Stock Code：6535

順天醫藥生技股份有限公司

Lumosa Therapeutics Co., Ltd.

2023 Annual Report

Annual report is available at：
Market Observation Post System：http://mops.twse.com.tw
Company Website：http://www.lumosa.com.tw
Printed on March 21, 2024

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

1. **Spokesperson and deputy spokesperson**

   Spokesperson
   Name：Charlene Yang
   Title：Senior Manager, Administrative Division
   Tel：+886-02-2655-7918
   E-mail：spokesperson@lumosa.com.tw

   Deputy Spokesperson
   Name：Nai Ching Liu
   Title：New Drug Development Office Senior Associate
   Tel：+886-02-2655-7918
   E-mail：spokesperson@lumosa.com.tw

2. **Headquarters, branch offices, and factories**

   Corporate headquarters
   Address：4F., No. 3-2, Park St., Nangang Dist., Taipei City 115603, Taiwan (R.O.C.)
   Tel：+886-02-2655-7918
   Branch office: None.
   Factories: None.

3. **Stock transfer agent**

   Name: Capital Securities Corporation
   Address: B2, No. 97, Section 2, Dunhua South Road, Da'an District, Taipei City, 106420
   Website: http://www.capital.com.tw
   Tel: +886-2-2702-3999

4. **CPA for latest certified annual financial statements**

   Name of CPA：Sheng-Wei Teng, Yu-Fang Yen
   Name of Accounting Firm：Price Waterhouse Cooper, Taiwan
   Address：No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110208 , Taiwan (R.O.C.)
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5. **Overseas securities exchange**

   None.

6. **Company Website**

   www.lumosa.com.tw

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I. Letter to Shareholders

Lumosa positions itself as the “new drug development harbor in Taiwan.” We expedite the realization of the company’s values through the introduction of early-stage new drugs, optimization of development strategies, and flexible and diversified global licensing layouts. The Company is fully committed to developing LT3001, a novel therapeutic for acute ischemic stroke. Three pivotal Phase 2 clinical trials have been simultaneously initiated across multiple sites in Taiwan, the US, Europe and China. Progress has been favorable thus far, and upon successful proof-of-concept validation, Lumosa intends to pursue international licensing opportunities upon successful proof-of-concept validation. As for Lumosa’s LT1001, a long-acting analgesic injection, additional market approvals were obtained in Ukraine and Brunei in 2023, bringing the total number of authorized markets to six, which includes Taiwan, Singapore, Thailand and Malaysia. The veterinary version has successfully advanced to the pivotal field study phase and is steadily progressing towards global expansion. Furthermore, Lumosa is actively establishing a new drug incubation platform, continuously exploring the potential of exosomes, allogenic cell therapies, and gene therapies. With dedicated resource allocation and leveraging our established network and influence, we aim to develop the next groundbreaking product.

To make the best use of limited resources and time, Lumosa searches for drug candidates with strong scientific rationale and a high commercial potential for development. The company is actively in search of global partners to form strategic alliances in licensing, co-development, or joint venture, to minimize risks involved in new drug development and accelerate product marketing.

A. 2023 Operational Highlights

1. Implementation Status

Since the launch of LT1001, the extended-release analgesic injection (Naldebain®), our Taiwanese marketing partner AMed has been responsible for its promotion and sales in Taiwan, focusing on the postoperative pain relief self-pay market. The product has progressively entered medical centers and clnics, expanding the indications from hemorrhoid surgery to obstetrics, gynecology, abdominal surgery, orthopedics, and beyond, continuously broadening the target population. In addition, working with AMed, the Company is expanding into Southeast Asia, obtaining market authorization from Brunei in 2023, after receiving approvals from Singapore (2020), Thailand (2021), and Malaysia (2022). LT1001 also received

approval from Ukraine in 2023, laying the foundation for entering the markets in Central Asia and Eastern Europe. To further enhance the international presence of LT1001, Lumosa has successively secured licensing agreements in China, South Korea, Jordan, and India to accelerate global commercialization efforts. Lumosa looks forward to leveraging our deep-rooted presence in international markets to bring stable cash flow to the Company.

Lumosa's LT3001 is a first-in-class novel therapy for acute ischemic stroke that has dual-function for thrombolysis and neuroprotection. Three pivotal Phase 2 clinical trials are currently underway, including single-dosing and multiple-dosing of LT3001 in combination with mechanical thrombectomy to be conducted in the US, Taiwan, Europe, and China. Two of the multi-national clinical trials conducted by Lumosa and the clinical trial in China led by Shanghai Pharmaceutical, Lumosa's partner in China, were initiated. Furthermore, LT3001 received approval for formulation patent from USPTO in 2023, extending the patent protection period until 2040 after market launch. Further extension of the patent protection may be achieved through dosing methods. LT3001 was granted the US FDA's fast track designation in 2022, which will help shorten the review time and expedite the approval process. Lumosa looks forward to creating the maximum value of the product through a comprehensive product strategy layout, combined with diverse clinical trial design scenarios.

To enrich the pipeline, Lumosa is actively building a new drug incubation platform. Through licensing, introduction, and investment models, the Company is dedicating resources to the development of cutting-edge technologies. Lumosa continues to explore the potential of innovative technologies such as exosomes, allogeneic cell and gene therapies to establish Lumosa's sustainable business model.

2. Operational Plan Implementation Results and Budget Execution

The major income for Lumosa in 2023 is from the sales of Naldebain® royalties, and revenues from supplying LT3001 to Shanghai Pharmaceutical. The gross profit is 41,481 thousand New Taiwan dollars. The operational loss in 2023 is 375,777 thousand New Taiwan dollars as Lumosa continues to invest in R&D. The total asset by December 31, 2023, is 1,656,279 thousand dollars with a debt balance of 227,694 thousand dollars; 1,428,105 thousand dollars are in the forms of cash, timed deposits, and marketable securities. The financial structure is sound and healthy.

Table 1. Operational Plan Implementation Results and Budget Execution

Item	2022	2023
Return on assets (%)	(23.83)	(14.14)
Return on equity (%)	(26.39)	(15.71)
Net profit before tax to paid-in capital ratio (%)	(30.93)	(15.16)
Net profit rate (%)	(1,893.56)	(439.83)
Earnings per share (NT$)	(3.05)	(1.47)

3. Current Research and Development Status

LT1001 Extended-release Analgesic Injection

Engage in global commercialization strategy. Other than seeking partnership for the international market, Lumosa also provides full support to licensing partners in the IND or NDA process for the respective licensed regions of the world to accelerate product marketing. Further, plans to improve production costs are underway to increase the economic benefits.

LT3001 Treatment for Acute Ischemic Stroke

Lumosa and Shanghai Pharmaceutical each are responsible for the multiple dosing clinical trial conducted internationally (not including China) and in China, respectively; the companies will share trial data.

LT6001/CS026 Exosome Platform

Currently undergoing animal proof-of-concept validation studies. Lumosa continues to conduct relevant research in the scale-up process.

In terms of intellectual protection, LT1001, the extended-release analgesic injection has submitted patent applications to more than 20 countries and has received approval from the US, Russia, Taiwan, India, Singapore, China. Reviewing is currently ongoing in European Union, Japan, and other major pharmaceutical markets. The new drug patent for LT3001, treatment for acute ischemic stroke, was granted in the US, China, Japan, and 14 other countries.

Lumosa will continue the product lifecycle management to extend patent expiration and enhance product licensing value. We will actively collaborate with academic and research institutes in search of potential early-stage candidates for development to reduce in-licensing costs and strengthen market competitiveness.

B. 2023 Business Summary

1. Expected Sales Volume and Its Basis in 2023

   The operational model taken by the Company involves the investment in the development of new drugs, value maximization of the products, and the search of domestic or international pharmaceutical companies or distributors for out-licensing, co-development, or formation of a joint venture at an appropriate time to attain revenues for the company. This income may be from licensing fees, such as upfront or milestone payments, and royalties or sales of the product.

2. Production and Sales Policy

   a. Establish a top R&D team and stringent project management system. Advancing new drug development and the nurture talented employees through two-way integration of professional functions and project management.
   b. Use knowledge in new drug development, efficient business tools and processes.
   c. Select academic and industrial partners strategically to ensure the upper and lower value chain are well connected.
   d. Collaborate with selected CROs/CMOs closely to accelerate the R&D program.
   e. Fortify intellectual property and develop technological platforms.
   f. Inspect if the business goal can be achieved with the operational model through the accomplishment of milestones; adjustments are made if needed.
   g. Prioritize the development of new drugs with the following characteristics:

      (1) Resolve unmet medical needs
      (2) Possible licensing opportunities in the near term
      (3) Higher pharmacoeconomics or return on investment

   h. Generate positive cash flow through patent licensing and business development from the R&D results of early-stage assets
   i. Sound international licensing capabilities and flexible licensing strategy to strive for the best licensing, distribution, or collaboration contracts.
   j. Continuing improvement plan for the cost of goods (COGs) to strengthen product market compatibility.

C. Future Development Strategy

Lumosa is a new drug development company with a vision to become the safe harbor for Taiwan's innovative new drug development through its "reSearch and Development" (rSD) strategy. With a successful pipeline of large and small molecules, Lumosa selects candidates with commercial potential and controlled risks to address the diseases with unmet medical needs and develop the pipeline with the mindset of starting from the end, we strive to become the best partner for domestic and international academic institutions, research organizations, and industrial companies. Lumosa aims to be a global new drug development company taking its roots in Taiwan with sustainable product lines and pipelines.

D. Impacts from External Competitive, Legal and Overall Operational Environments

The challenges in new drug development have become ever harsh. However, with the arrival of an aging society and universal health insurance, the demand for new drugs is still strong. International mergers and acquisitions among pharmaceutical companies are still growing strong and with a record-breaking amount. The regulation between different countries is becoming more uniform with the expansion of ICH members and is an advantage for Lumosa who is familiar with different regulations. In addition, the Taiwanese government is implementing policies that encourage development in the biotech field. Lumosa continues to make the best use of its experiences and advantages in the industry to develop new drugs with high market demand, maximize product value by exploring new indications and formulations, and implement product lifecycle management. Through key alliances, Lumosa collaborates with international partners to accelerate product development. At the same time, Lumosa in-licenses products with great development potential through licensing and collaboration strategy and optimized spending in resources. The Company balances the risks in new drug development while maintaining a sound financial standing to provide solutions to diseases without ideal treatments, to improve patients' quality of life, to generate maximum revenue for the Company, investors, and employees, and to benefit human well-being.

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Jung-Chin Lin, Chairman

II. Company Profile

A. Date of Incorporation

November 13, 2000.

B. Company History

Table 2. Company History

Year	Important Events
2000	Founding of SunTen Phytotech with the paid-in capital of NTD 2 million.
2002	STA36 received the US patent (No. 6383525).
2003	"SB221, a novel Chinese medicine for cardiovascular disorders" completed its pre-clinical pharmacology and toxicology studies. Phase 2 IND (Investigational New Drug) submitted to Taiwan FDA.
2004	ST221 received its US patent (No. 6793944) and received IND approval for the initiation of Phase 2 trial on hypertension.
2005	STA36 received its Taiwanese patent (No. I233804) and Singapore patent (No. 97471).
2006	STA36 received its Swiss patent (No. 0695663); SB221 received the US patent (No. 7150887).
2007	SB221 received its Taiwanese patent (No. 90131897). "STA36, a new drug as an add-on therapy for asthma" and "SB221, a new drug as an add-on therapy for hypertension" completed their pre-clinical pharmacology and toxicology studies. Phase 2 IND submitted to Taiwan FDA.
2008	STA36 received IND approval as a botanical new drug. Phase 2 trial as an add-on therapy for asthma initiated. SB221 received Gold Award in the pharmaceutical category in the 7th "Pharmaceutical Technology & Research Development Award" sponsored by Taiwan's Department of Health (now Ministry of Health and Welfare).
2009	STA36 received is Chinese patent (No. ZL01822.8) on R&D and manufacturing processes. STD07 completed its pre-clinical pharmacological and toxicology studies. Received IND for Phase 1 trial in Taiwan. STD07 completed Pre-IND meeting with the US FDA.
2010	STD06 and STD07 received South African patents (No. 2008/08549 and No. 2008/08550, respectively). STD07 received the bronze award in R&D Innovation from the 2010 Taipei Biotechnology Award sponsored by Taipei Municipal Government. STD07 received the Gold Award in 2010 Pharmaceutical Technology & Research Development Award as the first indigenous NCE entering first-

	in-human trial.
2011	Capital reduction of NTD 257,946 thousand to make up for losses and reduce share capital. The paid-in share capital after capital reduction is NTD 171,964 thousand. Cash capital increase of NTD 320,000 thousand, 57 thousand shares transferred for employee execution of stock option, and reposition company operations to the development of large- and small-molecule new drugs. LT1001, an extended-release analgesic injection (originally SDE: conducted by merged company Cheng Pang Biopharma), completed its Phase 1 trial domestically, and initiated the large-scale development of starting materials and drug products.
2012	LT1001 Designated as benchmark project for new drug development. LT1001 selected as pilot collaboration project for Cross-strait Drug Research and Development.
2013	Dr. Wendy Huang served as the president and CEO. LT1001 initiated the Phase 2/3 trial in Taiwan.
2014	Merger between Cheng Pang Biopharma and BroadCan Biopharm, name changed to Lumosa Therapeutics. Consolidated issuance of 29, 000 thousand shares, paid-in capital increased to NTD 782,554 thousand. LT3001 selected as the pilot collaboration project for Cross-strait Drug Research and Development. LT3001 selected as one of the top 10% abstract by the American Heart Association at the 2014 International Stroke Conference.
2015	Execution of employee warrant certificate conversion of 5,975 shares, paid-in capital increased to NTD 842,304 thousand. Lumosa listed and public traded on Taipei Exchange (6535.TWO). The final report of the Phase 3 trial of LT1001 in Taiwan demonstrated that it can successfully achieve long-lasting pain relief after surgery. Application for new drug registration for LT1001 submitted to Taiwan FDA. Licensing agreement with InteRx (now AMed Co.) for LT1001 in Taiwan.
2016	Licensing agreement with Syntano for LT1001 in China, Hong Kong, and Macau. LT1001 received Novel Technology Award from 2016 Taipei Biotechnology Award. The new “reSearch and Development” model (rS&D) and pipeline, and research and development team received the “Biotech Potential Benchmark” from 2016 “Outstanding Biotechnology Industry Award” sponsored by Taiwan Bio Industry Organization. Cash capital increase 10,000 thousand shares, paid-in capital increased to NTD 942,304 thousand. Oral presentation of LT3001 in the 13th International Symposium on Thrombolysis Thrombectomy and Acute Stroke Therapy.
2017	LT1001, the extended-release analgesic injection, received approval from Taiwan FDA, and is named Naldebain® ER injection. US FDA approved the Phase 1 trial for LT3001.

	LT3001 received its Chinese compound patent (No. CN104231046). 1,164 Thousand shares transferred for employee execution of stock option, paid-in capital increased to NTD 953, 954 thousand.
2018	Agreement with Skyline Vet Pharma for the licensing of extended-release analgesic injection for animals in the US, Canada, Australia and New Zealand. LT3001 received its US compound patent (No. US9898193). Merger with TPG Biologics with Lumosa being the surviving company. Dr. Wendy Huang resigned and Mr. Rongjin Lin served as the president and CEO. Issuance of new 20,210 thousand shares after merger of TPG Biologics. 908 Thousand shares transferred for employee execution of stock option, paid-in capital increased to NTD 1,165,135 thousand.
2019	LT1001 received its US formulation patent (No. US 10183018). “Biologics technology service” asset and business transfer from TPG Biologics. LT3001 completed Phase 1 trial. Phase 2 approved by US FDA after 30 days reviewing period and Taiwan FDA. Exclusive licensing agreement with IDEOGEN AG for LT1001 in Switzerland. Licensing agreement with Shanghai Pharma for LT3001 in China. Licensing agreement with Jemincare for LT1001 in China. Proceed with the “pharmacokinetic study on relative bioavailability” for LT1001 after no objection from the US FDA during the reviewing period. Taiwan FDA reviewed and approved the protocol of the Phase 1/2 trial for LT5001, a novel treatment for uremic pruritus. 1,051 Thousand shares transferred for employee execution of stock option, paid-in capital increased to NTD 1,175,648 thousand.
2020	LT2003, an anti-tumor targeting fusion protein, received Orphan Drug Designation for pancreatic cancer from the US FDA. Binding MOU with CMC Farma for LT1001 in Turkiye. LT3001 to initiate Phase 1 multi-dose drug-drug-interaction trial after no objection from the US FDA during the reviewing period. LT1001 extended-release analgesic injection received market approval from Singaporean HSA. 310 Thousand shares transferred for employee execution of stock option, private placement cash capital increase of 29,500 thousand shares, paid-in capital increased to NTD 1,473,748 thousand.
2021	Exclusive licensing agreement with Darnitsa for LT1001 in Ukraine. Termination of the exclusive licensing agreement with IDEOGEN AG for LT1001. Amend licensing agreement for the extended-release analgesic injection in veterinary medicine with Skyline Vet Pharma (SVP), granting SVP global rights. Exclusive licensing agreement with DONGWHA for LT1001 in Korea. LT3001 single-dose Phase 2 trial completed in the US and Taiwan. The primary safety outcome was achieved, demonstrating a trend in improving the neurological outcomes in patients with acute ischemic

	stroke. Data analysis completed for the Phase 1 trial for LT5001 in the treatment of uremic pruritus, the LT5001 was safe and well tolerated. The US FDA and Taiwan FDA approved the Phase 2 multiple dosing of LT3001 administered in combination with mechanical thrombectomy. LT1001 obtained market approval from Thai FDA. 540 Thousand shares transferred for employee execution of stock option, 900 thousand newly issued employee restricted shares, private placement cash capital increase of 11,000 thousand shares, paid-in capital increased to NTD 1,632,628 thousand. Revocation and recovery of 110 thousand newly issued restricted employee shares, paid-in capital decreased to 1,631,528 thousand.
2022	Completion of LT3001 Phase 1 multiple dosing and drug-drug interaction trial, demonstrating that LT3001 is safe and does not affect pharmacokinetic parameters when used concomitantly with routine stroke medications. LT3001, a novel treatment for acute ischemic stroke, received Fast Track Designation from the US FDA. The Phase 2 multiple dosing of LT3001 approved by the US FDA and Taiwan FDA. LT1001 received marketing approval from Malaysian MDA. Exclusive licensing agreement with AJM Pharma Pvt. Ltd. for LT1001 in Pakistan. 65 Thousand shares transferred for employee execution of stock option, revocation and recovery of 120 thousand newly issued restricted employee shares, paid-in capital decreased to 1,630,978 thousand.
2023	Exclusive licensing agreement with Gufic Biosciences Limited for LT1001 in India. LT1001 received marketing approval from Ukraine and Brunei. LT3001 received its US formulation patent. 23 Thousand shares transferred for employee execution of stock option, 1,890 thousand newly issued employee restricted shares, paid-in capital increased to 1,650,108 thousand. Revocation and recovery of 37 thousand newly issued restricted employee shares, paid-in capital decreased to 1,649,738 thousand.
2024	The Phase 2, multi-dose clinical trial for LT3001 has successfully obtained approvals to conduct the study in all six European countries applied for, and patient enrollment has commenced in the six European nations.

III. Corporate Governance Report

A. Organization structure

1. Organization structure

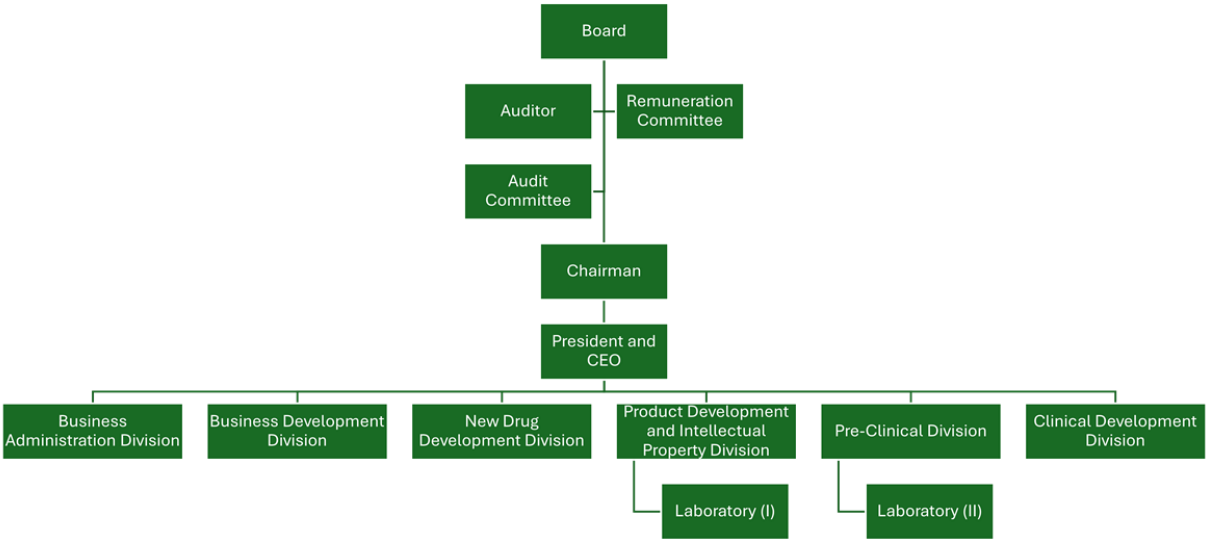


Figure 1. Organization Structure

2. Major Corporate Functions

Table 3. Major Corporate Functions

Department	Main Business
President's Office	Formulate the Company's short, medium and long-term strategic goals and lead the Company's operations and R&D project portfolio decisions. Through internal control, budget and performance system, participate in and supervise the planning, consultation and control of R&D projects to ensure the soundness of the Company's operating conditions; legal affairs to ensure that the Company complies with domestic and foreign laws and regulations.
Internal Audit Office	Assist the management to inspect and review the deficiencies of the internal control system, measure the effectiveness and efficiency of operations, regularly evaluate the operation and implementation of the Company's management system, and provide timely improvement suggestions to ensure the continuous and effective implementation of the internal control system, and as a review to correct

	internal. The basis of the control system to promote the sound operation of the Company.
New Drug Development Division	Negotiate and implement early incubation of new projects ((PCS&CS), develop and maintain relationships with KOLs in the disease field, evaluate the feasibility of LT cases, implement project management and product life cycle management of early new projects. Formulate inspection and registration strategies and schedules, compile and review relevant technical documents; through consultation and coordination with domestic and foreign regulatory agencies, accelerate product development and ensure the efficiency of new drug applications and evidence collection. Integrate the Company's project portfolio (project portfolio) and the progress of each R&D project, identify key approaches, and anticipate potential difficulties or crises; use project management techniques to assist each project team to achieve each milestone and ensure its execution efficiency; budget for each project Tracking and risk control; develop, implement and manage the Company's overall quality management system.
Product Development and Intellectual Property Division	Introduce technology, design and execute chemical synthesis, analysis and research method development, preparation process development, and establish a drug delivery platform; and establish a stable and effective cooperative relationship with external research institutions to implement the CMC strategy and ensure that technical documents and The quality and efficiency of drug output; formulating intellectual property strategies, implementing global patent layout, cracking and defense, and improving the organization's intellectual property management system.
Pre-Clinical Division	Conduct translational research with domestic and foreign academic institutions in the disease field invested by the Company, focus on evaluating new drug candidates, design and execute pharmacology, toxicology, drug metabolism and pharmacokinetic research, cell and animal pharmacology research, and biological activity analysis , to confirm the efficacy and toxicity of clinical candidate drugs.
Clinical Development Division	Establish relevant norms for clinical trials, cooperate with international medical and clinical expert consultants to design and plan clinical trials in line with medical science and product characteristics, and conduct clinical trials with partners to ensure drug

	safety control and compliance with safety monitoring regulations, clinical trial plans Quality control and execution of drawings, quality and efficiency of clinical document output.
Laboratory I and II	Cooperate with the Company's candidate new drug evaluation and proof-of-concept (Proof-of-concept) research project development plan, conduct translation research, cells and animals, pharmacology research, and biological analysis. Cooperate with the Company's dosage form development, drug delivery platform, and pharmacokinetic testing of candidate new drugs.
Business Development Division	Product market planning, leading the substantive inspection of each authorized introduction or cooperation project, and completing external authorization and customer management at the best time for new drug development; fulfilling corporate social responsibility and maintaining investor relations.
Business Administration Division	Improve the accounting and administrative system, collect and analyze business information, review business activities and resource allocation, ensure that organizational operations are consistent with strategic goals, and can continuously adapt to changes and make adjustments. Responsible for board and shareholders as well as human resources and information management.

