel involved in handling whistleblower cases are required to maintain the confidentiality of the whistleblower's identity and the contents of the report. The Company is also committed to protecting whistleblowers from any retaliation or unfair treatment as a result of their reports.	
(III) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	✓		(III) The Company has established a whistleblower protection mechanism that explicitly prohibits any retaliation, such as dismissal, demotion, salary reduction, damage to rights under law, contract, or customary practice, or other unfavorable treatment, due to the filing of a whistleblower complaint. In 2024, the Company received a total of 0 whistleblower reports.	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
IV. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		The Company has established a dedicated section for corporate integrity on its website to promote and disclose information related to ethical corporate management. The Company also reports regularly to the Board of Directors on the implementation status of its ethical corporate management practices.	No significant difference
V. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: The Company has established its own "Ethical Corporate Management Best Practice Principles" and, based on these principles, formulated the "Ethical Corporate Management Procedures and Code of Conduct." There are no material deviations between the principles and their implementation.				
VI. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): None.				

(VIII) If the company has established corporate governance principles and related regulations, the method for accessing them shall be disclosed:

The Company has established the "Corporate Governance Best Practice Principles," "Code of Ethical Conduct," "Ethical Corporate Management Best Practice Principles," "Ethical Corporate Management Procedures and Code of Conduct," "Procedures for Preventing Insider Trading," "Whistleblower Policy," "Sustainable Development Best Practice Principles," and "Operating Guidelines for Financial and Business Transactions between Related Parties." These regulations are disclosed on the Company's website under the "Investor Relations / Corporate Governance / Corporate Policies and Guidelines" section.

(IX) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed:

Please refer to the following websites:

1. Market Observation Post System (https://mops.twse.com.tw), under the Corporate Governance section.
2. The Company's official website (https://www.pharmosa.com.tw), where financial, operational, and corporate governance information is disclosed.

(X) State of implementation of the Company's internal control system

1. Statement on Internal Control：Please refer to the Market Observation Post System (MOPS) (Website：https://mops.twse.com.tw) / Individual Company > Corporate Governance > Company Regulations / Internal Control > Internal Control Statement Announcement.
2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: N/A.

(XI) In the most recent fiscal year and up to the publication date of this annual report, if the Company or any of its insiders have been penalized in accordance with the law, or if the Company has penalized any of its insiders for violations of internal control system regulations, and such penalties could materially affect shareholder rights or the price of the Company's securities, the penalties, key deficiencies, and corrective actions must be disclosed: None.

(XII) Significant resolutions of the Shareholders' Meeting and the Board of Directors in the most recent year and up to the publication date of this annual report

3. Significant resolutions of the Shareholders' Meeting in 2024 and up to the publication date of this annual report

Meeting Name / Date Held	Significant resolution	Subsequent implementation status
2024 Annual General Meeting of Shareholders June 26, 2024	Proposal on the Company's 2023 Business Report and Financial Statements	The relevant documents have been filed for record and publicly reported to the competent authority in accordance with the Company Act and other applicable laws and regulations.
	Proposal on the Company's 2023 earnings distribution	Effective from the date of resolution by the Shareholders' Meeting.
	Proposal to amend the Company's Articles of Incorporation	Registration was approved by the Administration of Commerce, Ministry of Economic Affairs on August 30, 2024.
	Proposal for the full re-election of the Company's directors	Effective from the date of resolution by the Annual General Meeting of Shareholders and announced as a material disclosure on the Market Observation Post System (MOPS).
	Proposal to lift the non-competition restrictions on directors and their representatives	Effective from the date of resolution by the Annual General Meeting of Shareholders and announced as a material disclosure on the Market Observation Post System (MOPS).

4. Significant resolutions of the Board of Directors in 2024 and up to the publication date of the Annual Report:

Meeting Name / Date Held	Significant resolution
10th Board, 19th Meeting March 19, 2024	1. Proposal on the Company's 2023 Business Report and Financial Statements 2. Proposal on the Company's 2023 earnings distribution 3. Proposal on the Company's 2023 employee and director compensation allocation 4. Proposal on issuing the Company's "Statement on Internal Control System" 5. Proposal on assessing CPA Independence for 2024, appointment of CPAs, and audit fees 6. Proposal on the Company's plan to commission China Ecotek Corporation to undertake the Turnkey project and equipment for the GMP facility at Taipei Bioinnovation Park 7. Proposal to set the record date for converting employee stock option certificates into common shares 8. Proposal for managerial salary adjustments for 2024 9. Proposal to amend the Company's Articles of Incorporation 10. Proposal to amend the Company's "Rules for the Operation of Board Meetings" 11. Proposal to amend the Company's "Rules for the Operation of the Audit Committee" 12. Full re-election of the Company's Board of Directors 13. Proposal to set the date, location, and agenda for the 2024 Annual General Shareholders' Meeting
10th Board, 20th Meeting May 7, 2024	1. The Company's Consolidated Financial Statements for 2024 Q1 2. Proposal to apply for renewal of credit facility with Mega International Commercial Bank, Taipei Fuxing Branch 3. Proposal for the nomination and review of director candidates 4. Proposal to lift restrictions on non-competition obligations
11th Board, 1st Meeting June 26, 2024	1. Election of Chairman of the Board 2. Election of Vice Chairman of the Board 3. Appointment of members for the second term of the Remuneration Committee
11th Board, 2nd Meeting August 6, 2024	1. The Company's Consolidated Financial Statements for 2024 Q2 2. Proposal to lift restrictions on non-competition obligations 3. Proposal to amend the Company's "Regulations for Directors and Managers' Remuneration" 4. Proposal on director remuneration

Meeting Name / Date Held	Significant resolution
11th Board, 3rd Meeting August 20, 2024	1. Proposal for the Company to enter into an exclusive licensing agreement with Menagen Pharmaceutical Industries, granting commercialization rights of the L606 new drug for the treatment of pulmonary hypertension in the Middle East, North Africa, and Turkey 2. Proposal for the Company to enter into a financing and credit facility agreement with First Commercial Bank, Zhonglun Branch
11th Board, 4th Meeting October 2, 2024	1. Proposal for the Company to amend the L606 licensing agreement with Liquidia Technologies, Inc. to include additional licensed countries and to sign a licensing agreement for the L606 dedicated nebulizer
11th Board, 5th Meeting November 5, 2024	1. The Company's Consolidated Financial Statements for 2024 Q3 2. Proposal to set the record date for converting employee stock option certificates into common shares 3. Proposal to amend the Company's "Corporate Governance Best Practice Principles" 4. Proposal to amend the Company's "Audit Committee Charter" 5. Proposal to amend the Company's "Rules for the Operation of Board Meetings"
11th Board, 6th Meeting December 17, 2024	1. Proposal for the Company's 2025 Business Plan and budget 2. Proposal for the Company's 2025 audit plan 3. Proposal on the change of the Company's Corporate Governance Officer 4. Proposal to establish the Company's "Sustainability Information Management Guidelines"
11th Board, 7th Meeting February 26, 2025	1. Proposal on the Company's 2024 Business Report and Financial Statements 2. Proposal on the Company's 2024 deficit compensation 3. Proposal on issuing the Company's "Statement on Internal Control System" 4. Proposal to revise the "production cycle" and the related approval authority matrix 5. Proposal to revise the "accounting system" 6. Proposal to assess the independence of the CPA, appoint the certifying CPA, and approve audit fees for 2025 7. Proposal for the Company to issue 1,000,000 employee stock option certificates and establish the "Regulations for the Issuance and Subscription of Employee Stock Option Certificates" 8. Definition and scope of the company's general staffs

Meeting Name / Date Held	Significant resolution
	9. Proposal to amend the Company's Articles of Incorporation 10. Proposal for salary adjustments for the Chairman, Vice Chairman, and managers for 2025 11. Proposal to grant performance bonuses to employees for the successful licensing of L606 12. Proposal for the Company to enter into a financing and credit facility agreement with KGI Commercial Bank 13. Proposal to lift restrictions on directors' non-competition obligations 14. Proposal to set the date, location, and agenda for the 2025 annual general shareholders' meeting

(XIII) Recent year and up to the publication date of the Annual Report, if any director expressed dissenting opinions on important resolutions passed by the Board of Directors and such opinions were recorded or stated in writing, the main content thereof: None.

IV. Information on CPA (External Auditor) Professional Fees

Amount Unit: NT$ Thousand

Name of accounting firm	Names of CPAs		Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Notes
PwC Taiwan accounting firm	Shu-Fen Yu	Yu-Fang Yen	January 1, 2024 - December 31, 2024	1,070	-	1,070	-

(I) 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.

(II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: None.

V. Information on replacement of certified public accountant: No such matter.

VI. Where the company's Chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: No such matter.

VII. Any change in equity interests by a director, managerial officer, or shareholder with a stake of

more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

(I) Changes in Shareholding of Directors, Managerial Officers, and Major Shareholders：Please refer to the Market Observation Post System (MOPS) website (https://mops.twse.com.tw) > Individual Company > Changes in Shareholding / Securities Issuance > Shareholding Transfer Information Search > Post-Reporting Form for Insider Shareholding Changes.

(II) Changes in Pledged Shareholding of Directors, Managerial Officers, and Major Shareholders：Please refer to the Market Observation Post System (MOPS) website (https://mops.twse.com.tw>Individual Company > Changes in Shareholding / Securities Issuance > Insider Pledge and Release of Pledge > Announcements of Insider Pledge and Release of Pledge.

(III) Information on counterparties related to directors, managerial officers, and major shareholders in share transfers: None.

(IV) Information on counterparties related to directors, managerial officers, and major shareholders in share pledges: None.

VIII. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another

March 29, 2025; Unit: Shares

Name	Shareholding		Shares held by spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Notes
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relations	
FUKESHEN Investment Co., Ltd.	8,566,664	6.644	Not applicable				None		-
Representative: Wen-Hsu Yan	2,285,987	1.77	59,455	0.05	-	-	None		-
CDIB Capital Healthcare Ventures II Limited Partnership	8,418,701	6.52	Not applicable				None		-
Representative: CDIB CAPITAL MANAGEMENT CORPORATION	-	-	Not applicable				None		-
FENGSI Investment Co., Ltd.	7,340,324	5.69	Not applicable				Chien-Chih Wang	That company's Director	-

Name	Shareholding		Shares held by spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Notes
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relations	
Representative: Chien-Chih Wang	2,946,230	2.28	1,039,800	0.81	-	-	GISOU Investment Co., Ltd.	That company's Director	-
G- Investment Co., Ltd.	6,790,000	5.26	Not applicable				Chien-Chih Wang	That company's Director	-
Representative: Chien-Chih Wang	2,946,230	2.28	1,039,800	0.81	-	-	FENGSI Investment Co., Ltd.	That company's Director	-
JINGCHENG Investment Co., Ltd.	5,592,631	4.33	Not applicable				None		-
Representative: Hsiao-Yu Chen	2,185,353	1.69	-	-	-	-	None		-
KANPEKI Ltd.	4,200,000	3.26	Not applicable				None		-
Representative: Yu-Ling Lin	52,430	0.04	2,470,000	1.91	-	-	None		-
Chien-Chih Wang	2,946,230	2.28	1,039,800	0.81	-	-	FENGSI Investment Co., Ltd.	That company's Director	-
							JINGCHENG Investment Co., Ltd.	That company's Director	-
Cathay Venture Inc.	2,778,000	2.15	Not applicable				None		
Representative: Jen-Ho Chang	-	-	Data is not available				None		-
Pei Kan	2,470,000	1.91	52,430	0.04	-	-	None		-
Wen-Hsu Yan	2,285,987	1.77	59,455	0.05	-	-	FUKESHEN Investment Co., Ltd.	That company's Director	-

IX. The total number of shares and total equity stake held in any single enterprise by the company, its directors, managerial officers, and any companies controlled either directly or indirectly by the company

December 31, 2024; Unit: Thousand shares

Investee enterprise	Investment by the Company		Investment by the Directors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
AUPA Biopharm Co., Ltd.	5,597	12.04%	-	-	5,597	12.04%
Pharmosa Therapeutics, Inc.	13	100.00%	-	-	13	100.00%

Three. Financing Status

I. Capital and shares

(I) Source of share capital

1. Formation of share capital

Date: Apirl 30, 2025

Month and Year	Issuance price	Authorized capital		Paid-in capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital increase by means other than cash	Others
Spetember 2018	10	30,000,000	300,000,000	15,000,000	150,000,000	Cash capital increase of NT$50,000,000	-	Note 1
April 2019	10	30,000,000	300,000,000	17,500,000	175,000,000	Cash capital increase of NT$25,000,000	-	Note 2
May 2019	10	30,000,000	300,000,000	20,000,000	200,000,000	Cash capital increase of NT$25,000,000	-	Note 3
July 2019	-	100,000,000	500,000,000	40,000,000	200,000,000	Capital increase of NT$200,000,000	-	Note 4
April 2020	15	100,000,000	500,000,000	50,000,000	250,000,000	Cash capital increase of NT$50,000,000	-	Note 5
May 2020	0	100,000,000	500,000,000	51,000,000	255,000,000	Restricted stock awards of NT$5,000,000	-	Note 6
January 2021	16.5	100,000,000	500,000,000	80,513,804	402,569,020	Cash capital increase of NT$147,569,020	-	Note 7
May 2021	5	100,000,000	500,000,000	80,601,804	403,009,020	New shares issued from employee stock options: NT$820,000; Cancelled restricted stock awards of NT$380,000	-	Note 8
September 2021	-	200,000,000	1,000,000,000	80,601,804	403,009,020	Capital increase of NT$500,000,000	-	Note 9
October 2021	25	200,000,000	1,000,000,000	92,601,804	463,009,020	Cash capital increase of NT$60,000,000	-	Note 10
October 2021	5、15、16.5	200,000,000	1,000,000,000	97,847,804	489,239,020	New shares issued from employee stock options: NT$26,230,000	-	Note 10
December 2022	38	200,000,000	1,000,000,000	110,847,804	554,239,020	Cash capital increase of NT$65,000,000	-	Note 11
December 2022	16.5	200,000,000	1,000,000,000	110,933,804	554,669,020	New shares issued from employee stock options: NT$430,000	-	Note 11
July 2023	16.5	200,000,000	1,000,000,000	111,070,404	555,352,020	New shares issued from employee stock options: NT$653,000	-	Note 12
September 2023	60	200,000,000	1,000,000,000	117,070,404	585,352,020	Cash capital increase of NT$30,000,000	-	Note 13
November 2023	16.5	200,000,000	1,000,000,000	117,204,004	586,020,020	New shares issued from employee stock options: NT$668,000	-	Note 14
May 2024	65	200,000,000	1,000,000,000	129,004,004	645,020,020	Cash capital increase of NT$59,000,000	-	Note 15
May 2024	16.5	200,000,000	1,000,000,000	129,018,004	645,090,020	New shares issued from employee stock options: NT$70,000	-	Note 15
November 2024	16.5	200,000,000	1,000,000,000	129,086,404	645,432,020	New shares issued from employee stock options: NT$342,000	-	Note 16

Note 1: Approved by Taipei City Government via Letter Fu-Chan-Ye-Shang-Zi No. 10753355310, dated September 12, 2018.
Note 2: Approved by Taipei City Government via Letter Fu-Chan-Ye-Shang-Zi No. 10847734810, dated April 1, 2019.
Note 3: Approved by Taipei City Government via Letter Fu-Chan-Ye-Shang-Zi No. 10850286300, dated May 30, 2019.
Note 4: Approved by Taipei City Government via Letter Fu-Chan-Ye-Shang-Zi No. 10851896200, dated July 22, 2019 (par value per share changed to NT$5).

Note 5: Approved by Taipei City Government via Letter Fu-Chan-Ye-Shang-Zi No. 10948364700, dated April 14, 2020.
Note 6: Approved by Taipei City Government via Letter Fu-Chan-Ye-Shang-Zi No. 10948975410, dated May 8, 2020.
Note 7: Approved by Taipei City Government via Letter Fu-Chan-Ye-Shang-Zi No. 11045366710, dated January 26, 2021.
Note 8: Approved by Taipei City Government via Letter Fu-Chan-Ye-Shang-Zi No. 11049475610, dated May 21, 2021.
Note 9: Approved by Taipei City Government via Letter Fu-Chan-Ye-Shang-Zi No. 11053082910, dated Septemebr 8, 2021.
Note 10: Approved by Taipei City Government via Letter Fu-Chan-Ye-Shang-Zi No. 11054349410, dated October 25, 2021.
Note 11: Approved by the Ministry of Economic Affairs via Letter Jing-Shou-Shang-Zi No. 11101243210, dated December 21, 2022.
Note 12: Approved by the Ministry of Economic Affairs via Letter Jing-Shou-Shang-Zi No. 11230118410, dated July 26, 2023.
Note 13: Approved by the Ministry of Economic Affairs via Letter Jing-Shou-Shang-Zi No. 11230170820, dated September 7, 2023.
Note 14: Approved by the Ministry of Economic Affairs via Letter Jing-Shou-Shang-Zi No. 11230210110, dated November 17, 2023.
Note 15: Approved by the Ministry of Economic Affairs via Letter Jing-Shou-Shang-Zi No. 11330054890, dated May 13, 2024.
Note 16: Approved by the Ministry of Economic Affairs via Letter Jing-Shou-Shang-Zi No. 11330196410, dated November 28, 2024.

2. Type of shares

Date: April 30, 2025; Unit: Shares

Type of shares	Authorized capital			Notes
	Shares outstanding	Unissued shares	Total	
Registered Common Shares (face value of NT$5 per share)	129,086,404	70,913,596	200,000,000	TPEx listed stocks

3. Information related to the consolidated reporting system: None.

(II) List of major shareholders: All shareholders with a stake of 5 percent or greater

March 29, 2025

Shares / Name of major shareholder	Number of shares held (shares)	Shareholding ratio (%)
FUKESHEN Investment Co., Ltd.	8,566,664	6.64
CDIB Capital Healthcare Ventures II	8,418,701	6.52
FENGSI Investment Co., Ltd.	7,340,324	5.69
GISOU Investment Co., Ltd.	6,790,000	5.26
JINGCHENG Investment Co., Ltd.	5,592,631	4.33
KANPEKI Ltd.	4,200,000	3.25
Chien-Chih Wang	2,946,230	2.28
Cathay Venture Inc.	2,778,000	2.15
Pei Kan	2,470,000	1.91
Wen-hsu Yan	2,285,987	1.77

(III) Company's dividend policy and implementation thereof

1. Dividend policy

If the Company has earnings upon annual final accounting, it shall first pay taxes in accordance with the law and offset accumulated losses. Thereafter, 10% of the remaining earnings shall be allocated as legal reserve. However, if the legal reserve has reached the Company’s paid-in capital, such allocation may be waived. Any remaining earnings shall be allocated or reversed as special reserve in accordance with applicable laws and regulations. If there is still a balance remaining, it shall be combined with undistributed retained earnings, and a proposal for earnings distribution shall be prepared by the Board of Directors and submitted to the shareholders’ meeting for

approval to distribute shareholder dividends and bonuses.

The Company's dividend policy takes into consideration current and future development plans, the investment environment, funding needs, and both domestic and international competitive conditions, while also taking into account shareholders' interests. Shareholder dividends and bonuses shall be distributed annually from distributable earnings. Such dividends and bonuses may be issued in cash or stock, with no less than 10% of the after-tax earnings of the year to be distributed as dividends (including cash and stock). Cash dividends shall account for no less than 10% of the total dividends distributed.

2. Proposed dividend distribution for this shareholders' meeting: In light of the Company's current and future development plans and capital requirements, the Company proposes not to distribute any shareholder dividends or bonuses at this annual shareholders' meeting.
3. If a material change in dividend policy is expected, provide an explanation: The Company does not anticipate any material change in its dividend policy; therefore, this is not applicable.

(IV) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: No stock dividend distribution was proposed at the most recent shareholders' meeting; therefore, not applicable.

(V) Profit-sharing compensation of employees and directors

1. The percentages or ranges with respect to employee, director, and supervisor profit-sharing compensation, as set forth in the company's articles of incorporation:

If the Company records a profit for the year, no less than 1% shall be allocated as employee compensation, and no more than 2% as remuneration for directors and supervisors. Employee compensation may be distributed in the form of stock or cash. The proposal for the distribution of employee compensation and remuneration for directors and supervisors shall be resolved by the Board of Directors and reported to the shareholders' meeting. Recipients of the Company's employee compensation may include employees of the Company's parent or subsidiary companies who meet the criteria set by the Board of Directors. However, if the Company still has accumulated losses, the amount required to cover the losses shall be retained in advance before allocating employee compensation and remuneration for directors and supervisors based on the aforementioned ratios. Additionally, on February 26, 2025, the Company's Board of Directors resolved that at least 1% of the employee compensation shall be allocated to grassroots employees. This amendment has not yet been approved by the 2025 annual

shareholders' meeting.

2. Basis for the estimated amount of employee, director, and supervisor compensation for the current period, the basis for calculating the number of shares to be distributed as employee stock compensation, and the accounting treatment in the event of any discrepancy between the estimated and actual distribution amounts.
   (1) The basis for estimating the amount of employee and director profit-sharing compensation: In accordance with the Articles of Incorporation, if the Company has profits, no less than 1% shall be allocated as employee compensation and no more than 2% shall be allocated as director remuneration.
   (2) Basis for calculating the number of shares distributed as stock dividends: Not applicable.
   (3) If there is a difference between the actual distributed amount and the estimated amount, the difference will be recognized in the following year's profit or loss.
3. Information on any approval by the board of directors of distribution of profit-sharing compensation
   (1) The amount of any employee profit-sharing compensation and director and supervisor profit-sharing compensation distributed in cash or stocks. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: As of the end of 2024, the Company still has accumulated losses to be offset; therefore, no employee compensation or director compensation has been allocated.
   (2) The amount of any employee profit-sharing compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income for the current period and total employee profit-sharing compensation: Not applicable.
4. The actual distribution of employee, director, and supervisor profit-sharing compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor profit-sharing compensation, additionally the discrepancy, cause, and how it is treated: For 2023, the Company distributed NT$85,413 in employee compensation and NT$0 in director compensation.

   Accounting treatment for any discrepancy between the board-approved director compensation and the estimated amount recognized for the fiscal year: No discrepancy.

5. Status of a company repurchasing its own shares: None.

II. Issuance of corporate bonds: None.

III. Preferred shares: None.

IV. Global depository receipts: None.

V. Employee share subscription warrants:

(I) Unexpired employee subscription warrants issued by the company in existence as of the date of publication of the annual report and the effect of such warrants upon shareholders' equity

April 30, 2025; Unit: Shares; NT$; %

Type of employee share subscription warrants	1st time in 2019 Employee Share Subscription Warrants	1st time in 2020 Employee Share Subscription Warrants	1st time in 2021 Employee Share Subscription Warrants	
Effective registration date	Not applicable, as not yet released for public offering (Note 1)			
Issue date	April 1, 2019	October 1, 2020	April 1, 2021	September 1, 2021
Duration	5 years	3 years	5 years	
Number of units issued	2,640,000 units (1 share may be subscribed per unit)	600,000 units (1 share may be subscribed per unit)	4,070,000 units (1 share may be subscribed per unit)	447,000 units (1 share may be subscribed per unit)
Ratio of the number of issued subscribable shares to the total number of issued shares (%)	2.05%	0.47%	3.15%	0.35%
Subscription period	From April 1, 2020 to March 31, 2024	From October 1, 2020 to September 30, 2023	From April 1, 2022 to March 31, 2026	From September 1, 2022 to August 31, 2026
Exercise method	New shares issuance	New shares issuance	New shares issuance	
Vesting period and percentage (%)	The employee share subscription warrants granted by the Company may be exercised according to the following schedule after one year from the grant date: Schedule / Cumulative Exercisable Ratio Upon completion of 1 year: 30 % Upon completion of 2 years: 60 % Upon completion of 3 years: 80 % Upon completion of 4 years: 100 %	The warrant holder may exercise 100% of the granted share subscription warrants from the grant date.	The employee share subscription warrants granted by the Company may be exercised according to the following schedule after one year from the grant date: Schedule / Cumulative Exercisable Ratio Upon completion of 1 year: 30 % Upon completion of 2 years: 60 % Upon completion of 3 years: 80 % Upon completion of 4 years: 100 %	
Number of shares subscribed through exercise of the warrants	1,870,000 shares	600,000 shares	3,095,000 shares	283,600 shares
Amount of the shares subscribed through exercise of the warrants	NT$9,350,000	NT$9,000,000	NT$51,067,500	NT$4,679,400
Number of unexercised shares (Note 2)	0 shares	0 shares	20,000 shares	76,400 shares
Subscription price per share of the unexercised shares	NT$ 5	NT$ 15	NT$ 16.5	
Ratio of the number of unexercised shares to the	-	-	0.02%	0.06%

Type of employee share subscription warrants	1st time in 2019 Employee Share Subscription Warrants	1st time in 2020 Employee Share Subscription Warrants	1st time in 2021 Employee Share Subscription Warrants	
total number of issued shares (%)				
The effect on shareholders' equity	The Company issues share subscription warrants to attract and retain outstanding talent, motivate employees, and enhance cohesion, with the goal of creating value for both the Company and its shareholders; thus, there is no material impact on shareholder equity.			

Note 1: At the time of issuing employee share subscription warrants, the Company was not yet a public company. In accordance with Article 167-2 of the Company Act, the issuance was approved by a resolution of the Board of Directors.

Note 2: Figures do not include warrants that became void due to employee resignation. The number of voided units in 2019 and 2021 were 770,000 units and 1,042,000 units, respectively.

(II) Names and acquisition and subscription status of managerial officers Who have acquired employee share subscription warrants and the top ten employees who have acquired share subscription warrants, as of the date of publication of the annual report:

April 30, 2025; Unit: shares; NT$ thousand; %

	Job Title	Name	Number of shares subscrib-able from exercise of warrants granted (shares)	Ratio of the number of shares subscrib-able from the exercise of warrants granted to the total number of issued shares (%)	Exercised				Unexercised			
					Number of shares	Exercise price (NT$)	Total exercise price (NT$ Thousand)	Ratio of the number of exercised shares to the total number of issued shares (%)	Number of shares	Exercise price (NT$)	Total exercise price (NT$ Thousand)	Ratio of the number of exercised shares to the total number of issued shares (%)
Manager	President	Pei Kan	4,260,000	3.30	4,260,000	Note 1	54,555	3.30	-	-	-	-
	Vice President of Finance & Accounting Division	Shu-Ping Yang										
	Vice President of Operations Division,	Hui-An Pao										
	Associate Director of Formulation Division	Cathy Chen										
	Associate Director of Clinical Division,	Sydney Chuang										
Employee	Senior Manager of Strategic and Project Development Division	Wei-Yu Li (Note 2)	2,340,000	1.81	1,130,000	Note 1	12,608	0.88	20,000	Note 1	330,000	0.02
	Advisor	Li-Hsu Fan										
	Director of R&D Division	Yi-Feng Lin (Note 2)										
	Senior Manager of Process Development Division	Li-Chieh Shih										
	Director of Operations Division	Hui-Ling Chang (Note 2)										
	Associate Researcher of Formulation Division	Yu-Ting Huang										
	Deputy Director of Operations Division	Yu-Te Su (Note 2)										
	Audit Manager	Chen-Ling Chiu(Note 2)										
	Senior Manager of Operations Division	Shih-Ping Liu (Note 2)										
	Associate Researcher of R&D Division	Ya-Yi Huang (Note 2)										

Note 1: Pursuant to the stock option plans for 2019, 2020, and 2021, the subscription prices were NT$5, NT$15, and NT$16.5, respectively.

Note 2: No longer employed.

VI. New restricted employee shares: None.

VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

VIII. Implementation of capital allocation plans: Please refer to the Market Observation Post System (MOPS) website (https://mops.twse.com.tw) > Individual Company > Changes in Shareholding / Securities Issuance > Fundraising > Implementation of Fundraising Plan.

Four. Overview of Business Operations

I. Description of the business

(I) Scope of business

1. The Company's major lines of business

The Company is primarily engaged in the research and development of new drugs. Its registered business activities are as follows:

IG01010	Biotechnology Services
IG02010	Research and Development Service
F601010	Intellectual Property Rights
F102170	Wholesale of Foods and Groceries
F107200	Wholesale of Chemical Feedstock
F108021	Wholesale of Western Pharmaceutical
F108040	Wholesale of Cosmetics
F401010	International Trade
F208021	Retail Sale of Western Pharmaceutical
ZZ99999	All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Relative weights of lines of business

The Company is primarily engaged in the research and development of new drugs. Its core products are L606 and L608, which focus on the treatment of pulmonary hypertension and peripheral vascular-related diseases. The L606 new drug is currently in Phase III clinical development stage, while the L608 new drug has completed a Phase I clinical trial. The Company's marketing strategy is to pursue licensing partnerships with international pharmaceutical companies. Revenue is generated through upfront payment and milestone payments arising from licensing its development-stage products. After product launch, the Company will be able to collects sales-based milestone payments and royalties. In terms of drug sales, the Company provides its licensed partners with cGMP drugs and dedicated nebulizers from the clinical development stage through to commercial launch for distribution. As the Company continues growing, it has successfully licensed the L606 new drug to major countries globally during 2023 and 2024 while it is undergoing Phase III clinical development.

Unit: NT$ Thousand

Item	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
Revenue from customer contracts						
- Sales revenue	—	—	—	—	54,938	32.79
- Licensing revenue	—	—	314,500	100.00	112,630	67.21
Total	—	—	314,500	100.00	167,568	100.00

3. Current goods (services) offered by the Company

R&D products	Drug–device combination under development	Indications
L606	Pulmonary Inhalation Drug Delivery Combination	Treatment of Group 1 Pulmonary Arterial Hypertension (PAH)
		Treatment of Group 3 Pulmonary Hypertension due to Interstitial Lung Disease (PH-ILD)
L608	Pulmonary Inhalation Drug Delivery Combination	Treatment of Group 1 Pulmonary Arterial Hypertension (PAH)
		Treatment of Raynaud's Phenomenon and Digital Ulcers in Systemic Sclerosis (SSc-RP/DU)

(1) Product Code L606:

L606 is a novel drug device combination product combining a liposomal formulation of drug with a specific inhalation nebulizer device. In January 2019, an Investigational New Drug (IND) application was submitted to the U.S. Food and Drug Administration (FDA) for the treatment of the rare disease pulmonary arterial hypertension (PAH). A Phase I clinical trial was completed in the U.S. in September 2019. In 2021, L606 officially initiated one Phase III clinical trials in the U.S. In March 2023, clinical trial protocol amendment was submitted to expand the patient population to both PAH and PH-ILD. Subsequently, the indications for L606 were extended to include pulmonary hypertension caused by interstitial lung disease (PH-ILD). In December 2021, a pre-IND meeting with the FDA was concluded to plan the clinical development for PH-ILD. In 2023 and 2024, the Company successively licensed the global development and commercialization rights for L606 and the next-generation nebulizer—covering key markets including North America, Europe, and Japan—to Liquidia. Liquidia has since assumed responsibility for conducting Phase III clinical trials for both PAH and PH-ILD indications, as well as regulatory submissions and commercial launch, along with the associated development and marketing costs. In addition, in 2024, the Company also licensed the commercialization rights for the L606 drug-device combination in the Middle East, North Africa, and Turkey (MENAT region) to Menagen, an Omen based pharmaceutical company focus on orphan drug marketing in MENAT region.

(2) Product Code L608:

L608 is a novel drug combining a new formulation with an inhalation nebulizer device. In August 2023, it received approval from the Human Research Ethics Committee (HREC) in Australia to conduct a Phase I clinical trial, which

was also notified bythe Therapeutic Goods Administration (TGA). The drug is intended for the treatment of the rare disease pulmonary arterial hypertension (PAH). The Phase I clinical trial was completed in October 2024, achieving proof of concept. The Company has initiated licensing development efforts in Europe and other regions. Subsequently, the indications for L608 were expanded to include the treatment of Raynaud's phenomenon and digital ulcers (RP/DU) associated with systemic sclerosis (SSc). In 2024, the Company discussed the clinical development strategy for the treatment of SSc-RP/DU with the FDA. In 2025, the Company will confirm clinical design details with the FDA, submit an IND application, and initiate the Phase II clinical development. At the same time, the Company will engage with European regulatory authorities to discuss clinical development and marketing approval strategies for L608 across multiple indications, aiming to accelerate the product development timeline.

4. Planned New Product (Service) Development

Description of Drug-Device Combination Product	Indication
Pulmonary Inhalation Drug Delivery Combination	Treatment of WHO Group 4 chronic thromboembolic pulmonary hypertension (CTEPH)
Pulmonary Inhalation Drug Delivery Combination	Treatment of WHO Group 3 pulmonary hypertension associated with chronic obstructive pulmonary disease (PH-COPD)
Pulmonary Inhalation Drug Delivery Combination	Treatment of pulmonary fibrosis

In addition to the aforementioned indications—treatment of WHO Group 1 pulmonary arterial hypertension (PAH), WHO Group 3 pulmonary hypertension associated with interstitial lung disease (PH-ILD), and systemic sclerosis-related Raynaud's phenomenon and digital ulcers (SSc-RP/DU)—the Company also has the potential to expand into other indications, including the treatment of WHO Group 4 chronic thromboembolic pulmonary hypertension (CTEPH), WHO Group 3 pulmonary hypertension associated with chronic obstructive pulmonary disease (PH-COPD), and pulmonary fibrosis (PF). The Company will consider expanding into these indications based on actual research and development progress.

(II) Industry Overview

1. Current status and development of the industry

(1) Global New Drug and Orphan Drug Market

The global pharmaceutical market continues to grow, driven by the steady

launch of new drugs and the development of innovative medical technologies. According to the IQVIA Institute for Human Data Science, the global pharmaceutical market reached approximately US$1.61 trillion in 2023, representing an 8.40% increase from US$1.48 trillion in 2022. It is expected to exceed US$2.23 trillion by 2028, with the market expanding by over US$620 billion between 2024 and 2028, reflecting a compound annual growth rate (CAGR) of 5–8%.

Among global regions, developed countries account for around US$1.28 trillion, or 79.38% of the global market—a notable rise from 73.42% in 2022. The ten largest developed countries (U.S., Germany, France, U.K., Italy, Spain, Japan, Canada, Australia, and South Korea) had a combined pharmaceutical market value of approximately US$1.0816 trillion in 2023, accounting for 67.31% of the global market. Meanwhile, emerging markets—mainly China, Brazil, India, and Russia—had a market size of US$303.7 billion (18.90%), and low-income countries accounted for just US$27.6 billion (1.72%).

The launch of new drugs is a key growth driver. To accelerate drug approvals and benefit patients, the U.S. FDA has implemented several expedited review pathways, including Orphan Drug designation (for rare diseases affecting fewer than 200,000 people), Breakthrough Therapy, Fast Track, Priority Review, and Accelerated Approval. These mechanisms are used in combination to shorten the drug development and review processes, thereby increasing the number of new drug approvals. In 2023, of the 55 new drugs approved by the FDA, 47 had received at least one of the above expedited designations. These included 28 orphan drugs (51%), 9 Breakthrough Therapies (16%), 31 Priority Reviews (56%), 25 Fast Track designations (45%), and 9 Accelerated Approvals (16%). Additionally, a total of 35 new drugs were first launched in the United States in 2023, accounting for 64% of all approvals, slightly lower than the 68% recorded in 2022.

In the EU, the European Medicines Agency (EMA) recommended 39 new drugs for approval in 2023, slightly fewer than the 41 recommended in 2022. Of these, 13 were for cancer, followed by 7 for neurological disorders. The rest addressed hematological, dermatological, metabolic, infectious, endocrine, cardiovascular conditions, and vaccines. Seventeen of the recommended drugs were for rare diseases.

(2) Current Status of 505(b)(2) New Drugs of New Formulation and Drug-Device Combination Products

In recent years, the number of new drugs approved in the United States via the 505(b)(2) pathway increase continuingly. From 2003 to 2016, the average of 35 505(b)(2) new drugs were approved annually, with no more than 50 per year. However, from 2017 to 2020, there were 63, 75, 64, and 68 drugs, respectively, approved via the 505(b)(2) pathway each year for four consecutive years. Among them, in 2020, the U.S. FDA approved 68 drugs under the 505(b)(2) regulations. Of these, the most common were new formulations (new formulation or other), accounting for approximately 29%, followed by new dosage forms (new dosage form), accounting for around 24%. These two categories combined represented about 53% of 505(b)(2) approvals.

Unlike 505(b)(1) new chemical entity (NCE) drugs, which carry high development risks, 505(b)(2) new drugs provide an alternative pathway for new drug development and approval. The active ingredients of such drugs are often based on existing and commonly used marketed drugs. The primary development goals include improving drug efficacy, safety, and convenience of administration, while also extending the market life cycle of already marketed blockbuster drugs. In recent years, many new drug development companies have adopted the 505(b)(2) pathway, using existing approved drugs as development targets and expanding their applications, such as by altering the dosage form, strength, route of administration, chemical structure, or developing new fixed-dose combinations or new indications. Considering the potential to improve the efficacy and safety of existing drugs, new drug applications under this pathway can be submitted based on simplified preclinical and clinical studies, supported by public technical data of reference drugs. This may allow for reduced clinical trial requirements and significantly lower the cost, time, and risks of development compared to new chemical entities, making it a shortcut for rapid market entry of new drug products. In addition, due to their nature, 505(b)(2) drugs are still classified as new drugs. Depending on individual circumstances, these drugs may benefit from market exclusivity periods ranging from 3 to 7 years and also enjoy patent protection periods of up to 20 years, providing protection during development and after launch. This is beneficial for R&D-oriented pharmaceutical companies to accelerate profitability and generate revenue to support further drug development. Given this, the 505(b)(2) new drug application pathway has significantly influenced the direction of new drug R&D in the pharmaceutical industry. With many blockbuster drugs approaching patent expiration, pharmaceutical companies are actively developing 505(b)(2) new drugs, aiming to launch differentiated products with enhanced safety and efficacy. It also presents an excellent

opportunity for Taiwan to step into the field of new drug development and enter the global market.

Our Company's R&D strategy is to develop new drugs using new formulations and new routes of administration via the 505(b)(2) pathway, with a focus on inhalation dosage forms targeting pulmonary hypertension and peripheral vascular diseases. Currently, the only inhaled drugs approved for the treatment of pulmonary hypertension are Tyvaso®/Tyvaso DPI® and Ventavis®. Our new drug candidate L606 uses Tyvaso® from United Therapeutics Corp. as the reference drug. Tyvaso® has been approved by the U.S. FDA for the treatment of pulmonary hypertension indications including: (1) Group 1 Pulmonary Arterial Hypertension (PAH); and (2) Group 3 Pulmonary Hypertension associated with Interstitial Lung Disease (PH-ILD). Another new drug candidate, L608, uses Ventavis® from Bayer and Johnson & Johnson (J&J) as the reference drug. Ventavis® has been approved globally for the treatment of Group 1 Pulmonary Arterial Hypertension (PAH). Our Company plans to target markets outside the U.S. for L608's future market approval for PAH treatment, including Mainland China, Europe, and Japan. The active ingredient of L608, Iloprost—a prostacyclin analog—is currently available as Ilomedine® (injectable formulation) by Bayer, which is only approved in Europe for the treatment of SSc-RP (Raynaud's phenomenon in systemic sclerosis). Therefore, our Company plans to develop L608, a new drug with a new route of administration (inhalation formulation), using Ilomedine® as the reference drug for the treatment of Raynaud's phenomenon and digital ulcers in systemic sclerosis.

(3) Pulmonary Hypertension and Peripheral Vascular Drug Market

A. Current Status and Development of Pulmonary Hypertension Treatment

The human body has two circulatory systems: the systemic circulation and the pulmonary circulation. Each has its own set of blood vessels and blood pressure. When the blood pressure in the systemic circulation is high, it is commonly referred to as "hypertension." When the blood pressure in the pulmonary circulation is high, it is referred to as "pulmonary hypertension (PH)." According to the 6th World Symposium on Pulmonary Hypertension (WSPH), held in 2018 in Nice, France, pulmonary hypertension is categorized into five groups (Group 1 to Group 5) based on its different causes. The classifications are as follows:

Classification of Pulmonary Hypertension	Definition
Group 1	Pulmonary Arterial Hypertension (PAH), mainly idiopathic

	pulmonary arterial hypertension (iPAH)
Group 2	Pulmonary hypertension caused by left heart disease
Group 3	Pulmonary hypertension caused by lung diseases or long-term hypoxia, including: Pulmonary hypertension due to Interstitial Lung Disease (PH-ILD)
Group 4	Chronic Thromboembolic Pulmonary Hypertension (CTEPH)
Group 5	Pulmonary hypertension associated with other diseases or factors

According to March 2021 Datamonitor Healthcare research report, the pulmonary hypertension (PH) market is expected to expand rapidly in the future. Currently, among the five major categories of PH treatment, there are already over a dozen new drugs approved by health authorities worldwide for the treatment of Group 1 pulmonary arterial hypertension (PAH). However, for PH caused by Group 2, 3, 4, and 5 conditions, there are virtually no approved drugs on the market—at most, only two or three drugs have been approved. Patients still face the dilemma of having no effective or approved treatment available. This "unmet medical need" is a key area of focus for new drug development companies, which are striving to develop more innovative drugs and therapies. As such, future growth in the pulmonary hypertension market will be primarily driven by Groups 2, 3, and 4. Future market growth will be fueled by: (1) approval of new therapies by global health authorities; (2) expansion of existing drug indications, such as extending PAH drugs to other PH groups; (3) approval of new medical devices; and (4) the trend toward early treatment with combination therapies. These factors are expected to significantly boost future PH market revenues.

Our Company is currently focused on the development of treatments for Group 1 pulmonary arterial hypertension and Group 3 interstitial lung disease-induced pulmonary hypertension, and provides the following explanation:

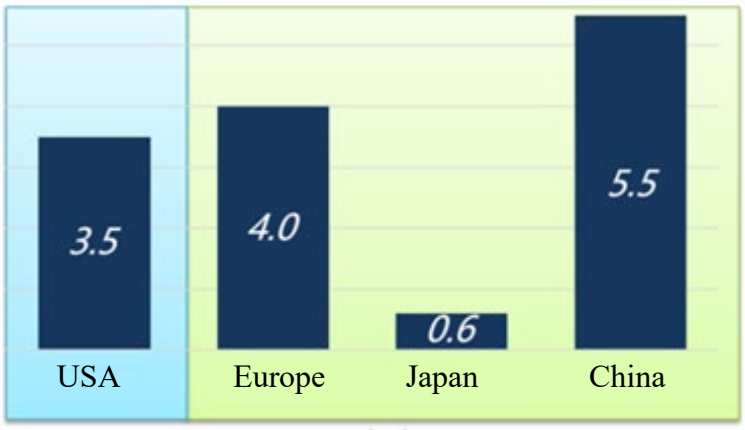
(A) Pulmonary Arterial Hypertension (PAH, Group 1 PH)

PAH is caused by the narrowing, thickening, or stiffening of the pulmonary arteries, resulting in elevated pressure within these blood vessels. This increased pressure forces the right ventricle of the heart to contract more forcefully to pump blood through the narrowed arteries to the lungs. Over time, this can lead to enlarge of the right heart, eventually causing right heart failure and death. PAH can be classified into two main categories based on etiology: "primary" and "secondary." Primary PAH typically has an unknown cause and is a rapidly progressing rare disease. The average age of disease diagnosis is around 36 year old. According to

data from the U.S. National Institutes of Health (NIH), the average survival time of untreated patients with primary PAH is approximately 2.8 years. Early phase PAH symptoms are fatigue, shortness of breath, and reduced exercise tolerance. As the disease progresses, patients may develop unexplained dry cough, angina, swelling of the extremities, and, in severe cases, distended neck veins and ascites. The prevalence of PAH is approximately 15–50 cases per million people, with an incidence of 2.4 cases per million per year, making it a relatively rare disease.

Datamonitor Healthcare's March 2021 report estimated that the global number of PAH patients would increase from approximately 220,000 in 2018 to around 240,000 by 2027. According to presentation data from Insmed Inc,, the number of patients in major countries is estimated at approximately 35,000 in the United States, 40,000 in Europe, and 6,000 in Japan. Furthermore, analysis by the consulting firm Frost & Sullivan estimated that there were approximately 55,000 PAH patients in China in 2020.

Unit: 10,000 people



Source: 1. Insmed official website; 2. Frost & Sullivan analysis
Figure 1: Estimated Number of PAH Patients in Major Countries

Due to the advanced medical infrastructure in the United States and Europe, PAH patients are able to receive advanced diagnosis and treatment. In future market developments, in addition to efforts by cardiology associations and other institutions in various countries to promote early diagnosis of PAH patients, the increasing aging population, lifestyle changes, and air pollution will also contribute the increasing of in PAH patients population. According to a Grand View Research report, the Asia-Pacific region is expected to see a compound annual growth rate (CAGR) of over 6% in the future, leading all other regions. This is primarily driven by improvements in healthcare systems, rapid economic development, and

a large population base, which together increase the demand for PAH treatments.