B. Directors and Management Team

1. Directors

Table 4. Directors Information

March 21, 2024

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship	
	ROC	Center Laboratories, Inc.		2021.07.07	3 years	2014.07.25	50, 159, 336	33.21%	54, 068, 631	32.77%	—	—	—	—	—	Note 6	—	—	—	None
Chairman	ROC	Lin, Jung Chin, Representative	Male 61-70	2021.07.07	3 years	2011.09.16 (Note 1)	926,305	0.61%	979,942	0.59%	—	—	—	—	• Honorary Doctorate, Taipei Medical University • Bachelor, School of Pharmacy, Taipei Medical University	• Director, BioGend Therapeutics Co., Ltd. • Director (rep.), Medeon Biodesign, Inc. • Director (rep.), Adimmue Corporation • Director (rep.), BioEngine Technology Development Inc. • Chairman (rep.), KriSan Biotech Co., Ltd. • Chairman (rep.), Cytoengine Co., Ltd. • Chairman, Royal Foods Co., Ltd. • Director (rep.), Bioflag Int'l Corp. (Cayman) • Chairman (rep.), GLAC Biotech Co., Ltd. • Chairman (rep.), Ausnutria Dairy (Taiwan) Nutrition & Health Sciences Corporation • Director (rep.), Youluck International Inc. • Director, A2+ Biotech Consulting Co. • Director, Beijing Shundu Pharmaceutical Research Institute Co., Ltd. • Director, Shanghai Bao Pharmaceuticals Co., Ltd. • Director, Centergene Pharmaceuticals • Director, Scindy Pharmaceutical (Suzhou) Co., Ltd.	—	—	—	Note 7
Director	ROC	Center Laboratories, Inc.		2021.07.07	3 years	2014.07.25	50, 159, 336	33.21%	54, 068, 631	32.77%	—	—	—	—	—	Note 6	—	—	—	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship	
	ROC	Wan-Lai Cheng, Representative	Male 61-70	2021.07.07	3 years	2014.07.25 (Note 2)	—	—	—	—	476,057	0.29%	—	—	• Bachelor, Business Administration, Fu-Jen Catholic University • Chairman, Taiwan Calsonic Co., Ltd.	• Chairman, Browave Corp. • Director (rep.), GLAC BIOTECH Co., Ltd. • Chairman, Lumosa Therapeutics Co., Ltd.(Cayman) • Chairman, Shanghai Lumosa Therapeutics Co., Ltd.	—	—	—	None
Director	ROC	Shun Cheng Pharmaceutical Co., Ltd.		2021.07.07	3 years	2014.07.25	1,000	0.00%	1,000	0.00%	—	—	—	—	—	—	—	—	—	None
	ROC	Representative De Fu Hsieh	Male 71~80	2021.07.07	3 years	2000.11.06 (Note 3)	451,325	0.30%	477,459	0.29%	—	—	—	—	• Bachelor of Pharmacy, Taipei Medical College • Lumosa Therapeutics Co., Ltd. Chairman	• Chairman, Ban You Investments Co. • Director (representative), PANION & BF BIOTECH Inc. • Director (representative), Sun Ten Pharmaceutical Co., Ltd. • Chairman/Director (representative), Sun Ten Natureceutica Co., Ltd. • Director, Eikon Healthcare Device Corp. • Director (rep.), Balay Biotechnology Corp. • Director, Bowlin Holding Co., Ltd. Seychelle • Director, Bowlin Holding Co., Ltd. Cayman • Supervisor, Cheng Fong Chemical Co., Ltd.	—	—	—	None
Director	ROC	BioEngine Technology Development Inc.		2021.07.07	3 years	2018.06.14	1, 898, 169	1.26%	1,170, 169	0.71%	—	—	—	—	—	—	—	—	—	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship	
	ROC	Representative Su-Chi Wang	Female 41~50	2021.07.07	3 years	2021.07.07	36,652	0.02%	38,774	0.02%	—	—	—	—	• Department of Business Administration, Chinese Culture University	• Chairman (rep.)/CIO/COO Center Laboratories, Inc. • Director (rep.), BioGend Therapeutics Co., Ltd. • Director (rep.), Ever Fortune. AI Co., Ltd. • Director (rep.), BioEngine Capital Inc. • Chairman (rep.), Ausnutria Dairy (Taiwan) Nutrition & Health Sciences Corporation • Director (rep.), Youluck Int'l Inc. • Director, Ausnutria Co.,Ltd. • Director, t Hyproca Nutrition Co., Ltd. • Director, Bioflag Int'l Corp. (Cayman) • Chairman, Bioflag Co., Ltd. (BVI) • Chairman (rep.), Genlac Biotech Inc. • Director (rep.), OmniPro Biotech Co., Ltd. • Director, Anhui glac & George Biotech Ltd. • Director, Huaian glac & George Biotech Ltd. • Director, Jacobio Pharmaceuticals Co., Ltd. • Director, BioEngine Development Ltd. (HK) • Chairman, Centerlab Investment Holding Ltd. (HK) • Director, Center Biotherapeutics Inc. (BVI) • Director, Center Venture Holding I Ltd. (HK) • Director, Center Venture Holding II Ltd. (HK) • Director, Center Venture Holding III Ltd. (Samoa) • Director, Fangyuan Growth SPC-PCJ Healthcare Fund SP • Director, Shengxin Investment Consulting Co., Ltd. • Chairman, Youde Investment Consulting Co., Ltd. • Chairman, Youxin Investment Consulting Co., Ltd.	—	—	—	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship	
Director	ROC	Hsueh Ling Wang	Female 61~70	2021.07.07	3 years	2006.07.03 (Note 4)	440,000	0.29%	465,478	0.28%	—	—	—	—	• Master of Accounting, National Chengchi University • Bachelor of Accounting, Tamkang University • Director, National Taxation Bureau, Taipei City, Ministry of Finance • Assistant Manager, Manager, Deputy General Manager, General Manager, Sun Ten Pharmaceutical Co., Ltd. • Supervisor, Guyuanling Biotechnology Co., Ltd.	• Vice Chairman (Representative), Sun Ten Pharmaceutical Co., Ltd. • Director (representative), Sun Ten Natureceutica Co., Ltd. • Chairman, Ho Li Limited • Chairman (representative), Sunbeaus Limited Co. • Director, Sun Ten Int'l Investment Co. Ltd. • Director (representative), Herbiotek Co., Ltd.	—	—	—	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship	
Director	ROC	Chung Hao Tasi	Male 61~70	2021.07.07	3 years	2020.07.01 (Note 5)	—	—	—	—	—	—	—	—	• Chang Gung University • Doctor of Graduate Institute of Clinical Medical Sciences • China Medical University • Bachelor of Medicine • Director of Institute of Medicine, China Medical University • Researcher of Movement Disorder Disease and Neuroelectrophysiology, Royal Adelaide Hospital, Australia • Associate Professor-level Attending Physician of Movement Disorder Center of Department of Neurology, Linkou Chang Gung Hospital	• Neurology Director-General, China Medical University Hospital • University Dean, College of Medicine, China Medical University • Chairman, Taiwan Movement Disorder Society • Executive director, Asia Pacific Region, International Parkinson and Movement Disorder Society	—	—	—	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship	
Independent Director	ROC	Chih Yung Chin	Male 51~60	2021.07.07	3 years	2019.06.27	—	—	—	—	—	—	—	—	• Master of Accountancy, Case Western Reserve University • Bachelor of International Trade, Tamkang University • Senior Manager, Pan Asia International & Co., CPAs	• Director, Leading Change International CPA Firm • Independent Director, Space Shuttle Hi-Tech Co., Ltd. • Independent Director, Patec Precision Industry Co., Ltd. • Member, Accounting Research and Valuation Committee of the National Federation of CPA Associations of ROC • Member, Taxation Committee, Taipei CPA Association	—	—	—	None
Independent Director	ROC	Chih Hsiung Wu	Male 61~70	2021.07.07	3 years	2018.06.14	—	—	—	—	21,158	0.01%	—	—	• Ph. D, Dokkyo Medical University • Bachelor of Medicine, Taipei Medical University • CEO, Hsing Tian Kong Foundation Medical Mission - En Chu Kong Hospital • Dean, Affiliated Hospital of Taipei Medical University • Superintendent, Shuanghe Hospital, Ministry of Health and Welfare • President, Taiwan Medical Association	• Director (representative), Medeon Biodesign • Superintendent, En Chu Kong Hospital • Chair Professor, Taipei Medical University • Director, Taipei Medical University • Director (rep.), Medeon Biodesign Inc. • Chairperson, V-CHECK, Inc. • Superintendent-level Attending Physician, En Chu Kong Hospital • Chair Professor, Taipei Medical University	—	—	—	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship	
Independent Director	ROC	Hai I Ma	Female 71~80	2021. 07.07	3 years	2021.07.07	—	—	—	—	—	—	—	—	• Ph. D, Lehigh University (USA) • Co-founder/ General Manager, Chairman, and COO, ScinoPharm Taiwan, Ltd. • Founder, Biotech Industrial Academy • President, Shen Nong Int'l Co. • Vice President, Syntex (USA) • Director of Fab, Director of Man-made Fiber Quality Control, Manager of Analytical Chemistry, • Monsanto (USA) • Independent Director, Crown Bioscience, Inc. • Director, Twi Pharmaceuticals • Director, Reber Genetics Co., Ltd.	• Director, Formosa Pharmaceuticals, Inc. • Independent director, Steminent Biotherapeutics, Inc. • Director, Senhwa Biosciences, Inc. • Director, Handa Pharmaceuticals, Inc. • Venture Partner, Vivo Capital LLC. • Director (rep.), Obigen Pharma, Inc. • Advisor, National Health Research Institute, Taiwan • Advisor, Academia Sinica • Executive Director and Chairperson of the Industry Committee of Taiwan Bio Industry Organization	—	—	—	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Elected Date	Term	Date of First Elected	Number of shares held when elected		Current number of shares held		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other position	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship	
Independent Director	ROC	Hsin-Jung Lin,	Male 61~70	2023.05.31	1.1 years	2023.05.31	—	—	—	—	—	—	—	—	• PhD in Neurosurgery and Physiology, State University of New York at Stony Brook • Master of Science in Hospital Administration, Tulane University • Bachelor of Medicine, National Defense Medical College • Taiwan Neurosurgical Society/ Chairman • International College Of Surgeons-Taiwan Section/ Chairman	• Budddhist Tzu Chi Medical Foundation Hualien Tzu Chi Hospital/ Superintendent • Budddhist Tzu Chi Medical Foundation Bioinnovation Center/ R & D chief • School of Medicine, Tzu Chi University/Professor of Neurosurgery • Taiwan Neurosurgical Society/ Advisory Committee • International College Of Surgeons-Taiwan Section/ Honorary Chairman • Charter Fellow of National Academy of Inventors USA(NAI) • AAAS Fellow American Association for the Advancement of Science • Fellow of American Institute for Medical and Biological Engineering (AIMBE)(USA)	—	—	—	None

Note 1: 2011.09.16 Elected as director of BioEngine Venture Capital Co., Ltd. (tenure 2011.09.16~ 2014.07.25); 2014.07.25 Appointed as director of Center Laboratories, Inc, resigned on 2016.03.24 (tenure: 2014.07.25~2016.03.24); 2018.06.14 Appointed as director of Center Laboratories, Inc.

Note 2: 2014.07.25 Elected as director (natural person) (tenure: 2014.07.25~2016.01.26).

Note 3: 2000.11.06 Elected as director (natural person) (tenure: 2000.11.06~2006.07.02); 2006.07.03 Elected as director representing Sun Ten Pharmaceutical Co., Ltd. (Tenure: 2006.07.03~2014.07.25); 2014.07.25 Elected as director representing Shun Cheng Pharmaceutical Co., Ltd. (tenure: 2014.07.25~2018.06.13); 2018.06.14 Appointed director (legal person) representing Sun Cheng Pharmaceutical Co., Ltd.

Note 4: 2006.07.03 Appointed as a supervisor representing Brion Research Institute of Taiwan (tenure: 2006.07.03~2009.07.02); 2009.07.03 Elected as director representing Sun Ten International Investment Co., Ltd. (tenure: 2009.07.03~2011.09.16); 2011.09.16 Appointed as a supervisor (natural person) (tenure: 2011.09.16~2021.07.07); 2021.07.07 Elected as director (natural person).

Note 5: BioEngine Technology Development Inc. 2020.07.01 Reassignment of legal person director representative, Chung Hao Tasi took over the directorship of Tsai Shu Hsuan (tenure 2020.07.01~2021.07.07); 2021.07.07 Elected as director (natural person).

Note 6: Center Laboratories, Inc. is a legal person serving as the Chairman of Mycenax Biotech Inc., Krisan Biotech Co., Ltd., and BioEngine Technology Development Inc., and serving as a director of BioGend Therapeutics Co., Ltd., Medeon Biodesign, Inc., Ever Supreme Biotechnology Co., Ltd., Ever Fortune.AI Co., Ltd., Cytoengine Co., Ltd., Efficient Biomedical Corp. and Bioflag International Corp. (Cayman).

Note 7: Where the Chairman of the Board and the CEO or equivalent positions (highest executives) are the same person, spouses, or close relatives within one degree of kinship, it is necessary to provide an explanation regarding the reasons, rationale, necessity, and corresponding measures (such as increasing independent director seats and ensuring that a majority of directors do not concurrently serve as employees or executives) with relevant information.

Where the Chairman of the Board and the CEO are the same person, in accordance with relevant regulations, the following supplementary information is provided:

1. Reason: Dr. Chang Hai Tsai, the former Chairman of Lumosa, did not participate in the director's election for the year 2021 due to demanding business engagements. Following the director's election in the 2021, Mr. Jung Chin Lin was elected as the current Chairman. Mr. Jung Chin Lin has been serving as the CEO and Executive Director since November 13th, 2018. Therefore, he currently holds both positions of Chairman and CEO.
2. Rationality: Lumosa’s Board of Directors consists of nine seats, including three independent directors. The largest shareholder, Center Laboratories, holds two seats on the Board. The remaining four seats are divided between two corporate directors and two individual directors. The representation of the largest shareholder does not exceed one-third of the total seats. As per the leadership structure of our board, the role of Chairman serves as a leader in a collegial decision-making process. Therefore, Mr. Jung Chin Lin’s appointment as t Chairman is considered a reasonable arrangement.
3. Necessity: Mr. Jung Chin Lin possesses decades of experience in managing biotech companies. By concurrently holding the positions of Chairman and CEO, it allows for a closer integration between decision-making and operational aspects. This facilitates the acceleration of research and development projects as well as external licensing negotiations.
4. Measures implemented: Apart from Chairman Jung Chin Lin who is also serving as the CEO and Executive Director, other directors do not hold any positions as employees or executives within the Company. Additionally, there are no familial relationships among the directors. Corporate directors are appointed based on their professional expertise to represent their respective organizations. The decision-making authority within the Company is clearly defined, with specific responsibilities assigned to both the Chairman and the Board of Directors. The board operates under a collegial decision-making process and maintains a reasonable level of autonomy in corporate governance. It holds the highest decision-making power within the Company. Therefore, Mr. Jung Chin Lin concurrently holding positions as Chairman and CEO is deemed appropriate.

Table 5. Major Shareholders of the Institutional Shareholders

March 21, 2024

Name of institutional shareholders	Major Shareholders of the Institutional Shareholders
Center Laboratories, Inc	Lirong Technology Co., Ltd. (8.70%) Royal Foods Co., Ltd. (5.99%) Jason Technology Co., Ltd. (2.37%) Farglory Life Insurance Co., Ltd. (1.63%) Youde Investment Advisory Co., Ltd. (1.38%) Masterlink Securities Corp. (1.07%) Mumozi Inc. (1.03%) Yong Lien Co., Ltd. (1.00%) Wei-Chen Investments Co., Ltd. (0.89%) JPMorgan Chase in custody for Vanguard Star Funds, Vanguard Total International Stock Index Fund (0.86%)
BioEngine Technology Development Inc	Center Laboratories, Inc. (100%)
Shun Cheng Pharmaceutical Co., Ltd.	Chuan-Pi Chung (60%) Chian-Chi Liu (40%)

The major shareholders of the institutional shareholders, whose major shareholders are corporate entities.

Table 6. Major Institutional Shareholders

March 21, 2024

Name of institutional shareholders	Major Shareholders of the Institutional Shareholders
Lirong Technology Co., Ltd.	Jason Technology Co., Ltd. (92.07%), Jung Chin Lin (7.856%), Li-Chu Ou (0.059%), Hung-Hsuan Lin (0.005%), Chia-Ling Lin (0.005%), Wei-Hsuan Lin (0.004%)
Royal Foods Co., Ltd	Lirong Technology Co., Ltd. (92.31%), Jason Technology Co., Ltd (7.67%), Jung Chin Lin (0.02%)
Jason Technology Co., Ltd.	Hung-Hsuan Lin (35.83%), Chia-Ling Lin (25.97%), Wei-Hsuan Lin (25.69%), Li-Chu Ou (12.25%), Jung Chin Lin (0.26%)
Farglory Life Insurance Co., Ltd.	Shin Yu Investment Ltd. (19.00%) Fareast Land Development Co., Ltd. (12.48%) Farsight Investment Co., Ltd. (8.91%) Teng Hsiung Chao (8.49%) American P&H Partners International Investment Ltd. (6.71%) Rueichi Investment Co., Ltd. (6.43%) Farglory International Investment Co., Ltd. (6.43%) Chun-Yao Yeh (5.96%), Yu-Nu Chao (5.77%) Tong Yuan Construction Engineering Co., Ltd. (5.63%)
Youde Investment Advisory Co., Ltd.	Su-Chi Wang (75%), You-En Lin (25%)
Masterlink Securities Corp.	Shin Kong Financial Holdings Co., Ltd. (100%)
Mumozi Inc.	Chun Yao Lin (99.997), Ming Yue Cheng (0.003%)
Yong Lian Co., Ltd.	Yu Fen Chang (30.34%), Wen Jun Cheng (16.74%), Wen Yu Cheng (16.74%)
Wei-Chen Investments Co., Ltd.	Chuan-Yi Chou (98.33%), Pei-Jen Tsai (1.67%)

Disclosure of information on the professional qualifications of directors and the independence of independent directors.

Table 7. Professional Qualifications of Directors and the Independence of Independent Directors

Qualification / Name	Professional Qualification and Experience	Independence Situation	Number of Independent Directors Concurrently Serving as Other Public Offering Companies
Jung Chin Lin Representative of Center Laboratories, Inc.	Mr. Lin held an honorary degree of Doctor of Medicine from Taipei Medical University and has been in the biotechnology industry for more than 30 years. Mr. Lin possesses extensive experience in the biotech and medical sectors. There are no circumstances that would violate Article 30 of the Company Law.	—	—
Wann Lai Cheng Representative of Center Laboratories, Inc.	Mr. Cheng served as the Chairman of Yong Lian Co., Ltd. and Browave Corp., Ltd., with more than 15 years of experience in business operations. There are no circumstances that would violate Article 30 of the Company Law.	—	—
Su-Chi Wang Representative of BioEngine Technology Development Inc.	Ms. Wang served as the Director of the Accounting Department of Center Laboratories Inc., with more than 20 years of financial and accounting experiences. There are no circumstances that would violate Article 30 of the Company Law.	—	—
De Fu Hsieh Shun Cheng Pharmaceutical Co., Ltd.	Mr. Hsieh has pharmaceutical background and serves as the Corporate Director representing Sun Ten Pharmaceutical Co., Ltd., with more than 30 years of industrial experience. There are no circumstances that would violate Article 30 of the Company Law.	—	—
Hsueh Ling Wang	Has a professional background as an accountant. In addition to professional accounting experience, he is also the representative of the legal person director and vice chairman of Sun Ten Pharmaceutical Co., Ltd. There are no circumstances that would violate Article 30 of the Company Law.	—	—
Chung Hao Tasi	Dr. Tsai is currently a professor and director in the Neurology Department of	—	—

	China Medical University Hospital. He previously served as an attending physician at the Movement Disorders Center of Linkou Chang Gung Memorial Hospital. With over 20 years of medical expertise, he possesses extensive experience in the field. There are no circumstances that would violate Article 30 of the Company Law.		
Chih Yung Chin	Mr. Chin has been serving as the Managing Partner of Li Chuan International Accounting Firm since 2015. In addition to being a licensed accountant, he also possesses extensive experience in accounting work. There are no circumstances that would violate Article 30 of the Company Law.	All independent directors of Lumosa are appointed in accordance with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." There are no circumstances that would compromise their independence , and Lumosa has obtained signed declarations from each independent director.	2
Chih Hsiung Wu	Dr. Wu obtained his doctoral degree from Dokkyo Medical University in Japan, specializing in the field of General Surgery. He has previously served as the Superintendent of Shuang Ho Hospital and Taipei Medical University Hospital. Currently, he is the Superintendent of En Chu Kong Hospital, and has extensive expertise and professional background in healthcare. There are no circumstances that would violate Article 30 of the Company Law.		—
Hsin-Jung Lin	Dr. Lin is serving as the superintendent and neurosurgeon of Hualien Tzu Chi Hospital, Buddhist Tzu Chi Medical Foundation, with over 20 years of experience in healthcare sector. There are no circumstances that would violate Article 30 of the Company Law.		—
Hai I Ma	Dr. Ma has previously served as the Vice General Manager of Syntex Pharmaceuticals in the United States, General Manager of Shen Nong Company, and Co-founder and General Manager of ScinoPharm Taiwan Ltd., and has extensive industry experience. There are no circumstances that would violate Article 30 of the Company Law.		1

a. Board Diversity and Independence

(1) Diversity of Directors

The Company advocates and respects a diversified board policy, aiming to strengthen corporate governance and promote the sound development of the Board's composition and structure. We believe that diversity contributes to overall company performance. The selection of board members is based on their capabilities across various industries, following the principle of meritocracy. They possess complementary skills in terms of basic composition (such as age, gender, nationality) as well as industry experience and relevant expertise (e.g., healthcare, pharmaceuticals, finance, accounting), business judgment, operational management, leadership decision-making abilities, and crisis management.

To enhance the functionality of the Board and achieve ideal corporate governance goals, Article 20 of Lumosa's “Practical Guidelines for Corporate Governance” specifies the following competencies that should be possessed by the entire board:

1. Business acumen
2. Accounting and financial analysis proficiency
3. Operational and managerial competence
4. Crisis management aptitude
5. Industry expertise
6. Global market insight
7. Leadership prowess
8. Decision-making proficiency

The Company's current Board of Directors diversification policy and its implementation are as follows:

Table 8. Diversification Policy for Board of Directors and Its Implementation

Diversified core / Name	Basic Component								Industry Experience			Professional Ability		
	Citizenship	Gender	Employee status	Age			Independent Directors' term of office		Healthcare	Medicine	Management	Legal	Accounting	Risk Management
				< 60 years old	61~70	>71 years old	<3 years	6~9						
Jung Chin Lin Representative of Center Laboratories, Inc.	ROC	male	-	-	✓	-	-	-	✓	✓	✓	-	-	-
Wann Lai Cheng Representative of Center Laboratories, Inc.	ROC	male	-	-	✓	-	-	-	-	-	✓	-	-	-
Su-Chi Wang Representative of BioEngine Technology Development Inc.	ROC	female	-	✓	-	-	-	-	-	-	✓	-	✓	-
De Fu Hsieh Shun Cheng Pharmaceutical Co., Ltd.	ROC	male	-	-	-	✓	-	-	-	✓	✓	-	-	-
Hsueh Ling Wang	ROC	female	-	-	✓	-	-	-	-	✓	✓	-	✓	-
Chung Hao Tasi	ROC	male	-	-	✓	-	-	-	✓	-	✓	-	-	-
Chih Yung Chin	ROC	male	-	✓	-	-	-	-	-	-	✓	-	✓	-
Chih Hsiung Wu	ROC	male	-	-	✓	-	-	-	✓	-	✓	-	-	-
Hai I Ma	ROC	female	-	-	-	✓	✓	-	-	-	✓	-	-	-
Hsin-Jung Lin	ROC	male	-	-	✓	-	-	-	✓	-	✓	-	-	-

b. Board Independence

The Company's Board of Directors has a total of ten seats, four of which are independent directors, accounting for one-third of all directors, the largest shareholder Center Laboratories Inc. has two seats, and the remaining four seats have two legal person directors and two natural person directors , the largest shareholder accounts for no more than 1/3 of the chairman; except for Chairman Jung Chin Lin who is also the general manager and CEO of the Company, other directors have no concurrent employment as employees or managers, and all directors have no family relationship. Appoint professionals to serve as director representatives. The Company's internal approval authority clearly regulates the

rights and responsibilities of the chairman and the Board of Directors, and the Board of Directors maintains considerable autonomy as a collegiate system.

The Company's independent directors are all selected in accordance with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." There is no circumstance that does not meet the requirements of independence, and the Company has obtained a statement signed by each independent director.

2. President, Vice President(s), Assistant Vice President(s), and the Manager of Each Department and Branch Institution

Table 9. Department and Branch Managers Information

March 21, 2024

Title	Nationality	Name	Gender	Date elected /appointed	Shareholding under own name		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other Position	Managers who are spouses or within two degrees of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman/ President & CEO	ROC	Jung Chin Lin	M	2021.07.07	979, 942	0.59%	-	-	-	-	Chairman, Center Laboratories, Inc. Honorary Doctor of Medicine, Taipei Medical University Bachelor of Pharmacy, Taipei Medical University	Please refer to page 13	-	-	-	Note 1
Product Development and Intellectual Property Division Director	ROC	Shu Hua Li	F	2022.07.01	130, 000	0.08%	-	-	-	-	Research and Development Assistant, TPG Biologics Inc. Associate Researcher, AbGenomics B.V. Taiwan Branch (Netherlands) MS in Biology, New York University Bachelor of Botany, National Taiwan University	None	-	-	-	None
New Drug Development Division Senior Director	ROC	Nai Ching Liu	F	2018.10.31	-	-	-	-	-	-	Senior Manager of R&D Division 3, Center Laboratories, Inc. Manager of R&D Department, China Chemical & Pharmaceutical Co., Ltd. Manager, Regulatory Department, TTY Biopharm Co., Ltd. Clinical Pharmacist, National Taiwan University Hospital Master of Pharmacy, National Taiwan University Bachelor of Pharmacy, National Taiwan University	None	-	-	-	None
Clinical Development Division Senior Director	ROC	Hui Yuan Kuo	F	2021.06.29	-	-	-	-	-	-	R&D Manager, Lumosa Therapeutics Co., Ltd. Deputy Manager, Clinical Research Department/Drug Safety Supervision Manager of TTY Biopharm Co., Ltd. Secretary, Superintendent's Office, Kangning Hospital Secretary, Superintendent's Office, Xinlou Hospital MSc in Healthcare Management, University of Manchester, UK Bachelor of Public Health, Kaohsiung Medical College	None	-	-	-	None
Preclinical R&D Office Director	ROC	Sheng Wen Yeh	F	2021.01.01	103, 000	0.06%	-	-	-	-	Senior Manager, Preclinical R&D Department, Lumosa Therapeutics Co., Ltd. PhD in Biochemistry, Center for Regenerative Medicine, University of Bath, UK	None	-	-	-	None
General Management Office Senior Manager	ROC	Chia Chi Yang	F	2022.02.01	-	-	-	-	-	-	Accounting Manager, Center Laboratories, Inc. Senior Manager, Financial and Administrative Management Department, Pharmaengine Inc. Master of Institute of Finance and Economics, University of Warwick, UK Master of Biopharmaceutical Research Institute, Yangming University Bachelor of Life Sciences, Yangming University	None	-	-	-	None

Title	Nationality	Name	Gender	Date elected /appointed	Shareholding under own name		Shares held by spouse or minor children		Shares held in the names of others		Major academic and career achievements	Other Position	Managers who are spouses or within two degrees of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Audit Supervisor	ROC	Min Chia Hung	F	2021.04.09	-	-	-	-	-	-	Audit Director, East-Tender Optoelectronics Corp. Bachelor of Finance, Ming Chuan University	None	-	-	-	None

Note 1: When the CEO or equivalent position (top executive) and the Chairman of the Board are the same person, spouses, or close relatives, relevant information regarding the reasons, rationale, necessity, and corresponding measures should be disclosed. For example, this may include increasing the number of independent directors and ensuring that more than half of the directors do not concurrently serve as employees or executives. Please refer to page 21 for details.

C. Remuneration Paid to Directors, President and Vice President

1. Remuneration for Directors

Table 10. Remuneration of Directors

Unit: Thousands NT$

Job title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		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)						
		Lumosa	All consolidated entities	Lumosa	All consolidated entities	Lumosa	All consolidated entities	Lumosa	All consolidated entities	Lumosa	All consolidated entities	Lumosa	All consolidated entities	Lumosa	All consolidated entities	Lumosa		All consolidated entities		Lumosa	All consolidated entities	
																Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chairman	Jung Chin Lin Representative of Center Laboratories, Inc.	—	—	—	—	—	—	30	30	0.01%	0.01%	1, 200	1, 200	—	—	—	—	—	—	0.52%	0.49%	—
Director	Wann Lai Cheng Representative of Center Laboratories, Inc.	—	—	—	—	—	—	20	20	0.01%	0.01%	—	—	—	—	—	—	—	—	0.01%	0.01%	—
Director	Su-Chi Wang	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Representative of BioEngine Technology Development Inc.	—	—	—	—	—	—	25	25	0.01%	0.01%	—	—	—	—	—	—	—	—	0.01%	0.01%	—
Director	Shun Cheng Pharmaceutical Co., Ltd. Representative: De Fu Hsieh	—	—	—	—	—	—	30	30	0.01%	0.01%	—	—	—	—	—	—	—	—	0.01%	0.01%	—
Director	Hsueh Ling Wang	—	—	—	—	—	—	25	25	0.01%	0.01%	—	—	—	—	—	—	—	—	0.01%	0.01%	—
Director	Chung Hao Tasi	—	—	—	—	—	—	25	25	0.01%	0.01%	—	—	—	—	—	—	—	—	0.01%	0.01%	—
Independent Director	Chih Yung Chin	360	360	—	—	—	—	66	66	0.18%	0.17%	—	—	—	—	—	—	—	—	0.18%	0.17%	—
Independent Director	Chih Hsiung Wu	360	360	—	—	—	—	66	66	0.18%	0.17%	—	—	—	—	—	—	—	—	0.18%	0.17%	—
Independent Director	Hsin-Jung Lin	211	211	—	—	—	—	20	20	0.10%	0.09%									0.10%	0.09%	—
Independent Director	Hai I Ma	360	360	—	—	—	—	66	66	0.18%	0.17%	—	—	—	—	—	—	—	—	0.18%	0.17%	—

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 Board of Directors of the Company considers the normal level of the industry and considers the Company's current operating conditions. On October 5, 2016, the Board of Directors approved that the monthly remuneration of independent directors be NT$30,000.
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) ：NA.

Table 11. Remuneration Range

Ranges of remuneration paid to each of the Company's directors	Names of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	the Company (Note 8)	All Consolidated Entities (Note 9) H	the Company (Note 8)	All Consolidated Entities (Note 9) I
less than NT$2,000,000	Jung Chin Lin and Wann Lai Cheng, representative of Center Laboratories, Inc.; Su-Chi Wang, representative of BioEngine Technology Development Inc.; De Fu Hsieh, representative of Shun Cheng Pharmaceutical Co.; Hsueh Ling Wang; Chung Hao Tasi; Chih Yung Chin; Chih Hsiung Wu; Hai I Ma; Hsin-Jung Lin	Jung Chin Lin and Wann Lai Cheng, representative of Center Laboratories, Inc.; Su-Chi Wang, representative of BioEngine Technology Development Inc.; De Fu Hsieh, representative of Shun Cheng Pharmaceutical Co., Inc.; Hsueh Ling Wang; Chung Hao Tasi; Chih Yung Chin; Chih Hsiung Wu; Hai I Ma; Hsin-Jung Lin	Jung Chin Lin and Wann Lai Cheng, representative of Center Laboratories, Inc.; Su-Chi Wang, representative of BioEngine Technology Development Inc.; De Fu Hsieh, representative of Shun Cheng Pharmaceutical Co., Inc.; Hsueh Ling Wang; Chung Hao Tasi; Chih Yung Chin; Chih Hsiung Wu; Hai I Ma; Hsin-Jung Lin	Jung Chin Lin and Wann Lai Cheng, representative of Center Laboratories, Inc.; Su-Chi Wang, representative of BioEngine Technology Development Inc.; De Fu Hsieh, representative of Shun Cheng Pharmaceutical Co., Inc.; Hsueh Ling Wang; Chung Hao Tasi; Chih Yung Chin; Chih Hsiung Wu; Hai I Ma; Hsin-Jung Lin
NT$ 2,000, 000 (incl.) ~ NT$5,000,000 (excl.)	—	—	—	—
NT$5,000, 000 (incl.) ~ NT$10,000,000 (excl.)	—	—	—	—
NT$10,000,000 (incl.) ~ NT$15,000,000 (excl.)	—	—	—	—
NT$15,000,000 (incl.) ~ NT$30,000,000 (excl.)	—	—	—	—
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 above	—	—	—	—
Total	1605	1605	2805	2805

Note 1: The name of each director shall be stated separately (for a corporate shareholder, the names of the corporate shareholder and its representative shall be stated separately) and the names of the ordinary directors and independent directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this Table and Table 3-1, or Tables 3-2-1 and 3-2-2.

Note 2: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).
Note 3: Please fill in the amount of director profit-sharing compensation approved by the Board of Directors for distribution for the most recent fiscal year.
Note 4: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc.). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.
Note 5: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director's remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.
Note 6: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). Disclose the amount of profit-sharing compensation approved or expected to be approved by the Board of Directors for distribution for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.
Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).
Note 8: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director by the Company.
Note 9: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies in the consolidated financial report (including the Company).
Note 10: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.
Note 11: a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").
b. If directors of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises."
c. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.
*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

2. Remuneration for Supervisors

Not applicable as the Company established the audit committee on July 7, 2021.

3. Remuneration to General Manager and Assistant General Manager

Table 12. Remuneration to General Manager and Assistant General Manager

Unit: Thousands NT$

Job title	Name	Salary (A) (Note 2)		Retirement pay and pension (B)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 8)		Re-numeration received from investee enterprises other than subsidiaries or from the parent company (Note 9)
		The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company		All consolidated entities (Note 5)		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President & CEO	Jung Chin Lin	1,200	1,200	—	—	—	—	—	—	—	—	(0.50%)	(0.50%)	—

Table 13. Remuneration Range Table

Ranges of remuneration paid to each of the Company's general manager(s) and assistant general manager(s)	Names of General Manager(s) and Assistant General Manager(s)	
	The Company (Note 6)	All consolidated entities (Note 7) E
Less than NT$1,000,000	—	—
NT$1,000,000 (incl.) ~ NT$2,000,000 (excl.)	Jung Chin Lin	Jung Chin Lin
NT$2,000,000 (incl.) ~ NT$3 500,000 (excl.)	—	—
NT$3,500,000 (incl.) ~ NT$5,000,000 (excl.)	—	—
NT$5,000,000 (incl.) ~ NT$10,000,000 (excl.)	—	—
NT$10,000,000 (incl.) ~ NT$15,000,000 (excl.)	—	—
NT$15,000,000 (incl.) ~ NT$30,000,000 (excl.)	—	—
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	2	2

Note 1: The name of each general manager and assistant general manager shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this table and Table (1-1), or Tables (1-2-1) and (1-2-2).

Note 2: This includes salary, duty allowances, and severance pay to the general manager(s) and assistant general manager(s) in the most recent fiscal year.

Note 3: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicle, and other compensation to the general manager(s) and assistant general managers(s) in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director's remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a right offering, etc.—should be included in the calculation of remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the general manager(s) and assistant general manager(s) as approved or expected to be approved by the Board of Directors for the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 5: Disclose the total amount of remuneration in each category paid to the general manager(s) and assistant general manager(s) by all companies in the consolidated financial report (including the Company).

Note 6: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager by the Company.

Note 7: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.
Note 9:

a. In this column, specifically disclose the amount of remuneration received by the general manager(s) and assistant general manager(s) of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).
b. If general manager(s) or assistant general manager(s) of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to “Parent company and all investee enterprises.”
c. Remuneration means remuneration received by the general manager(s) and assistant general manager(s) of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

Note 10: Retired on 2022.06.10.
*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

4. Remuneration to the Five Highest-Remunerated Management Personnel of the Company

Table 14. Remuneration of the Top Five Highest-Remunerated Management Personnel in the Company

Unit: Thousands NT$

Job title	Name	Salary (A) (Note 2)		Retirement pay and pension (B)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 6)		Remuneration received from invested enterprises other than subsidiaries or from the parent company (Note 7)
		The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company		All consolidated entities (Note 5)		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Senior Director, New Drug Development Division	Nai Ching Liu	9,464	9,464	521	521	3,566	3,566	—	—	—	—	(5.69%)	(5.41)%	—
Senior Director, Clinical Development Division	Hui Yuan Kuo													
Director, Preclinical Division	Sheng Wen Yeh													
Director, Product Development and Intellectual Property Division	Shu Hua Li													
Senior Manager, Business Administration Division	Chia Chi Yang													

Note 1: "Management personnel" in the "five highest remunerated management personnel" means managerial officers of the Company. "Managerial officers" means those falling within the applicable scope defined in Order No. Tai-Cai-Zheng-III-0920001301 of the former Securities and Futures Commission, Ministry of Finance, dated March 27, 2003. The "five highest remunerated" is calculated as those ranked in the top five in remuneration based on the sum total of the amounts of salary, retirement pay and pension, rewards and special disbursements, and employee profit-sharing compensation (i.e., the sum of items A+B+C+D) received by each of the Company's managerial officers from all companies in the consolidated financial reports. If any concurrently serving director(s) is among those top, fill out this table and also Table (1-1) above.

Note 2: This refers to the salary, duty allowances, and severance pay of each of the five highest remunerated management personnel in the most recent fiscal year.

Note 3: This refers to the amount of all rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, and other remuneration of the five highest remunerated management personnel in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the directors' remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a right offering, etc.—should be included in the calculation of remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the five highest remunerated management personnel in the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 5: Disclose the total amount of remuneration in each category paid to the five highest remunerated management personnel by all companies in the consolidated financial report (including the Company).

Note 6: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 7:

a. In this column, specifically disclose the amount of remuneration received by the five highest remunerated management personnel of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").
b. Remuneration means remuneration received by the five highest remunerated management personnel of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

Note 8: Retired on June 10, 2022.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

5. Names of the manager responsible for distributing employee compensation and the distribution status

As the Company is still in the loss phase and has not yet generated any profits. Therefore, there has been no distribution of employee compensation.

6. Provide a comparative analysis of the total remuneration paid to directors, supervisors, general manager, and deputy general manager of both the Company and all consolidated companies in the past two fiscal years as a percentage of individual or separate financial report's after-tax net income. Explain the policy, standards, and composition of remuneration payments, establish procedures for determining remuneration, and discuss the correlation between management performance and future risks.

a. Analysis of the proportion of total remuneration paid to directors, supervisors, general manager, and deputy general manager in the past two fiscal years in relation to after-tax net income.

Table 15. Remuneration analysis relative to after-tax net income in past two years

Unit: Thousands NT$

Items / Job Title	2022				2023			
	Total remuneration (NT$ Thousands)		As a percentage of net income (%)		Total remuneration (NT$ Thousands)		As a percentage of net income (%)	
	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities
Director	1, 605	1, 605	(0.32%)	(0.32%)	1,664	1,664	(0.70%)	(0.66%)
President and Vice President	3, 137	3, 137	(0.63%)	(0.63%)	1,200	1,200	(0.50%)	(0.48%)

b. The policy, standards and packages, and the procedures for determining the remuneration, along with their correlation with operating performance and future risk exposure.

(1) Director

The Company's policy on paying directors' remuneration is stipulated in the Company's Articles of Association and approved by the Shareholders'

Meeting. According to the Company's articles of association, when the Company's directors execute the Company's business, they will be negotiated based on the degree of participation in the Company's operations and the value of their contributions, as well as the usual standards of the industry. If the Company has a surplus, the remuneration of directors and supervisors shall be distributed in accordance with the Company's articles of association. The monthly remuneration of the chairman is NT$100,000, and that of the independent directors is NT$30,000 per month.

(2) President and Vice President

The remuneration paid by the Company includes salary, allowances and bonuses. The salary level is determined according to the responsibilities and contributions to the Company, and is negotiated with reference to the usual level of the industry. In addition, the Company's bonus payment is based on the consideration of the Company's operating performance, the contribution of the position and future risks and makes appropriate adjustments, and the risks should be limited. The monthly salary of the general manager is NT$100,000.

D. Implementation of Corporate Governance

1. Operation 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 was as follows:

Table 16. Attendance of the Directors

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A) (Note 2)	Remarks
Chairman	Jung Chin Lin Representative of Center Laboratories, Inc.	9	—	100%	
Director	Wann Lai Cheng Representative of Center Laboratories, Inc.	7	2	78%	

Director	Su-Chi Wang Representative of BioEngine Technology Development Inc.	8	—	89%	
Director	De Fu Hsieh Representative: Shun Cheng Pharmaceutical Co., Ltd.	9	—	100%	
Director	Chung Hao Tasi	7	2	78%	
Director	Hsueh Ling Wang	8	—	89%	
Independent Director	Chih Yung Chin	9	—	100%	
Independent Director	Chih Hsiung Wu	9	—	100%	
Independent Director	Hai I Ma	9	—	100%	
Independent Director	Hsin-Jung Lin	3	3	50%	Newly elected on 2023.05.31

Note: Elected one additional independent director on 2024.05.31.

Other information that needs to be disclosed:

1. If any of the following circumstances occur in the operation of the Board of Directors, the event should be stated in the report, including the date and session of the board meeting, the agenda, the opinions of all independent directors, and how the Company has addressed those opinions:
    a. Any matter under Article 14-3 of the Securities and Exchange Act: Not applicable as the Company has set up an audit committee.
    b. 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.

Date	Director	Contents of Motion	Reasons for avoidance of interests	Participation in voting
2023 03.10	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. Su-Chi Wang Representative of BioEngine Technology Development Inc.	The Company's "Enterprise Process Management System Use and Service Contract" The signing of the "Commissioned Services Contract" between the Company and Center Laboratories Inc.	Center Laboratories, Inc. is a Corporate Director of Lumosa Director Su-Chi Wang is the Chairman of Center Laboratories, Inc.	Not involved in the discussion and voting process
2023 03.10	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc.	The Company entered a "Contracted Research Agreement" with Mycenax Biotech Inc.	Center Laboratories, Inc. is a Corporate Director of Mycenax Director Su-Chi Wang is	Not involved in the discussion and voting process

	Su-Chi Wang Representative of BioEngine Technology Development Inc.	Production of LT3001 clinical trial drug by Mycenax Biotech	the Chairman of Center Laboratories, Inc.	
2023 04.24	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. Su-Chi Wang Representative of BioEngine Technology Development Inc.	(1) The Company has entered into a "Clinical Trial Study Drug Re-labeling Agreement" with Mycenax Biotech Inc. (2) The Company has entered into a "Stability Study Agreement" with Mycenax Biotech Inc.	Center Laboratories, Inc. is a Corporate Director of Mycenax Director Su-Chi Wang is the Chairman of Center Laboratories, Inc.	Not involved in the discussion and voting process
2023 04.24	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. Su-Chi Wang Representative of BioEngine Technology Development Inc.	The Company has entered into a "Translation Service Agreement" with glac Biotech.	Three Directors serve as corporate representatives on the Board of Directors for glac Biotech	Not involved in the discussion and voting process
2023 05.12	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. Su-Chi Wang Representative of BioEngine Technology Development Inc.	The Company has entered into a "Contracted Research Agreement" with Mycenax Biotech Inc.	Center Laboratories, Inc. is a Corporate Director of Mycenax Director Su-Chi Wang is the Chairman of Center Laboratories, Inc.	Not involved in the discussion and voting process
2023 08.09	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. Su-Chi Wang Representative of BioEngine Technology Development Inc.	The Company has entered into "Contracted Research Agreement" with Krisan Biotech.	Center Laboratories, Inc. is a Corporate Director of Krisan Biotech. Director Su-Chi Wang is the Chairman of Center Laboratories, Inc.	Not involved in the discussion and voting process

2023 11.09	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. Su-Chi Wang Representative of BioEngine Technology Development Inc.	(1) Agreement amendment for the production of exosomes contracted to Mycenax Biotech. (2) The Company intends to enter into a process development pilot study agreement with Mycenax Biotech. (3) The Company intends to enter into an agreement for the in-use stability study for the LT3001 clinical trial drug with Mycenax Biotech	Center Laboratories, Inc. is a Corporate Director of Mycenax Director Su-Chi Wang is the Chairman of Center Laboratories, Inc.	Not involved in the discussion and voting process
2023 12.21	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. Su-Chi Wang Representative of BioEngine Technology Development Inc.	Cytoengine intends to enter into an exclusive licensing agreement for exosome technology.	1. Center Laboratories is the shareholder of Shine-On BioMedical Co., Ltd., holding more than 5% of the shares. 2. Su-Chi Wang is the Chairman of Center Laboratories	Not involved in the discussion and voting process
2023 12.21	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. Su-Chi Wang Representative of BioEngine Technology Development Inc.	The Company has entered into the “Office Leasing Agreement.” The Company has entered into a “Contracted Service Agreement” with Center Laboratories.	1. Center Laboratories, Inc. is a Corporate Director of Lumosa 2. Director Su-Chi Wang is the Chairman of Center Laboratories, Inc.	Not involved in the discussion and voting process
2023. 12.21	Su-Chi Wang Representative of BioEngine Technology Development Inc.	The Company intends to terminate the “Agreement on Joint Appointment of High-level Talents for Career Development” with BioEngine Technology Development.	BioEngine Technology Development serves as a corporate director of the Company	Not involved in the discussion and voting process

2024 02.02	Jung Chin Lin & Wann Lai Cheng Representative of Center Laboratories, Inc. Su-Chi Wang Representative of BioEngine Technology Development Inc.	The Company has entered into an amendment for the "Stability Study for LT3001 Standard Solutions" with Mycenax Biotech. The Company has entered into an amendment for the "Production Agreement for LT3001 Clinical Trial Drugs for 2024" with Mycenax Biotech. The Company has entered into an agreement with Mycenax Biotech for the "First Production Run and Stability Testing of the LT3001 for 2024."	1. Center Laboratories, Inc. is a Corporate Director of Mycenax 2. Director Su-Chi Wang is the Chairman of Center Laboratories, Inc.	Not involved in the discussion and voting process

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.