(B) Pulmonary Hypertension Caused by Interstitial Lung Disease (PH-ILD, Group 3 PH)

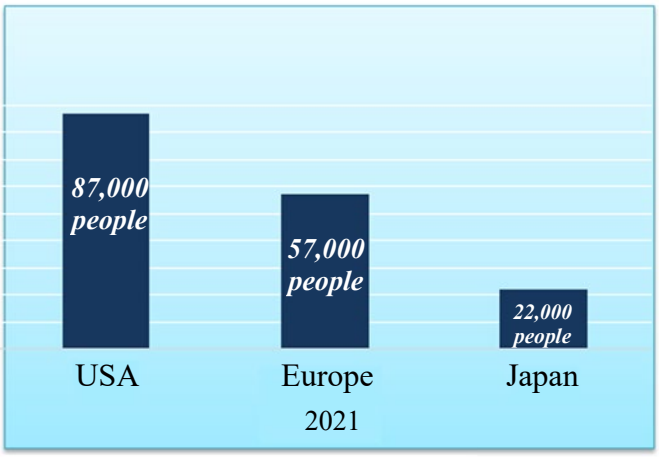
Chronic lung disease is currently the third leading cause of death worldwide, following cancer and cardiovascular disease. With ongoing issues such as population aging, smoking, and air pollution, the number of people affected by chronic lung disease is expected to continue increasing. Chronic lung disease is also one of the causes of pulmonary hypertension, categorized as Group 3 PH: "pulmonary hypertension caused by lung disease or hypoxia." This category mainly results from: (1) Interstitial Lung Disease (ILD); (2) Chronic Obstructive Pulmonary Disease (COPD); (3) Sleep-disordered breathing; (4) Alveolar hypoventilation disorders; (5) Long-term residence at high altitudes; (6) Abnormal lung growth or development. PH significantly impacts the activity level, quality of life, and oxygen saturation of patients with chronic lung disease and can even increase mortality.

Interstitial lung disease causes scarring between alveoli in the lung tissue, leading to lung stiffness or fibrosis, which induces PH. As an irreversible condition, patients' conditions progressively deteriorate, resulting in breathing difficulties and eventually right heart failure and respiratory failure. Therefore, treatment strategies mostly focus on relieving symptoms, improving quality of life, and slowing disease progression, often involving corticosteroids, immunosuppressants, or oxygen therapy. Fortunately, United Therapeutics' two PAH medications—Tyvaso® inhalation solution and Tyvaso DPI® dry powder formulation—were approved by the U.S. FDA in 2021 and 2022, respectively, for expanded use in treating Group 3 PH patients. These are currently the only approved medications for PH-ILD.

A DelveInsight study from December 2022 reported that in 2021, there were approximately 166,000 PH-ILD patients across major countries, including about 87,000 in the United States, approximately 57,000 in Europe, and 22,000 in Japan.

Previously, Tyvaso® generated around US$483 million in revenue, with roughly 3,000 PAH patients using it. However, following the expansion of Tyvaso®'s indication in 2021 to treat PH-ILD, and the 2022

FDA approval of Tyvaso DPI® for both PAH and PH-ILD, the number of patients using Tyvaso® and Tyvaso DPI® has quickly surpassed 10,000 in 2024, with revenue reaching US$1.579 billion. Due to the high cost of treatment with Tyvaso® and Tyvaso DPI®, and according to consensus from nine Bloomberg analysts, the market size is expected to reach US$2.3 billion (approximately NT$75 billion) by 2027, showing strong growth potential. Overall, U.S. government policies and insurance support make the market potential very promising.



Source: Delvemsight analysis

Figure 2: Estimated Number of PH-ILD Patients in Major Countries in 2021

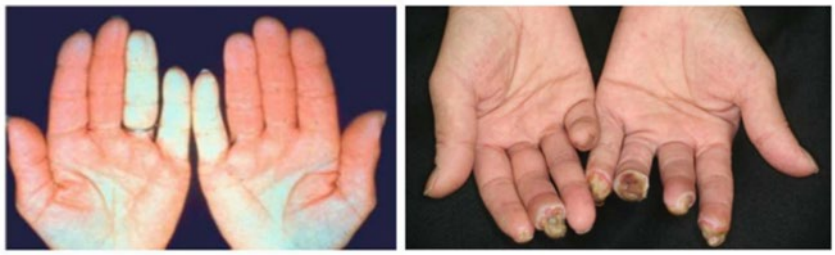
B. Current Status and Development of Treatment for Raynaud's Phenomenon and Digital Ulcers in Systemic Sclerosis (SSc-RP/DU)

Systemic sclerosis (SSc), also known as scleroderma, is a rare chronic connective tissue autoimmune disease that causes vascular damage and fibrosis. The cause is unknown but may be related to genetic and environmental factors. In patients, damage to endothelial cells in small arteries leads to necrosis and fibrosis of the vessel walls, narrowing the lumen and causing tissue ischemia. Stimulated fibroblasts produce large amounts of collagen fibers that deposit under the skin and in internal organs. SSc symptoms include skin fibrosis affecting the hands, face, and other body parts. Fibrosis causes the tighten and harden skin, leading to limited mobility and contractures. Other common symptoms include joint pain, muscle pain, heartburn, and difficulty swallowing. Fibrosis may also affect the lungs, heart, and kidneys, leading to organ failure. Overall, the symptoms of SSc vary depending on the extent and severity of the disease.

Raynaud's phenomenon (RP) is the most common initial symptom of scleroderma, seen in nearly 95% of patients. It is accompanied by swelling in the extremities and progressive skin thickening. Exposure to cold or stress

causes abnormal microvascular constriction, leading to a three-phase color change in fingers or toes—white (due to vasoconstriction), purple (from oxygen deprivation), and red (as blood flow returns)—resulting in severe pain and tingling.

As the disease progresses, fingertips may develop depressed scars. Over 50% of scleroderma patients experience digital ulcers (DU), and in severe cases, gangrene and tissue loss, effectively resulting in auto-amputation, which seriously affects patients' mental health and quality of life.



Raynaud's Phenomenon – White, Purple, Red

Digital Gangrene

Figure 3: Symptoms of Raynaud's Phenomenon and Digital Ulcers

According to 2024 research by Rare Disease Advisor, the typical onset age for scleroderma is 30–50, with females affected 3–4 times more often than males. While earlier studies indicated a 10-year survival rate of about 50%, more recent findings show significant improvements5- and 10-year survival rates have risen to 90% and 84%, respectivelyby rare disease legislation, increased investment from international pharmaceutical companies in SSc drug development, and advances in medical knowledge, diagnostics, and treatment. Despite improved overall survival, individual prognosis still heavily depends on the severity of internal organ involvement. Heart and respiratory system complications are the leading causes of death in scleroderma patients, accounting for 31% and 18% of SSc-related deaths, respectively.

Overall, SSc leads to a range of symptoms that impact quality of life and, in severe cases, can be life-threatening. Its mortality rate is higher than that of other rheumatic autoimmune diseases. SSc primarily causes fibrosis of the skin, blood vessels, and internal organs. Symptoms evolve as the disease progresses. Early stage symptoms include skin thickening and hardening, especially in fingers and toes, with prominent signs of poor circulation. Internal organs—especially the heart, lungs, and gastrointestinal tract—may also be affected. Up to 50% of patients have pulmonary involvement, with complications like interstitial lung disease and pulmonary arterial

hypertension, which are leading causes of death in SSc.

According to research published in ScienceDirect, the global incidence and number of newly diagnosed scleroderma cases are estimated at 8.64 per 100,000 people (range: 1.78–23.57), with 670,000 new diagnoses (range: 0.14–1.84 million). In terms of prevalence, there are approximately 18.87 cases per 100,000 people (range: 1.55–25.28), and around 1.47 million people are affected annually (range: 0.12–1.97). Incidence and prevalence are higher in females, adults, and high-income countries.

According to Sheer Analytics and Insights, the global market for SSc drugs was valued at US$1.8 billion in 2020 and is projected to reach US$4.3 billion by 2031, with a compound annual growth rate (CAGR) of over 8%. Data from Civi Biopharm suggests there are an estimated 70,000 scleroderma patients in the United States, with around 40,000 experiencing moderate to severe Raynaud's phenomenon and digital ulcers. If approved, the market for prostacyclin-based treatments could reach US$1 billion. According to DelveInsight, in 2020, more than 192,000 people in the U.S., the five major European economies (Germany, France, Italy, Spain, and the UK), and Japan were diagnosed with SSc. The number of patients continues to rise with new diagnoses. In 2023, the market size for systemic sclerosis in these seven major countries reached nearly US$1.85 billion. The U.S. alone accounted for the largest share, with a market size of nearly US$1.38 billion and approximately 102,000 confirmed cases, indicating strong demand in the rare disease scleroderma market.

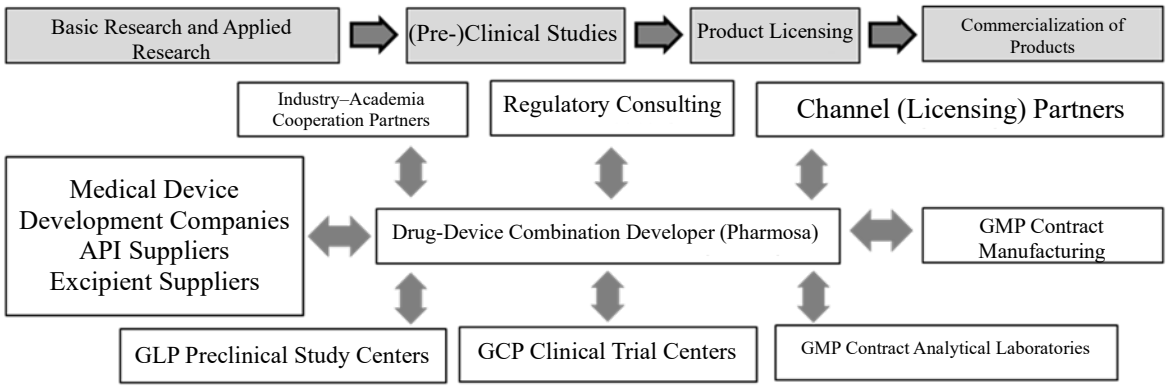
The global systemic sclerosis treatment market is driven by increasing incidence and prevalence of the disease. Although current medical understanding of its pathogenesis remains limited and treatment options are lacking, growing awareness, supportive government legislation for rare diseases, continued R&D investments from international pharma companies, and advancements in diagnostics and therapy have led to more cases being identified globally. This rising prevalence, coupled with increasing demand for effective therapies, is a key factor behind the expanding SSc treatment market. The treatment field is continuously evolving. The U.S. FDA has approved two drugs aimed at slowing disease progression and improving quality of life, offering new hope to patients suffering from this chronic and life-threatening condition.

2. Links between the upstream, midstream, and downstream segments of the industry

supply chain

The relationship between upstream, midstream, and downstream segments of the Company's industry is illustrated in the diagram below. This includes domestic and international preclinical and clinical trial centers, API and pharmaceutical contract manufacturers, pharmaceutical companies, and marketing channels. Based on the concept of drug development risk, the Company utilizes its proprietary liposomal platform to improve the shortcomings of existing drugs and develop new sustained-release drug formulations such as L606 and L608. Through its R&D laboratories, the Company conducts technical evaluations and proof of concept to demonstrate that its new drug formulations significantly enhance efficacy and ease of use over existing drugs. On the other hand, all of the Company's new drug products are drug-device combination products, and collaboration with medical device manufacturers is also a key aspect. The R&D department first selects well-established medical devices and then completes internal fine-tuning and testing to form suitable device combinations. This approach accelerates product development timelines and reduces new drug development risks.

The Company adopts an industry–academia–research collaborative development model, integrating domestic and international resources to engage in technology transfer or co-development. Partners include domestic and international research institutions, preclinical CROs, GMP-certified professional manufacturing plants, medical device manufacturers specializing in mesh nebulizers, overseas clinical strategy consultants, and regulatory consulting firms with extensive experience in orphan drug and 505(b)(2) products. Through cross-disciplinary integration and service process coordination, the Company establishes long-term, close partnerships with upstream and downstream stakeholders to maximize the value of R&D outcomes, thereby forming a completely new drug development value chain.



This innovative and collaborative business operation model promotes the industrialization of pharmaceutical and medical device R&D and the introduction of

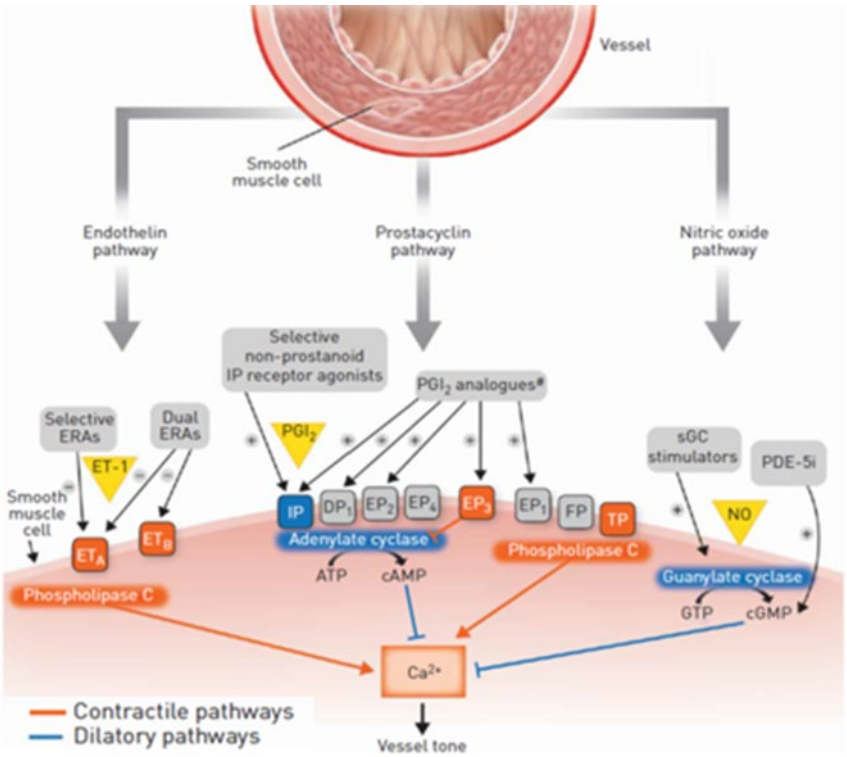
CRO services. By partnering with domestic and international companies and research institutions, the Company is moving toward internationalized innovative research, creating successful examples of innovative products or service models. This, in turn, drives the robust development of Taiwan's biotech industry, maximizes the competitiveness of developed products, and effectively increases the success rate of product commercialization.

3. Product Development Trends

(1) Development Trends of Pulmonary Hypertension Drugs

A. Competitive Landscape of Drug Mechanisms for Pulmonary Arterial Hypertension (PAH, Group 1 PH)

Drugs for the treatment of Group 1 Pulmonary Arterial Hypertension (PAH) can generally be categorized into three main mechanisms of action: (1) Endothelin Pathway (Endothelin Receptor Antagonists, ERA), (2) Prostanoid Pathway (Prostanoid Receptor Agonists), (3) Nitric Oxide Pathway, including Phosphodiesterase Type 5 Inhibitors (PDE-5) and Soluble Guanylate Cyclase Stimulators (sGC Stimulators). The pharmacological mechanisms are illustrated in the diagram below.

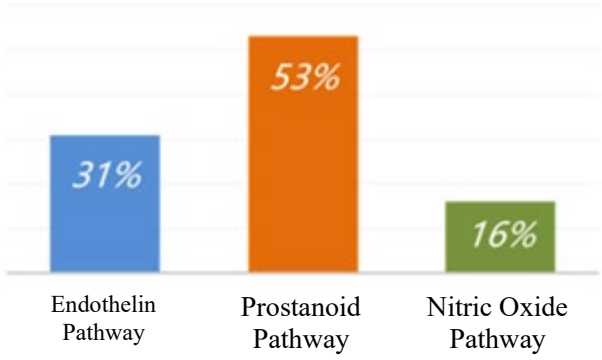


Source: Eoropean Respiratory Review 2015 24:630-641

Figure 4: Three Major Pharmacological Mechanisms for Treating PAH

According to a Liquidia presentation, the total U.S. PAH market sales in

2020 (Year 109) amounted to approximately US$4.2 billion. Drugs targeting the endothelin pathway and the nitric oxide pathway accounted for US$1.3 billion and US$0.7 billion respectively, making up 31% and 16% of the overall market, respectively. Drugs targeting the prostanoid pathway, the main class of drugs used in clinical practice, reached a market size of US$2.2 billion, accounting for 53% of the total market. Based on route of administration, the market sizes for oral, inhaled, and injectable prostanoid drugs were approximately US$1.2 billion, US$0.5 billion, and US$0.5 billion, respectively.



Sources: 1. Liquidia presentation; 2. Compiled by the Company

Figure 5: Revenue Share of the Three Major PAH Drug Classes in the U.S. in 2020

All three classes of drugs offer multiple oral product options. Among them, the prostanoid pathway was the earliest to be developed for PAH treatment and remains one of the most effective target. However, due to the very short half-life, injectable and inhaled formulations of prostanoid products are also available. With the expiration of patents for various drugs developed by pharmaceutical companies, the launch of new products, and the increasing use in combination therapies, continue to expand both clinical usage and market size of prostanoid products.

The U.S. FDA has approved a total of 18 drugs for PAH treatment. Based on the three major mechanisms of action, relevant information is summarized in the following table:

No.	Mechanism of Action	Drug Name		Developer	FDA Approval Date		
		Generic Name	Brand Name		Approval Date	Dosage Form	Route and Frequency of Administration (per day)
1	Prostanoids and Prostanoid Derivatives	Epoprostenol Sodium	Flolan	GSK	1995-09-20	Injection	Intravenous, continuous
2			Veletri	Actelion	2008-06-27	Injection	Intravenous, continuous
3		Treproquinil	Remodulin	United Therapeutics	2002-05-21	Injection	Intravenous/subcutaneous,

No.	Mechanism of Action	Drug Name		Developer	FDA Approval Date		
		Generic Name	Brand Name		Approval Date	Dosage Form	Route and Frequency of Administration (per day)
				Corporation			continuous
4			Tyvaso		2009-07-30	Solution	Inhalation, 4 times
5			Orenitram		2013-12-20	Extended -release tablet	Oral, 2–3 times
6			Tyvaso DPI		2022-05-23	Dry powder	Inhalation, 4 times
7		Iloprost	Ventavis	Actelion	2004-12-29	Solution	Inhalation, 6-9 times
8	Prostacyclin receptor agonist	Selexipag	Uptravi	Actelion	2015-12-22	Tablet	Oral, 2 times
9					2021-07-29	Injection	Intravenous, continuous
10	Endothelin receptor antagonist	Bosentan	Tracleer	Actelion	2001-11-20	Tablet	Oral, 2 times
11		Ambrisentan	Letairis	Gilead/GSK	2007-06-15	Tablet	Oral, 1 time
12		Macitentan	Opsumit	Actelion	2013-10-18	Tablet	Oral, 1 time
13	PDE-5 inhibitor	Sildenafil	Revatio	Pfizer	2005-06-03	Tablet	Oral, 3 times
14			Revatio	Pfizer	2009-11-08	Injection	Intravenous, 3 times
15		Tadalafil	Adcirca	Eli Lilly	2009-05-22	Tablet	Oral, 1 time
16	sGC stimulator	Riociguat	Adempas	Bayer	2013-10-08	Tablet	Oral, 3 times
17	Endothelin Receptor Antagonist + PDE-5 Inhibitor	Macitentan+ Tadalafil	Opsynvi®	Johnson & Johnson	2024-03-22	Tablet	Oral, 1 time
18	Activin signaling inhibitor	Sotatercept	Winrevair ®	MSD	2024-03-26	Injection	Intravenous, once every three weeks

Source: FDA

Pulmonary arterial hypertension (PAH) can be described as a chronic cancer of the cardiovascular system. Once diagnosed, patients must begin long-term drug therapy or undergo lung transplantation in order to effectively slow disease progression and extend life expectancy. On May 13, 2014, the U.S. FDA held a public hearing to understand the needs of PAH patients. For detailed content, please refer to the reference literature (The Voice of the Patients). In conclusion, the report summarized patient expectations for future drugs. When discussing with physicians about choosing or switching to another treatment, the main issues patients hope to see improved are: (1) intolerable side effects, (2) dosing frequency and time, and (3) route of drug administration. This is because, although various dosage forms—oral, injectable, and inhaled—have been developed to accommodate different disease severities, current treatments still have numerous shortcomings due to the limitations of active

pharmaceutical ingredients.

As more PAH treatments are approved—many of which act through three different mechanisms—an increasing number of physicians support combination therapy, using drugs from different pathways simultaneously. Data from the North American REVEAL registry shows that as early as 2006-2007, 52% of patients were already receiving combination therapy. In recent years, more clinical trials have confirmed the clinical benefits of initial combination therapy. Compared with sequential therapy, which aims to maintain a patient's condition and adjust treatment only after deterioration, initial combination therapy begins with multiple drugs acting on different mechanisms right after diagnosis. Its goal is to reduce symptoms and maintain patients in a "low risk status." Clinical trial results support this aggressive early intervention approach, showing it significantly improves clinical worsening and may even extend survival.

With the use of multiple mechanistic drugs becoming more common, the latest clinical data further demonstrates that early administration of prostacyclin analogs, with the goal of reducing pulmonary vascular resistance (PVR), is the most effective treatment strategy across the spectrum of disease severity. Therefore, even for patients in the early stages of the disease, upfront triple combination therapy—incorporating prostacyclin analogs and other mechanistic drugs—has become a prevailing trend.