Evaluations of the Board of Directors

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once a year	From January 1, 2023 to December 31, 2023	The Board of Directors	Internal self-evaluation of the Board of Directors	A. Participation in the operation of the Company B. Improvement of the Board of Directors' decision-making quality C. Composition and structure of the Board of Directors D. Election and continuing education of the directors E. Internal control
Once a year	From January 1, 2023 to December 31, 2023	Individual directors	Self-evaluation of the Board members	A. Alignment of the goals and mission of the B. Company Awareness of the duties of a director C. Participation in the operation of the Company D. Management of

				internal relationship and communication E. The director's professionalism and continuing education F. Internal control
Once a year	From January 1, 2023 to December 31, 2023	Functional committees	Self-assessment by the Remuneration Committee and the Audit Committee	A. Participation in the operation of the Company B. Awareness of the duties of the functional committee C. Improvement of the functional committee' s decision-making quality D. Composition and member election of the functional committee E. Internal control

a. Evaluation result：
The performance results of the Board of Directors in 2023 have been submitted to the report of the Board of Directors on February 26, 2024.
The 2023 annual evaluation results show that the Board of Directors operates effectively in accordance with relevant laws and regulations, which can effectively promote the Company's demand for operation.
   i. The evaluation for the Board of Directors scored 93 points, which exceeds the standard. The evaluation results are as follows:
   Board performance self-assessment Overall performance assessment: 55 points (full score 60 points)
   Self-assessment of overall performance by directors: 38 points (out of 40 points)
   ii. As of December 31, 2023, the Company's remuneration committee and audit committee were effectively operating in accordance with relevant laws and regulations. The evaluation result: 97 points (out of 100 points).

4. Give an evaluation of the targets that were adopted for strengthening of the functions of the Board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof.
   a. To implement corporate governance and improve the functions of the Company's Board of Directors and establish performance goals to enhance its operational efficiency, the Company's Board of Directors passed the "Director Performance Evaluation Method" in 2020 which the Board conducts internal evaluations each year.
   b. To improve corporate governance, the Company currently has established a Remuneration Committee and an Audit Committee, and will set up other types of functional committees in the future depending on operational needs.

2. Operation of the Audit Committee

The number of audit committee meetings held in the most recent fiscal year was: 9 (A)

The attendance by the independent directors was as follows:

Table 17. The attendance of independent directors

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A) (Note 2)	Remarks
Independent Director	Chih Yung Chin	9	—	100%	
Independent Director	Chih Hsiung Wu	9	—	100%	
Independent Director	Hai I Ma	9	—	100%	
Independent Director	Hsin-Jung Lin	3	3	50%	2024.05.31 new-elected

Other information required to be disclosed:

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:
   a. Any matter under Article 14-5 of the Securities and Exchange Act: All independent directors have no objections to the matters listed in Article 14-5 of the Securities and Exchange Act, and the motion is passed accordingly.

Meeting date/ session	Motion/Proposal	Resolution result	The Company's handling of the Audit Committee's opinions
The 15th Session of the 1st Board 2023.03.10	1. Motion for the 2022 annual financial report and business report 2. Motion for the 2022 Annual Loss Appropriation Proposal 3. Motion for the 2022"Internal Control System Effectiveness Assessment" and "Internal Control System Statement" 4. Motion to amend certain articles in the "Rules of Procedure of the Board of Directors" 5. Motion to amend certain articles in the "Rules of	Agreed and approved by all members of the Audit Committee	Presented to the Board of Directors and approved by all attending directors

	Procedure for Shareholders' Meetings" 6. Motion for the non-continuation of the private placement approved by the 2022 Shareholders' Meeting 7. Motion for the issuance of new shares through private placement for cash capital increase 8. Motion for the issuance of new restricted employee equity shares 9. Motion to switch the certified accountant 10. Motion for the 2023 Annual Visa Accountant Remuneration and Independence and Competency Assessment 11. Motion for the Company's "Enterprise Process Management System Use and Service Contract" 12. Motion to enter into the "Commissioned Services Contract" between the Company and Center Laboratories Inc. 13. Motion to enter a “Contracted Research Agreement” with Mycenax Biotech Inc. 14. Motion for the production of LT3001 clinical trial drugs by Mycenax Biotech		
The 16th Session of the 1st Board 2023.04.24	1. The Company has entered into a “Clinical Trial Study Drug Re-labeling Agreement” with Mycenax Biotech Inc. 2. The Company has entered into a “Stability Study Agreement” with Mycenax Biotech Inc. 3. The Company has entered into a “Translation Service Agreement” with glac Biotech.	Agreed and approved by all members of the Audit Committee	Presented to the Board of Directors and approved by all attending directors
The 17th Session of the 1st Board	1. Motion for the Company's consolidated financial report for the first quarter of 2023. 2. Proposal to appoint a	Agreed and approved by all members of the Audit	Presented to the Board of Directors and approved by all attending directors

2023.05.12	Corporate Governance Office for the Company. 3. Proposal to pre-approve the provision of non-audit services to the Company and its subsidiaries by the certified public accountants, their accounting firm, and affiliated entities of the firm. 4. The Company has entered into a “Contracted Research Agreement” with Mycenax Biotech Inc.	Committee	
The 18th Session of the 1st Board 2023.08.09	1. Motion for the Company's consolidated financial report for the second quarter of 2023. 2. Robust Operational Plan for the Company. 3. Proposal to amend the “Regulations for the Issuance of Restricted Stock Awards to Employees for 2023.” 4. The Company intends to enter into “Contracted Research Agreement” with Krisan Biotech.	Agreed and approved by all members of the Audit Committee	Presented to the Board of Directors and approved by all attending directors
The 19th Session of the 1st Board 2023.11.09	1. The Company intends to invest in GenEditBio Ltd. 2. The Company intends to enter the “Exclusive Licensing Agreement for LT1001, an Extended-release Analgesic Injection, in India” with Gufic Biosciences Ltd. 3. The 2023 third quarter consolidated financial statement of the Company. 4. The Company intends to amend the agreement for the production of exosomes contracted to Mycenax Biotech. 5. The Company intends to enter into a process development pilot study agreement with Mycenax Biotech. 6. In-use stability study for the LT3001 clinical trial drug.	Agreed and approved by all members of the Audit Committee	Presented to the Board of Directors and approved by all attending directors

	7. Proposal to amend the "2023 Restricted Employee Stock Awards Plan." 8. Proposal for the record date for the 2023 restricted stock award capital increase for employees of the Company.		
The 20th Session of the 1st Board 2023.12.21	1. Cytoengine intends to enter into an exclusive licensing agreement for exosome technology. 2. The Company intends to amend the investment plan for GenEditBio Ltd. 3. The Company's 2023 third quarter consolidated financial statement. 4. Proposal to amend the internal control system and implementations of the Company's "Information Security Inspection Management Operations" 5. The Company (and subsidiaries) 2024 annual audit plan. 6. The Company's "Office Leasing Agreement." 7. The Company has entered into a "Contracted Service Agreement" with Center Laboratories. 8. The Company intends to terminate the "Agreement on Joint Appointment of High-level Talents for Career Development" with BioEngine Technology Development.	Agreed and approved by all members of the Audit Committee	Presented to the Board of Directors and approved by all attending directors
The 21th Session of the 1st Board 2024.02.02	1. Proposal to revise certain provisions of the "Articles of Incorporation." 2. Proposal to revise certain provisions of the "Rules and Procedures of Shareholders' Meeting. 3. The Company intends to enter into a "Contracted Service Agreement" with GenEditBio	Agreed and approved by all members of the Audit Committee	Presented to the Board of Directors and approved by all attending directors

	Ltd. 4. Amendment for the “Stability Study for LT3001 Standard Solutions Agreement” with Mycenax Biotech. 5. Amendment for the “Production Agreement for LT3001 Clinical Trial Drugs for 2024” with Mycenax Biotech. 6. Proposal for the Company to enter into the agreement with Mycenax Biotech Inc. for the “First Production Run and Stability Testing for the LT3001 Clinical Trial in 2024.”		
The 22th Session of the 1st Board 2024.02.26	1. Motion for the 2023 annual financial report and business report. 2. Motion for the 2023 Annual Loss Appropriation Proposal. 3. Motion for the 2023"Internal Control System Effectiveness Assessment" and "Internal Control System Statement." 4. Motion for the issuance of new shares through private placement for cash capital increase.	Agreed and approved by all members of the Audit Committee	Presented to the Board of Directors and approved by all attending directors
The 23th Session of the 1st Board 2024.03.20	1. Motion for the assessment of remuneration and Independence and competency of certified accountant in 2024.	Agreed and approved by all members of the Audit Committee	Presented to the Board of Directors and approved by all attending directors

b. 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. This should include disclosing the names of independent directors, the content of the matters, the reasons for recusal due to potential conflicts of interest, and whether they participated in the voting process.: Not applicable.
3. Communication between the independent directors and the chief internal audit officer and the accountants that serve as external auditor (include the communication status between independent directors, internal audit supervisor, and the accountant regarding the Company's financial and business conditions. This should cover significant matters, methods, and outcomes of communication): In addition to regular communication during board meetings, independent directors maintain ongoing discussions with the internal audit supervisor and accountant regarding the Company's financial and business conditions. The communication

went well.

a. Summary of previous communications between independent directors and internal audit supervisors: The Company's independent directors communicated well with the internal audit supervisor, and expressed no opinion on the following communication matters.

The following table provides a summary of the main communication matters for the fiscal year 2023 and up to the printing date of the annual report:

Date	Communication Focus
2023.03.10	Audit business execution report from November to December 2022 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" case
2023.04.24	Audit business execution report from January to February 2023
2023.05.12	March 2023 Audit Business Execution Report
2023.08.09	Audit business execution report from April to June 2023
2023.11.09	Audit business execution report from July to September 2023
2023.12.21	October 2023 audit business execution report
2024.02.02	Audit business execution report from November to December 2023
2024.03.20	Audit business execution report from January to February 2024

b. Summary of previous communications between independent directors and certified accountants

The Company's independent directors communicated well with certified accountants and expressed no opinion on the following communication matters.

The following table provides a summary of the main communication matters for the fiscal year 2023 and up to the printing date of the annual report:

Date	Communication Focus
2023.03.10	2022 consolidated and individual financial report inspection results and internal control inspection status report, and communicated with independent directors on risk assessment and key inspection items, implementation status and results. Report and communicate with independent directors on the purpose and aspect assessment of audit quality indicators.
2023.05.12	Report on the review results of the consolidated financial report for the first quarter of 2023, and discuss and communicate with regard to the issues consulted by independent directors.
2023.08.09	2nd Quarter 2023 Consolidated Financial Report Review Results Report, and discuss and communicate with questions asked by independent directors.
2023.11.09	2023 3rd quarter consolidated financial report review results report, and discuss and communicate with regard to the questions asked by independent directors.
2024.02.26	2023 consolidated and individual financial report inspection results and internal control inspection status report, and communicated with independent directors on risk assessment and key inspection items, implementation status and results. Report and communicate with independent directors on the purpose and aspect assessment of audit quality indicators.

3. Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

Table 18. Corporate governance implementation and deviations

Evaluation item	Implementation status			Deviations from the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	YES	NO	Summary	
1. 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 the 'Corporate Governance Practices' in accordance with the 'Principles of Corporate Governance for Listed and OTC Companies.' It was further revised on August 9, 2022, based on the amendments to the 'Principles of Corporate Governance for Listed and OTC Companies,' and disclosed on both the Public Information Observation System (PIOS) and Lumosa's website.	No significant difference found.
2. Shareholding structure and shareholders' rights				No significant difference found.
A. Has the Company established internal operating procedures for handling shareholder suggestions, queries, disputes, and litigation matters, and are they implemented according to the prescribed procedures?	√		The Company has a spokesperson and an acting spokesperson to handle shareholders' suggestions or disputes and other related matters.	
B. Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	√		The Company regularly reviews the list of major shareholders and the ultimate controllers of major shareholders.	

C. Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	√		The Company's dealings with affiliated companies are handled in accordance with "Group Enterprises, Specified Companies and Related Person Transaction Operation Procedures", "Related Operational Specifications for Financial Business between Related Enterprises" and relevant laws and regulations.	
D. Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	√		The Company has formulated relevant internal control systems and measures such as the "Management Measures for Internal Significant Information Processing and Prevention of Insider Transactions," and has indeed informed the Company's insiders to strictly follow them.	
3. Composition and responsibilities of the Board of Directors				No significant difference found.
A. Have a diversity policy and specific management objectives been adopted for the Board and have they been fully implemented?	√		Chapter 3, "Strengthening the Functions of the Board of Directors," in the Company's "Corporate Governance Code of Practice" has a policy of diversification of the board members. At present, there are 10 directors in Lumosa's Board of Directors, which includes 4 independent directors. The Company's directors have academic experience in financial accounting, biotechnology, medicine, and business. The Company's board members include different professional backgrounds, and	

			the policy of diversification of board members is truly implemented. Please refer to the overall competence of the members of the Board of Directors (Note 1). In addition to discussing various proposals on the Board of Directors of the Company, the management team regularly reports on the progress of research and development of each new drug project at the Board of Directors and discusses business strategies and future directions with the directors. The Board diversity policy and its achievement are disclosed in the "Corporate Governance" section of the Company's website and on page 24 of the annual report.	
B. Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?		√	The Company has set up a remuneration committee and an audit committee in accordance with the law, and there is currently no plan to set up other functional committees.	
C. 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?	√		The Company has formulated the "Performance Evaluation Method of the Board of Directors" on August 13, 2020, and completed the performance evaluation of the Board of Directors in 2023 and submitted it to the Board of Directors on February 26, 2024.	
D. Does the Company regularly evaluate its external				

auditors' independence?	√		The accounting unit of the Company is responsible for the assessment of the independence of certified accountants and refers to the audit quality indicators (AQIs) to evaluate the independence and suitability of the certified accountants. After the assessment, no incompetence or violation of independence was found, and it was approved by 2024.03.20. The resolution of the Board of Directors is passed. Please refer to the results of the independent assessment (Note 2).	
4. 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)?	√		At present, the Company's general management office is responsible for corporate governance-related affairs, and has appointed Ms. Lan-Ying Huang as the Company's Corporate Governance Officer on May 12, 2023. The tasks include providing instant messages to shareholders on public information observation stations or the Company website, and assisting in keeping track of the large proportion of the Company's shares held by major shareholders, provide information required by directors to perform business, handle matters related to meetings of the Board of Directors and shareholders' meeting according to law, handle company registration and change registration, prepare minutes of Board of Directors and shareholders' meetings, regularly evaluate the independence and suitability of accountants, etc.	No significant difference found.

5. 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 company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	√		The Company has a spokesperson and an acting spokesperson. The Company's website has a special area for interested parties as a communication channel for interested parties. If necessary, interested parties can communicate with the Company's spokesperson at any time by telephone, letter, fax, or email. Contact Chia Chi Yang, Senior Manager at: Tel: 02-26557918 E-mail: spokesperson@lumosa.com.tw	No significant difference found.
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	√		The Company has contracted the matters related to shareholders' meetings to Capital Securities Corp.	None
7. Information Disclosure				
A. Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	√		The Company has set up Chinese and English websites https://www.lumosa.com.tw/, disclosing financial and business information, as well as information related to corporate governance.	No significant difference found.
B. 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.)?	√		The Company has staff dedicated to the collection and the disclosure of the Company's information. There is a spokesperson and acting spokesperson to communicate with the general public. The briefing materials of the legal person briefing session are placed in the Investor Section of Lumosa's website.	No significant difference found.
C. Does the Company publish and report its annual financial report within two months after the end of the		√	The Company announces the first, second, third quarter and annual financial	Other than annual financial reporting, no

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?			reports and monthly operating conditions within the prescribed time limit.	significant difference found.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	√		1. Employees' rights and interests: The Company treats employees with integrity, and has established various employee welfare measures, education and training methods, and performance development plans to protect employees' rights and interests and train employees, and the communication channels between employees and supervisors are smooth, and labor-management relations are good. . 2. Investor relations: The Company has a spokesperson system and entrusts a professional stock affairs agency to deal with shareholder-related issues. In addition, in order to let the investing public understand the Company's operating conditions, the Company discloses relevant information in the public information observation station in accordance with regulations. 3. Supplier relationship: The Company maintains an equal and good relationship with suppliers. 4. Rights of interested parties: Interested parties may communicate and make	No significant difference found.

			suggestions with the Company to safeguard their legitimate rights and interests. The communication situation is listed in the interested person area of Lumosa website. 5. The situation of directors' advanced training: All directors of the Company have relevant professional knowledge. In order to further strengthen the functions of the Board of Directors, directors participate in advanced training on relevant professional courses from time to time. Please refer to Note 3. 6. Implementation of risk management policies and risk measurement standards: The Company formulates various internal regulations according to law and follows them to control risks. 7. Customer policy: The Company maintains a stable and good relationship with customers to create company profits. 8. The Company has purchased liability insurance for directors with an insurance amount of US$5 million.	

9. 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. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.)

The Company participated in the Eighth (2022) Corporate Governance Evaluation, and the Company scored 51%~65% among the OTC companies. The major recommendations are shown below:

Table 19. Major recommendations from the Eighth Corporate Governance Evaluation

1.1	Does the Company report to the shareholders' meeting the remuneration received by the directors, including remuneration policies, individual remuneration details, and amounts?	Improved in 2023
1.3	Does the Company have a majority of directors (including at least one independent director) and the convener of the audit committee (or at least one supervisor) personally attending the Shareholders' Meetings, and is the attendance list disclosed in the minutes?	Maintaining the existing procedure
1.11	Does the Company upload the English version of the annual report 7 days before the regular shareholders meeting?	Improved in 2023
1.15	Has the Company formulated and disclosed on the Company's website internal rules and implementations that prohibit insiders such as directors or employees from using information that cannot be obtained in the market to make profits?	Improved in 2023
2.2	Has the Company established a policy for board member diversity and disclosed specific management objectives and implementation status of the diversity policy on its website and annual report?	Improved in 2023
2.3	Is the Chairman of the Company and the General Manager or other equivalent senior-level positions (highest executive officer) not the same person or spouses, or immediate family relatives?	Maintain present status
2.9	Has the Company established a succession plan for board members and key management personnel, and disclosed its implementation status on the Company's website or in the annual report?	Maintain present status
2.14	Has the Company established functional committees other than those required by law, with a minimum of three members, more than half of whom are independent directors? Are there at least one member with the necessary expertise for each committee, and is the composition, responsibilities, and operation of these committees disclosed?	Not established
2.21	Has the Company established a corporate governance officer responsible for governance-related matters, and is the scope of authority and professional development outlined on the Company's website and in the annual report?	Established on May 12, 2023
2.22	Has the Company established risk management policies and procedures approved by the Board of Directors, disclosed the scope of risk management, organizational structure, and its operation? Additionally, are reports on risk management provided to the Board of Directors at least once a year?	To be improved in 2024
2.23	Has the Board's performance evaluation method established by the Company been approved by the Board, clearly stating the requirement for an external evaluation to be conducted at least once every three years? Have evaluations been conducted in the evaluated year or the past two years, and have the execution status	Maintaining the existing procedure

	and evaluation results been disclosed on the company's website or annual report?	
2.24	Has the Company established a cybersecurity risk management framework, formulated cybersecurity policies, specific management plans, allocated resources for cybersecurity management, and disclosed them on the Company's website or annual report? (Additional point is awarded if the Company has implemented information security management system standards such as ISO 27001, CNS 27001, or other systems or standards with equivalent or higher effectiveness, and obtained third-party verification)	To be improved in 2024
2.27	Has the Company established an intellectual property management plan linked to operational objectives, and disclosed its implementation status on the Company's website or in the annual report? Additionally, are reports on this matter provided to the Board of Directors at least once a year? (Add one point if the Company has obtained verification from Taiwan Intellectual Property Management System (TIPS) or a similar IP management system).	Maintaining the existing procedure
2.30	Does the Company have at least one internal auditor who holds certifications such as Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), or an accounting professional certification?	Maintain present status
3.4	Does the Company publish annual financial reports within two months after the end of the fiscal year?"	To be improved in 2024
3.5	Does the Company upload the annual financial report disclosed in English at least 7 days before the Shareholders' Meeting? (Add one point if the English version of the annual financial report is uploaded at least 16 days before the Shareholders' Meeting).	Improved in 2023
3.6	Does the Company disclose the interim financial report in English within two months after the deadline for filing the Chinese version of the interim financial report?	Legally disclosed in 2023
3.8	Has the Company voluntarily released the financial forecast report for the four seasons and the relevant operations have not been corrected by the competent authority, and the stock exchange or counter-buying center has not recorded any omissions?	Not disclosed
3.11	Does the Company's annual report disclose future research and development plans and the estimated expenses to be incurred?	Disclosed as required by the regulations
3.13	Does the Company voluntarily disclose individual remuneration of directors and supervisors in the annual report?	Disclosed as required by the regulations
3.14	Does the Company's annual report disclose the link between performance evaluation and remuneration for directors and executives?	Maintaining the existing procedure
3.16	Does the Company's website disclose a list of major shareholders, including those with a shareholding percentage of 5% or more? If there are fewer than ten such shareholders, the names, shareholdings, and percentages of the top ten shareholders should be disclosed.	Improved in 2023
3.18	Does the Company have an English company website that includes financial, business and corporate governance information?	Improved in 2023

3.20	Has the Company been invited or conducted at least two corporate briefings, with a gap of three months or more between the first and last briefing in the evaluated year? (Add one point if the Company holds at least one corporate briefing per quarter or conducts briefings specifically focused on quarterly operational performance).	Maintaining the existing procedure
3.21	Does the Company's annual report voluntarily disclose the individual remuneration of the general manager and deputy general manager?	Currently not disclosed
4.1	Has the Company established a dedicated position responsible for promoting corporate social responsibility (CSR) and conducted risk assessments on environmental, social, or corporate governance issues relevant to the Company's operations based on significant principles? Has the Company established related risk management policies or strategies and disclosed them on the website or in the annual report?	To be improved in 2024
4.2	Has the Company established a dedicated position responsible for promoting ethical business conduct, in charge of formulating integrity policies and preventive measures, as well as supervising their implementation? Does the Company explain the operation and execution of this unit on its website and in the annual report, and provide reports to the Board of Directors at least once a year?	To be improved in 2024
4.3	Does the Company regularly disclose specific plans and the implementation effectiveness of promoting Environmental, Social, and Governance (ESG) for corporate sustainable development on its website, annual report, or sustainability report?	To be improved in 2024
4.4	Does the Company prepare and upload a Corporate Social Responsibility (CSR) report on the Public Information Observation System and the Company's website by the end of September, following internationally recognized reporting guidelines?	Maintain present status
4.5	Has the Corporate Social Responsibility (CSR) report prepared by the Company obtained third-party verification?	Maintain present status
4.6	Does the Company refer to international human rights conventions, formulate policies and specific management plans to safeguard human rights, and disclose them on the Company's website or in the annual report?	Maintain present status
4.8	Has the Company established policies to appropriately reflect operational performance or results in employee compensation, and disclosed them on the Company's website or annual report?	Maintain present status
4.9	Does the Company's website and annual report disclose various employee welfare measures, retirement systems, and their implementation status?	Improved in 2023
4.9	Does the Company's website and annual report disclose various employee welfare measures, retirement systems, and their implementation status?	Improved in 2023
4.10	Does the Company's website and annual report disclose measures to protect employee personal safety and work environment, as well as their implementation status?	Improved in 2023

4.11	Does the Company disclose its annual greenhouse gas emissions, water consumption, and total waste weight for the past two years? (Add one point if the annual greenhouse gas emissions, water consumption, or total waste weight for the past two years are externally verified).	To be improved in 2024
4.12	Has the Company developed policies for energy conservation, carbon reduction, water consumption reduction, or other waste management? (Add one point if the Company assesses potential risks and opportunities related to climate change and takes measures to address climate-related issues).	Improved in 2023
4.13	Has the Company obtained ISO 14001, ISO 50001, or similar certifications for environmental or energy management systems?	Maintain present status
4.15	Does the Company's website or annual report disclose the integrity policy approved by the Board of Directors, outlining specific measures and preventive actions against unethical behavior, as well as providing information on its implementation status?	Improved in 2023
4.17	Does the Company's website or Corporate Social Responsibility (CSR) report disclose the supplier management policy that requires suppliers to adhere to relevant standards on environmental protection, occupational health and safety, or labor rights? Does it also provide information on the implementation status of this policy?	To be improved in 2024
4.18	Does the Company disclose governance status, strategies, risk management, indicators, and information related to climate-related risks and opportunities in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework?	To be improved in 2024

Note 1: Diversification Policy of the Company's Ninth Board of Directors and Overall Capabilities

Table 20. Diversification Policy of the Company's Ninth Board of Directors and Overall Capabilities

Items / Name	Gender	Professional background (Education)	Business acumen	Management	Accounting and finance	Business and economics	Crisis management	Industry expertise	Global market insight	Leadership prowess	Decision-making proficiency
Jung Chin Lin	M	Business management	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wann Lai Cheng	M	Business management	✓	✓	✓	✓	✓	✓	✓	✓	✓
De Fu Hsieh	M	Pharmacy	✓	✓		✓	✓	✓	✓	✓	✓
Su-Chi Wang	F	Accounting	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chung Hao Tasi	M	Commerce	✓	✓			✓	✓	✓	✓	✓
Hsueh Ling Wang	F	Accounting	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chih Hsiung Wu	M	Medicine	✓	✓		✓	✓	✓	✓	✓	✓
Chih Yung Chin	M	Accounting	✓	✓	✓	✓	✓		✓	✓	✓
Hai I Ma	F	Business management	✓	✓		✓	✓	✓	✓	✓	✓
Hsin-Jung Lin	M	Medicine	✓	✓		✓	✓	✓	✓	✓	✓

Lumosa underwent a Board of Directors' election on July 7, 2021. The Company's directors were re-elected on July 7, 2021, and one additional independent director was elected on May 31, 2023. There are ten directors, including four independent directors. The Board of Directors jointly elected Mr. Jung Chin Lin as the Chairman, and Mr. Jung Chin Lin concurrently served as the Company's President and CEO. The age of the Board of Directors of the Company is mainly distributed between 61-70 years old (6 in total), among which there are 2 directors under the age of 60 and 2 directors over the age of 70; the gender distribution is 7 male directors and 3 female directors. The tenure of the three independent directors is less than 3 years.

Note 2: Accountant Independence Assessment

Table 21. Accountant Independence

Evaluation items	Result	Independence compliance
1. Does the accountant have a direct or significant indirect financial interest with the Company?	NO	YES
2. Does the accountant have any financing or guarantee activities with the Company or its directors and supervisors?	NO	YES
3. Does the accountant influence audit work based on considerations of potential client loss?	NO	YES
4. Whether the accountant has a close business relationship and potential employment relationship with the Company	NO	YES

5. Does the accountant have any involvement or remuneration related to the audit engagement?	NO	YES
6. Has the accountant or any members of their audit team currently or within the past two years served as directors, executives, or held positions with significant influence on the audit work in this Company	NO	YES
7. Has the accountant provided any non-audit services to the Company that could directly impact the audit work?	NO	YES
8. Has the accountant acted as an intermediary or promoted the issuance of stocks or other securities of the Company?	NO	YES
9. Has the accountant served as a legal representative for the Company or acted as a mediator in resolving conflicts between the Company and third parties?	NO	YES
10. Does the accountant have any relatives who hold significant positions as directors, supervisors, executives, or individuals with significant influence on audit engagements in this Company?	NO	YES
11. Has any former co-practicing accountant, who has resigned within the past year, taken up significant positions as directors, supervisors, executives, or individuals with significant influence on audit engagements in this Company?	NO	YES
12. Has the accountant received significant gifts or presents of value from the Company, its directors, or executives?	NO	YES
13. Has the accountant accepted inappropriate choices in accounting policies or improper disclosures in financial statements from the management of the Company?	NO	YES

Note 3: Continuing education for the Directors in 2023

Table 22. Continuing education for the Directors

Title	Name	Date	Course Title	Hrs
Chairman	Jung Chin Lin	2023/10/12	Corporate Governance and Securities Regulations	3
		2023/12/04	Digital Transformation and Information Security Risk Management Perspectives	3
Director	Wan Lai Cheng	2023/11/01	Legal Matters for Board Oversight: Avoiding Missteps in Concerted Actions	3
		2023/11/01	Understanding Related-party Transactions and Unconventional Transactions through Practical Cases by the Taiwan Corporate Governance Association	3
Director	De Fu Hsieh	2023/08/11	How the Board of Directors Collaborates with Regulators on ESG Risks to Build Corporate Sustainability Competitiveness	3
		2023/11/14	How Directors and Supervisors Should Supervise Enterprise Risk Management and Crisis Handling	3
Director	Su-Chi Wang	2023/10/12	Corporate Governance and Securities Regulations	3
		2023/11/16	2023 ESG Summit - Sustainable Disclosure and ESG Implementation	3
Director	Hsueh Ling Wang	2023/08/22	Theoretical and Practical Aspects of Greenhouse Gas Inventory	3
		2023/09/20	Utilization of Trust Tools in Family Wealth Inheritance	3

			Planning	
Director	Chung Hao Tasi	2023/07/21	How Startups Conduct Equity Planning and Organizational Structure Design	3
		2023/08/04	Compliance Responses to the Roles of Directors and Challenges to Management Rights in Corporate Governance 3.0	3
Independent Director	Chih Yung Chin	2023/03/31	Investment Accounting Treatment and Common Errors in Equity Method Adoption	3
		2023/04/17	Analysis of Accounting Treatment for Real Estate	3
		2023/06/28	How Accountants Implement Anti-money Laundering Measures and Recent Regulations	3
		2023/07/11	The Impact of Climate Change on Financial Statements	3
		2023/07/18	Practical Application of Estate and Gift Tax Declaration (including case analysis)	2
		2023/07/21	The Role of Accounting/Finance in Globally Interconnected Cooperative Enterprises	3
		2023/08/01	Systemic Approaches for Companies to Address Carbon Neutrality Trends and Case Studies in Green Economy Initiatives	3
		2023/09/01	Practical Analysis of Corporate Equity Planning	3
		2023/09/20	Utilization of Trust Tools in Family Wealth Inheritance Planning	3
		2023/10/18	Business Operations and Crisis Management	3
		2023/11/07	Discussion of Special Issues in Corporate Registration Practices in 2023	6
Independent Director	Chih Hsiung Wu	2023/08/23	Competencies in Corporate Governance and Financial Reporting Risk Assessment for Internal Audit Personnel	6
		2023/10/18	Business Operations and Crisis Management	3
Independent Director	Hai I Ma	2023/08/10	From CSR to ESG: The Essence of Corporate Management	3
		2023/10/12	Corporate Governance and Securities Regulations	3
		2023/10/18	Business Operations and Crisis Management	3
Independent Director	Hsin-Jung Lin	2023/10/12	Corporate Governance and Securities Regulations	3
		2023/10/18	Business Operations and Crisis Management	3

4. Composition, Responsibilities and Operation of the Remuneration Committee

a. Information on Remuneration Committee Members

(1) The basic information of the member of the Remuneration Committee

Table 23. Information on the members of the Remuneration Committee

March 21, 2024

Name / Capacity	Qualifications	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director/ Convener	Chih Hsiung Wu	Dr. Wu obtained his doctoral degree from Dokkyo Medical University in Japan, specializing in the field of General Surgery. He has previously served as the Superintendent of Shuang Ho Hospital and Taipei Medical University Hospital. Currently, he is the Superintendent of En Chu Kong Hospital, and has extensive expertise and professional background in healthcare. There are no circumstances that would violate Article 30 of the Company Law.	All independent directors of Lumosa are appointed in accordance with the provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." There are no circumstances that would compromise their independence , and Lumosa has obtained signed declarations from each independent director.	0
Independent Director	Chih Yung Chin	Mr. Chin has been serving as the Managing Partner of Li Chuan International Accounting Firm since 2015. In addition to being a licensed accountant, he also possesses extensive experience in accounting work. There are no circumstances that would violate Article 30 of the Company Law.		2
Independent Director	Hai I Ma	Dr. Ma has previously served as the Vice General Manager of Syntex Pharmaceuticals in the United States, General Manager of Shen Nong Company, and Co-founder and General Manager of ScinoPharm Taiwan Ltd., and has extensive industry experience.		1

Name Capacity	Qualifications	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
		There are no circumstances that would violate Article 30 of the Company Law.		

(2) Responsibility

Establish and regularly review the policies, systems, standards, and structures related to the performance and compensation of directors and executives in the Company, as well as conduct periodic evaluations of their remuneration.

b. Operations 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 July 7, 2021, to July 6, 2024. The number of remuneration committee meetings held in the most recent fiscal year was: 2 (A).

Table 24. Remuneration Committee members

Title	Name	No. of meetings attended in person(B)	No. of meetings attended by proxy	In-person attendance rate (%) (B / A)	Remarks
Convener	Chih Hsiung Wu	2	—	100%	
Member	Chih Yung Chin	2	—	100%	
Member	Hai I Ma	2	—	100%	

Other information required to be disclosed:

1. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should specify the date, session, agenda content, decision results of the Board of Directors, and how the Company handles the opinions of the Remuneration Committee (such as stating the differences and reasons for the disparities if the remuneration approved by the Board of Directors exceeds that proposed by the Remuneration Committee): Not applicable.
2. In terms of the decisions made by the Remuneration Committee, if any members have opposing or reserved opinions and these are documented or provided in written statements, it is important to specify the date, session, agenda content of the Remuneration Committee, all member opinions expressed, and how those opinions were addressed: Not applicable.

(3) Decisions made by the Remuneration Committee for the fiscal year 2023, up until the date of printing of the annual report.

Table 25. Decisions made by the Remuneration Committee for the fiscal year 2022, up until the date of printing of the annual report

Meeting date/ session	Motion/Proposal	Resolution result	The Company's handling of the Remuneration Committee's opinions
The 4th Session of the 4th Board 2023.04.24	1. Motion to adjust the salaries of executives for the fiscal year 2023 2. Motion to provide performance bonuses to executives for the fiscal year 2022	Agreed and approved by all members of the Remuneration Committee	Presented to the Audit Committee and Board of Directors, and was approved by all attending committee members and directors
The 5th Session of the 4th Board 2023.11.09	Record date establishment for the 2023 restrict stock award capital increase for employees of the Company	Agreed and approved by all members of the Remuneration Committee	Presented to the Board of Directors and approved by all attending directors

5. Progress of Sustainable Development Implementation and Discrepancies with Sustainable Development Practices for TWSE/TPEx Listed Companies and OTC Companies, along with Reasons.

Table 26. Sustainable development discrepancies and reasons

Assessment item	Implementation status			Differences and Reasons for Sustainable Development Practice Guidelines among TWSE/TPEx Listed and OTC Companies
	Yes	No	Description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or temporarily) 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 Business Development Division (the temporary unit) is responsible for the sustainable development plan and reports to the Board of Directors from time to time. Please explain the operations in 2023 in Note 7.	No significant differences noted
2. Has the Company conducted 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? (Note)	✓		1. **Environmental issues:** The Company is a new drug research and development company. LT1001 Naldebain® and LT3001 are selected for clinical supply and production by pharmaceutical manufacturers that have passed the inspection of the local health authority (Item 5 in Note 4); the laboratory conducts small-scale preclinical research, the waste liquid or toxic substances in the laboratory are also handled in accordance with relevant regulations (Item 3 in Note 4), and the assessed environmental risk is low. 2. **Social issues:** The Company attaches great importance to	No significant differences noted

Assessment item	Implementation status			Differences and Reasons for Sustainable Development Practice Guidelines among TWSE/TPEx Listed and OTC Companies
	Yes	No	Description	
			the development of new drug development talents. In addition to formulating work rules, employee benefits, performance development plans, promotion and transfer methods are also specified in the employee handbook. 3. **Corporate Governance:** The corporate governance assessment for 2021 is within the range of 51% to 65% for OTC-listed companies. The Company will implement corporate governance practices in accordance with the requirements of regulatory authorities, taking into consideration our operational scale.	
3. Environmental Issues				No significant differences noted
A. Has the Company established a suitable environmental management system according to its industry characteristics?	✓		The laboratory has established an environmental management system, which is maintained by laboratory colleagues.	
B. Is the Company committed to improving energy efficiency and using low environmental impact renewable materials?	✓		Through project management and meetings, discussions on the most appropriate preclinical and clinical trial execution methods to improve resource utilization efficiency were made.	
C. Has the Company assessed potential risks and opportunities arising from climate change for its	✓		Our company's energy consumption in offices and laboratories primarily comes from air conditioning, lighting, and experimental equipment. This has not yet caused	

Assessment item	Implementation status			Differences and Reasons for Sustainable Development Practice Guidelines among TWSE/TPEx Listed and OTC Companies
	Yes	No	Description	
current and future operations, and implemented measures to address climate-related issues?			significant energy usage and impact. In our proactive commitment to addressing climate change and striving for sustainability, we actively implement energy-saving and waste reduction policies in our operations. This is to minimize the environmental impact of our operations on climate change. We anticipate an annual reduction in energy consumption and waste of over 5%. Our energy-saving, carbon reduction, greenhouse gas reduction, water conservation, and waste management policies are as follows: 1. Collaborating with the building management committee to conduct regular maintenance of air conditioning systems to enhance efficiency and reduce energy wastage. 2. Participating in the 'Recycled Computers for Hope Project' charitable donation initiative. 3. Regularly promoting our 'Energy Saving' policy": i. Shut down personal computers properly before leaving. ii. Set computers in standby mode to hibernate when not in use. iii. Unplug appliances (e.g., electric cooker, oven, chargers) after use. iv. Lights off for one hour during lunch break. v. Turn off lights in meeting rooms after use.	

Assessment item	Implementation status			Differences and Reasons for Sustainable Development Practice Guidelines among TWSE/TPEx Listed and OTC Companies
	Yes	No	Description	
	✓		vi. Maintain office temperature between 26-28°C and ensure proper indoor ventilation. vii. Regularly clean the refrigerator. 4. Regularly promote "waste reduction" policies: i. Use double-sided printing, recycle single-sided paper for reuse. ii. Communicate via email to save time, paper, and postage. iii. Reduce paper towel usage, opt for cloth or handkerchief. iv. Bring your own utensils to reduce disposable waste. v. Recycle coffee grounds. vi. Recycle batteries, do not dispose of them casually. vii. Reuse office supplies (file clips, scissors, etc.). 5. Sustainable Goals: (1) The 'Energy-saving' policy can generate benefits in terms of electricity savings: 7,128kWh/year; cost savings: approximately NT$3.5w /year; reduction in greenhouse gas emissions: 4,517kg CO2/year. (2) The “Waste-reduction” policy can generate benefits in terms of waste reduction: 36 ton/year; reduction in greenhouse gas emissions: 33,000 kg CO2/yr.	

Assessment item	Implementation status			Differences and Reasons for Sustainable Development Practice Guidelines among TWSE/TPEx Listed and OTC Companies
	Yes	No	Description	
D. 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?			The Company has compiled the indirect greenhouse gas emissions between the past two years (2022 and 2023), as well as the water usage during the same period. The total weight of hazardous industrial waste in the past two years was 0.24 metric tons. Regarding greenhouse gas reduction policies, the Company has set short-term (2024-2026) and mid-term (2026-2032) greenhouse gas emission intensity reduction targets, and is implementing energy-saving and waste reduction measures.	
4. Social Issues A. Has the Company established relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	✓		The Company has developed work rules, holds regular labor-management meetings, and establishes labor agreements in accordance with guiding principles based on the "Universal Declaration of Human Rights," "UN Guiding Principles on Business and Human Rights," and "International Labor Organization." These actions aim to safeguard workers' rights. Additionally, the Company has formulated a code of ethical conduct to ensure employee adherence to moral standards and to protect the interests of suppliers. It mandates that business partners comply with relevant norms and local government regulations, refrain from harming labor rights, and avoid employing child labor or exploiting local or migrant workers. To ensure compliance, the	No significant differences noted

Assessment item	Implementation status			Differences and Reasons for Sustainable Development Practice Guidelines among TWSE/TPEx Listed and OTC Companies
	Yes	No	Description	
			Company has also established relevant regulations and a confidential reporting channel for reporting misconduct or expressing concerns.	
B. Has the Company established and implemented reasonable employee welfare measures (including compensation, leave, and other benefits), and appropriately linked operational performance or achievements to employee compensation?	✓		In addition to actively implementing human-centered management and various welfare measures, the Company has established performance development plans and guidelines for promotion and job rotation in the employee handbook, ensuring that operational performance is appropriately reflected in employee compensation.	
C. Does the Company provide a safe and healthy working environment for employees, and conduct regular safety and health education for the staff?	✓		To ensure the safety and health of workers and prevent occupational accidents, the Company has established the "Safety and Health Work Guidelines" based on Article 34 of the Occupational Safety and Health Act and Article 41 of the Enforcement Rules of the Occupational Safety and Health Act, which employees are required to follow. In accordance with Article 23 of the Occupational Safety and Health Act, safety and health management personnel have been appointed. • The Company subsidizes all employees for regular health check-ups annually, ensuring employee health management. • Fire safety inspections are conducted annually in coordination with the building	

Assessment item	Implementation status			Differences and Reasons for Sustainable Development Practice Guidelines among TWSE/TPEx Listed and OTC Companies
	Yes	No	Description	
			management committee, along with participation in fire safety drills and education. • Dry powder fire extinguishers are appropriately placed in all public spaces of the Company, with periodic inspections and maintenance of all fire protection system equipment as required. • HVAC equipment inspections are carried out in cooperation with the building management committee to maintain indoor air quality and ensure colleagues' physical well-being. • Access control is enforced in the Company, requiring employees and visitors to swipe cards or undergo verification to enter. • The Company's laboratory waste liquids and bio-waste are properly contained and temporarily stored.	
D. Does the Company have a well-structured career development training plan in place for employees?	✓		The Company has established performance development plans and educational training procedures, which involve setting and reviewing goals, encouraging continuous learning, and conducting experience-sharing training to enhance employee skills and knowledge.	
E. Does the Company adhere to relevant regulations and international standards concerning issues such as customer health and safety,	✓		The Company has established relevant internal controls, approved by the Board of Directors. Furthermore, it has progressively established standard operating	

Assessment item	Implementation status			Differences and Reasons for Sustainable Development Practice Guidelines among TWSE/TPEx Listed and OTC Companies
	Yes	No	Description	
customer privacy, marketing, and labeling of products and services? Has the Company established policies and complaint procedures to protect consumer or customer rights?			procedures for research and development cycles, which are announced internally upon approval by the CEO. The Company exercises stringent quality control measures, starting from the selection of raw material suppliers and extending to contract manufacturing facilities. On-site audits of manufacturing facilities are conducted to ensure quality. Additionally, contract manufacturing facilities are required to comply with national or international standards such as PIC/S GMP and ICH regulations. These facilities also undergo inspections by local health authorities. The Company is committed to providing high-quality drugs that meet societal expectations and contribute to sustainable development. For marketing purposes, the Company collaborates with reputable domestic and international pharmaceutical manufacturers. Marketing and labeling adhere to regulatory requirements set by the relevant national drug regulatory authorities. For instance, product package inserts list all ingredients to help patients and healthcare professionals identify potential allergens, ensuring patient safety in medication use.	
F. Has the Company	✓		The Company's main suppliers	

Assessment item	Implementation status			Differences and Reasons for Sustainable Development Practice Guidelines among TWSE/TPEx Listed and OTC Companies
	Yes	No	Description	
established a supplier management policy requiring suppliers to adhere to relevant standards in areas such as environmental protection, occupational health and safety, and labor rights? How is the implementation of these requirements monitored?			consist of domestic and international pharmaceutical research service companies and medical institutions, aligning with environmentally and socially conscious industries. Prior to collaboration, the Company communicates clearly to each supplier the expectation to uphold the Company's integrity policy, provide competitive pricing, deliver optimal quality and service, and collectively enhance corporate social responsibility. Contracts with key suppliers stipulate that their performance obligations must meet or exceed minimum legal requirements	
6. Does the Company refer to internationally recognized reporting standards or guidelines to prepare non-financial information disclosure reports such as sustainability reports? Have these reports obtained assurance or certification from third-party verification bodies?		✓	The Company has not yet prepared non-financial information disclosure reports such as sustainability reports. However, the Company will continue to practice sustainable development and establish relevant policies as deemed necessary.	Currently, the Company is dedicated to developing new drugs and pursuing external authorizations to create shareholder value. As of now, the Company does not contemplate producing such reports. Future planning will be considered based on actual needs.
6. If the Company has established its own corporate social responsibility guidelines based on the "Corporate Sustainability Practice Principles for TWSE/TPEx Listed and OTC Companies," please describe the differences between its operation and the established guidelines: The Company has formulated its own "Sustainability Practice Principles," which are implemented broadly in alignment with the "Corporate Sustainability Practice Principles for TWSE/TPEx Listed and OTC Companies."				
7. Other important information contributing to understanding the execution of sustainable development:				

Assessment item	Implementation status			Differences and Reasons for Sustainable Development Practice Guidelines among TWSE/TPEx Listed and OTC Companies
	Yes	No	Description	
(1) New drug development is a knowledge-intensive and high-risk industry. Sharing practical experience in new drug development, bridging the gap between the industry and academia, is a key factor that enables the success of Taiwan's biotechnology industry. Our colleagues have been teaching biomedical departments for 7 consecutive years, sharing experiences in new drug development and career planning courses. In 2023, a total of 1 session with 2 hours was conducted, 2022, a total of 1 session with 2 hours was conducted, and in 2021, a total of 6 sessions with 12 hours were conducted. (2) The Company participates in the "Hope Computer Regeneration Project," engaging in philanthropic activities to uphold the core value of environmental sustainability.				