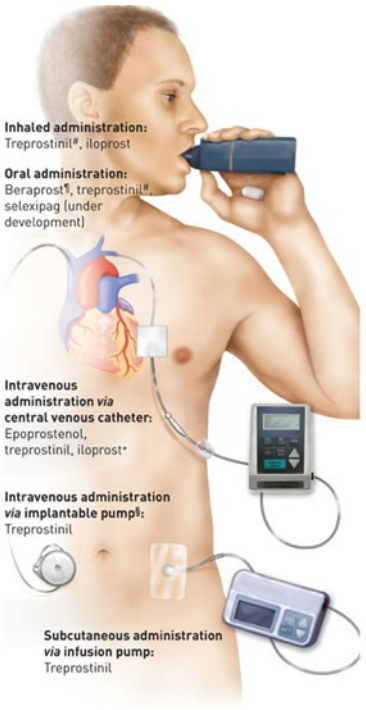
In March 2024, the U.S. FDA approved two new PAH drugs: Winrevair® by MSD and Opsynvi® by Johnson & Johnson. Winrevair® is a novel-mechanism drug delivered via injection once every three weeks. It can be used in combination with the three major pathway therapies to improve exercise capacity and reduce the risk of disease progression. Opsynvi®, on the other hand, is a combination tablet of two existing oral drugs (Macitentan and Tadalafil). Its primary goal is to extend the product lifecycle of Johnson & Johnson's existing PAH drug, Opsumit®. It is not considered a drug with an innovative mechanism.

B. Pulmonary Arterial Hypertension (PAH, Group 1 PH): Competitive Landscape of Prostacyclin Derivatives

Prostacyclin has long been used to treat PAH and is currently recognized as one of the most effective drugs. However, due to its extremely short half-life (ranging from several minutes to several tens of minutes), it is difficult to maintain a stable plasma concentration and achieve the desired therapeutic

effect without continuous administration. For long-term treatment, patients need to self-administer the medication at home. Therefore, three dosage forms of prostacyclin have been developed: oral, injectable, and inhaled. As shown in the figure below, from the patient's perspective, inhalation is the most favorable option. Inhalation delivers the drug directly to the targeted tissues, allowing for lower doses compared to oral administration, which requires higher doses due to low intestinal absorption and first-pass liver metabolism. This significantly reduces the side effects associated with prostacyclin and avoids the infection risks associated with injections. To expand the market for these drugs, prostacyclin-based therapies for PAH have already been approved in the U.S., Europe, and Japan for the treatment of various forms of pulmonary hypertension (PAH, PH-ILD, CTEPH) as well as peripheral vascular diseases. A comparison of the advantages and disadvantages of oral, injectable, and inhaled dosage forms is provided below:

Currently, the injectable prostacyclin derivatives available on the market are primarily Epoprostenol (brand names: Flolan® by GlaxoSmithKline and Veletri® by Actelion Pharmaceuticals) and Treprostinil (brand name: Remodulin® by United Therapeutics). According to its 2022 annual report, Remodulin® generated approximately US$500 million in sales. However, intravenous prostacyclin derivatives require continuous 24-hour infusion, which necessitates patients to wear an infusion device at all times and to have an implanted catheter similar to a central venous line. This increases the risk of infections and catheter thrombosis. Sudden discontinuation or interruption due to device or tubing malfunction can lead to severe adverse effects in patients. In addition, subcutaneous injections can cause severe pain and discomfort at the injection site for some patients. Infection risks remain, and patients receiving injectable therapy must visit the hospital every few days for infusion bag changes while constantly facing the risk of infection from invasive tubing. This significantly affects patients' mental well-being and quality of life. Despite these drawbacks, only injectable forms can deliver sufficiently high drug doses with tolerable side effects, enabling physicians to escalate treatment as needed when a patient's condition worsens. As such, injectable prostacyclin derivatives continue to be widely used in late-stage patients.



Source: European Respiratory Review (2015) 24:630-641.

Figure 6: Current Prostacyclin Delivery Systems by Route of Administration and Device Design

Currently, oral prostacyclin derivative formulations include Orenitram® (United Therapeutics) and Uptravi® (Actelion, Switzerland), launched in 2013 and 2015, respectively. Oral prostacyclin derivatives offer convenient administration and have experienced significant sales growth in recent years. However, it is important to note that due to low intestinal absorption and extensive hepatic metabolism, oral formulations require high doses, which increases the risk of gastrointestinal and systemic side effects. For example, in Orenitram® clinical trials, the most common side effects reported were headache, nausea, and diarrhea. Another concern with oral formulations is that in clinical application, side effects caused by higher dosages may limit their use, preventing them from significantly improving clinical symptoms or reducing clinical worsening events, as injectable formulations do. Moreover, with combination therapy becoming a trend, if multiple drugs must be taken orally and absorbed via the gastrointestinal tract, the risk of severe side effects from high-dose oral medications increases significantly.

As for inhalation-based drug delivery, current inhaled prostacyclin formulations on the market provide local delivery, which allows for lower required doses and significantly reduces the side effects associated with prostacyclin, offering patients and physicians more options. This can delay the need for "inconvenient and infection-prone injectable treatments" or “allows

for easier combination with other oral medications." Currently, the only inhalation products available are Tyvaso®/DPI® (United Therapeutics) and Ventavis® (Johnson & Johnson/Bayer). However, since the current inhalation products are immediate-release formulations—and prostacyclin drugs have a short half-life—frequent daily inhalation to achieve therapeutic efficacy is reuired. For instance, Tyvaso® is administered once every 4 hours (4 times daily), with efficacy lasting about 16 hours. Ventavis® must be used once every 2 hours (6–9 times daily), with efficacy lasting 12–18 hours. Furthermore, the preparation process for the inhalation devices is cumbersome, adding to the inconvenience. The most recently launched Tyvaso DPI®, though a dry powder formulation and relatively more convenient to use, remains an immediate-release product with a 4-hour dosing interval. Its inhalation mechanism relies on the user's inspiratory flow rate or pressure to disperse the solid particles into the lungs. Therefore, if the patient has impaired lung function and cannot generate a high inspiratory flow or pressure in a short time, the drug delivery efficiency is significantly reduced. With the frequent dosing requirements of these three products, the immediate-release formulation causes a burst of high concentration that may irritate the respiratory tract, often leading to respiratory side effects. Additionally, since patients cannot administer the drug while sleeping, the therapeutic effect cannot be maintained overnight, limiting the treatment outcomes.

C. Pulmonary Hypertension Caused by Interstitial Lung Disease (PH-ILD, Group 3 PH) – Competitive Landscape

In the past, PH-ILD patients were unable to access effective targeted therapies. It was not until 2021 and 2022 that the U.S. FDA approved two drugs originally indicated for Group 1 pulmonary arterial hypertension—Tyvaso® and Tyvaso DPI®—for a second indication: PH-ILD. However, as previously mentioned, there remains room for improvement in user experience with Tyvaso® and Tyvaso DPI®.

(2) Systemic Sclerosis–Associated Raynaud's Phenomenon and Digital Ulcers (SSc-RP/DU) – Drug Development Trends and Competitive Landscape

Systemic sclerosis (also known as systemic scleroderma) is a chronic autoimmune connective tissue disease characterized by hardening and tightening of the skin and connective tissues. Its hallmark is the overproduction of collagen in cells and tissues, leading to fibrosis or scarring. Currently, there is no definitive cure for systemic sclerosis. Treatment options are limited to managing organ-specific

manifestations of the disease to control symptoms and slow progression. It remains an incurable condition.

Because treatments for systemic sclerosis are limited to addressing organ involvement, the only drugs currently approved by the U.S. Food and Drug Administration (FDA) are Ofev® and Actemra®, which are indicated for systemic sclerosis-associated interstitial lung disease (SSc-ILD). Ofev® (nintedanib) capsules were approved by the U.S. FDA in 2019. Developed by Boehringer Ingelheim of Germany, it is an oral small molecule tyrosine kinase inhibitor originally approved for idiopathic pulmonary fibrosis (IPF). According to DelveInsight research, its monthly retail price reaches as high as US$15,000, equating to approximately US$180,000 per year. The second therapy, Actemra® (tocilizumab), a biologic developed by Genentech, was approved by the U.S. FDA in 2021. Both medications are used to slow the rate of decline in lung function in adult patients with SSc-ILD.

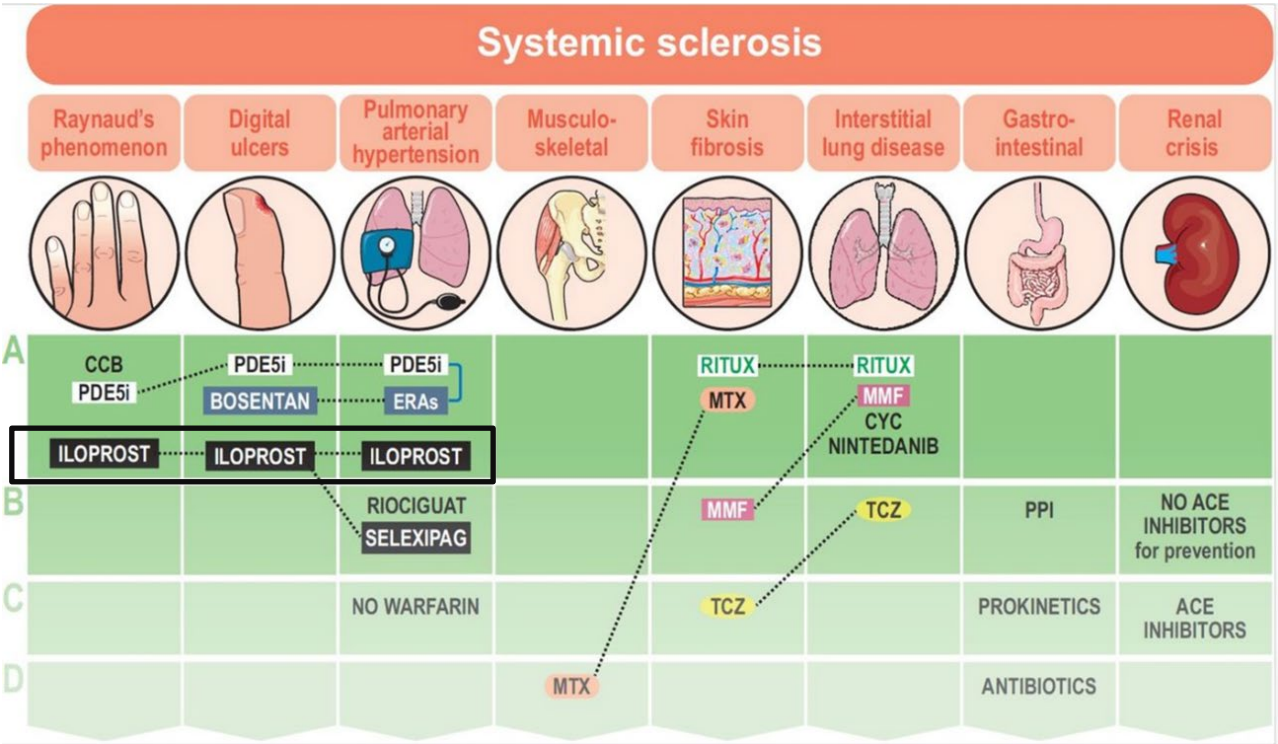
Subsequently, in September 2021, Zenyaku's anti-CD20 monoclonal antibody Rituxan® (rituximab) was approved by Japan's Ministry of Health, Labour and Welfare. Biosimilar versions of Rituxan® have also been launched in Japan for various indications. Overall, the emergence of nintedanib, tocilizumab, and rituximab has significantly expanded treatment options for patients with systemic sclerosis–associated interstitial lung disease and systemic sclerosis itself, marking the beginning of a new era in SSc therapy.

U.S. FDA-Approved Drugs for the Treatment of Systemic Sclerosis

Product	Company	Mechanism of Action	Indication	Molecule Type	Approval Year
OFEV (nintedanib)	Boehringer Ingelheim (Boehringer Ingelheim)	Multiple receptor tyrosine kinases (RTKs) and non-receptor tyrosine kinases (nRTKs)	Systemic sclerosis–associated interstitial lung disease (SSc-ILD)	Small molecule	USA: 2019 EU: 2020 Japan: 2019
ACTEMRA (Tocilizumab)	Roche (Roche)	Inhibits IL-6 mediated signaling	Systemic sclerosis–associated interstitial lung disease (SSc-ILD)	Monoclonal antibody	USA: 2021

The European Alliance of Associations for Rheumatology (EULAR) previously issued treatment guidelines in 2009 for organ complications associated with systemic sclerosis. For patients with Raynaud's phenomenon and digital

ulcers, the use of intravenous iloprost (a prostacyclin analog) was recommended to reduce the frequency and severity of Raynaud's attacks unresponsive to common oral vasodilators, and to heal active digital ulcers. EULAR has recently published an updated set of recommendations in 2023 for the treatment of systemic sclerosis. These updated recommendations provide more comprehensive and advanced guidance for treating systemic sclerosis, enabling clinicians around the world to better support their patients and improve therapeutic outcomes. At present, early treatment of scleroderma aims to prevent new skin and organ symptoms, while late-stage treatment focuses on improving existing symptoms. The main therapeutic strategies include treatment for vascular lesions, anti-inflammatory and immunomodulatory therapies, and antifibrotic treatments. Vascular lesion therapies include calcium channel blockers (CCBs), endothelin receptor antagonists (ERAs), phosphodiesterase type 5 inhibitors (PDE-5 inhibitors), and prostacyclin analogs. EULAR's 2023 recommendations cover treatment guidelines for eight clinical domains of systemic sclerosis, as shown in the chart.



Green boxes labeled A–D represent different levels of strength of recommendation (SoR), as indicated in the corresponding columns. Dotted lines connect the same drug or drug class across different clinical domains. CCB, Calcium-channel Blockers; CYCC, yclophosphamide; ERA, endothelin receptor antagonist; MMF, mycophenolate mofetil; MTX, Methotrexate; PDE5i, phosphodiesterase type 5 inhibitor; PPI, proton-pump inhibitor; RITUX, rituximab; TCZ, tocilizumab.

Iloprost, a prostacyclin analog, exerts pharmacological effects including thrombus prevention, vasodilation, and anti-inflammatory actions. It is used for treating pulmonary hypertension and peripheral vascular diseases. Bayer developed

Ilomedine (Iloprost IV Injection), an intravenous formulation approved in Europe for the treatment of peripheral arterial occlusive disease (PAOD), advanced thromboangiitis obliterans (TAO, also known as Buerger's disease), and Raynaud's disease. This is the drug recommended in EULAR's treatment guidelines for systemic sclerosis patients with Raynaud's phenomenon and digital ulcers.

Currently, a standard treatment course of intravenous Ilomedine (Iloprost IV Injection) requires patients to stay in the hospital for continuous 6-hour IV infusions over 5 consecutive days to maintain therapeutic effects for up to 9 weeks. Common side effects during treatment include nausea, headache, hypotension or flushing, and injection site pain. To ensure stable IV infusion, patients must be hospitalized or treated at a hospital outpatient center for this invasive therapy. This not only disrupts patients' daily activities such as family life and work, but also results in high medical costs associated with inpatient or outpatient hospital care. On the other hand, due to limited hospital bed availability and medical staffing, hospitals are unable to promptly and effectively care for all patients. As a result, there is significant market demand for more convenient and safer at-home treatment products that do not require prolonged hospital stays.

(3) Positioning of R&D Products

Pharmosa's current two flagship products, L606 and L608, are based on prostacyclin analogs—an already proven effective drug class among the three therapeutic mechanisms of marketed drugs for pulmonary arterial hypertension (PAH). Prostacyclin analogs are recognized as the most effective in improving patient survival rates. However, due to their short half-life, there remains an unmet clinical need for better drug options. In response, the Company is developing new inhalation formulations using liposome technology to achieve sustained drug release. Paired with a portable, next-generation nebulizer device, the aim is to deliver inhalable prostacyclin analogs that maintain a stable release profile, thereby reducing side effects, dosing frequency, and enhancing treatment convenience. The clinical advantages of Pharmosa's L606 and L608 drug development for treating pulmonary hypertension and peripheral vascular-related diseases are described as follows:

For the treatment of pulmonary hypertension: Current inhalation therapies such as Tyvaso® and Ventavis® are immediate-release formulations. Patients undergoing treatment with these drugs often face high-frequency dosing schedules and experience acute respiratory tract irritation due to suddenly exposure of high drug concentrations, which restrict the therapeutic efficacy. Pharmosa's long-acting

inhalable drug formulation transforms the short half-life prostacyclin analog into a liposomal sustained-release inhalation solution, aiming to overcome the above-mentioned limitations. L606 and L608 are white, semi-transparent sterile inhalation solutions, used in conjunction with a convenient and portable nebulizer device. The inhalation route allows for localized drug delivery, concentrating the therapeutic effect on pulmonary vasculature. The stable and slow-release profile minimizes respiratory tract irritation and systemic side effects, while reducing the frequency of administration.

For the treatment of scleroderma-related Raynaud's phenomenon and digital ulcers: Patients treated with intravenous Ilomedine® face systemic side effects and injection site pain due to the drug's short half-life. Moreover, hospital-based treatment interferes with daily life and incurs significant hospitalization costs. Pharmosa's L608 is a long-acting inhalable formulation developed using a new route-of-administration strategy. This liposomal sustained-release inhalation approach aims to reduce systemic side effects and eliminate injection-related discomfort. Patients can perform the treatment at home via self-administered inhalation, saving time and medical expenses while significantly improving quality of life and treatment adherence.

Compared with competing products, the Company's platform offers superior clinical efficacy, fewer side effects, more convenient dosing frequency, administration method and better quality of life. Additionally, by minimizing side effects, the treatment can be applied to late-stage patients requiring high doses. When used in combination therapy with drugs of different mechanisms, this product has the potential to reshape the treatment landscape for pulmonary hypertension and related peripheral vascular diseases.

(III) Overview of the Company's technologies and its research and development work

1. Technical Level and R&D of the Company's Business

(1) Patented Nano Sustained-Release Formulation Technology

A common challenge in the past with liposomal products was that when the formulation was optimized to achieve high encapsulation efficiency and good stability, the drug release rate became excessively slow. As a result, the liposomes could not effectively release the drug at the targetorgan, and the body's macrophages would eliminate both the liposomes and the encapsulated drug, leading to suboptimal therapeutic efficacy. Conversely, when the drug release rate was optimized by the formulation, another issue of insufficient liposomal stability and difficulties of scale up production often arose.

Pharmosa's R&D team has addressed this issue by designing a way to control thedrug release through changes of environmental factors. This patented liposomal nano sustained-release technology utilizes specific amphoteric salts, which naturally maintain equilibrium in blood or bodily fluids, as the core of the new liposome formulation. Regardless of whether the liposomes are injected intramuscularly, subcutaneously, or inhaled into the alveoli, drug release is controlled via diffusive salt exchange with body fluids. The concentration changes of these specific salts—designed by Pharmosa—alter the salt equilibrium between the inside and outside of the liposome, which in turn affects the dynamic equilibrium of the drug within and outside the liposomal bilayer. This results in a controlled release of the drug from the high-concentration interior of the liposome into the salt-rich bodily fluid environment. The design enables environmentally responsive, sustained, and selective drug release, reducing non-target release and associated irritation in other organs.

In summary, Pharmosa's R&D team has accumulated years of experience in liposomal product development and specializes in the formulation design of controlled-release liposomes. The Company has filed patents to protect its unique sustained-release technology. This innovative liposomal encapsulation technique overcomes the past limitations of liposomal technology such as low encapsulation efficiency or drug leakage and enables stable, long-term drug release. It improves clinical applicability, reduces drug side effects, and strikes an optimal balance between manufacturing, storage stability and drug release rate—establishing a new drug formulation technology platform.

(2) Drug Delivery Technology of Medical Device Combinations

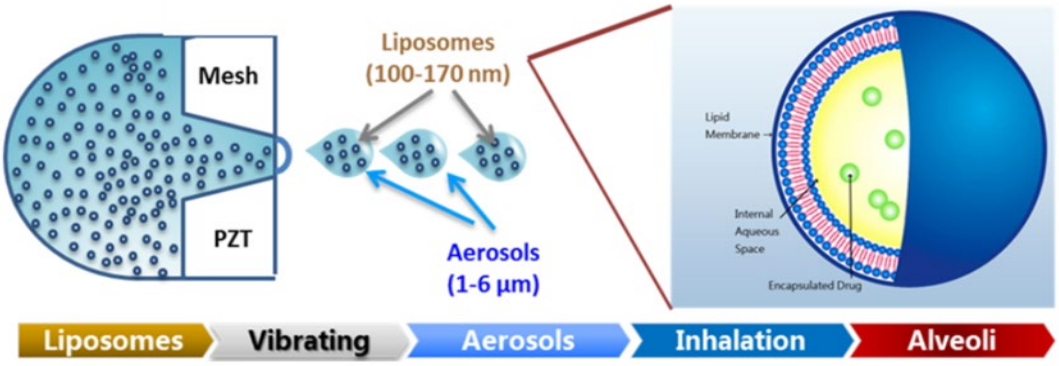


Figure 7: Illustration of liposome nebulization using mesh vibration

Pharmosa's patented liposomal sustained-release technology satisfies both product stability and in vivo sustained-release requirements, ensuring optimal drug efficacy. In addition, to enable local delivery to the lungs, the product must be used in combination with a medical device that nebulizes the formulation for inhalation.

Therefore, the nano sustained-release formulation must be continually adjusted while simultaneously screening for a suitable nebulizer device. Evaluations must consider the physical stress generated during nebulization and its impact on liposome stability, as well as repeated testing of aerosol characteristics to ensure the feasibility and success of the drug-device combination. This process supports the development of the optimal drug-device combination product. The results of this R&D—covering manufacturing processes, compositions, and applications—are all patented to protect the Company's core technologies.

For the treatment of pulmonary hypertension, the drug target is the pulmonary vasculature. Inhalation delivers the drug locally to the lungs, increasing drug concentration at the target site while reducing dosage and systemic exposure risks. For the treatment of SSc-RP/DU, the drug target is peripheral blood vessels. Inhalation offers a more convenient alternative to IV infusion therapy, enabling home-based self-administration and reducing the need for hospital or clinic visits and the associated cost of professional injections.