Note: The principle of materiality refers to the significant impact of environmental, social, and corporate governance issues on the Company's investors and other stakeholders.

6. Disclosure of Climate-related Information for Public Companies

a. Execution on the Disclosure of Climate-related Information for Public Companies

Items	Status
1. Provide a description of the Board of Directors' and senior management's oversight roles as well as governance practices pertaining to climate-related risks and opportunities faced by the entity.	**Board Level:** Senior management provides regular reports to the Board of Directors, covering subject matters that include Environmental, Social, and Governance (ESG) topics as well as climate change-related issues. The Board assesses the probability of success regarding the Company's climate-related strategies and continues to monitor the progress on the execution of such strategies. The Sustainable Development Committee furnishes quarterly reports to the Board on the performance and future plans pertaining to sustainable development initiatives, encompassing risk assessments and mitigating measures relevant to climate change. The Board has approved the "Risk Management Policy and Procedures," indicating the Board's emphasis on risk governance, with climate change risks being included within the scope covered. **Senior Management Level:** Senior management proposes corporate strategies, inclusive of those addressing climate change mitigation, to the Board of Directors and makes

	adjustments based on the Board's feedback. The Sustainable Development Committee, chaired by the Chairman, has been established to integrate resources across departments in order to identify climate-related risks, set strategic direction, and monitor the execution of such strategies. Furthermore, the identification of intra-departmental climate-related opportunities and risks demonstrates the involvement of senior management in assessing climate risks. The Company has established mid- and long-term greenhouse gas reduction targets and implemented carbon-reduction initiatives, such as energy efficiency measures and waste reduction, actively promoting climate action plans.
2. Describe how the identified climate-related risks and opportunities may impact the entity's business operations, corporate strategies, and financial performance over the short, medium, and long-term horizons	Short-term impacts (1~3 years): Risks: Severe meteorological events pose a risk of disrupting the raw material supply chain and impeding clinical trial progression, potentially delaying the timelines for new drug development initiatives. As regulatory bodies continue to tighten energy-related mandates, operational expenditures for research laboratories and manufacturing facilities are projected to escalate. Opportunities: To address the emerging neurological and inflammatory conditions exacerbated by climate change, Lumosa can explore relevant therapeutic solutions, unlocking novel niche market opportunities. Increased utilization of energy-efficient, low-emission, and environmentally conscientious materials and processes can optimize our manufacturing operations to curtail carbon emissions. Beyond realizing the Company's savings through enhanced energy management, this strategy fortifies our eco-friendly corporate identity, attracting both investment capital and top-tier talent. Mid-term Impacts (3~6 years) Risks: The scarcity of natural resources is driving up the procurement costs of critical raw materials, which could erode profitability margins for new

	drug development programs. With investors increasingly prioritizing climate risk mitigation, a lack of transparency regarding relevant disclosures could adversely impact the Company's capacity to secure funding. Opportunities: Lumosa's "rSD" operating model enables the screening of existing product pipelines to identify viable drug candidates that can be repurposed for the treatment of emerging diseases. Long-term Impact (over 6 years): Risks: Prolonged, destructive effects of extreme weather events on operational facilities or supply networks could severely undermine business continuity. As global warming intensifies, the epidemiological patterns of emerging diseases may shift, impacting market size projections for novel drug therapies. Opportunities: Proactive integration of sustainable business practices and Environmental, Social, and Governance (ESG) principles into new drug development processes can bolster brand equity and cultivate long-term competitive advantages.
3. Describe the impact of extreme climate events and transitions on the entity's financial performance.	Impact of extreme climate events on financial performance: Revenue/profit and loss Typhoons, heavy rains, and other extreme weather events could disrupt the supply of raw materials or delay clinical trials, which would delay the launching of new drugs and reduce expected revenue. Severe damage to operating bases or supply chains will generate repair/reconstruction costs, which will in turn affect current profits. Cash flow pressures: After extreme weather events disrupt operations, fixed operating expenses such as R&D and personnel still need to be paid, but there is no source of revenue, which will increase cash flow pressure. Asset impairment: The value of assets such as machinery and

	equipment located in operating bases that are vulnerable to extreme climate threats may face impairment risks. Impact of extreme climate events on transitions: Increase in operating costs: Adjusting processes to reduce carbon emissions or using green materials may require additional technology investment and operating expenses. Invest more funds to improve equipment or processes to comply with increasingly stringent environmental regulations. Increased funding needs: The transition to a sustainable operating model, such as the introduction of environmentally friendly processes, will generate huge upfront capital expenditures. In order to support the funding needed for the transformation, the Company's financing costs may increase. New sources of revenue: The development of new therapies to cope with climate change is expected to open up new niche markets and bring new sources of revenue. Optimize processes to save energy costs and use the environmental image to attract talents and capital injection to improve overall profitability.
4. Describe the how the climate risk identification, assessment and management processes are integrated into the overall risk management system.	Risk identification: A task force is established under the Sustainable Development Committee to identify climate risk-related issues that are related to the Company's operations. The TCFD framework is used to identify climate risks and opportunities across the departments, and the opportunities and risks listed above have been identified. Risk Assessment The Senior Management reports to the Board each quarter to evaluate the possibility of success for the climate-related strategies. The Sustainable Development Committee oversees the management of climate risk issues and evaluates the implementation status at quarterly meetings.

	Risk Management The Board has approved the "Risk Management Policy and Procedures," and has integrated climate risks into the overall risk management structure. In terms of operating management, establish relevant measures to counter extreme weather events and reduce the impacts of climate change: Establish greenhouse gas reduction targets and promote energy conversation and carbon reduction policies such as power conservation and waste reduction. Adjust manufacturing processes to reduce carbon emissions and plan to introduce alternatives such as renewable energy. In terms of product development, consider the explore the needs of new diseases caused by climate change. Risk monitoring: The Sustainable Development Committee is supervised by the Board and reports the climate-related work results to the Board.
5. If scenario analysis is used to assess the resilience against climate change risks, please explain the scenarios used, parameters, assumptions, analytical factors, and key financial impacts.	No relevant assessment methods were used.
6. If there is a transition plan for managing climate-related risks, please describe the contents of the plan, as well as the indicators and targets used to identify and manage physical risks and transition risks.	Relevant plans not available.
7. If an internal carbon pricing is used as a planning tool, please explain the basis for determining the price.	No relevant assessment methods were used.
8. If climate-related targets are set, information such as the activities covered, scope of greenhouse gas emissions, planning period, and annual progress should be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and amount of carbon reductions offset or the amount of renewable energy certificates (RECs) should be stated.	Greenhouse gas emission management: Categories Category 1 – Direct greenhouse gas emissions: The Company has no processes that use fossil fuels and has no direct greenhouse gas emissions. Category 2 – Indirect greenhouse gas emissions from imported energy: These are primarily produced by the use of purchased electricity. The data for the past three years have been regularly checked and disclosed. Category 3 – Indirect greenhouse gas emissions

	from other sources: Primarily produced by business trips taken by the employees. Reduction targets: Short-term target (2024~2026): Reduce emission intensity by 0.5% compared with 2023. Mid-term target (2026~2032): Reduce emission intensity by 1% compared with 2023. Reduction measures: Promote energy saving and waste reduction policies, such as energy saving on personal computers, use of cloth towels instead of paper wipes, implement A/C system inspection with the building management committee to enhance energy efficiency, set up alternative plans for the introduction of renewable energy or the use of green materials (not implemented).
9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies, and specific action plans (describe below in sections (1) and (2)).	Please refer to sections (1) and (2) below.

(1) Greenhouse gas inventory and assurance status of the Company in the last two years

(a) Greenhouse gas inventory

i. 2022

Category 1 – Direct emissions: N/A

Category 2 – Indirect emissions: 15,166.31 ton CO2E

Category 3 – Indirect emissions, other: N/A

Intensity: 791.6 ton CO2E/NT$ million revenue

Scoped covered: Category 2 emissions are from purchased electricity from all operating sites.

ii. 2023

Category 1 – Direct emissions: N/A

Category 2 – Indirect emissions: 11,506.77 ton CO_2E

Category 3 – Indirect emissions, other: 2,913,291.378 CO_2E (primarily business trip-related activites)

Intensity: 360.3 ton CO_2E/NT$ million revenue

Scoped covered: Category 2 emissions are from purchased electricity from all operating sites, Category 3 are emissions related to the transportation and accommodation from business trips taken by the employees.

(b) Greenhouse gas assurance

The Company has not received external assurance.

(2) Greenhouse gas reduction targets, strategies, and specific action plans

Reduction target:

Short-term target (2024~2026): Reduce emission intensity by 0.5% compared with 2023.

Mid-term target (2026~2032): Reduce emission intensity by 1% compared with 2023.

Strategies and specific action plans:

Promote energy saving and waste reduction policies, such as energy saving on personal computers, use of cloth towels instead of paper wipes, implement A/C system inspection with the building management committee to enhance energy efficiency, set up alternative plans for the introduction of renewable energy or the use of green materials (not implemented).

Reduction target achievements:

Data for 2024 not available.

7. Demonstration of Ethical Business Practices and Differences from the Integrity Guidelines of Listed and Over-the-Counter Companies

Table 27. Ethical practices and differences in integrity guidelines

Assessment item	Implementation status			Differences and Reasons for Compliance with Integrity Guidelines for TWSE/TPEx Listed and OTC Companies
	Yes	No	Description	
1. Establishment of Integrity Operating Policies and Plans				No significant differences noted
i. Has the Company established Integrity Operating Policies approved by the Board of Directors, and does it explicitly state its policies and practices regarding integrity in its regulations and external documents? Additionally, do the Board of Directors and senior management actively commit to implementing these policies?	✓		The Company has established the "Code of Ethics for Directors and Executives," the "Integrity Guidelines," and the "Integrity Operating Procedures and Behavioral Guidelines," which are disclosed on the Company's website. These serve as the basis for the Board of Directors and the management to implement integrity policies. In July of the fiscal year 2021, the ninth Board of Directors and management signed a declaration committing to actively implementing integrity in operations. Dr. Hsin-Jung Lin, the newly elected independent director, has signed the declaration and has promised to commit to integrity in operations.	
ii. Has the Company established a mechanism to assess the risks of dishonest behavior, regularly analyzing and evaluating business activities with a higher risk of dishonest behavior within its scope of operations? Does it use this assessment to formulate measures to prevent dishonest behavior, covering at least the preventive measures for each item listed in Article 7-2 of the "Integrity Guidelines for Listed and Over-the-Counter Companies"?	✓		The Company has formulated a "Code of Ethics," providing education and awareness programs for employees to ensure a thorough understanding of the Company's commitment to integrity and the consequences of dishonest behavior. Upon joining the Company, new employees are informed of the relevant regulations, with violations resulting in disciplinary actions, including termination of employment for severe cases.	

Assessment item	Implementation status			Differences and Reasons for Compliance with Integrity Guidelines for TWSE/TPEx Listed and OTC Companies
	Yes	No	Description	
iii. Does the Company specify operational procedures, behavioral guidelines, disciplinary actions for violations, and a complaint system within its measures to prevent dishonest behavior? Does it implement and periodically review and amend these measures?	✓		The Company has established the "Code of Ethics" and related internal procedures, clearly defining the disciplinary measures for violations and establishing a complaint system. These measures have been communicated through internal and external educational training and are rigorously enforced.	
2. Implementation of Integrity Practices				No significant differences noted
i. Does the Company assess the integrity records of its counterparts and include integrity clauses in contracts with business partners?	✓		The Company's vendor profiles or contracts explicitly state integrity clauses that vendors must adhere to.	
ii. Has the Company established a dedicated unit under the Board of Directors to promote corporate integrity, and does it regularly (at least once a year) report to the Board on its integrity policies, measures to prevent dishonest behavior, and oversight of their implementation?	✓		The Legal Compliance and Risk Control Team is responsible for driving the Company's integrity objectives and reports its execution to the Board of Directors at least annually.	
iii. Has the Company formulated a policy to prevent conflicts of interest, provided appropriate channels for reporting, and effectively implemented it?	✓		In cases of conflicts of interest arising from business operations, preemptive disclosure is made to superiors, and proactive avoidance measures are taken. In situations involving conflicts of interest in board deliberations, directors are	

Assessment item		Implementation status			Differences and Reasons for Compliance with Integrity Guidelines for TWSE/TPEx Listed and OTC Companies
		Yes	No	Description	
				required to recuse themselves.	
iv.	Has the Company established effective accounting and internal control systems to ensure integrity in operations? Does the internal audit unit develop audit plans based on assessments of the risk of dishonest behavior and use them to audit compliance with measures to prevent dishonest behavior? Or, does it engage external auditors for this purpose?	✓		The Company has established accounting and internal control systems in accordance with relevant regulations. Audit personnel regularly audit compliance with these systems and report to the Board of Directors.	
v.	Does the Company regularly conduct internal and external education and training on corporate integrity?	✓		Educational training programs promoting the Company's core values of "Integrity and Honesty" are organized. The Company invites the Investigation Bureau to provide education and awareness on topics like "Insider Trading," "Embezzlement and Breach of Trust," "Manipulation of Corporate Control," and "Trade Secret Protection Act" to all employees. This enhances corporate governance awareness and underscores compliance with legal matters in daily activities. In addition, the Company reinforces the concept of preventing "Insider Trading" among insiders and directors as needed.	

Assessment item	Implementation status			Differences and Reasons for Compliance with Integrity Guidelines for TWSE/TPEx Listed and OTC Companies
	Yes	No	Description	
3. Operation of the Company's whistleblower system i. Has the Company established specific reporting and reward systems, along with accessible reporting channels? Are appropriate designated personnel assigned to handle reported cases? ii. Has the Company established standard operating procedures for investigating reported matters, including post-investigation follow-up measures and related confidentiality mechanisms? iii. Does the Company take measures to protect whistleblowers from undue repercussions as a result of their reports?	✓		The Company has established the "Whistleblowing Procedure for Violations of Integrity and Ethical Conduct." Violations of integrity, internal misconduct, and complaints can all be reported through the Company's whistleblowing email at coc@lumosa.com.tw. The Company's Compliance and Risk Management Team is responsible for handling these reports, and they strictly maintain the confidentiality of the whistleblower's identity and the content of the report.	No significant differences noted
4. Enhancement of information disclosure	✓		The Company's website has a dedicated section for promoting and disclosing information related to its integrity guidelines and operations.	No significant differences noted
5. If the Company has its own integrity guidelines in compliance with the "Integrity Guidelines for Listed and Over-the-Counter Companies," please describe the differences in operation and the content of these guidelines: No significant differences noted.				
6. Other Important Information Contributing to Understanding the Company's Integrity Operations i. The Company adheres to relevant regulations from regulatory authorities such as the Company Act and the Securities and Exchange Act, serving as the foundation for practicing ethical business operations.				

Assessment item	Implementation status			Differences and Reasons for Compliance with Integrity Guidelines for TWSE/TPEx Listed and OTC Companies
	Yes	No	Description	
ii. The "Board Meeting Regulations" of the Company stipulate that directors who have conflicts of interest with the meeting agenda, either personally or on behalf of legal entities they represent, are allowed to state their opinions and seek clarification. However, they are not permitted to participate in discussions or voting on the matter. During discussions and voting, they are required to recuse themselves and may not vote on behalf of other directors. iii. The Company has established the "Internal Handling of Material Nonpublic Information and Prevention of Insider Trading Regulations," which prohibit individuals with knowledge of material nonpublic information from disclosing it to others and emphasize the prevention of insider trading. iv. The Company continuously reinforces its five core values: Risk-taking, Integrity, Creativity, Customer-focused, and Accountability. "Integrity" stands out as the most crucial core value in the Company's corporate culture. Since 2019, specific demonstrations of these core values have accounted for 20% of annual performance scores for employees. The Company will continue to promote and implement a high standard of ethical conduct throughout the organization.				

8. Disclose the inquiry methods if the Company has established corporate governance guidelines and related regulations:

The Company has established operational procedures, such as "Corporate Governance Guidelines," "Integrity Operation Guidelines," "Code of Conduct and Behavioral Guidelines for Integrity Operations," "Code of Conduct for Directors and Managers," "Practical Guidelines for Sustainable Development," "Rules of Shareholders' Meetings," "Rules of Board Meetings," "Operational Procedures for Group Companies, Specific Companies, and Related-Party Transactions," "Operational Guidelines for Financial Business Among Affiliated Enterprises," and "Internal Control System." These procedures operate according to the principles of corporate governance and will be further strengthened.

Please refer to the relevant regulations on the Taiwan Stock Exchange and the Over-the-Counter Market for details on "Corporate Governance Guidelines," "Integrity Operation Guidelines," "Practical Guidelines for Sustainable Development," "Rules of Shareholders' Meetings," "Rules of Board Meetings," and "Operational Guidelines for Financial Business Among Affiliated Enterprises."

9. Any other pertinent information that enhances understanding of the Company's governance practices may also be disclosed.

   None.

10. Execution status of internal control systems

    Please refer to page 91 for the Internal Control Statement.

Lumosa Therapeutics Co., Ltd.

Internal Control Statement

Date：February 26, 2024

In accordance with our self-assessment results, we hereby declare the following regarding the internal control system of our company for the period from January 1, 2023, to December 31, 2023:

1. The establishment, implementation, and maintenance of the internal control system are the responsibilities of the Company's Board of Directors and management. We have already established this system with the aim of achieving objectives such as operational effectiveness and efficiency (including profitability, performance, and asset protection), providing reliable, timely, transparent, and compliant reporting, and ensuring compliance with relevant regulations and laws.

2. The effectiveness of internal control systems has inherent limitations, and regardless of how well-designed, such systems can only provide reasonable assurance of achieving the above-mentioned objectives. Furthermore, the effectiveness of internal control systems may change due to changes in the environment and circumstances. However, our internal control system includes a self-monitoring mechanism, and any deficiencies identified are promptly addressed.

3. We have assessed the effectiveness of our internal control system based on the evaluation criteria specified in the "Guidelines for Public Companies to Establish an Internal Control System." These criteria categorize the internal control system into five components: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. Each component consists of several items, as defined in the "Guidelines."

4. We have used the aforementioned internal control system evaluation criteria to assess the design and implementation effectiveness of our internal control system.

5. Based on the results of the assessment mentioned above, we believe that our internal control system, including the supervision and management of subsidiaries, is effective in

achieving objectives such as understanding the level of operational effectiveness and efficiency, ensuring reliable, timely, transparent, and compliant reporting, and effective compliance with relevant regulations and laws, as of December 31, 2023.

6. This statement will be included as a major part of our annual report and public disclosure document. Any false or concealed information in the disclosed content may incur legal responsibilities under Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Act.

7. This statement was approved by the Board of Directors on February 26, 2024, with 10 directors in attendance, none of whom opposed the content of this statement.

Lumosa Therapeutics Co., Ltd.

Jung Chin Lin, Chairman and President

11. For the most recent fiscal year and up to the date of printing this annual report, if the Company or its internal personnel have been subject to legal penalties, or if the Company has imposed penalties on its internal personnel for violations of internal control system regulations, and if the results of these penalties may have a significant impact on shareholder equity or securities prices, the details of the penalties imposed, the key deficiencies identified, and the remedial actions taken should be disclosed:

    Not applicable.

12. Major resolutions of the Board and the shareholders' meeting in the most recent year to the day this report was printed.

    a. Important Resolutions of the 2023 Annual General Meeting of Shareholders (Meeting Date: May 31, 2023)

        (1) 2022 Annual business report.

            Execution status: Approved

        (2) 2022 Loss appropriation proposal.

            Execution status: Approved

        (3) Revision of certain provisions of the Rules and Procedures of Shareholders' Meeting.

            Execution status: Proceed as per amendment procedures and announced on the Company website.

        (4) Private placement for cash capital increase and new share issuance.

            Execution status: Approved

        (5) To approve the issuance of Employee Restricted Stock Awards

            Execution status: Approved

        (6) Election of Independent Directors.

            Execution status: Dr. Hsin-Jung Lin was elected independent director and was announced in accordance to the regulations.

        (7) Lifting non-competition restrictions on Directors

Execution status: Approved

b. The important resolutions of the Board of Directors in 2023 and as of the date of publication of the annual report are as follows:

Table 28. Important resolutions of the Board of Directors in 2023

Date	Important Resolution
2023.03.10	1.2022 Annual financial report and business report 2.2022 Annual Loss Appropriation Proposal 3.2022 Annual "Evaluation of the Effectiveness of the Internal Control System" and "Statement of the Internal Control System" 4.Revision of some articles of the "Rules of Procedure of the Board of Directors" 5.Amendments to some articles of the "Rules of Procedure for Shareholders' Meetings" 6.The private placement case passed by the shareholders' meeting in 2022 did not continue to be handled 7. Handling the case of cash capital increase and issuance of new shares by means of private placement 8. Proposal for the issuance of restricted stock awards to employees of the Company. 9. Proposal for additional election of independent directors 10. Nomination of 2023 co-opted list of candidates for independent directors 11. Matters related to convening the 2023 Annual General Meeting of Shareholders of the Company 12.The case of changing the Company's certified accountant 13.2023 Annual visa accountant remuneration and its independence and suitability assessment 14.The Company's "Enterprise Process Management System Use and Service Contract" case 15.The case of signing the "Commissioned Services Contract" between the Company and Center Laboratories Inc. 16. The Company and Mycenax Biotech Inc. signed an entrusted test contract 17. Production case of LT3001 clinical trial drug Mycenax Biotech
2023.04.24	1. The Company intends to enter into an amended “Exclusive Licensing Agreement for LT1001, An Extended-release Analgesic Injection, for Korea” with Korea’s Dongwha Pharmaceutical Co., Ltd. 2. The Company has entered into a “Clinical Trial Study Drug Re-labeling Agreement” with Mycenax Biotech Inc. 3. The Company has entered into a “Stability Study Agreement” with Mycenax Biotech Inc. 4. The Company has entered into a “Translation Service Agreement” with glac Biotech.