(3) Current Product R&D Progress

★Rare Diseases

Product	Indications	R&D / PIND / IND / P1 / P2 / P3	Target Market Size	Out-licensing Status by Region
L606 (Liposomal Treprostinil)	PH-ILD	Applied for Global Phase 3 Clinical Trial	Global Market: > US$6.8 billion Prostacyclin Pathway: > US$3 billion	Liquidia North America / Europe / Japan, etc. menarini Middle East / North Africa / Turkey
	PAH*	Safety and Long-term Efficacy Observation		
L608 (Liposomal Iloprost)	SSc-RP/DU*	Applied for Phase 2 IND	Global Market United States: > US$1 billion Europe & Japan: > US$1.2 billion	Initiated Licensing Discussions
	PAH*	Phase 1 Proof of Concept Achieved	Outside of North America Europe, Japan, China: > US$1 billion	Initiated Licensing Discussions

Figure 8: Clinical Product Development Progress

(4) Analysis of Key Product Technical Competitiveness

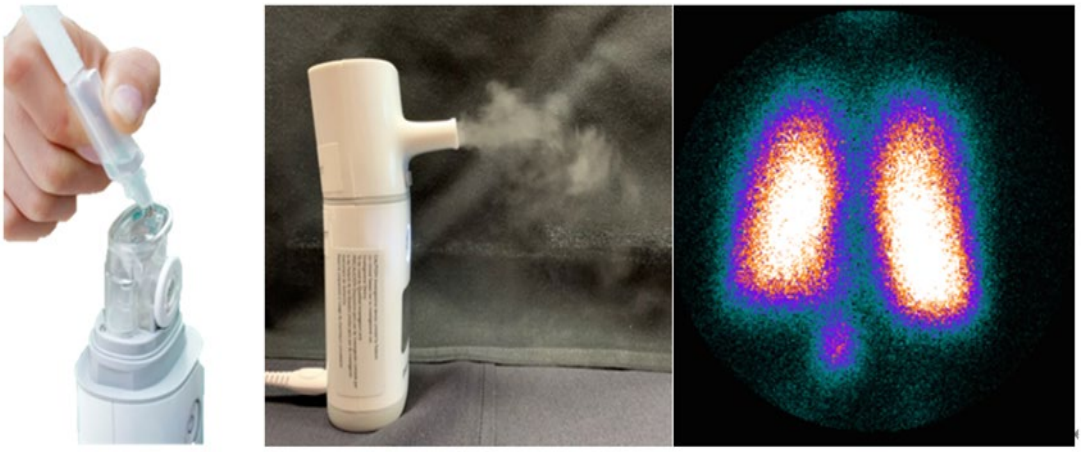


Figure 9: Actual Operation of Liposomal Inhalation Drug Delivery via Nebulizer

The L606 and L608 products utilize liposomal nano sustained-release technology combined with a portable, next-generation nebulizer to develop inhalable sustained-release formulations of prostacyclin analogs (Treprostinil or Iloprost). By achieving a stable release rate, the drug-device ombination products offer the benefits of reduced side effects and reduced dosing frequency. Compared with currently available competing drugs on the market, both L606 and L608 feature sustained drug release without burst release, which can result in better therapeutic efficacy and fewer side effects in clinical settings. Together with advanced, compact nebulizer devices, they offer patients a more convenient dosing frequency and method, significantly improving quality of life. Furthermore, due to the reduced side effects, these products can be applied to late-stage patients requiring higher doses. In the future, they can be combined with other drugs of different mechanisms for combination therapy, potentially transforming the current treatment paradigm of pulmonary hypertension and offering advantages over existing products. As these products are new drug-device combinations independently developed and manufactured by Pharmosa using proprietary technology, they enjoy a leading position in technical innovation and provide strong support for product competitiveness.

The Company is currently focusing on developing treatments for various types of pulmonary hypertension and systemic sclerosis-related indications. The comparison between the Company's products and currently available drugs are summized as below.

D. Pulmonary Arterial Hypertension (PAH, Group 1 Pulmonary Hypertension)

(A) L606

The Company's L606 is an inhalable sustained-release formulation of Treprostinil. Although multiple dosage forms of the same active ingredient are available on the market—such as intravenous infusion, oral tablets, inhalation solutions, and dry powders—most are immediate-release formulations. The earliest approved product, Remodulin® intravenous infusion, requires continuous 24-hour administration, which is very inconvenient for patients. To directly deliver the drug to lung tissue, inhalation products was developed; however, due to the drug's characteristics, it must be used once every four hours, making it difficult to maintain effective drug concentrations during sleeping time period. Although the oral formulation offers ease of administration, the need to

increase the dosage due to disease progression often leads to systemic side effects. While existing products continue to be improved to meet patient needs, it remains difficult to combine the advantages of all dosage forms—providing both convenient administration and sustained efficacy. Below is a comparative analysis of currently available Treprostinil products and the Company's L606:

Table 1: Competitive Product Analysis for Treprostinil in the Treatment of PAH

Comparison Items \ Product (Company)	L606 (The Company)	Remodulin® (United Therapeutics Corporation)	Orenitram® (United Therapeutics Corporation)	Tyvaso® (United Therapeutics Corporation)	Tyvaso DPI® (United Therapeutics Corporation)
(1) Dosage Form	Liposomal inhalation solution	Intravenous infusion	Tablet	Liquid inhalation solution	Dry powder inhaler
(2) Inhaler	Mesh nebulizer	None	None	Ultrasonic nebulizer	Dry powder inhaler device
(3) Number of inhalations per dose	Breath-actuated Free inhalation	None	None	9 inhalations per dose	1–2 inhalations per dose
(4) Core technology	Sustained-release liposome	None	None	None	Techosphere
(5) Release profile	Sustained-release	Immediate-release	Sustained-release	Immediate-release	Immediate-release
(6) Dosing frequency	2 times a day	Continuous for 24 hours	3 times a day	4 times a day	4 times a day
(7) Duration of effect per dose	12 hours	None	8 hours	4 hours	4 hours
(8) Duration of drug action	24 hours	24 hours	24 hours	16 hours	16 hours
(9) Variation in drug concentration in the body	Low	Low	High	High	High
(10) Respiratory tract irritation	Improved	None	None	Significant	Significant
(11) Inhaler applicability	Suitable for all patient types	None	None	Suitable for all patient types	Dry powder inhalers are not suitable for patients with pulmonary diseases or the elderly
(12) Product Development Stage	Phase III Clinical Trial	Approved	Approved	Approved	Approved

(B) L608

Another prostacyclin analogue, Iloprost, was launched as a water-soluble inhalation formulation Ventavis® as early as 2003. However, due to its shorter half-life compared to other drugs with the same mechanism, such as Treprostinil, it requires administration every two hours. The Company's new drug L608, developed by encapsulating Iloprost in liposomes, extends the dosing interval to once every 12 hours, improving patient convenience. A comparative analysis of currently available Iloprost

drugs for treating PAH and the Company's L608 is summarized as follows:

Table 2: Competitive Product Analysis of Iloprost for PAH Treatment

Comparison Items \ Product (Company)	L608 (The Company)	Ventavis® (Bayer / Johnson & Johnson US)
(1) Dosage Form	Liposomal inhalation solution	Liquid inhalation solution
(2) Inhaler	Mesh nebulizer	Mesh nebulizer
(3) Number of inhalations per dose	Breath-actuated free inhalation	4–10 minutes per session
(4) Core technology	Sustained-release liposome	None
(5) Release profile	Sustained-release	Immediate-release
(6) Dosing frequency	2 times a day	6-9 times a day
(7) Duration of effect per dose	12 hours	2 hours
(8) Duration of drug action	24 hours	12-18 hours
(9) Variation in drug concentration in the body	Low	High
(10) Respiratory tract irritation	Improved	Significant
(11) Inhaler applicability	Suitable for all patient types	Suitable for all patient types
(12) Product Development Stage	Phase I clinical trial completed	Approved

E. Pulmonary Hypertension Caused by Interstitial Lung Disease (PH-ILD, Group 3 PH)

Currently, the only drugs approved for PH-ILD indication are the aqueous solution and dry powder inhalation formulations of Treprostinil (Tyvaso® and Tyvaso DPI®). A comparison of the advantages and disadvantages as immediate-release formulations versus L606 is provided in Table 3.

Table 3: Competitive product analysis of Treprostinil for the treatment of PH-ILD

Comparison Items \ Product (Company)	L606 (The Company)	Tyvaso® (United Therapeutics Corporation)	Tyvaso DPI® (United Therapeutics Corporation)
(1) Dosage Form	Liposomal inhalation solution	Liquid inhalation solution	Dry powder inhaler
(2) Inhaler	Mesh nebulizer	Ultrasonic nebulizer	Dry powder inhaler device
(3) Number of inhalations per dose	Breath-actuated Free inhalation	9 inhalations per dose	1–2 inhalations per dose
(4) Core technology	Sustained-release	None	Techosphere

Comparison Items \ Product (Company)	L606 (The Company)	Tyvaso® (United Therapeutics Corporation)	Tyvaso DPI® (United Therapeutics Corporation)
	liposome		
(5) Release profile	Sustained-release	Immediate-release	Immediate-release
(6) Dosing frequency	2 times a day	4 times a day	4 times a day
(7) Duration of effect per dose	12 hours	4 hours	4 hours
(8) Duration of drug action	24 hours	16 hours	16 hours
(9) Variation in drug concentration in the body	Low	High	High
(10) Respiratory tract irritation	Improved	Significant	Significant
(11) Inhaler applicability	Suitable for all patient types	Suitable for all patient types	Dry powder inhalers are not suitable for patients with pulmonary diseases or the elderly
(12) Product Development Stage	Phase III Clinical Trial	Approved	Approved

F. Raynaud's Phenomenon and Digital Ulcers Associated with Systemic Sclerosis (SSc-RP/DU)

In 2024, the European Alliance of Associations for Rheumatology (EULAR) published updated treatment guidelines for systemic sclerosis (SSc)-related organ complications. For patients with Raynaud's Phenomenon (RP) and Digital Ulcers (DU), the guidelines recommend treatment with intravenous iloprost to reduce the frequency and severity of RP episodes unresponsive to common oral vasodilators and to heal active DUs. However, the currently marketed injectable formulation in Europe, Ilomedine® (iloprost IV injection), has a short half-life. Each treatment course requires patients to stay in a hospital or clinic for 6-hour intravenous infusions daily for five consecutive days to achieve a therapeutic effect lasting 9 weeks, resulting in inconvenience and injection-site pain. In contrast, Pharmosa's inhalable new drug L608 utilizes liposomal encapsulation of Iloprost, extending its therapeutic effect in the body and requiring only 2 to 3 does per day. This formulation not only reduces systemic side effects and eliminates injection-site pain but also allows for at-home inhalation therapy, significantly reducing treatment time and costs while greatly improving patients' quality of life and treatment adherence.

Table 4: Competitive product analysis of Iloprost for the treatment of SSc-

RP/DU

Product (Company) / Comparison Items	L608 (The Company)	Ilomedine® (Bayer)
(1) Dosage Form	Liposomal inhalation solution	Intravenous infusion
(2) Inhaler	Mesh nebulizer	None
(3) Number of inhalations per dose	Breath-actuated Free inhalation	None
(4) Core technology	Sustained-release liposome	None
(5) Release profile	Sustained-release	Immediate-release
(6) Dosing frequency	2-3 times a day	Intravenous continuous infusion for 6 hours per day For five consecutive days
(7) Duration of effect per dose	12 hours	None
(8) Duration of drug action	24 hours	6 hours
(9) Variation in drug concentration in the body	Low	Low
(10) Respiratory tract irritation	Improved	None
(11) Inhaler applicability	Suitable for all patient types	None
(12) Product Development Stage	Phase I clinical trial completed	Approved in certain European countries

(5) Potential future new market competitors

A. Pulmonary Arterial Hypertension (PAH, Group 1 Pulmonary Hypertension)

(C) L606

Currently, there are two new dry powder inhaler (DPI) formulations of Treprostinil under development that are relatively similar to L606. A comparison is provided in the table below.

Table 5: Analysis of potential future competitors to L606

Product (Company) / Comparison Items	L606 (The Company)	Yutrepia® (Liquidia)	TPIP ® (Insmed)
(1) Dosage Form	Liposomal inhalation solution	Dry powder inhaler	Dry powder inhaler
(2) Inhaler	Mesh nebulizer	Dry powder inhaler device	Dry powder inhaler device
(3) Number of inhalations per dose	Breath-actuated Free inhalation	1–2 inhalations per dose	1–2 inhalations per dose
(4) Core technology	Sustained-release	Print	Prodrug

Comparison Items \ Product (Company)	L606 (The Company)	Yutrepia® (Liquidia)	TPIP ® (Insmed)
	liposome		
(5) Release profile	Sustained-release	Immediate-release	Sustained-release
(6) Dosing frequency	2 times a day	4 times a day	Unknown
(7) Duration of effect per dose	12 hours	4 hours	> 12 hours
(8) Duration of drug action	24 hours	16 hours	24 hours
(9) Variation in drug concentration in the body	Low	High	Low
(10) Respiratory tract irritation	Improved	Yes	Yes
(11) Inhaler applicability	Suitable for all patient types	Dry powder inhalers are not suitable for patients with pulmonary diseases or the elderly	Dry powder inhalers are not suitable for patients with pulmonary diseases or the elderly
(12) Product Development Stage	Phase III Clinical Trial	NDA Temporary approval	Phase II clinical trial

Dry powder formulations are characterized by portability and ease of use; however, the patient's pulmonary function may affect the inspiratory force required to disperse the solid particles, thereby reducing drug delivery efficiency. In addition, due to the solid particulate form, the range of formulation optimization is limited. For example, Insmed's TPIP (INS1009) is a chemically modified prodrug of Treprostinil designed to achieve sustained release through enzymatic hydrolysis in the body. However, due to the slower-than-expected enzymatic hydrolysis in the human lungs, a large amount of unmetabolized prodrug may accumulate in the bloodstream. Another example is Liquidia's Yutrepia, a dry powder inhaler without sustained-release properties. It is very similar to the already marketed Tyvaso DPI® and still requires inhalation once every 4 hours, four times a day, with an effective duration of only 16 hours. Therefore, its expected clinical improvement is not as favorable as the 24-hour sustained-release formulation of L606 in preventing disease progression.

(D) L608

As for the Company's other core product L608, there are currently no

known similar products in development.

B. Pulmonary hypertension due to interstitial lung disease (PH-ILD, Group 3 PH)

Aside from Tyvaso DPI® which received a new indication approval for PH-ILD in 2022 (ROC Year 111), the only other drug currently undergoing PH-ILD clinical trials is TPIP. As noted above, this is a prodrug-based dry powder formulation with sustained-release properties. However, in patients with impaired lung function—particularly those with restrictive lung diseases—drug delivery efficiency may be compromised. Moreover, enzymatic activity in the body may also affect the effective concentration of the drug, thereby impacting efficacy. In comparison, the sustained-release liposomal formulation of L606 is aerosolized via a nebulizer, and its particle size and pulmonary deposition are not affected by the patient's inspiratory flow rate. This makes it easier for patients to inhale and deposit the medication in the distal alveoli of the lungs, where the drug can be slowly released and act directly on the pulmonary vasculature, minimizing interference from enzymatic metabolism and thereby providing better symptom relief.

C. Raynaud's Phenomenon and Digital Ulcers Associated with Systemic Sclerosis (SSc-RP/DU)

There are currently no known products in development that are similar to L608 for the treatment of Raynaud's phenomenon and digital ulcers associated with systemic sclerosis.

(6) Strategic Planning for Core Products

The Company's current flagship products, L606 and L608, utilize prostacyclin analogues—agents already proven to be effective and, among the three marketed drug mechanisms for the treatment of pulmonary arterial hypertension (PAH), shown to best improve patient survival. These drugs are being developed in new inhalable formulations using liposomal technology to achieve long-acting, sustained drug release. With twice-daily dosing (once every 12 hours), a full 24-hour therapeutic effect can be achieved. These formulations are administered directly to the pulmonary site of action via a portable, innovative nebulizer device, offering benefits such as reduced side effects and dosing frequency due to the stable drug release rate.

Compared to products currently on the market or in development, the products developed from this platform are expected to offer superior clinical outcomes, fewer side effects, and more convenient dosing regimens. This would significantly improve patients' quality of life. Additionally, the reduced side effects make these

products suitable for late-stage patients requiring higher doses. In the future, they can be combined with drugs using different mechanisms of action in combination therapy, potentially transforming the treatment landscape for pulmonary hypertension and related peripheral vascular diseases.

For the treatment of pulmonary hypertension: Current inhalation therapies such as Tyvaso® and Ventavis® are immediate-release formulations. Patients undergoing treatment with these drugs often face high-frequency dosing schedules and experience acute respiratory tract irritation due to sudden exposure to high drug concentrations, which limits the therapeutic efficacy.

In the evolution of the inhaled prostacyclin market, Tyvaso® (administered every 4 hours) rapidly replaced most of Ventavis®'s (administered every 2 hours) U.S. market share within two years of its launch. This shift reflects patient demand—not just for effective drugs, but for improved ease of use and reduced side effects that enhance quality of life.

The Company's long-acting inhaled drug formulations aim to resolve current treatment limitations by encapsulating short half-life prostacyclin analogues in liposomal formulations, paired with simple inhalation devices. These enable reduced systemic side effects and respiratory irritation, with liposomes providing a stable, slow release of the drug. Twice-daily administration ensures 24-hour drug coverage, offering a therapeutic solution to patients' unmet needs with current therapies.

Currently, L606 is undergoing clinical trials in the U.S., and more physicians have expressed positive feedback about the twice-daily inhalation regimen. The new, user-friendly nebulizer enhances convenience and reduces lifestyle disruption while providing consistent treatment, including during sleep—leading to high patient acceptance.

Furthermore, with recommendations for combining oral drugs in treatment guidelines, low-side-effect inhaled prostacyclin drugs are expected to be increasingly adopted by both physicians and patients, which will likely drive rapid growth in the inhaled prostacyclin market.

L606 and L608 are white, semi-transparent sterile inhalation solutions, used in conjunction with a convenient and portable nebulizer device. The inhalation route allows for localized drug delivery, concentrating the therapeutic effect on pulmonary vasculature. The stable and slow-release profile minimizes respiratory tract irritation and systemic side effects, while reducing the frequency of administration.

In the treatment of SSc-RP and DU: Patients treated with intravenous Ilomedine® face systemic side effects and injection site pain due to the drug's short half-life. Additionally, treatment requires hospital visits, which disrupt daily life and result in high hospitalization costs. Pharmosa's L608 is a long-acting inhalable formulation developed using a new route-of-administration strategy. This liposomal sustained-release inhalation approach aims to reduce systemic side effects and eliminate injection-related discomfort. Patients can perform the treatment at home via self-administered inhalation, saving time and medical expenses while significantly improving quality of life and treatment adherence.

L606 and L608 are applicable to multiple indications, and their market positioning is described separately by indication as follows:

A. Pulmonary Arterial Hypertension (PAH, Group 1 Pulmonary Hypertension)

L606 has been licensed in major countries globally. Going forward, Liquidia will conduct the Phase III clinical trial, and both Liquidia and Menagen will apply for new drug marketing approvals (NDAs) in their respective licensed territories. For territories not yet licensed, the Company will continue its out-licensing efforts. As for L608, Phase I clinical trials have already achieved proof of concept in humans. Therefore, licensing discussions have begun in Europe and other regions where regulatory approval for L606 is more challenging. The Company plans to rely on licensing partners to carry out subsequent clinical development. In Taiwan alone, the annual revenue from the inhaled prostacyclin market reaches NT$100 million. If a domestically developed product can replace imported drugs, it would offer patients higher-quality and more affordable treatment options.

B. Pulmonary hypertension due to interstitial lung disease (PH-ILD, Group 3 PH)

The Company plans to target the global market for L606 in the treatment of PH-ILD. At present, major global markets—including North America, Europe, and Japan—have been licensed to Liquidia. The Middle East, North Africa, and Turkey have been licensed to Menagen. Liquidia is expected to initiate a global, multicenter Phase III clinical trial in 2025. Liquidia and Menagen will apply for marketing approvals in their respective licensed territories. The Company will continue licensing efforts in remaining regions.

C. Raynaud's Phenomenon and Digital Ulcers Associated with Systemic Sclerosis (SSc-RP/DU)

The target market for L608 in the treatment of SSc-RP/DU is likewise global, including major regions such as North America, Europe, and Asia (e.g.,

Japan, China, and Taiwan).

(7) Potential Analysis of the R&D Pipeline

A. Current Status and Development of Chronic Thromboembolic Pulmonary Hypertension (CTEPH; Group 4 PH) Treatments

CTEPH is one type of pulmonary hypertension caused by long-term thromboembolic obstruction of the pulmonary arteries. In recent years, diagnosis rates have been increasing. The condition is associated with a history of pulmonary embolism or deep vein thrombosis. The pathological mechanism involves chronic thrombi and fibrotic lesions gradually blocking normal pulmonary artery lumens, thereby increasing pulmonary vascular resistance and leading to pulmonary hypertension. CTEPH is a rare complication of acute pulmonary embolism, and without proper treatment, it may progress to right heart failure, cause disability, and become life-threatening. The five-year survival rate is only about 30%. According to European registry data, the incidence is approximately 5 people per million population per year.

The primary treatment method is surgery; however, patients who are not suitable for surgery due to lesion location or complications are treated with medication. Available targeted therapies originate from PAH drugs with expanded indications. These include the oral formulation riociguat, approved in the U.S. in 2013 for both PAH and CTEPH, and subsequently marketed in other countries. In recent years, additional therapies have been introduced, such as the subcutaneous prostacyclin analogue treprostinil (launched in Europe in 2020) and the oral prostacyclin receptor agonist selexipag (approved in Japan in 2021) for CTEPH treatment.

Current sales data show that the main markets are North America, followed by Europe, and then Asia. J&J estimates that there are approximately 40,000 CTEPH patients in the U.S. and Europe. In Japan, another pharmaceutical company estimates approximately 4,200 CTEPH patients.

Adempas (Riociguat), approved in 2013 for both PAH and CTEPH, requires oral administration three times daily. Its sales have grown from US$630 million in 2017 to US$1.05 billion in 2023, demonstrating the strong demand in the rare disease markets for PAH and CTEPH.

B. Current Status and Development of Treatments for Pulmonary Hypertension Due to Chronic Obstructive Pulmonary Disease (PH-COPD; Group 3 Pulmonary Hypertension)

Chronic Obstructive Pulmonary Disease (COPD) is a condition characterized by long-term inflammation of the airways, resulting in irreversible airway obstruction that prevents the smooth flow of air in and out of the lungs. COPD mainly includes two types: chronic bronchitis and emphysema. Prolonged chronic hypoxia can cause widespread pulmonary vasoconstriction and pulmonary arterial hypertension, often accompanied by intimal hyperplasia of the vessels, with some pulmonary vessels undergoing fibrosis and obstruction. Pulmonary hypertension emerging in the late stages of COPD is a significant cardiovascular complication, leading to chronic cor pulmonale and right heart failure, which indicate a poor prognosis.

Due to impaired pulmonary gas exchange, patients frequently experience symptoms such as coughing, sputum production, chest tightness, and shortness of breath. To date, no drugs have been approved for the treatment of this condition, and patients remain in a state where no effective medication is available. According to United Therapeutics' estimates, there are over 100,000 patients in the U.S., and the market opportunity could reach several billion U.S. dollars.

L606 and L608 are administered via inhalation and offer a Perfusion/Ventilation (Q/V) match advantage for pulmonary hypertension originating from lung conditions. In the INCREASE clinical study for PH-ILD, Tyvaso® demonstrated significant improvement in patients' respiratory function, indicating a high potential for future expansion of the Company’s products into this indication.

C. Current Status and Development of Treatments for Pulmonary Fibrosis (PF)

There are numerous causes of pulmonary fibrosis, including autoimmune diseases, advanced age, smoking, air pollution, viral infections, and gastroesophageal reflux disease. Among them, autoimmune diseases such as systemic sclerosis, dermatomyositis, Sjögren's syndrome, and systemic lupus erythematosus not only affect the skin and joints but also trigger inflammatory responses in internal organs due to immune system activity. When the lungs are affected, pulmonary fibrosis may develop. As many as 40–50% of patients with systemic sclerosis or dermatomyositis also present with pulmonary fibrosis. Pulmonary fibrosis can cause irreversible and non-recoverable damage to lung function. If the condition continues to deteriorate, it can severely impact a patient’s daily life. Patients may require constant access to oxygen tanks or oxygen concentrators and face risks such

as respiratory failure, intubation, or even tracheotomy.

Previously, there were no effective treatments available, and only supportive therapies were provided, which were of uncertain efficacy and associated with side effects. The use of traditional treatments is no longer recommended. With the development and approval of new targeted therapies, two drugs are currently recommended for treating pulmonary fibrosis: Ofev® (Nintedanib), taken orally twice daily, and Esbriet® (Pirfenidone), taken orally three times daily.

Among them, Ofev® (nintedanib) capsules, developed by Boehringer Ingelheim in Germany, have been approved by the U.S. FDA since 2014 for multiple indications, including idiopathic pulmonary fibrosis (IPF), systemic sclerosis-associated interstitial lung disease (SSc-ILD), and progressive fibrosing interstitial lung disease (PPF-ILD). It is a small-molecule tyrosine kinase inhibitor designed to slow the decline in lung function. As of 2023, the drug generated US$3.8 billion in revenue with an annual growth rate of 12.8%, and revenue is expected to continue growing as the number of patients increases.

2. R&D Expenses Incurred Up to the Most Recent Fiscal Year and Annual Report Publication Date

Unit: NT$ Thousand

Item \ Year	2024	As of March 31, 2025
R&D Expenses	294,785	98,199
R&D Expenses as a Percentage of Operating Expenses (%)	85.33%	88.79%

3. Technologies or Products Successfully Developed Up to the Most Recent Fiscal Year and Annual Report Publication Date

Drug Name	Indications	Development Results
L606 Pulmonary Inhalation Drug Delivery Combination	Rare disease – Pulmonary Arterial Hypertension (PAH)	In January 2019, the investigational new drug (IND) application was approved by the U.S. Food and Drug Administration (FDA). In September of the same year, the Phase I clinical trial was completed in the United States. In 2021, L606 officially initiated Phase III clinical trial in the U.S. In March 2023, protocol amendment was submitted to expand the patient enrollment criteria. Initially, the study focused only on PAH patients using Tyvaso®, but it was expanded to include PAH and

Drug Name	Indications	Development Results
		PH-ILD patients using Tyvaso® and Tyvaso DPI®, as well as PAH patients with no prior treatment experience with prostacyclin-class drugs, to assess safety. After the licensing partner takes over, the progress of the Phase III clinical trial for L606 in the U.S. is expected to accelerate.
	Pulmonary Hypertension Due to Interstitial Lung Disease (PH-ILD)	A validation animal study has been completed. In December 2021, a Pre-IND meeting was conducted with the U.S. FDA to plan the clinical development strategy, and the consultation process was completed. After the licensing partner takes over, the consultation with European regulatory authorities and the clinical trial design have been completed.
	Licensing Milestones	
	✓ In 2023 and 2024, the Company successively licensed the drug-device combination product L606 for the treatment of PAH and PH-ILD in major global markets—including North America, Europe, and Japan—for new drug development and commercialization rights to Liquidia. Liquidia is responsible for all future related clinical development and marketing expenses. ✓ In 2024, the commercialization rights for the L606 drug-device combination in the Middle East, North Africa, and Turkey were licensed to Menagen. ✓ Following the licensing of the L606 drug-device combination product, the Company is responsible for supplying the licensed partner with cGMP-manufactured clinical and commercial-stage drug product and the dedicated nebulizer for L606.	
L608 Pulmonary Inhalation Drug Delivery Combination	Rare disease – Pulmonary Arterial Hypertension (PAH)	The production of clinical trial drugs has been completed. In August 2023, the Australian Human Research Ethics Committee (HREC) approved the Phase I clinical trial, which was also registered with the Australian Therapeutic Goods Administration (TGA). The Phase I clinical trial was completed in Australia in October 2024.

Drug Name	Indications	Development Results
	Raynaud's Phenomenon and Digital Ulcers in Systemic Sclerosis (SSc-RP/DU)	In December 2023, the U.S. FDA granted orphan drug designation for the treatment of systemic sclerosis (SSc). The Phase I clinical trial in Australia in 2024 confirmed the sustained-release effect in humans. Based on these proof-of-concept study results, discussions were held with the U.S. FDA in 2024 regarding the subsequent clinical development strategy for the treatment of SSc-RP/DU.

(IV) Short- and Long-Term Business Development Plans

In terms of short-term development, aside from the treatment of Group 1 pulmonary arterial hypertension (PAH), Group 3 pulmonary hypertension caused by interstitial lung disease (PH-ILD), and systemic sclerosis-related Raynaud's phenomenon and digital ulcers (SSc-RP/DU), the Company's new drugs L606 and L608 also have the potential to expand into other indications in the long term. These include treatment of Group 4 chronic thromboembolic pulmonary hypertension (CTEPH), Group 3 pulmonary hypertension caused by chronic obstructive pulmonary disease (PH-COPD), and pulmonary fibrosis (PF). The Company will expand the indications of L606 and L608 according to actual research and development progress. Once clinical validation is supported by patient data from Phase II/III trials, the Company will seek product licensing or partnerships with international biotech companies to accelerate clinical development through licensing partners, scale market reach, and quickly seize the market opportunity upon new drug launch.

II. Market and Production/Sales Overview

(I) Market Analysis

1. Main Regions for Sale (Provision) of Products (Services)

The Company primarily engages in new drug development. Given the significant investment involved, the ultimate target is the global market. However, based on regulatory pathways for product development, product launch timelines will vary by region. The Company's marketing strategy is to license products or establish technical collaborations with domestic and foreign pharmaceutical companies. Revenue is generated from upfront payments and milestone payments received from external licensing of developed products. Once products are launched, revenue will be generated through milestone payments and royalties based on sales. In terms of product sales, the Company will supply cGMP drug products and proprietary nebulizers for clinical development through commercial launch to licensing partners for distribution. The Company's licensing achievements demonstrate that in 2023 and 2024, the L606 new

drug, which is about to enter Phase III clinical trials, has been successively licensed in major countries globally.

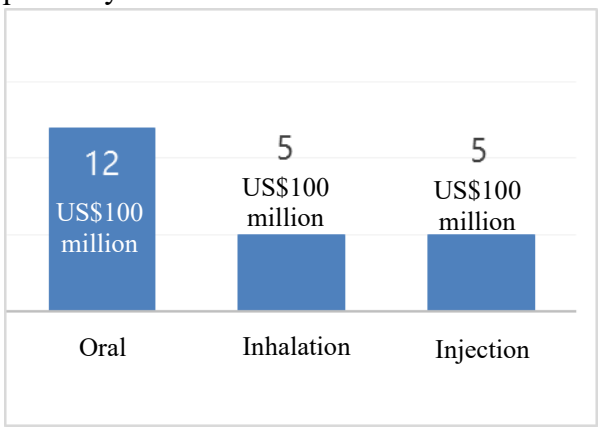
2. Market Share

As the Company is currently in the R&D and clinical trial stage, there is no market share at present.

3. Future Market Supply and Demand and Growth Potential

(1) Pulmonary Arterial Hypertension (PAH, Group 1 Pulmonary Hypertension)

In 2020, the total sales of the U.S. PAH market amounted to approximately US$4.2 billion. Of this, endothelin and nitric oxide pathway drugs generated combined revenue of US$2.0 billion. Prostacyclin analog drugs generated total revenue of US$2.2 billion. By treatment form, oral, inhalation, and injection formats accounted for approximately US$1.2 billion, US$500 million, and US$500 million, respectively.



Source: 1. Liquidia presentation; 2. Compiled by the Company

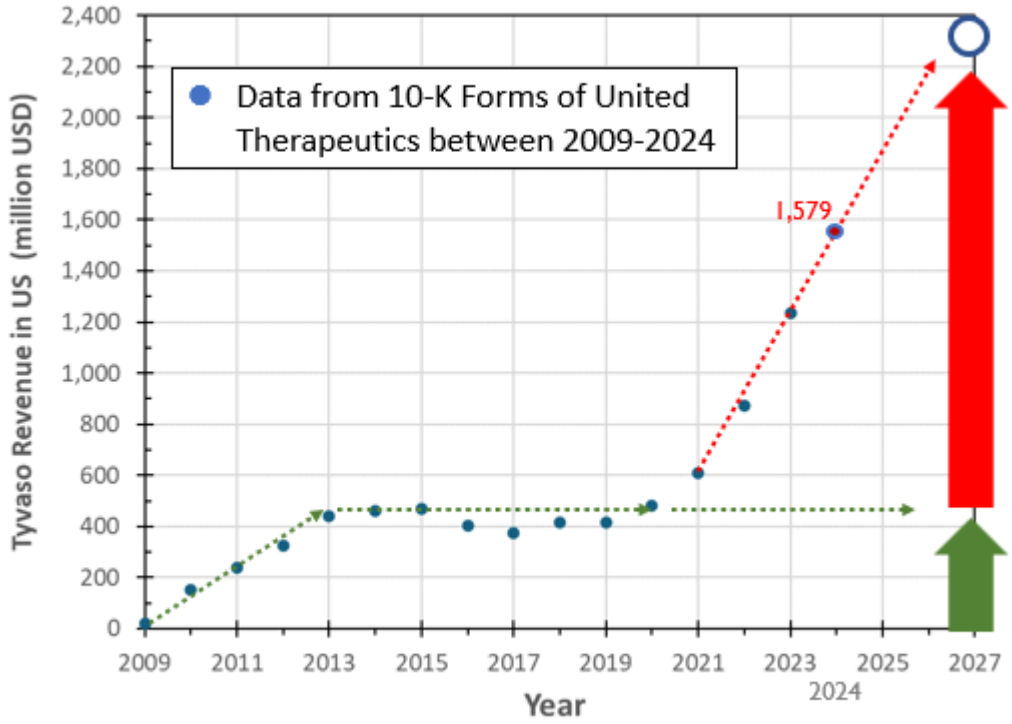
Figure 10: 2020 U.S. Sales Revenue of Prostacyclin Analog Drugs by Formulation for PAH Treatment

However, although current prostacyclin analog therapies have developed various dosage forms for patients with different disease severities, they are limited by the extremely short half-life of prostacyclins and the fact that existing inhaled drugs are all immediate-release formulations. Therefore, the Company is dedicated to developing sustained-release inhaled formulations of prostacyclin drugs to prolong the drug action duration. By improving dosing frequency and reducing side effects, these clinical features differentiate the Company's products from other inhalation therapies. In addition to aiming to replace the current inhaled drug market, the convenience similar to oral medications, combined with lower side effects and flexible dosing that can be adjusted according to disease progression, allows patients to "start treatment earlier" and "extend treatment duration as the disease advances." This opens opportunities to expand into markets originally occupied by oral and injectable drugs. It is anticipated that, upon global market

launches, L606 and L608 will have the potential to become leading brands in their respective regional markets.

(2) Pulmonary Hypertension Caused by Interstitial Lung Disease (PH-ILD, Group 3 PH)

In the past, patients with PH-ILD faced the threat of no available treatment options until April 2021, when the US FDA approved the expansion of the indication for United Therapeutics Inc.'s inhaled prostacyclin drug Tyvaso® to PH-ILD, allowing patients to finally receive treatment. As a result, the market for Tyvaso® expanded through the PH-ILD indication and further growth followed the approval of Tyvaso DPI® (another immediate-release formulation) in 2022. US market revenue grew rapidly from US$483 million in 2020 to US$1.579 billion in 2024. According to a Bloomberg consensus of nine analysts, the market is expected to reach US$2.3 billion (approximately NT$75 billion) by 2027, representing a compound annual growth rate (CAGR) of 24.98%, with the overall market size projected to continue growing. Given L606's competitive advantages of long-acting sustained release, low side effects, and passive inhalation via nebulizer, it can be differentiated from currently marketed inhalation therapies in the US. In other regions such as Europe, Japan, and the broader Asia-Pacific, patients still face a lack of treatment options, suggesting that once L606 launches, its market penetration is expected to grow rapidly.



(註) https://news.bloomberglaw.com/ip-law/lung-disease-drug-fight-exposes-fault-lines-in-patent-system)

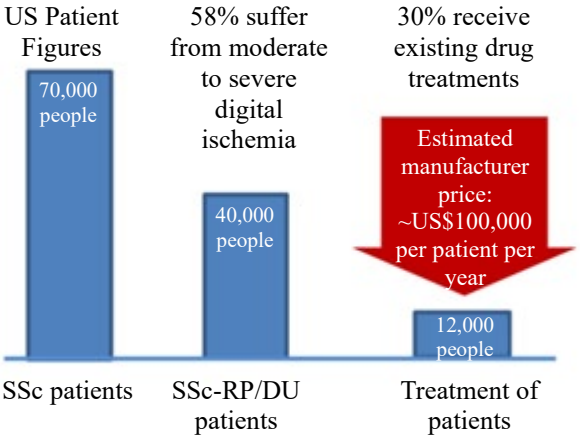
Figure 11: Tyvaso®/Tyvaso DPI® US Market Revenue Forecast

(3) Raynaud's Phenomenon and Digital Ulcers Associated with Systemic Sclerosis

(SSc-RP/DU)

Currently, Bayer's intravenous drug Ilomedine® (Iloprost) has been approved in Europe for the treatment of peripheral arterial occlusive disease (PAOD), advanced thromboangiitis obliterans (TAO, also known as Buerger's disease), and Raynaud's disease. The European Alliance of Associations for Rheumatology (EULAR) published treatment guidelines in 2009 for organ complications associated with systemic sclerosis. For patients with Raynaud's phenomenon and digital ulcers, intravenous Iloprost (a prostacyclin analog) is recommended to reduce the frequency and severity of RP episodes unresponsive to common oral vasodilators and to heal active DUs. However, due to the short half-life of the injectable formulation Ilomedine®, patients are required to undergo intravenous infusion for 6 hours daily over 5 consecutive days to maintain efficacy for 9 weeks, which results in inconvenience and injection-site pain.

According to research by Sheer Analytics and Insights, the global systemic sclerosis drug market was valued at US$1.8 billion in 2020 and is projected to reach US$4.3 billion by 2031, with a CAGR of over 8%. Data from Civi Biopharm estimate that there are approximately 70,000 systemic sclerosis patients in the US, with around 40,000 experiencing moderate to severe Raynaud's phenomenon and digital ulcers. If approved, the market potential for prostacyclin-based therapies could reach US$1 billion. Further referencing DelveInsight's 2023 report, the systemic sclerosis market across seven major countries reached nearly US$1.85 billion, with the US alone accounting for US$1.38 billion and about 102,000 diagnosed patients—demonstrating the strong demand in the rare disease SSc-RP/DU market. The Company expects that the launch of its next-generation inhalation therapy L608 will provide a new inhaled treatment option for systemic sclerosis patients.



Source: Data from Civi Biopharma

Figure 12: Competitive Advantages in the Potential US Market for SSc-RP/DU

4. Competitive Advantages

(1) Market Competition Analysis

Currently, the inhalation therapies approved in the US for treating PAH include Ventavis®, Tyvaso®, and Tyvaso DPI®. All three products are immediate-release formulations, requiring multiple inhalations per day due to their pharmacological characteristics in order to achieve therapeutic efficacy. For instance, Tyvaso® is administered once every 4 hours (4 times daily), with efficacy lasting about 16 hours. Ventavis® must be used once every 2 hours (6–9 times daily), with efficacy lasting 12–18 hours. Furthermore, the preparation process for the inhalation devices is cumbersome, adding to the inconvenience. The most recently launched Tyvaso DPI®, though a dry powder formulation and relatively more convenient to use, remains an immediate-release product with a 4-hour dosing interval. Its inhalation mechanism relies on the user's inspiratory flow rate or pressure to disperse the solid particles into the lungs. Therefore, if the patient has impaired lung function and cannot generate a high inspiratory flow or pressure in a short time, the drug delivery efficiency is significantly reduced. With the frequent dosing requirements of these three products, the immediate-release formulation causes a burst of high concentration that may irritate the respiratory tract, often leading to respiratory side effects. Additionally, since patients cannot administer the drug while sleeping, the therapeutic effect cannot be maintained overnight, limiting the treatment outcomes.

In the past, PH-ILD patients were unable to access effective targeted therapies. It was not until 2021 and 2022 that the United States approved Tyvaso® and Tyvaso DPI® for a second indication—PH-ILD. However, as mentioned previously, Tyvaso® and Tyvaso DPI® still have room for improvement in terms of user experience.

Currently, the only prostacyclin analog product used for SSc-RP/DU treatment is the intravenous formulation Ilomedine®, which is approved in Europe. No inhalation formulation has been launched. For each standard course of treatment, patients must stay in the hospital for five consecutive days and receive a six-hour intravenous infusion each day to maintain a therapeutic effect for nine weeks. If converted to an inhalation form, it would be a much more convenient option for patients.

The Company's two flagship products, L606 and L608, are developed using liposomal formulation technology to achieve long-acting, sustained-release properties. When combined with portable new-generation pulmonary inhalation

nebulizer devices, these products offer a stable drug release rate. Compared with products currently on the market or under development, they are expected to deliver better therapeutic effects, lower side effects, and more convenient dosage frequency and administration methods, significantly improving patients' quality of life. In addition, due to the reduction of side effects, they are also suitable for late-stage patients requiring higher doses. When used in combination with drugs of different mechanisms, this approach is expected to reshape the treatment landscape of pulmonary hypertension and peripheral vascular-related diseases.

(2) Product Competitive Edge

A. Convenient Use and Clinical Competitiveness

Although prostacyclin analogs have long been used for the treatment of pulmonary hypertension and peripheral vascular-related diseases, three dosage forms—injectable, inhalable, and oral—have been introduced for different stages of pulmonary hypertension. However, for peripheral vascular-related diseases, only injectable formulations are available. Because current products are all immediate-release formulations, and the nature of this class of drugs is a very short half-life, patients are forced to endure inconvenient administration or suffer side effects caused by high doses in order to achieve therapeutic efficacy.

In contrast, L606 and L608 utilize liposomal sustained-release technology to develop inhalable sustained-release formulations. These provide the benefit of stable drug release that reduces both side effects and dosing frequency, achieving long-acting therapeutic effects. Clinically, this prevents disease progression. When paired with an advanced, lightweight nebulizer device, they provide patients with a more convenient method and less dosing frequency, greatly improving the quality of life. Furthermore, due to reduced side effects, these products can be used in combination with other therapeutic mechanisms in combination therapies. As a result, they are expected to achieve double-digit market share across multiple indications and expand from Group 1 PAH into the global markets for Group 3 PH-ILD and SSc-related Raynaud's phenomenon and digital ulcers.

B. Comprehensive Patent Portfolio and Regulatory Barriers for New Dosage Forms

Liposomal sustained-release dosage forms are difficult to develop. The Company's new drug products are supported by a comprehensive portfolio of formulation technologies, patents, and trade secret protections, making them

difficult to replicate or replace with generics. Liposomal formulations are also treated as complex generics in many countries and face regulatory barriers, further enhancing the Company's competitive edge. The Company is highly confident in its technological lead, and all technologies and applications are owned by the Company.

C. Capability in Drug Development, Process Scale-up, and Commercialization

The Company has established strategic alliances with numerous preclinical and clinical CROs at home and abroad. Through these networks, the Company is able to fully control relevant information and design sound clinical trial strategies to accelerate multinational development of its new drug products. In addition, the team has experience in commercializing liposomal dosage forms and collaborating with international pharmaceutical companies. This allows for rapid scale-up of production processes to commercial scale, enabling supply for international markets and commercial readiness.

D. Market-Potential Drug-Device Combination Pipeline

The Company's drug-device combination product pipeline focuses on the 505(b)(2) regulatory pathway and has identified several development targets with strong market potential. These use known active ingredients via the same route of administration and for the same indications, thereby reducing development risk and investment. Moreover, each product in the pipeline is paired with a proprietary next-generation device for targeted rare diseases. These products are highly unique and face limited competition, allowing for alliance collaborations with niche-market partners and demonstrating strong market potential.

E. Collaboration with International Pharma, Familiarity with Local Regulations and Sales Channels

The Company's licensing partners are large pharmaceutical companies within their respective markets. These partners are well-versed in local regulations and market dynamics. As such, the Company can leverage their experience in regulatory nuances, distribution networks, marketing teams, and medical promotion to save significant time and resources in development and quickly seize new drug market opportunities.

5. Pros and Cons for Business Outlook and Response Strategies

(1) Favorable Factors

A. The products target rare disease markets, allowing for accelerated product development through supportive government policies and regulatory

frameworks. For example, China has included rare diseases in its national health insurance system since 2018, and the market has expanded significantly in recent years.

B. In recent years, combination therapy has become the standard of care for treating Group 1 PAH. With the increasing demand for early initiation of prostacyclin treatment, L606's convenience and reduced side effects make it an ideal candidate for expanding treatment to early-stage patients.

C. The rare disease market is relatively niche, and there are limited international companies suitable for co-development. This makes it easier to identify and directly engage with potential licensing partners. For example, in 2023 and 2024, the Company signed exclusive licensing agreements with Liquidia and Menagen for the two indications of PAH and PH-ILD for L606 in all major global territories, thereby accelerating L606's entry into the international pharmaceutical market.

D. In the wake of the COVID-19 pandemic, respiratory therapies have gained increasing attention. As the incidence of respiratory and cardiovascular complications has risen among post-COVID patients, there is growing global demand for the expansion of PAH drug indications.