Date	Important Resolution
2023.05.12	1. The Company intends to enter into a "Supplement Agreement for the Licensing of LT3001 in China" with Chinese partner, Shanghai Pharmaceuticals 2. Motion for the Company's consolidated financial report for the first quarter of 2023. 3. Appointment of a Corporate Governance Office for the Company. 4. Proposal to pre-approve the provision of non-audit services to the Company and its subsidiaries by the certified public accountants, their accounting firm, and affiliated entities of the firm. 5. The Company has entered into a "Contracted Research Agreement" with Mycenax Biotech Inc.
2023.08.09	1. Motion for the Company's consolidated financial report for the second quarter of 2023. 2. Robust Operational Plan for the Company. 3. Proposal to amend the "Regulations for the Issuance of Restricted Stock Awards to Employees for 2023." 4. Appointment of the Company's deputy spokesperson 5. The Company intends to enter into "Contracted Research Agreement" with Krisan Biotech.
2023.11.09	1. The Company intends to invest in GenEditBio Ltd. 2. The Company intends to enter the "Exclusive Licensing Agreement for LT1001, an Extended-release Analgesic Injection, in India" with Gufic Biosciences Ltd. 3. Amendment for the Company's 2022 Operational Plan. 4. Motion for the Company's consolidated financial report for the third quarter of 2023. 5. The Company intends to amend the agreement for the production of exosomes contracted to Mycenax Biotech. 6. The Company intends to enter into a process development pilot study agreement with Mycenax Biotech. 7. In-use stability study for the LT3001 clinical trial drug. 8. Proposal to amend the "2023 Restricted Employee Stock Awards Plan." 9. Proposal for the record date for the 2023 restricted stock award capital increase for employees of the Company.
2023.12.21	1. Cytoengine intends to enter into an exclusive licensing agreement for exosome technology. 2. The Company intends to enter into an "Exclusive Optional Agreement for a T-Cell Enhancement Technology" with University of North Carolina (UNC) 3. The Company intends to amend the investment plan for GenEditBio Ltd. 4. Motion for the Company's 2024 Operation Plan and annual budget. 5. Proposal to amend the internal control system and implementations of the Company's "Information Security Inspection Management Operations" 6. The Company (and subsidiaries) 2024 annual audit plan. 7. The Company's "Office Leasing Agreement." 9. The Company has entered into a "Contracted Service Agreement" with Center Laboratories.

Date	Important Resolution
	9. The Company intends to terminate the “Agreement on Joint Appointment of High-level Talents for Career Development” with BioEngine Technology Development.
2024.02.02	1. Proposal to revise certain provisions of the “Articles of Incorporation.” 2. Proposal to revise certain provisions of the “Rules and Procedures of Shareholders’ Meeting. 3. Proposal for the election of the Board of Directors. 4. Motion for the 2024 shareholders’ meeting 5. The Company intends to enter into a “Contracted Service Agreement” with GenEditBio Ltd. 6. Amendment for the “Stability Study for LT3001 Standard Solutions Agreement” with Mycenax Biotech. 7. Amendment for the “Production Agreement for LT3001 Clinical Trial Drugs for 2024” with Mycenax Biotech. 8. Proposal for the Company to enter into the agreement with Mycenax Biotech Inc. for the “First Production Run and Stability Testing for the LT3001 Clinical Trial in 2024.”
2024.02.26	1. Motion for the 2023 annual financial report and business report. 2. Motion for the 2023 Annual Loss Appropriation Proposal. 3. Motion for the 2023"Internal Control System Effectiveness Assessment" and "Internal Control System Statement." 4. Motion for the issuance of new shares through private placement for cash capital increase. 5. Proposal for additional agenda for the 2024 shareholders’ meeting.
2024.03.20	1. Motion for the assessment of remuneration and independence and competency of certified account in 2024. 2. Proposal for the nomination of director candidates (including independent directors) for the 2024 Board election. 3. Motion to lift non-competition restrictions on Directors

13. Differing opinions on significant resolutions approved by the Board in the most recent fiscal year and up to the printing date of the annual report, and such opinions were duly recorded or provided in written statements. The main contents of these opinions are as follows: None
14. Summary of the resignation and dismissals of the Chairman, CEO, CFO, financial controller, internal audit supervisor, corporate governance officer, and R&D director in the most recent fiscal year up to the printing date of the annual report: None

E. Information on CPA (External Auditor) Professional Fees

1. Accountants' fees

Unit: NT$ Thousands

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Pricewaterhouse Coopers,	Sheng-Wei Teng	2023.01.01~2023.12.31	2,420	116	2,536	Note
	Yu-Fang Yen					

Note: Binding and mailing costs for non-audit public funds. The non-audit public funds refer to expenses for the issuance of restricted stock awards to employees and the printing costs for financial reports.

2. The non-audit fees to the audit accountant, the audit accountant's affiliated firm, and related entities, which amount to more than one-fourth of the audit fees paid by the Company: Not applicable.
3. If the Company changes its accounting firm and the audit fees paid for the changed fiscal year are lower than the previous fiscal year, the amounts and reasons for the change in audit fees before and after the switch should be disclosed: None.
4. If the audit fees decrease by more than ten percent compared to the previous fiscal year, the amount, percentage, and reasons for the decrease in audit fees should be disclosed: Not applicable.

F. Information on the replacement of Certified Public Accountant (CPA)

Not applicable.

G. The Chairman, President, finance or accounting manager who has worked in the CAP firm or affiliates enterprise in the most recent year, the name, position, and the service period shall be disclosed.

None

H. Summary of share transfers and pledged shares by directors, executives, and shareholders with ownership of over 10% in the most recent fiscal year up to the printing date of the annual report.

1. Changes in shareholdings of directors, executives, and shareholders with ownership over 10%

Table 29. Shareholding changes of key stakeholders

Title	Name	FY 2023		From the current fiscal year up February26, 2024	
		No. of increased (decreased) shares held	No. of increased (decreased) shares pledged	No. of increased (decreased) shares held	No. of increased (decreased) shares pledged
Chairman, General Manager, Chief Executive Officer and Major Shareholder	Center Laboratories, Inc.	—	—	—	—
	Represented by: Jung-Chin Lin	—	—	—	—
Director and Major Shareholder	Center Laboratories, Inc.	—	—	—	—
	Represented by: Wan-Lai Cheng	—	—	—	—
Director	BioEngine Technology Development Inc.	(5760,000)	—	(152,000)	—
	Represented by: Su-Chi Wang	—	—	—	—
Director	Shun Cheng Pharmaceutical Co., Ltd.	—	—	—	—
	Represented by: De-Fu Hsieh	—	—	—	—
Director	Chung Hao Tasi	—	—	—	—
Director	Syue-Ling Wang	—	—	—	—
Independent Director	Chih Hsiung Wu	—	—	—	—
Independent Director	Chih Yung Chin	—	—	—	—
Independent Director	Hai I Ma	—	—	—	—
Independent Director (Note 1)	Hsin-Jung Lin	—	—	—	—
Senior Director, Clinical Development Division	Hui-Yuan Kuo	—	—	—	—
Senior Director, New Drug Development Division	Nai-Jing Liu	—	—	—	—
Director, New Drug Development Division	Shu-Hua Li	—	—	(12,000)	—

Director, Preclinical Division	Sheng-Wen Yeh	(81, 000)	—	—	—
Manager, Finance and Accounting Division	Chia-Chi Yang	—	—	—	—
Corporate Governance Officer(Note 2)	Lan-Ying Huang	—	—	—	—
Audit Supervisor	Min-Chia Hung	—	—	—	—

Note 1: Newly-elected on May 31,2023
Note 2: Appointed on May 12,2023

2. Directors, managers, and shareholders who hold more than 10% of the shares are related to the transfer of equity: Not applicable.
3. Directors, managers, and shareholders who hold more than 10% of the shares are pledged relatives who are related parties: Not applicable.

I. Information on related party transactions among the top 10 shareholders, including those who are related parties or have a relationship as spouses or relatives within the second degree of kinship

Table 30. Related party transactions among top shareholders

March 4, 2024

Name	Shares held by the shareholder		Shares held by spouse or minor children		Shares held in the names of others		Name and relation in case of the top-ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship.		Remarks
	Shares	%	Shares	%	Shares	%	Title (or name)	Relationship	
Center Laboratories, Inc.	54, 068, 631	32.77%	-	-	-	-	-	-	-
Represented by: Su-Chi Wang	38, 774	0.02%	-	-	-	-	-	-	-
Shinyu Investment Co., Ltd.	6, 890, 000	4.18%	-	-	-	-	-	-	-
Represented by: Wen Chia Chao	-	-	-	-	-	-	-	-	-
Sun Ten Pharmaceutical Co., Ltd.	6, 761, 123	4.10%	-	-	-	-	-	-	-
Represented by: Tao Long Lu	134, 260	0.08%	-	-	-	-	-	-	-
Farglory Life Insurance Co., Ltd.	3, 647, 656	2.21%	-	-	-	-	-	-	-
Represented by: Chia Jen Meng	-	-	-	-	-	-	-	-	-
Yuanta 1 Venture Capital	2, 060, 000	1.25%	-	-	-	-	-	-	-
Represented by: Chi Chang Chen	-	-	-	-	-	-	-	-	-
Taipei Fubon Bank in custody of the newly issued restricted employee stock awards of Lumosa Therapeutics Co., Ltd.	1,890,000	1.15%	-	-	-	-	無	無	-
Shu Mei Lai	1, 423, 703	0.86%	-	-	-	-	-	-	-
Lirong Technology Co., Ltd.	1, 226, 125	0.77%	-	-	-	-	-	-	-
Represented by: Li-Chu Ou	-	-	-	-	-	-	Jung Chin Lin	Spouse	
BioEngine Technology Development Inc.	1, 170, 169	0.71%	-	-	-	-	-	-	-
Represented by: Jung-Chin Lin	979, 942	0.59%	-	-	-	-	-	Chairman of the Company	-
TSH Biopharm Co., Ltd.	1, 160, 000	0.70%	-	-	-	-	-	-	-
Represented by: Chuan Lin	-	-	-	-	-	-	-	-	-

J. The Company, the Company's directors, executives, and businesses directly or indirectly controlled by the Company disclose the shareholding amounts of the same investee business and calculate the consolidated ownership percentage

Table 31. Disclosure of consolidated shareholding of related investee businesses

March 4, 2024; number of shares: in thousand shares

Companies invested	By the Company		Investments by the directors, supervisors, managerial officers, and companies directly or indirectly controlled by this Company		Overall investment	
	Shares	%	Shares	(%)	Shares	(%)
Lumosa Therapeutics Co., Ltd. (Cayman)	1, 145	100%	—	—	1, 145	100%
Shanghai Lumosa Therapeutics Co., Ltd.	(Note)	100%	—	—	(Note)	100%
Cytoengine Co., Ltd.	7, 500, 000	60%	5, 000, 000	40%	12, 500, 000	100%

Note：There are no shares for limited company

IV. Funding Status

A. Capital and Shares

1. Type of shares issued in the most recent fiscal year up to the printing date of the annual report.

Table 32. Sources of share capital

March 21, 2024 (Unit: In thousands of New Taiwan Dollars/share)

Yr/Mo	Issue price	Authorized Share Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Property other than cash contributed as equity capital	Others
Mar 2010	10	50,000	500,000	42,991.0	429,901	Capital increase through technology valuation	Technology valuation	Note 1
Jul 2011	10	50,000	500,000	17,196.4	171,964	Capital reduction $257,946	None	Note 2
Aug 2011	10	50, 000	500, 000	49,255.4	492,554	Conversion of warrants at $590	None	Note 3
	15					Cash capital increase $320,000	None	Note 3
Jun 2012	10	100, 000	1, 000, 000	78,255.4	782,554	Consolidated capital increase through new share issuance of $290,000	Consolidated issuance of new shares	Note 4
Mar 2015	12.5	100, 000	1, 000, 000	84,230.4	824,304	Conversion of employee stock options at $59,750	None	Note 5
Sep 2016	54	100, 000	1, 000, 000	94,230.4	942,304	Cash capital increase $100,000	None	Note 6
Mar 2017	12.5	100,000	1,000,000	95,085.4	950,854	Conversion of employee stock options at $8,550	None	Note 7
Apr 2017	12.5	100,000	1,000,000	95,305.4	953,054	Conversion of employee stock options at $2,200	None	Note 8
Jul 2017	12.5	100,000	1,000,000	95,365.4	953,654	Conversion of employee stock options at $600	None	Note 9

Yr/Mo	Issue price	Authorized Share Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Property other than cash contributed as equity capital	Others
Dec 2017	12.5	100,000	1,000,000	95,395.4	953,954	Conversion of employee stock options at $300	None	Note 10
Mar 2018	12.5	100,000	1,000,000	95,420.4	954,204	Conversion of employee stock options at $250	None	Note 11
Jun 2018	12.5	100,000	1,000,000	95,806.4	958,064	Conversion of employee stock options at $3,860	None	Note 12
Sep 2018	12.5	200,000	2,000,000	96,074.4	960,744	Conversion of employee stock options at $2,680	None	Note 13
Oct 2018	29.1	200,000	2,000,000	116,284.8	1,162,848	Conversion of employee stock options at $202,104	Consolidated issuance of new shares	Note 13
Dec 2018	12.5	200,000	2,000,000	116,431.8	1,164,318	Conversion of employee stock options at $1,470	None	Note 14
Dec 2018	12.9	200,000	2,000,000	116,513.6	1,165,136	Conversion of employee stock options at $818	None	Note 14
Mar 2019	12.5	200,000	2,000,000	116,948.6	1,169,486	Conversion of employee stock options at $4,350	None	Note 15
Mar 2019	12.9	200,000	2,000,000	117,193.1	1,171,931	Conversion of employee stock options at $2,445	None	Note 15
Mar 2019	28.4	200,000	2,000,000	117,214.8	1,172,148	Conversion of employee stock options at $217	None	Note 15
May 2019	12.5	200,000	2,000,000	117,374.8	1,173,748	Conversion of employee stock options at $1,600	None	Note 16
Sep 2019	12.5	200,000	2,000,000	117,494.8	1,174,948	Conversion of employee stock options at $1,200	None	Note 17
Dec 2019	12.5	200,000	2,000,000	117,564.8	1,175,648	Conversion of employee stock options at $700	None	Note 18

Yr/Mo	Issue price	Authorized Share Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Property other than cash contributed as equity capital	Others
May 2020	12.5	200,000	2,000,000	117,594.8	1,175,948	Conversion of employee stock options at $300	None	Note 19
Jun 2020	12.5	200,000	2,000,000	117,729.8	1,177,298	Conversion of employee stock options at $1350	None	Note 20
Sep 2020	12.5	200,000	2,000,000	117,844.8	1,178,448	Conversion of employee stock options at $1150	None	Note 21
Nov 2020	29.0	200,000	2,000,000	147,344.8	1,473,448	Private placement cash capital increase $295,000	None	Note 21
Dec 2020	12.5	200,000	2,000,000	147,374.8	1,473,748	Conversion of employee stock options at $300	None	Note 22
Mar 2021	29.0	200,000	2,000,000	150,822.8	1,508,228	Private placement cash capital increase $34,480	None	Note 22
Mar 2021	12.5	200,000	2,000,000	151,007.8	1,510,078	Conversion of employee stock options at $1850	None	Note 23
Jul 2021	0	300,000	3,000,000	151,907.8	1,519,078	Restricted employee equity shares at $9,000	None	Note 24
Aug 2021	12.5	300,000	3,000,000	151,932.8	1,519,328	Conversion of employee stock options at $250	None	Note 25
Sep 2021	12.5	300,000	3,000,000	152,072.8	1,520,728	Conversion of employee stock options at $1,400	None	Note 26
Sep 2021	0	300,000	3,000,000	151,972.8	1,519,728	Cancellation and recapture of restricted employee equity shares $1,000	None	Note 26
Dec 2021	30	300,000	3,000,000	162,972.8	1,629,728	Cash capital increase $110,000	None	Note 27
Dec 2021	12.5	300,000	3,000,000	163,162.8	1,631,628	Conversion of employee stock options at $1,900	None	Note 28

Yr/Mo	Issue price	Authorized Share Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Property other than cash contributed as equity capital	Others
Dec 2021	0	300,000	3,000,000	163,152.8	1,631,528	Cancellation and recapture of restricted employee equity shares $100	None	Note 28
Mar 2022	12.5	300,000	3,000,000	163,197.8	1,631,978	Conversion of employee stock options at $450	None	Note 29
Mar 2022	0	300,000	3,000,000	163,132.8	1,631,328	Cancellation and recapture of restricted employee equity shares $650	None	Note 29
Jun 2022	0	300,000	3,000,000	163,077.8	1,630,778	Cancellation and recapture of restricted employee equity shares $550	None	Note 30
Dec 2022	12.5	300,000	3,000,000	163,097.8	1,630,978	Conversion of employee stock options at $200	None	Note 31
Mar 2023	12.5	300,000	3,000,000	163,120.8	1,631,208	Conversion of employee stock options at $230	None	Note 32
Mar 2023	0	300,000	3,000,000	163,112.8	1,631,128	Cancellation and recapture of restricted employee equity shares $80	None	Note 32
Jun. 2023	0	300,000	3,000,000	163,093.8	1,630,938	Cancellation and recapture of restricted employee equity shares $190	None	Note 33
Sep. 2023	0	300,000	3,000,000	163,083.8	1,630,838	Cancellation and recapture of restricted employee equity shares $100	None	Note 34
Nov. 2023	0	300,000	3,000,000	164,973.8	1,649,738	Cancellation and recapture of restricted employee equity shares $18,900	None	Note 34

Note 1: Taipei County Government Approval Letter No.: 0993073122

Note 2: New Taipei City Government Approval Letter No.: 1005043895
Note 3: Taipei City Government Approval Letter No.: 1005058556
Note 4: Ministry of Economic Affairs Approval Letter No.: 10301159930
Note 5: Ministry of Economic Affairs Approval Letter No.: 10401043500
Note 6: Ministry of Economic Affairs Approval Letter No.: 10501244590
Note 7: Ministry of Economic Affairs Approval Letter No.: 10601067310
Note 8: Ministry of Economic Affairs Approval Letter No.: 10601123150
Note 9: Ministry of Economic Affairs Approval Letter No.: 10601149960
Note 10: Ministry of Economic Affairs Approval Letter No.: 10701012740
Note 11: Ministry of Economic Affairs Approval Letter No.: 10701057050
Note 12: Ministry of Economic Affairs Approval Letter No.: 10701097370
Note 13: Ministry of Economic Affairs Approval Letter No.: 10701144040
Note 14: Ministry of Economic Affairs Approval Letter No.: 10801028260
Note 15: Ministry of Economic Affairs Approval Letter No.: 10801049850
Note 16: Ministry of Economic Affairs Approval Letter No.: 10801092680
Note 17: Ministry of Economic Affairs Approval Letter No.: 10801165440
Note 18: Ministry of Economic Affairs Approval Letter No.: 10901048170
Note 19: Ministry of Economic Affairs Approval Letter No.: 10901072770
Note 20: Ministry of Economic Affairs Approval Letter No.: 10901159760
Note 21: Ministry of Economic Affairs Approval Letter No.: 10901225430
Note 22: Ministry of Economic Affairs Approval Letter No.: 11001055490
Note 23: Ministry of Economic Affairs Approval Letter No.: 11001077110
Note 24: Ministry of Economic Affairs Approval Letter No.: 11001128210
Note 25: Ministry of Economic Affairs Approval Letter No.: 11001151380
Note 26: Ministry of Economic Affairs Approval Letter No.: 11001192280
Note 27: Ministry of Economic Affairs Approval Letter No.: 11001241190
Note 28: Ministry of Economic Affairs Approval Letter No.: 11101016280
Note 29: Ministry of Economic Affairs Approval Letter No.: 11101076520
Note 30: Ministry of Economic Affairs Approval Letter No.: 11101161410
Note 31: Ministry of Economic Affairs Approval Letter No.: 11230048840
Note 32: Ministry of Economic Affairs Approval Letter No.: 11230048840
Note 33: Ministry of Economic Affairs Approval Letter No.: 11230164000
Note 34: Ministry of Economic Affairs Approval Letter No.: 11230222570

Table 33. Number of shares

March 21, 2024 (Unit: shares)

Class of shares	Authorized share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common shares	164, 973, 825	135, 026, 175	300, 000, 000	Unlisted or OTC stocks Information on the comprehensive reporting system: None

2. Shareholder structure

Table 34. Shareholder structure

March 21, 2024

Shareholder structure / Quantity	Government institutions	Financial institutions	Other institutions	Foreign institutions & foreigners	Natural persons	Total
Headcount	—	2	69	21	7,575	7,667
Number of shares held	—	3,663,656	81,030,381	3,161,283	77,118,505	164,973,825
% of shareholding	—	2.22%	49.12%	1.91%	46.75%	100.00%

Note: Foreign institutions or foreigners who does not have Mainland (China)-owned shares

3. Shareholding distribution status (face value NT$10 per share)

Table 35. Shareholding distribution status

March 4, 2024

Shareholding grading	No. of shareholders	No. of shares held	% of shareholding
1～999	1,422	214,492	0.13%
1, 000～5, 000	4,483	8,659,660	5.25%
5, 001～10, 000	661	5,241,091	3.18%
10, 001～15, 000	271	3,485,792	2.11%
15, 001～20, 000	165	2,989,164	1.81%
20, 001～30, 000	188	4,820,215	2.92%
30, 001～40, 000	99	3,528,361	2.14%
40, 001～50, 000	74	3,417,004	2.07%
50, 001～100, 000	139	10,199,922	6.18%
100, 001～200, 000	83	11,203,850	6.79%
200, 001～400, 000	39	10,699,526	6.49%
400, 001～600, 000	22	10,895,301	6.60%
600, 001～800, 000	5	3,464,579	2.10%
800, 001～1, 000, 000	4	3,658,736	2.22%
> 1, 000, 001	12	82,496,132	50.01%
Total	7,667	164,973,825	100.00%

Note: The Company has not issued any preferred stock.

4. List of major shareholders

Name, number of shares held by and shareholding ratio of the shareholders whose shareholding ratio is more than 5% or among top ten shareholders.

Table 36. List of major shareholders.

March 4, 2024

Names of major shareholders	No. of shares held	% of shareholding
Center Laboratories, Inc.	54,068,631	32.77%
Sinyu Investment Co., Ltd.	6,890,000	4.18%
Sun Ten Pharmaceutical Co., Ltd.	6,761,123	4.10%
Farglory Life Insurance Co., Ltd.	3,647,656	2.21%
Yuanta One Venture Capital Co., Ltd.	2,060,000	1.25%
Taipei Fubon Bank in custody of the newly issued restricted employee stock awards of Lumosa Therapeutics Co., Ltd.	1,890,000	1.15%
LAI,SHU-MEI	1,423,703	0.86%
Lirong Technology Co., Ltd.	1,226,125	0.77%
BioEngine Technology Development Inc.	1,170,169	0.71%
TSH Pharmaceutical Co., Ltd.	1,160,000	0.70%

5. Information on market price, net value, earnings and dividends per share in the recent two years

Table 37. Recent 2-year data: market price, net value, earnings, dividends per share

Unit: NT$; share

Item \ Year			2022	2023
Market value per share (Note 1)	Highest		45.15	73.00
	Lowest		33.45	38.30
	Average		38.52	57.78
Net value per share (Note 2)	Before distribution		10.03	8.62
	After distribution		10.03	8.62
Earnings per share (Note 3)	Weighted average shares		162, 401 thousand shares	162, 447 thousand shares
	Earnings per share (Note 9)		(3.05)	(1.47)
Dividends per share	Cash dividends		—	—
	Stock grants	Stock dividends from retained earnings	—	—
		Stock dividend for capital reserve	—	—

	Cumulative unpaid dividends (Note 4)	—	—
Price- earnings	(P/E) Ratio (Note 5)	Note 10	Note 10
	Price-dividend ratio (Note 6)	Note 10	Note 10
	Dividend yield (Note 7)	Note 10	Note 10

Note 1. Denotes the highest common shares and lowest market value for each year, calculated for the average annual market value for the trading value of each year and the trading volume.

Note 2. Fill in the information based on the number of outstanding shares at the end of the year and how they are going to be distributed according to the resolution of the annual shareholders' meeting of the next year of the year when the Board of Directors meeting is held.