(2) Unfavorable Factors and Response Strategies

A. All of Pharmosa Biopharm's products require coordination with medical devices, and regulatory requirements vary in different countries. In Taiwan, there is a relative shortage of experienced talent, and forming a team with international experience and interdisciplinary expertise is challenging. Establishing the first successful product requires greater effort and a longer period of development.

Response Strategies:

After confirming the development direction of new drug R&D, the actual execution still requires the participation of various experts, including those with backgrounds in design, synthesis, pharmacology, pharmacokinetics, pharmaceutical chemistry, and toxicology, as well as cross-functional experts in patents, regulations, and market strategy. During the course of new drug development and clinical trial execution, the Company has accumulated substantial knowledge, promoted new drug projects, integrated external resources, and entrusted the most suitable academic and medical institutions with collaborative efforts. This approach has helped foster and cultivate relevant talent and establish a well-rounded team necessary for new drug development.

B. New drug R&D is costly, has long development cycles, and carries relatively high risks.

Response Strategies:

To address funding needs, in addition to seeking long-term support from strategic institutional shareholders, the Company also actively explores multiple sources of capital and leverages external resources: applying for government and industry subsidies for clinical trials, securing financing from financial institutions, pursuing IPO listing to increase funding channels, and, when appropriate, licensing R&D achievements to external parties to balance risk and reward. Moreover, the Company exercises careful internal project management and strengthens risk control—optimizing the use of limited resources by prioritizing from regulatory planning to clinical trials and commercial-scale production, while also supplementing internal manpower and talent gaps through outsourcing partnerships.

C. The Company relies on its partners to jointly commercialize and promote the product in local markets.

Response Strategies:

Pharmosa Biopharm's business model involves completing development through proof-of-concept (PoC) clinical trials in humans, after which commercial promotion or co-development licensing can proceed. Therefore, the Company conducts early competitive analysis of target markets and proactively engages in exploratory discussions with potential partners to build long-term trust, allowing for smoother collaboration in the later stages of development. Going forward, the Company will pursue clearly defined divisions of responsibility post-licensing, driving product commercialization and expanding its presence in targeted markets to achieve full commercial potential.

(II) Primary Uses and Manufacturing Process of Key Products

1. Primary Uses of Key Products

R&D products	Drug–device combination under development	Indications
L606	Pulmonary Inhalation Drug Delivery Combination	Treatment of Group 1 Pulmonary Arterial Hypertension (PAH)
		Treatment of Group 3 pulmonary hypertension (PH-ILD) caused by interstitial lung disease
L608	Pulmonary Inhalation Drug	Treatment of Group 1 Pulmonary Arterial Hypertension (PAH)

	Delivery Combination	Treatment of Raynaud's Phenomenon and Digital Ulcers in Systemic Sclerosis (SSc-RP/DU)

2. Manufacturing Process of Main Products

(1) Development Process

A. L606

(A) In 2017, the Company received support from the Ministry of Economic Affairs for the "Pilot Production and Preclinical Study Program for Inhaled Long-Acting Prostacyclin Analogue Combination New Drug."

(B) In 2017, the Company independently developed L606 and carried out preclinical R&D experiments.

(C) In January 2019, the Company submitted an IND application in the United States.

(D) In March 2019, the Company began Phase I clinical trials in the United States.

(E) In April 2019, the first subject was enrolled in the Phase I clinical trial, and enrollment was completed in September of the same year.

(F) In December 2020, the Company submitted an application to the US FDA for a Phase III pivotal clinical trial.

(G) In August 2021, the Phase III pivotal clinical trial was initiated in the United States.

(H) In October 2021, the first patient was enrolled in the US Phase III pivotal clinical trial.

(I) In December 2021, the Company held a Pre-IND meeting with the US FDA to plan the clinical development for PH-ILD and completed the consultation.

(J) In March 2023, the Company applied to the US FDA for a protocol amendment to expand the patient population for the Phase III pivotal clinical trial for PAH.

(K) In June 2023, the North American market rights for PAH/PH-ILD and other indications were licensed to US-based international pharmaceutical company Liquidia.

(L) In August 2024, the rights for PAH/PH-ILD in the Middle East, North Africa, and Turkey were licensed to Menagen.

(M) In October 2024, the development and commercialization rights for other markets including Europe and Japan were further licensed to Liquidia, along with a separate exclusive licensing agreement for the nebulizer.

B. L608

(A) In 2019, the Company independently developed L608 and conducted animal pharmacodynamic studies.

(B) In April 2021, the Company held a preliminary consultation meeting with Taiwan Center of Drug Evaluation(CDE).

(C) In 2021, L608 underwent preclinical toxicology testing.

(D) In 2022, the Company collaborated with a domestic medical device manufacturer to develop the L608 nebulizer.

(E) In August 2023, the Company received ethics committee approval in Australia to conduct a Phase I clinical trial in humans and completed notification with the Australian Therapeutic Goods Administration.

(F) In October 2024, the Phase I clinical trial in Australia was completed and achieved proof of concept.

(2) Manufacturing Process

The Company's most advanced product nearing commercialization, L606, is still undergoing Phase III pivotal clinical trials in the United States; therefore, there is currently no commercial-scale manufacturing process.

(III) Supply Status of Main Raw Materials

As the Company's new drug development products are still in the R&D stage and have not yet entered mass production or commercial sale, there are no issues concerning the supply of production raw materials. The supply of clinical trial drugs for L606 and L608 remains stable.

(IV) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each

1. Information on Major Suppliers for the Most Recent 2 Years

Unit: NT$ Thousand; %

Ranking	2023				2024				2025 Q1			
	Name	Amount	Percentage of annual net purchases	Relationship with the issuer	Name	Amount	Percentage of annual net purchases	Relationship with the issuer	Name	Amount	Percentage of annual net purchases	Relationship with the issuer
01	Company A	18,527	93.74	No	Company A	14,385	85.25	No	Company A	2,600	91.87	No
	Others	1,237	6.26	—	Others	2,489	14.75	—	Others	230	8.13	—
	Net purchases	19,764	100.00	—	Net purchases	16,874	100.00	—	Net purchases	2,830	100.00	—

The Company's purchases mainly consist of various raw materials required for the production of clinical trial drugs, including the prostacyclin active ingredient, esters,

and testing supplies.

2. Information on Major Customers for the Most Recent 2 Fiscal Years

Ranking	2023				2024				2025 Q1			
	Name	Amount	Percentage of annual net sales	Relation ship with the issuer	Name	Amount	Percentage of annual net sales	Relation ship with the issuer	Name	Amount	Percentage of annual net sales	Relation ship with the issuer
01	Liquidia	314,500	100.00	No	Liquidia	167,493	99.96	No	—	—	—	—
	Others	—	—	—	Others	75	0.04	—	—	—	—	—
	Net sales	314,500	100.00	—	Net sales	167,568	100.00	—	Net sales	—	—	—

The Company is focused on the development of new drug-device combination delivery systems. As the products are still in the R&D stage, revenue in 2023 was derived from the upfront licensing fee for L606. In 2024, in addition to licensing fees, revenue also included sales of clinical trial drugs.

(V) Production Value in the Past Two Years:

As of the publication date of this annual report, the Company is still in the R&D stage and has not yet entered formal mass production and sales; therefore, this is not applicable.

(VI) Sales Value in the Past Two Years:

The Company is primarily engaged in new drug development. As of the publication date of this annual report, it remains in the R&D stage and has not yet entered formal mass production and sales; therefore, this is not applicable.

III. Number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels (including the percentage of employees at each level)

Unit: Persons / %

Year		2023	2024	As of April 30, 2025 of the current fiscal year
Number of employees	Managers	8	8	8
	R&D personnel	20	31	10
	Other employees	7	11	34
	Total	35	50	52
Average age		41.02	40.50	40.75
Average years of service		2.52 years	2.56 years	2.68years
Education distribution percentage	Ph.D.	11.40	12.0	9.6
	Master's degree	54.30	58.0	57.7
	College / University	34.30	30.0	32.7
	Senior high school	-	-	-
	Below senior high school	-	-	-

IV. Disbursements for environmental protection

(I) If, pursuant to relevant regulations, the Company is required to obtain pollution control equipment installation permits, pollutant discharge permits, pay pollution prevention fees, or establish a dedicated environmental protection unit, the Company's status with respect to obtaining such permits, paying such fees, or establishing such units is as follows:

The Company’s production processes do not generate any special pollutants; therefore, there is no need to apply for pollution control equipment installation permits or pollutant discharge permits. Since its establishment, the Company has consistently adhered to applicable environmental protection laws and policies set forth by the government and has been dedicated to environmental conservation. In addition to implementing routine waste sorting practices, the disposal of industrial waste is handled by designated personnel.

(II) Disclosure of the Company’s major investments in environmental pollution prevention equipment, including their purposes and potential benefits: None.

(III) During the most recent fiscal year and up to the date of publication of this annual report, there have been no instances of environmental pollution remediation; if there were any pollution-related disputes, the handling process must also be explained: No such circumstances.

(IV) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: No such circumstances.

(V) Current pollution status and the impact of remediation efforts on the Company’s profits, competitive position, and capital expenditures, as well as any significant environmental protection-related capital expenditures expected in future years: No such circumstances.

V. Labor relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

The Company is committed to a people-centered approach, fostering a strong relationship of mutual trust and support with its employees by establishing a stable and

comprehensive employee benefits system. Although the Company does not have a labor union, it has developed robust internal communication channels. Over the years, employees have demonstrated team spirit and have actively cooperated with Company decisions, contributing to a harmonious labor-management relationship.

1. Employee benefit plans

In addition to providing statutory benefits such as National Health Insurance, Labor Insurance, and retirement fund contributions in accordance with the Labor Standards Act and other relevant regulations, the Company proactively offers comprehensive health promotion programs and care services to ensure employees enjoy a high quality of life and a balanced work environment. Key employee benefits include:

(1) Coverage under labor insurance, health insurance, group insurance, and travel accident insurance during business trips.
(2) Annual employee health checkups, as well as health promotion education and activities.
(3) A leave policy that exceeds the requirements of the Labor Standards Act.
(4) Flexible working hours to help employees balance work and family life.
(5) Profit-sharing to reward employees for their contributions to the Company's success.
(6) Marriage and funeral subsidies.
(7) Holiday bonuses and gift boxes for Dragon Boat Festival, Mid-Autumn Festival, and Lunar New Year.
(8) Subsidies for employee travel, Christmas and year-end party events, discounts at designated partner stores, and health promotion activities.
(9) Long-serving employees are recognized with commemorative plaques and gold ingots.
(10) Complimentary ground coffee and snacks are provided, along with a supply cabinet stocked with office supplies for easy access.
(11) Waived handling fees for interbank withdrawals and transfers through designated payroll accounts.

2. Employee Education and Training

To help new hires quickly understand and comply with company policies, all new employees participate in a pre-employment training program on their first day. This training introduces the Company's core values, organizational structure, and various employee benefit policies. For on-the-job professional development, training is primarily conducted based on R&D strategies or departmental functional requirements. Employees may participate in various professional training programs or academic

courses depending on their specific roles and project needs. These opportunities aim to enhance their technical skills and broaden their knowledge, enabling them to apply their strengths to their work. In doing so, the Company seeks to improve overall productivity while fostering employee engagement and a strong sense of belonging.

The training programs at each stage are as follows:

(1) New Recruits Training

Pre-employment training includes the Company's history and core values, an overview of the organization, an introduction to the work environment, and explanations of various employee benefits policies.

(2) General Training for All Employees

In alignment with Company goals and policies, general training courses are held annually (covering human rights policies, environmental and safety policies, occupational health and safety, fire evacuation drills, information security awareness, etc.) to ensure that all employees understand and comply, thereby enhancing their competencies.

(3) Professional Training

These trainings are tailored according to R&D strategies or departmental functions. Employees may participate in various technical training sessions or academic programs based on their job responsibilities and project needs, enabling them to strengthen their professional skills and broaden their knowledge.

(4) Employee Average Training Hours Information

Statistics / Year		2024
Average Training Hours per Employee		19.64
Average Training Hours per Employee by Gender	Female	20.21
	Male	18.71
Average Training Hours per Employee by Category	Managers	6.81
	R&D personnel	21.13
	Other employees	25.15

3. Retirement System and Its Implementation

To ensure stable post-retirement life for employees, the Company has established a retirement policy in accordance with labor laws. It adopts the government's new pension system, contributing 6% of each employee's total monthly salary to their individual pension account. For those who opt to make voluntary contributions, the Company deducts the chosen percentage from their monthly salary and transfers it to their individual pension account managed by the Bureau of Labor Insurance.

The Company's retirement policy complies with the provisions of the Labor Pension

Act as follows:

(1) Voluntary Retirement:

Employees may apply for voluntary retirement under any of the following conditions:

A. At least 15 years of service and aged 55 or above.

B. At least 25 years of service.

C. At least 10 years of service and aged 60 or above.

(2) Mandatory Retirement:

The Company may not enforce retirement unless the employee meets one of the following conditions:

A. Has reached the age of 65.

B. Is physically or mentally impaired and unable to perform their duties.

For employees engaged in hazardous work or work requiring exceptional physical strength, the age limit specified above may be adjusted upon approval by the central competent authority, but it may not be lower than 55.

(3) Pension Standards:

The standards for employee pensions are as follows:

A. For years of service prior to the application of the Labor Standards Act, pension benefits are calculated based on the regulations applicable at that time. If no relevant legal regulations were in place, the calculation is based on internal company policies or mutual agreement between the employer and employee.

B. For years of service covered under the Labor Standards Act (old pension system), pension benefits are calculated in accordance with Article 55 of the Act. However, for employees subject to mandatory retirement under Article 35, Paragraph 1, Subparagraph 2, if the disability is caused by job-related duties, the pension will be increased by 20% as per Article 55, Paragraph 1, Subparagraph 2 of the Labor Standards Act.

C. For employees covered by the Labor Pension Act (new pension system), the Company contributes 6% (no less than 6%) of the employee's monthly salary to the individual pension account as required by law.

(4) Pension Payments:

The Company shall pay retirement pensions calculated under the Labor Standards Act within thirty days from the employee's retirement date.

4. Status of labor-management agreements and measures for preserving employees' rights and interests

The Company emphasizes human-centric management, and harmonious labor relations are a key component of its human resource strategy.

The Company respects gender equality and personal dignity, adheres to internationally recognized labor rights—such as freedom of association, collective bargaining rights, care for vulnerable groups, prohibition of child labor, elimination of forced labor, and employment discrimination—and ensures that its HR policies do not discriminate based on gender, race, socioeconomic status, age, marital or family status. Equal and fair opportunities are maintained in employment, wages, benefits, training, performance evaluations, and promotion, fostering a positive and equitable work environment for all genders.

The Company upholds integrity and responsibility. All labor-related measures are communicated thoroughly with employees. Labor-management meetings are held quarterly, during which employee representatives raise concerns and suggestions. The Company discusses and responds to these constructively to reach consensus and promote cooperation.

5. Work Environment and Employee Safety Measures

The Company is committed to evaluating and controlling occupational health and safety risks to provide a safe, high-quality work environment and protect employee safety. All relevant measures are implemented in accordance with labor safety and health regulations:

(1) Safety

A. To ensure a safe and healthy workplace, the Company has established "Occupational Safety and Health Work Guidelines," which have been submitted to the Taipei City Labor Inspection Office for record. The Company has also implemented “Laboratory Safety and Health Management Procedures” and employs certified Category A and B safety personnel and first aid staff.

B. The Company conducts regular occupational safety and health training to raise employee awareness of workplace safety. In 2024, there were zero occupational injuries, and a total of 118 hours of occupational safety training was completed. Two emergency response drills, including firefighting and evacuation, were conducted.

C. The Company also regularly participates in fire safety and disaster prevention

seminars organized by the building's management committee to strengthen disaster response capability and preparedness.

D. Office design and renovation consider earthquake and fire safety to ensure a comfortable and secure working environment.

E. A professional cleaning company is contracted to regularly clean and disinfect the workplace, ensuring a tidy, safe, and pleasant office environment.

(2) Health

A. Occupational health and safety awareness is promoted through educational training and regular updates on occupational safety laws and accident cases.

B. New hires are required to undergo health checks, and regular annual health exams are provided for all employees.

C. The Company organizes events such as a Christmas ice-skating party to improve physical coordination, relieve stress, and enhance cardiovascular and joint health. These diverse wellness programs also help foster team cohesion among employees.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

In the most recent fiscal year and up to the publication date of the annual report, the Company has not incurred any losses due to labor disputes. Looking ahead, the Company will continue to uphold its consistent principles by continuously enhancing employee welfare measures and maintaining open channels of communication to ensure ongoing harmonious labor relations and mutual understanding. Therefore, no labor disputes are anticipated in the future.

VI. Cyber Security Management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

1. Cyber security risk management framework

The Company's Administration Division is responsible for planning and reporting matters related to information security, and regularly compiles reports to the President.

Internal audit conducts regular information security checks to evaluate the effectiveness of internal controls over the Company's information operations.

2. Cyber security policies

Information security measures have been established to ensure the confidentiality, integrity, and availability of data, and to prevent the risks of leakage, damage, or loss due to external threats or improper internal management.

3. Concrete management programs

(1) Computer systems are equipped with firewalls and antivirus software, with regular updates applied to related configurations.

(2) Access to Company data is controlled based on employees' job functions to prevent unauthorized access.

(3) Regulations on information management and data backup are in place to ensure business continuity.

(4) Information security audits are conducted regularly to ensure effective implementation of information security measures.

(5) Information security policies and regulations are regularly communicated to employees, and training sessions are held to raise awareness of information security.

4. Investments in resources for cyber security management

(1) The Company actively recruits information security personnel.

(2) Internal awareness campaigns on information security are conducted for employees.

(3) IT personnel receive external training periodically.

(4) At least one information security incident drill is conducted annually.

(5) Risk assessments and management activities are conducted for both internal and external information security issues.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company did not incur any losses due to significant cyber security incidents in the most recent fiscal year and up to the date of publication of the annual report.

VII. Important Contracts

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Loan agreement	Mega International Commercial Bank Co., Ltd.	June 20, 2024 - June 19, 2025	Short-term loan	None
Loan agreement	First Commercial Bank Co., Ltd.	August 1, 2024 - August 1, 2025	Short-term loan	None
Loan agreement	KGI Bank Co., Ltd.	January 9, 2025 - January 9, 2026	Short-term loan	None
Lease agreement	Century Biotech Development Corporation	August 15, 2023 - November 14, 2030	Office and laboratory lease	None
Lease agreement	Century Biotech Development Corporation	May 15, 2023 - September 14, 2030	Plant	None
Supply agreement	Company A	April 25, 2019 – 10 years after L606 launch	Supply of active pharmaceutical ingredient (API)	Confidentiality clause Annual preferred procurement partner
Contract manufacturing	Company B	September 1, 2017 - August 31, 2025	Contract drug manufacturing	Confidentiality clause
Contract testing	Company I	January 1, 2022 - December 31, 2025	Contract analytical laboratory services	Confidentiality clause
Contract testing	Company C	November 10, 2020 – Upon completion of contracted services by the commissioned party	Contract analytical laboratory services	Confidentiality clause
Contract testing	Company C	June 23, 2021 – Upon completion of contracted services by the commissioned party	Contract analytical laboratory services	Confidentiality clause
Contract testing	Company C	June 23, 2021 – Upon completion of contracted services by the commissioned party	Contract analytical laboratory services	Confidentiality clause
Contract filling	Company D	November 23, 2020 – November 23, 2022 (automatically extendable for one	Contract drug filling services	Confidentiality clause

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
		year upon expiration, and likewise thereafter)		
Contract manufacturing	Company E	September 10, 2021 - September 10, 2026	Contract drug manufacturing	Confidentiality clause
Contract research	Company F	April 27, 2020 – April 27, 2025 (automatically extendable for one year upon expiration, and likewise thereafter)	Contract clinical trial services	Confidentiality clause
Contract research	Company G	April 25, 2023 - April 25, 2028	Contract clinical trial services	Confidentiality clause
Contract development	Company H	February 2, 2022 – Upon completion of services	Contract device development	Confidentiality clause
Product licensing	LIQUIDIA TECHNOLOGIES, INC.	June 28, 2023 – Until expiration of global royalty terms	Exclusive licensing of the new drug in designated regions	Confidentiality clause Exclusive regional licensing
Sales agreement	Company J	From March 12, 2024, until the expiration of the equipment warranty period	Equipment for GMP manufacturing facility	Confidentiality clause
Sales agreement	Company K	From April 11, 2024, until the expiration of the equipment warranty period	Equipment for GMP manufacturing facility	Confidentiality clause
Sales agreement	Company L	From December 15, 2023, until the expiration of the equipment warranty period	Equipment for GMP manufacturing facility	Confidentiality clause
Product licensing	Menagen Pharmaceutical Industries	August 20, 2024 – Until expiration of global royalty terms	Exclusive licensing of the new drug in designated regions	Confidentiality clause Exclusive regional licensing

Five. Review and analysis of the company's financial position and financial performance, and a listing of risks

I. Financial Position

Unit: NT$ Thousand

Item \ Year	2023	2024	Changes (increase or decrease)	
	Amount	Amount	Amount	%
Current assets	1,010,106	1,681,747	671,641	66.49
Property, plant and equipment	45,916	201,849	155,933	339.6
Intangible assets	91	657	566	621.98
Other assets	277,530	279,349	1,819	0.66
Total assets	1,333,643	2,163,602	829,959	62.23
Current liabilities	77,575	116,131	38,556	49.70
Non-current liabilities	118,415	109,533	-8,882	(7.50)
Total liabilities	195,990	225,664	29,674	15.14
Share capital	586,020	645,432	59,412	10.14
Capital reserve	531,343	1,438,858	907,515	170.8
Accumulated deficit	20,284	(146,369)	(166,653)	(821.6)
Other equity	6	17	11	183.33
Total equity	1,137,653	1,937,938	800,285	70.35

I. Explanation of Reasons for Changes (for changes exceeding 20% and an amount over NT$10 million):

1. Increase in Current Assets: Mainly due to capital increase in cash prior to listing on Taipei Exchange.
2. Increase in Property, Plant and Equipment: Mainly due to office relocation, laboratory setup, and filling plant construction, including renovation costs and trial equipment investment.
3. Increase in Total Assets: Mainly due to capital increase in cash prior to listing on Taipei Exchange and the addition of property, plant, and equipment.
4. Increase in Current Liabilities: Mainly due to increased renovation and equipment expenses for laboratory and filling plant setup, resulting in higher other payables.
5. Increase in Capital Reserve and Total Equity: Mainly due to cash capital increase prior to listing on Taipei Exchange.
6. Increase in Accumulated Deficit: Due to continued investment in the clinical development of L608, net losses incurred in the current period led to an increase in accumulated deficit.

II. Future Response Plan for Material Impacts: None.

II. Financial Performance

(I) Financial Performance Comparative Analysis

Unit: NT$ Thousand

Item \ Year	2023	2024	Changes (increase or decrease)	
	Amount	Amount	Amount	%
Operating Revenue	314,500	167,568	(146,932)	(46.72)
Operating Costs	-	(40,665)	40,665	100.00
Operating Gross Profit	314,500	126,903	(187,597)	(59.65)
Operating Expenses	(317,324)	(345,470)	(28,146)	8.87
Operating income (loss)	(2,824)	(218,567)	(215,743)	7,639.62
Non-operating income and expenses	11,280	51,914	40,634	360.23
Pre-tax net income (loss)	8,456	(166,653)	(175,109)	(2,070.83)
Net income (loss) of the period	8,456	(166,653)	(175,109)	(2,070.83)
Comprehensive income (loss) for the period	8,457	(166,642)	(175,099)	(2,070.46)

Explanation of Reasons for Changes (for changes exceeding 20% and an amount over NT$10 million):

1. Decrease in operating revenue, increase in operating costs, decrease in gross profit, increase in operating loss, increase in pre-tax net loss, increase in net loss for the period, and increase in comprehensive loss for the period: Mainly due to lower overall revenue contribution in 2024 compared to 2023. Although the Company received milestone payments from the licensing of L606 in Europe and other regions and sold clinical trial drugs, the total revenue was lower than that generated from the North America licensing milestone payments recognized in 2023.
2. Increase in non-operating income and expenses: Primarily due to higher interest income and foreign exchange gains resulting from exchange rate fluctuations in 2024.

(II) Sales volume forecast and the basis therefor, and the effect upon the company's financial operations as well as measures to be taken in response

The Company has not prepared or disclosed financial forecasts; therefore, projected sales volume and the basis therefor are not applicable. Furthermore, the products currently under development are still in the R&D stage, and the Company's revenue is primarily derived from licensing income and sales of clinical trial materials. As revenue has not yet stabilized, the Company continues to strictly control expenditures. The operational capital required for development over the coming year remains sufficient and is not expected to adversely impact the Company’s ongoing business operations.

III. Cash Flow

(I) Analysis of changes in cash flow in 2024

Unit: NT$ Thousand

Item \ Year	2023	2024	Changes (increase or decrease)	
			Amount	Percentage
Net cash inflows (outflows) from	31,447	(127,164)	(158,611)	(504.38)
Net cash outflows from investing	(82,867)	(1,039,570)	956,703	1,154.5
Net cash inflows from financing	352,966	942,107	589,141	166.91

Analysis of Changes in Cash Flows:

1. Operating Activities: In 2024, although the Company received milestone payments from licensing L606 in Europe and other regions and generated revenue from clinical drug sales, overall revenue contribution was lower compared to the milestone payments from the North America licensing received in 2023.
2. Investing Activities: The net cash outflows were mainly due to time deposits made using capital raised from the 2024 cash injection, which increased the balance of financial assets measured at amortized cost. In addition, expenditures increased due to office relocation and construction of the new analytical lab and filling facility.
3. Financing Activities: Net cash inflow increased as the amount of capital raised prior to listing in 2024 was higher than that in 2023.

(II) Plan to Address Insufficient Cash Liquidity: The Company does not currently have any liquidity issues.

(III) Cash Liquidity Analysis for the Next Year (2025)

Unit: NT$ Thousand

Beginning Cash Balance	Estimated Net Cash Flows from Operating Activities for the Year	Estimated Net Cash Flows from Investing Activities for the Year	Estimated Net Cash Flows from Financing Activities for the Year	Projected Ending Cash Balance	Remedial Measures for Any Expected Cash Shortfall	
					Investment Plans	Financial Management Plans
1,618,443	(427,315)	(278,215)	(16,398)	896,515	Not applicable	Not applicable

1.Analysis of Expected Changes in Cash Flows for the Next Year:

(1) Operating Activities: Expected outflows include expenditures for the pilot-scale development and production of L608 drugs needed for the Phase I clinical trial in New Zealand, Phase II trial in the U.S., and toxicology studies, along with nebulizer and clinical development costs. For L606, expected expenses include drug stability studies and nebulizer development. Alongside general operating expenses such as personnel costs, after estimating revenue contributions, net cash outflows from operating activities are projected to be approximately NT$427,315 thousand.

(2) Investing Activities: Expected to include purchases of R&D equipment and production line construction, with projected net cash outflows of approximately NT$278,215 thousand.

(3) Financing Activities: Expected outflows are primarily due to lease principal payments.

2.Remedial Measures for Any Expected Cash Shortfall: Not applicable.

IV. Effect upon financial operations of any major capital expenditures during the most recent fiscal year

The Company's new drug L606 has been licensed to Liquidia and Menagen. The Company is responsible for producing the clinical trial drugs and future commercial-scale production. Currently, stability testing and filling/packaging of the drug are outsourced to domestic and international manufacturers. To meet future commercial production needs and mitigate supply chain disruption risks, the Company's board of directors resolved on June 28, 2023, to sign a contract with Century Biotech Development Corporation to acquire the right-of-use assets for the 11th floor and 11F-1 of an office building and factory in the Taipei Bioinnovation Park. The goal is to establish a complete production supply chain in Taiwan, including an analytical laboratory and a GMP-compliant filling plant, using internal operating capital to fund the construction and ensure sufficient production capacity for future drug demand.

At present, the analytical laboratory has been completed and is capable of performing GMP batch release and stability testing for both L606 and L608. The filling facility is expected to be completed between 2025 and 2026. By building its own laboratory and manufacturing facility, the Company will be able to independently schedule testing and production, maintain control over technical capabilities and product quality, reduce production costs, and enhance R&D capacity. This will enable greater flexibility in responding to future growth and is expected to strengthen the Company's operational competitiveness to meet long-term development needs. Therefore, no material adverse impact on the Company's financial or business operations is anticipated.

V. Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:

(I) Reinvestment policy for the most recent fiscal year:

The Company has established the "Procedures for Acquisition and Disposal of Assets" in accordance with its development strategy, sustainability goals, and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the competent authority. These procedures serve as the basis for the Company's investments in other businesses, allowing for proper oversight of related financial and operational matters. To further enhance the supervision and management of its investee companies, the Company has also adopted the "Regulations for the Supervision and Management of Subsidiaries," which set forth relevant guidelines regarding information disclosure,

financial affairs, operations, inventory, and financial management.

(II) Main reasons for the profits/losses generated from the reinvestment

1. AUPA Biopharm Co., Ltd. (AUPA)

AUPA primarily generates profits through pharmaceutical contract manufacturing. For the year 2024, the Company recognized investment income of NT$1,947 thousand.

2. Pharmosa Therapeutics, Inc. (PTI)

PTI's expenditures are primarily for maintaining its basic operations. In 2024, the Company recognized an investment loss of NT$78 thousand.

(III) Investment plans for the coming year

Apart from a planned capital injection into Pharmosa Therapeutics, Inc.—a wholly owned U.S. subsidiary—to support its basic operating needs, the Company currently has no additional reinvestment plans.

VI. Risk Assessment and Analysis

(I) Effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

1. Interest Rate Fluctuations

The Company's interest expenses on bank borrowings were NT$111 thousand in 2023 and NT$21 thousand in 2024, accounting for only 1.31% and (0.01%) of the respective pre-tax profit (loss). Therefore, interest rate fluctuations have minimal impact on the Company. However, as the Company primarily focuses on new drug development, the demand for funds from financial institutions is expected to grow with increasing clinical trial activities. The Company will continue to regularly assess interest rates and maintain strong relationships with its long-term banking partners to stay informed about interest rate trends and secure favorable borrowing rates. It is anticipated that interest rate changes will not have a significant impact on the Company's overall operations.

2. Foreign Exchange Rate Fluctuations

The Company primarily pays for raw materials and clinical trial expenses in USD. The net foreign exchange gains (losses) in 2023 and 2024 were NT$(6,680) thousand and NT$19,312 thousand, respectively. These fluctuations were mainly due to payments made to clinical trial service providers and revenues received in USD from licensing agreements and product sales. The Company will continue to maintain close communication with financial institutions, monitor international exchange rate trends, and adopt timely measures to mitigate foreign exchange risks.

3. Inflation

The Company's sources of raw materials remain stable, and as of the annual report publication date, there has been no significant impact on financial or business operations due to inflation. The Company will continue to monitor market price fluctuations of raw materials and global political and economic developments. By maintaining good relationships with both suppliers and customers, the Company is well-positioned to respond to potential impacts from inflation or other economic changes.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

The Company is focused on its core business operations and, adhering to a conservative and prudent approach, has not engaged in any high-risk or highly leveraged investments, loans to other parties, endorsements, guarantees, or derivatives transactions in the most recent fiscal year or up to the date of publication of this annual report. Should the need arise in the future to undertake any of the aforementioned transactions for business purposes, such activities will be conducted in accordance with the relevant procedures established by the Company and in compliance with applicable laws and regulations, with timely and accurate disclosure of all related information.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work

R&D products	Drug–device combination under development	Indications
L606	Pulmonary Inhalation Drug Delivery Combination	Treatment of Group 1 Pulmonary Arterial Hypertension (PAH)
		Treatment of Group 3 Pulmonary Hypertension due to Interstitial Lung Disease (PH-ILD)
L608	Pulmonary Inhalation Drug Delivery Combination	Treatment of Group 1 Pulmonary Arterial Hypertension (PAH)
		Treatment of Raynaud's Phenomenon and Digital Ulcers in Systemic Sclerosis (SSc-RP/DU)

The Company possesses proprietary patented core technologies in liposomal sustained release and manufacturing, and has developed a cross-disciplinary platform for drug-device combination products through a unique drug delivery system paired with custom-designed next-generation medical devices. The key product feature lies in combining specialized formulations (e.g., liposomal nanoformulations) with novel home-use medical devices (e.g., breath-actuated nebulizers). The development strategy focuses on new drug formulations under the U.S. 505(b)(2) NDA regulatory pathway, selecting already approved

drugs as development targets. By modifying the dosage form of clinically proven, marketed active pharmaceutical ingredients and referencing publicly available data from the original drug developers, the Company can reduce development costs and risks, and shorten the development timeline. The Company's operating model centers on independently developing innovative formulations and scaling up the manufacturing process using its exclusive patented drug delivery system. By creating suitable medical devices, the Company produces combination products that solve unmet clinical needs or expand into new indications, ultimately partnering or licensing with global biotech companies at appropriate development stages.

The Company's current pipeline includes L606 and L608, the first domestically developed inhalable liposomal formulations in Taiwan. These formulations of prostacyclin analogs are designed for sustained release, reducing dosing frequency and significantly improving treatment compliance and quality of life for pulmonary hypertension patients. The development plans for L606 and L608 across various indications are as follows:

L606 contains the active ingredient treprostinil and is a combination of a liposomal formulation with an inhalation nebulizer. It targets pulmonary hypertension-related diseases. In January 2019, L606 received Investigational New Drug (IND) clearance from the U.S. Food and Drug Administration (FDA), and its Phase I clinical trial was completed in the U.S. in September of the same year. It is currently undergoing a pivotal Phase III trial in the U.S. for Group 1 Pulmonary Arterial Hypertension (PAH). Additionally, the Company has completed a pre-IND consultation with the FDA for a Phase III trial targeting Group 3 Pulmonary Hypertension associated with Interstitial Lung Disease (PH-ILD). In 2023 and 2024, the Company successfully licensed L606 in major global markets, accelerating its global commercialization.

L608 contains the active ingredient iloprost and is another combination of a novel formulation with an inhalation nebulizer. The Phase I trial has achieved proof of concept in humans, and licensing discussions have begun. For expansion into the SSc-RP/DU indication, the Company is pursuing a new drug strategy based on a novel route of administration. It has completed a pre-IND meeting with the U.S. FDA to discuss the 505(b)(2) regulatory pathway and future clinical trial design, with plans to initiate a Phase II trial in the U.S. in 2025. Simultaneously, the Company will consult with European regulatory authorities on clinical development and marketing approval strategies for L608 across various indications to accelerate development and indication expansion.

The Company places strong emphasis on developing proprietary technologies and invested NT$276,971 thousand and NT$294,785 thousand in R&D in 2023 and 2024, respectively. Future R&D expenditures will be budgeted annually in accordance with

clinical progress and personnel needs, in order to enhance the Company’s R&D capabilities and international competitiveness.

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

The Company's day-to-day operations are conducted in compliance with relevant domestic and international regulations. The Company also closely monitors policy developments and regulatory changes both at home and abroad to stay fully informed and responsive to changes in the market environment. Accordingly, during the most recent fiscal year and up to the publication date of the annual report, changes in domestic and international policies and legal environments have not had a material impact on the Company’s financial operations.

(V) Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response

The Company is focused on the development of new drug formulations. Product development cycles are long and offer high added value, while the industry's technological barriers are also high, making it unlikely to experience drastic changes in the short term. As technology continues to advance, the Company regularly reviews and evaluates information security measures and routinely updates system configurations to ensure data and network security. To ensure the continuous and stable operation of its information systems, the Company has established backup mechanisms and systems. It also takes appropriate actions to improve related processes and enhance the performance of computer hardware and software. While the Company has made every effort to safeguard and prepare for information security risks, considering the ever-changing cybersecurity threats, it also conducts regular information security training to minimize overall risk. Accordingly, during the most recent fiscal year and up to the publication date of the annual report, there have been no material impacts on the Company’s financial operations due to technological changes (including cybersecurity risks) or industry changes. The Company will continue to monitor technological developments and shifts in demand within the biotech industry to stay informed of industry trends and market conditions, ensuring its product development timelines and maintaining the competitive advantage of its products.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response

Since its establishment, the Company has focused on its core business operations, complied with relevant laws and regulations, actively strengthened internal management,

and maintained harmonious labor relations to uphold a positive corporate image. During the most recent fiscal year and up to the publication date of the annual report, there have been no adverse impacts on the Company's crisis management due to changes in corporate image.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

During the most recent fiscal year and up to the publication date of the annual report, the Company has not had any merger or acquisition plans. Should any such plans arise in the future, the Company will adopt a prudent evaluation approach, taking into account the potential synergies from the merger in order to effectively safeguard shareholders' interests.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

The Company has established facilities on the 11th floor and 11th floor mezzanine of the Taipei Biotechnology Park. Through the construction of a new analytical laboratory and fill-finish plant, these facilities will be used for future fill-finish and packaging of the L606 and L608 products developed in-house, as well as for conducting stability testing. They will also meet the needs of the Company's R&D activities and those of licensing partners requiring a secondary supply chain. Upon completion of the facilities, outsourcing demand for current drug products is expected to decrease. Overall, future expansion of production lines and capacity will be carried out in accordance with the progress of the Company's new drug development efforts. This is expected to further scale up the Company's revenue and profitability.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

The Company is primarily engaged in new drug development. Its operating revenue is mainly derived from licensing income, royalties after drug commercialization, and product sales. As the Company's drug candidates are still in the development and clinical trial stages, no products have yet been commercialized or mass-produced. In 2023 and 2024, the Company recorded operating revenue of NT$314,500 thousand and NT$167,568 thousand respectively, and purchases of NT$19,764 thousand and NT$16,874 thousand respectively. At present, the main source of revenue is from Liquidia Corporation, resulting in a concentration of sales with this single customer. However, licensing of R&D outcomes is a common business model for drug development companies. In the future, the Company will follow the L606 model to pursue regional and product-based licensing globally, effectively diversifying its customer base and reducing the risk of sales concentration. In addition, the

Company procures related raw materials to supply clinical trial drugs of L606 to Liquidia. In order to maintain the quality and consistency of clinical trials, changes in active pharmaceutical ingredient (API) suppliers are not made arbitrarily, resulting in a concentration of purchases. This is a characteristic of drug development during the product development phase. Currently, the suppliers are providing stable quality and supply. The Company is also actively developing secondary suppliers to reduce production and supply chain risks after product launch. Overall, the Company does not face significant risks from sales or purchasing concentration.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken

During the most recent fiscal year and up to the date of publication of the annual report, there were no instances of significant share transfers or changes involving directors, supervisors, or shareholders holding more than 10 percent of the Company's shares that had any material impact on the Company's financial status or business operations.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken

During the most recent fiscal year and up to the date of publication of the annual report, there were no instances of significant share transfers or changes involving directors, supervisors, or shareholders holding more than 10 percent of the Company's shares that had any material impact on the Company's financial status or business operations.

(XII) Litigious and non-litigious matters

1. As of the most recent fiscal year and up to the date of publication of the annual report, there have been no litigious, non-litigious, or administrative disputes involving the Company that have been concluded by final judgment or remain pending, and that could materially affect shareholders' equity or the price of the Company's securities: None.
2. As for the Company's directors, supervisors, general manager, responsible persons, shareholders holding more than 10 percent of shares, and subsidiaries, as of the most recent fiscal year and up to the date of publication of the annual report, there have been no litigious, non-litigious, or administrative disputes that have been concluded by final judgment or remain pending, and that could materially affect shareholders' equity or the price of the Company's securities: None.

(XIII) Other important risks, and mitigation measures being or to be taken:

1. Industry Risk

The Company operates in the new drug development industry, where success depends on regulatory approval, primarily from the U.S. FDA, which is generally regarded as the industry benchmark. Therefore, it is essential to understand the FDA's views and intentions regarding a given drug candidate. If the FDA actively encourages the development of a specific type of new drug, companies focusing on such products may gain an advantage during the review process.

Response Measures:

The Company's L606 and L608 products are the world's first sustained-release liposomal prostacyclin drugs. They aim to differentiate themselves from existing products on the market by offering superior ease of use, safety, and convenience (improved compliance). The Company has also established a comprehensive patent portfolio and trade secret protection, significantly reducing the risk of competing technologies substituting similar formulations.

(1) Monitoring U.S. FDA and EU Regulatory Updates

Although regulatory frameworks vary across countries, most pharmaceutical companies and health authorities follow the standards set by the U.S. FDA and the European Medicines Agency (EMA), as these regions represent large pharmaceutical markets and have well-established, rigorous drug approval processes. Staying informed of FDA and EMA regulations helps guide product development strategies, including requirements related to CMC (chemistry, manufacturing, and controls), preclinical studies, clinical trials, and quality standards. The Company also engages international consulting firms to avoid delays caused by misaligned trial designs and regulatory requirements.

(2) Leveraging Local Regulatory Expertise through International Licensing Partners

The Company does not directly sell products abroad but rather licenses out sales rights to the most suitable partners in each region. These partners, typically large pharmaceutical firms, possess deep knowledge of local regulations and market dynamics. By licensing products early in the development process, the Company can fully utilize its partners' regulatory expertise, allowing it to stay current on regulatory changes and benefit from their experience to save time and resources during development.

(3) Maintaining Strong Relationships with CROs and CMOs

The Company has established strong strategic alliances with numerous domestic and international preclinical and clinical research organizations. Through these networks, the Company gains access to key information, develops

well-structured trial plans, and formulates regulatory strategies to minimize the impact of regulatory changes across countries. This ensures a smoother product registration process and helps reduce time and resources wasted on redundant studies.

(4) Maintaining Open Communication with the Taiwan Ministry of Health and Welfare

Given the relatively limited new drug development experience within Taiwan, communication with the Ministry of Health and Welfare is crucial. Understanding regulatory expectations early facilitates a more efficient drug review process. To address these challenges, the Company maintains a clear market position, develops innovative technology platforms, and adopts flexible operating strategies to reduce development costs. It also forms global strategic alliances to jointly develop international markets. Through licensing and technology transfers during development, the Company leverages its partners' experience and resources, thereby scaling its R&D capabilities.

2. Production Risk

The production of liposomal drugs at scale requires custom-designed equipment and careful adjustment of operational parameters. Investment in production is substantial due to the specialized nature of the equipment, and hands-on experience is critical. Therefore, scaling up liposomal drugs to GMP-grade manufacturing poses a significant challenge—and also serves as a competitive barrier in the liposomal product space.

Response Measures:

The manufacturing process of liposomal drugs is highly complex and technically demanding. Both the production procedures and the equipment involved require customization, making it a pharmaceutical technology with significant technical barriers. Only an experienced and professional team can effectively scale up the process and conduct pilot production to commercialize the product. Pharmosa Biopharm is one of the few companies in Taiwan with automated and continuous large-scale production capabilities for liposomes. In addition, the establishment of a second production site is part of the Company's long-term risk mitigation strategy.

3. Financial Risk

Since the development of new drug products entails substantial costs and requires long-term capital investment, the Company addresses the funding needs at various stages of product development by applying for research grants from government agencies, engaging with domestic and international investors for capital

infusion, and securing bank financing to alleviate financial pressure. If the Company fails to consistently reach development milestones, there is a risk of funding gaps, which could result in delays in the development timeline.

Response Measures:

Timely out-licensing of R&D results to secure profitability. The Company's business model involves independently developing and manufacturing liposomal new drugs, obtaining clinical proof of concept based on Phase II/III patient data, and then entering licensing or co-development agreements with global biopharmaceutical companies. In 2023 and 2024, the Company successfully licensed the L606 drug, currently in Phase III clinical trials, to Liquidia for all major global markets. Future clinical development and commercialization expenses will be fully borne by Liquidia. This arrangement not only reduces the need for further R&D investment in the L606 project but also provides the Company with upfront licensing fees to support future product development. As the Company continues licensing in additional territories, such licensing income will further mitigate the financial risk of new drug development prior to product launch.

VII. Other important matters: None.

Six. Special Items to be Included

I. Information related to the company's affiliates:

(1) Consolidated Business Report and Affiliation Report：Please refer to the Market Observation Post System (MOPS) website (https://mops.twse.com.tw) >Single Company > Electronic Books > Consolidated Business Report of Affiliates

(2) Financial Statements of Affiliated Companies：Please refer to the Market Observation Post System (MOPS) website (https://mops.twse.com.tw) > Electronic Books > Financial Statments > 2024 Q4 Financial Statements.

II. The Company’s handling of private placements of securities in the most recent fiscal year and up to the date of publication of the annual report: None.

III. The Company’s subsidiaries' holding or disposal of the Company’s shares in the most recent fiscal year and up to the date of publication of the annual report: None.

IV. Other matters that require additional description: None.

V. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None.

Pharmosa Biopharm Inc.
Chairman: Chien-Chih Wang