Note 3. In the event of free allotment and requires tracing for adjustment, each EPS shall be listed before and after adjustment.

Note 4. In case the condition of outstanding equity security is distributed according to the undistributed dividends of that year accumulated to the year with surplus, the cumulative unpaid dividends of that year shall be disclosed respectively.

Note 5. Price-Earnings Ratio = Current average closing price per share / EPS

Note 6. Price-Earnings Ratio = Current average closing price per share / Cash dividend

Note 7. Cash Dividend Yield = Cash dividend / Current average closing price per share

Note 8. Each net value and EPS shall be filled to the print date of annual report with the data attested (reviewed) by the CPA in last quarter. The other columns should also be filled up to the current year data as of the print date of the annual report,

Note 9. As of December 31, 2022, and December 31, 2023, the Company had accumulated losses, and there was no situation where the net value per share and earnings per share had to be adjusted retrospectively, such as allotment of shares without compensation.

Note 10. Not applicable as no 2022 and 2023 are accumulated losses and no cash dividends have been issued.

6. The Company's dividend policy and implementation status

a. The dividend policy defined by the Articles of Incorporation

If the Company's annual final accounts have after-tax net profit, it should first make up for the accumulated losses (including adjusting the amount of undistributed surplus), and then add 10% to the statutory surplus reserve, but the statutory surplus reserve has reached the Company's paid-in capital The time limit is not limited to this; in addition, after the special surplus reserve is allocated or reversed according to the needs and laws and regulations, if there is still surplus and undistributed surplus at the beginning of the same period, the Board of Directors shall prepare a surplus distribution plan and submit it to the shareholders' meeting for resolution.

In order to improve the financial structure and take into account the rights and interests of investors, the Company adopts a dividend balance policy. The

principle of surplus distribution is not less than 50% of the distributable surplus for the current year. Distribute cash dividends above ten. If the dividends distributed in the current year are less than 3 dollars, the stock dividends will be distributed in full.

b. Dividend distribution proposed for the annual general meeting:

The Company's 2023 final accounts were losses after tax, and there are still accumulated losses, so there is no dividend distribution case this year.

c. Please specify any material changes in the expected dividend policy:

None.

7. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at this year’s Shareholders' Meeting

None issued during the current year.

8. Remuneration for employees and directors

a. The ratio or range of remuneration for employees, directors and supervisors as stated in the Company's Articles of Association

If the Company makes a profit in the year (the so-called profit refers to the profit before tax deducting the distribution of employee remuneration and directors and supervisors' remuneration), 2%~6% should be allocated for employee remuneration and no more than 2% for directors and supervisors' remuneration. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance, and appropriate the rest according to the proportion in the preceding paragraph.

The remuneration of employees referred to in the preceding paragraph can be paid in stock or cash, and the remuneration of directors and supervisors can only be paid in cash, which shall be decided by the Board of Directors and reported to the shareholders' meeting.

b. The basis for the estimation of the remuneration of employees, directors and supervisors in the current period, the basis for calculating the number of shares of employee remuneration distributed by stock, and the accounting treatment when the actual distribution amount is different from the estimated amount

The Company still has accumulated losses in its 2023 accounts, so the amount of employee and director remuneration has not been estimated.

c. Distribution of remuneration adopted by the Board of Directors

Not applicable as the Company still has accumulated losses in the fiscal year 2023.

d. The actual distribution of employee, director, and supervisor remuneration 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 remuneration, additionally the discrepancy, cause, and how it is handled

Not applicable as the Company still has accumulated losses in the fiscal year 2023.

9. Status of a company repurchasing its own shares for the most recent year and the period up to the annual report publication date

None

B. Handling of corporate bonds, special shares, overseas depositary receipts, employee stock option certificates, and new shares with restricted employee rights

1. Corporate bonds

None.

2. Preferred shares

None.

3. Global depository receipts

None.

4. Employee stock options

None.

5. New restricted employee shares

   a. Status of partially fulfilled conditions for employee rights to new shares and their impact on shareholders' equity

Table 38. Employee rights to new shares and their impact

March 21, 2024

Type of new restricted employee shares	The 1st new restricted employee shares issued in 2021	The 1st new restricted employee shares issued in 2023
Effective registration date and total number of shares	2021.04.14	2023.10.03
Issue date (Note 2)	2021.07.09	2023.12.19
Number of new restricted employee shares issued	900,000	1,890,000
Number of new restricted employee shares still available for issuance	0	310,000
Issue price	0 dollars	0 dollars
Ratio of the number of new restricted employee shares issued to the total number of issued shares	0.59%	1.15%
Vesting conditions of the new restricted employee shares	After employees are granted restricted employee rights to new shares, if they are still employed and the Company achieves the "operational performance targets," they are eligible to acquire shares in multiple installments. "Operational performance targets" refer to the following conditions achieved by the Company. 1. When the stroke pipeline, LT3001, signs a licensing agreement with the United States and recognizes contract revenue of at least NT$100 million, restricted employee rights to new shares of 30% will be granted. The signing of the agreement and recognition of revenue should be completed no later than the 2025 fiscal year. 2. From the year of issuance of restricted employee rights to new shares until the 2025 fiscal year, if the current period net profit of the first	After employees are granted restricted employee rights to new shares, if they are still employed and the Company achieves the "operational performance targets," they are eligible to acquire shares in multiple installments. "Operational performance targets" refer to the following conditions achieved by the Company. (1) When LT3001 has completed the enrollment (last patient in) of its first Phase 2 trial (LT3001-203 or LT3001-205). a. If the enrollment (last patient in) is completed before the end of 2024, then 40% RSA will be granted. b. If the enrollment (last patient in) is completed after the end of 2024 but before June 30, 2025, then 60% of the 40% RSA will be granted. (2) When the total value of an international licensing agreement for

Type of new restricted employee shares	The 1st new restricted employee shares issued in 2021	The 1st new restricted employee shares issued in 2023
	individual accounting year exceeds 0 (break-even point) under the "Income Statement - Account 8200 Current Period Net Profit", 35% of restricted employee rights to new shares will be granted. 3. From the year of issuance of restricted employee rights to new shares until the 2025 fiscal year, if the basic earnings per share of the first individual accounting year reaches NT$1.5, 35% of restricted employee rights to new shares will be granted. The determination of whether the above operational performance targets have been achieved and the timing of entitlement are based on the financial report date of the annual audit or review conducted by the accountant.	LT3001 is at least NT$ 30 billion, and the upfront is at least NT$ 2 billion, then 40% RSA will be granted. The agreement should be executed and the upfront fee is received by 2027 at the latest. (3) 15% RSA will be granted for new pre-clinical projects introduced on and after 2022 that are accepted into the company pipeline, achieving either (a) or (b) objectives. One of the two objectives should be achieved by 2025. a. Received investigational new drug (IND) approval. b. Successful out-licensing or joint development agreement with the receipt of upfront payment exceeding NT$ 30 million. (4) 5% RAS will be granted when the sales revenue of LT1001 has reached NT$ 100 million for the first time in a single fiscal year during the period between the year the RSA is issued to 2025. The achievement and the time of attainment of the operational goals and incomes are based on the date of the financial report audited or reviewed by the accountants for each fiscal year.
Restrictions on rights in the new restricted employee shares	1. The new shares with limited employee rights shall not be sold, pledged, transferred, gifted to others, guaranteed or otherwise disposed of. 2. Voting rights at the shareholders' meeting: the same as other ordinary shares of the Company. 3. Shareholder allotment (subscription) rights and dividend distribution rights: the same as other ordinary shares of the Company. Employees can receive cash dividends and stock dividends distributed by the Company, and the distributed cash dividends and stock dividends are	1. The new shares with limited employee rights shall not be sold, pledged, transferred, gifted to others, guaranteed or otherwise disposed of. 2. Voting rights at the shareholders' meeting: the same as other ordinary shares of the Company. 3. Shareholder allotment (subscription) rights and dividend distribution rights: the same as other ordinary shares of the Company. Employees can receive cash dividends and stock dividends distributed by the Company, and the distributed cash dividends and stock dividends are

Type of new restricted employee shares	The 1st new restricted employee shares issued in 2021	The 1st new restricted employee shares issued in 2023
	deemed to have met the vested conditions, and do not need to be delivered to trust custody. 4. After the new shares with restricted employee rights are issued, they should be delivered to the trust immediately and before the vested conditions are fulfilled, employees shall not request the trustee to return the new shares with restricted employee rights for any reason or in any way.	deemed to have met the vested conditions, and do not need to be delivered to trust custody. After the new shares with restricted employee rights are issued, they should be delivered to the trust immediately and before the vested conditions are fulfilled, employees shall not request the trustee to return the new shares with restricted employee rights for any reason or in any way.
Custody of the new restricted employee shares	All are kept in trust	All are kept in trust
Treatment of the new restricted shares for which the grantee fails to meet the vesting conditions after receiving or subscribing to the shares	The company has repurchased its shares without compensation and carried out cancellation. However, any dividends or distributions arising from this do not need to be returned or paid back by employees.	The company has repurchased its shares without compensation and carried out cancellation. However, any dividends or distributions arising from this do not need to be returned or paid back by employees
Number of new restricted employee shares that have been retired or bought back	267,000	0
Number of new restricted shares that have vested	0	0
Number of unvested new restricted shares	633,000	1,890,000
The ratio of the number of unvested new restricted shares to the total number of issued shares (%)	0.38%	1.15%
The effect on shareholders' equity	No significant impact	No significant impact

b. Names and Acquisition Status of Managerial Officers Who Have Acquired New Restricted Employee Shares and the Top Ten Employees (Ranked by the Number of Restricted Shares Acquired) Who Have Acquired New Restricted Employee Shares

Table 39. Managerial officers' acquisition status and top employees acquiring restricted shares.

March 21, 2024; Unit: shares

		Position (Note 1)	Name	Number of new restricted employee shares granted	Ratio of the number of new restricted employee shares granted to the total number of issued shares (Note 4)	Vested Restricted Shares (Note 2)				Unvested Restricted Shares (Note 2)			
						Number of vested shares	Issue price	Total purchase price	Ratio of the number of vested Restricted shares to the total number of issued shares (Note 4)	Number of unvested shares	Issue price	Total purchase price	Ratio of the number of unvested restricted shares to the total number of issued shares (Note 4)
The 1st new restricted employee shares issued in 2021	Officers	Vice President	Chih-Kuang Chou (Note 8)	650,000	0.40%	0	0	0	0%	650,000	0	0	0.40%
		Senior Director	Hsin-Yi Chuang (Note 6)										
		Senior Director	Nai-Ching Liu										
		Senior Associate	Hui-Yuan Kuo										
		Director	Shu-Hua Li (Note 5)										
		Director	Sheng-Wen Yeh										
		Financial Supervisor	Li-Fang Pan (Note 7)										
	Staff (Note3)	Manager	Tao Pan	130,000	0.08%	0	0	0	0%	130,000	0	0	0.08%
		Manager	Tzu-Chi Yeh										
		Associate Manager	Yi-Hsuan Lin										
	Officers	Senior Associate	Hui-Yuan Kuo	800,000	0.48%	0	0	0	0%	800,000	0	0	0.48%
		Senior Director	Nai-Ching Liu										

The 1st new restricted employee shares issued in 2023		Director	Sheng-Wen Yeh										
		Director	Shu-Hua Li										
		Manager,	Chia-Chi Yang										
	Staff (Note3)	Senior Manager	Tzu-Chi Yeh	510,000	0.31%	0	0	0	0%	510,000	0	0	0.31%
		Manager	Tao Pan										
		Manager	Yi-Hsuan Chen										
		Project Manager	Hsin-Jung Yang										
		Project Manager	Chia-Hui Sun										
		Project Manager	Ying-Chie Wu										
		Researcher	Yi-Chun Chen										

Note 1: This includes managers and employees (including those who have left or deceased, which should be indicated). Individual names and positions should be disclosed, but the acquisition and subscription details may be presented in an aggregated manner.
Note 2: The number of columns is adjusted based on the frequency of the actual issuance.
Note 3: The top ten employees eligible for stock subscription through the acquisition of stock option certificates refer to employees other than managers.
Note 4: The total number of issued shares refers to the number of shares listed in the registration data of the Ministry of Economic Affairs. As of March 23, 2023, the total number of issued shares was 163,097,825 shares. The names and job titles of the managerial officers and employees should be presented individually (and an annotation should be made in the event an officer or employee has departed the Company or died), but the quantities acquired and subscribed may be presented in aggregate sums.
Note 5: Transferred to affiliate company on 2021.08.01
Note 6: Resigned on 2021.09.30
Note 7: Resigned on 2022.01.31
Note 8: Retired on 2022.06.10

C. Handling of mergers and acquisitions or transfer of shares from other companies to issue new shares

1. Those who have completed mergers and acquisitions in the most recent year and as of the date of publication of the annual report, or issued new shares by transfer of shares from other companies, shall disclose the following matters

   a. A company whose stock has been listed on the stock exchange (hereinafter referred to as a listed company) or whose stock has been approved to be listed on

the stock exchange in accordance with Article 3 or Article 3 of the Review Guidelines for Securities Trading in Securities Firms Business Offices of the Over the Counter Securities Exchange Center of the ROC Companies that are traded in commercial places (hereinafter referred to as OTC companies) should disclose the evaluation opinions issued by the lead securities underwriter who acquired or transferred shares from other companies to issue new shares in the latest quarter

The Company did not have any mergers or acquisitions during the most recent fiscal year and up until the printing date of the annual report, therefore it is not applicable.

b. In addition to the companies currently required, the implementation status of the latest quarter shall be disclosed. If the implementation progress or benefits fail to meet the expected goals, the impact on shareholders' rights and interests and improvement plans shall be explained in detail

Not applicable.

2. In the most recent year and as of the date of publication of the annual report, if the Board of Directors has passed a resolution to acquire or transfer shares of another company to issue new shares, the implementation status and basic information of the acquired or transferred company shall be disclosed. In the process of mergers and acquisitions or the transfer of shares from other companies to issue new shares, the implementation status and impact on shareholders' rights and interests should be disclosed

Not applicable.

D. Implementation of Fund Utilization Plan

The content and implementation status of the previous issuance or private placement of securities that have not been completed or have been completed within the last three years and the benefits of the plan have not yet manifested:

If the actual completion date of the Company's previous fundraising and issuance and private placement of securities plans has not exceeded three years, it is the cash capital increase in 2021, the first private placement of ordinary shares in 2020, and the second private placement of ordinary shares in 2020. The relevant content and implementation of the issuance plan are explained as follows;

1. The capital increase in 2021

   a. The total amount of funds required for this project: 560,000,000.

   b. Sources of funds for this round

      (1) This cash capital increase issued 11,000,000 ordinary shares, with a face value of NT$10 per share, and a premium of NT$30 per share, and the total amount raised was 330,000,000,000.

      (2) Self-owned funds support NT$230,000,000,000.

   c. Planned projects, estimated fund movement progress and expected benefits

      On August 18, 2021, the Company made a resolution of the Board of Directors and approved the letter No. 1100356957 of the Financial Supervision and Administration Commission to handle the capital increase in cash. , to reduce the interest cost burden incurred by financing from financial institutions in the event of insufficient funds in the future, thereby strengthening the financial structure and reducing operational risks.

      (1) Planned Projects and Estimated Fund Utilization Progress

Table 40. Planned projects and estimated fund utilization progress

Unit: NT$ thousand

Project		Estimated Completion Date	Total Funding Required		Estimated Fund Utilization Progress				
					2021Q4	2022Q1	2022Q2	2022Q3	2022Q4
Sufficient working capital	LT3001 -205	2024 Q1	This fundraising	330,000	—	17,333	32,667	163,333	32,667
			private capital	230,000	70,000	160,000	—	—	—

Project		Estimated Fund Utilization Progress				
		2023Q1	2023Q2	2023Q3	2023Q4	2024Q1
Sufficient working capital	LT3001 -205	—	23,333	4,667	46,667	9,333
		—	—	—	—	—

Note：LT3001-205 is LT3001 multi-dose phase II clinical trial (2b, multi-dose, 200 people)

      (2) Expected benefits

      The fund required for this project is NT$560,000,000, mainly to support the funds for the multi-dose phase II clinical trial (2b, multi-dose, 200 subjects)

for LT3001 (a novel treatment for acute ischemic stroke) in the United States and Taiwan. The Company announced the results of the single-dose phase II clinical trial data of LT3001 (2a, single dose, 24 subjects) in August 2021, which confirmed the safety of single-dose LT3001 (primary endpoint: the incidence of symptomatic intracranial hemorrhage (sICH) within 36 hours), no sICH was found, and the neurobehavioral improvement (secondary endpoint, including modified Rankin Score (mRS) and National Institutes of Health Stroke Scale (NIHSS)) achieved a certain rate. Based on the results of the aforementioned clinical trials, the Company plans to further implement a multi-dose phase II clinical trial (2b, multi-dose, 200 subjects) in the future, which is expected to be carried out in the United States and Taiwan, to evaluate the safety and potential efficacy of LT3001 in stroke patients who are not eligible for mechanical thrombectomy or rt-Pa treatment. The safety and potential efficacy of stroke patients are expected to be completed in the fourth quarter of 2022 and submitted to the US FDA for review. The clinical trial will be launched in the first quarter of 2022. It is reasonable to expect that the trial will be authorized or marketed for LT3001 in the future. As a result, the Company's future operation and development should have positive benefits.

d. Execution progress

Table 41. Project implementation progress

Unit: NT$ thousand

Project	Execution progress		2022	2023	Overall implementation status	Reasons for progress being ahead or behind schedule and improvement plans.
Sufficient working capital	Amount spent	Reserved	406,000	74,667	550,667	Since the second phase clinical trial of LT3001 multi-dose was approved by the US FDA in February 2022, the follow-up research and development period was slightly delayed, resulting in a lag in implementation progress. However, the acceptance of
		Actual	79,780	156,781	285,218	
	Implementation progress	Reserved	72.50%	13.33%	98.33%	
		Actual	14.25%	28.00%	50.93%	

						subjects has now begun, and the clinical trial is continuing. Unused funds of NT$274,782,000 are deposited in bank accounts

e. Benefit analysis

Table 42. Benefit analysis

Unit NT$ thousand

Items \ Year		2021Q1 (Before capital increase)	2021Q4 (After capital increase)
Basic financial information	Current assets	1,581,924	1,620,475
	Total assets	1,842,161	2,348,695
	Current liabilities	192,865	224,026
	Total liabilities	201,662	230,108
Financial structure	Debt ratio (%)	10.95	9.79
	Ratio of long-term funds to real estate, plant and equipment	83,466.40	129,237.77
Solvency	Current ratio (%)	820.22	723.34
	Quick ratio (%)	775.01	660.16

2. The first private placement of common stock in 2020 and the 2nd private placement of common stock in 2020

a. The total amount of funds required for this project: 955,492,000.

b. Source of funding for this round

(1) On November 12, 2021, the Board of Directors resolved to issue 29,500,000 ordinary shares for private placement, with a par value of NT$10 per share, an issue price of NT$29 per share, and a paid-in payment of NT$855,500,000. The full payment was received on November 23, 2021.

(2) On March 11, 2021, the Board of Directors resolved to issue 3,448,000 private placement common shares, with a face value of NT$10 per share, an issue

price of NT$29 per share, and a paid-in share of NT$99,992 thousand. The full payment was received on March 19, 2021.

c. Planned projects, estimated fund utilization progress and estimated possible benefits

On June 9, 2020, the Company's general meeting of shareholders passed a resolution to issue no more than 70,000,000 ordinary shares through private placement for cash capital increase. The funds for the first and second private placements in 2020 and 2020 were used to enrich working capital and improve the financial structure.

(1) Planned projects and estimated fund utilization progress

Table 43. Planned projects and estimated fund utilization progress

Private placement period	plan project	scheduled completion date	Private placement lump sum	Estimated Fund Utilization Progress (NT$ thousand)							
				2021				2022			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1st	Sufficient working capital	2022 Q4	855, 500	80,000	100,000	100,000	120,000	120,000	120,000	115,500	100,000
2nd	Sufficient working capital	2021 Q1	99,992	99,992	-	-	-	-	-	-	-

(2) Expected benefit

The Company's 2020 private placement is used to enrich working capital. Through long-term stable capital injection, implement the progress of new drug research and development, plan the scope and speed of human clinical trials, so as to enhance the scale of operation and company value, strengthen the Company's financial structure, and benefit. The negotiation of future product authorization will be of positive benefit to the Company's future operations.

d. Execution progress

(1) First round in 2020

Table 44. Execution progress

Unit NT$ thousand

Project	Execution progress		2022	2023	Grand total Execution situation	Reasons for progress being ahead or behind schedule and improvement plans.
Sufficient working capital	Amount spent	Reserve	455,500	0	855,500	The Phase II clinical trial of LT3001 combined with thrombectomy was slightly delayed due to the lengthy pre-work, but the acceptance of subjects has already begun, and the clinical trial is continuing. Unused funds of NT$33,278,000 were deposited in bank accounts
		Actual	189,112	309,992	512,230	
	Implementation progress	Reserve	53.24%	0	100.00%	
		Actual	22.10%	36.23%	96.11%	

(2) Second round in 2020

Table 45. Project implementation progress

Unit: NT$ thousand

Project	Execution progress in 2021			Reasons for progress being ahead or behind schedule and improvement plans.
Sufficient working capital	Amount spent	Reserve	99,992	The funding plan for this project has been fully executed.
		Actual	99,992	
	Implementation progress	Reserve	100%	
		Actual	100%	

e. Benefit analysis

Table 46. Benefit analysis

Unit: NT$ thousand

Item \ Year		2020Q3 (Before capital increase)	2021 (After capital increase)
Financial structure	Debt ratio (%)	19.53	9.79
	Ratio of long-term funds to real estate, plant and equipment	343.82	129,237.77
Solvency	Current ratio (%)	329.90	723.34
	Quick ratio (%)	328.64	660.16

V. Operational Overview

A. Business

1. Scope of Business Involved

a. Main Business Activities

C199990	Unclassified Other Food Manufacturing
C802060	Veterinary Pharmaceuticals Manufacturing
C802990	Other Chemical Manufacturing
F102170	Wholesale of Miscellaneous Food Products
F107070	Wholesale of Veterinary Pharmaceuticals
F107200	Wholesale of Chemical Raw Materials
F108021	Wholesale of Pharmaceuticals
F108031	Wholesale of Medical Devices
F203010	Retail of Miscellaneous Food Products and Beverages
F207070	Retail of Veterinary Pharmaceuticals
F208021	Retail of Pharmaceuticals
F208031	Retail of Medical Devices
F208050	Retail of Class 2 Over-the-Counter Drugs
F401010	International Trades
F601010	Intellectual Properties
I103060	Management and Consulting
I301020	Data Processing and Services
IC01010	Biotechnology Services
IG01010	Research and Development Services
IG02010	Research and Development Services
IZ99990	Other Business Services
ZZ99999	May Engage in Businesses Not Prohibited or Restricted by Laws and Regulations besides Licensed Operations

b. Proportions of Major Products in 2023

Table 47. Proportions of major products

Unit NT$ thousand

Items	Amount	Proportion
Income from out-licensing activities	20,568	36.14%
Income from sales	34,048	59.82%
Income from services	2,300	4.04%

c. Commodity (Service) Offered by the Company

(1) LT1001 Extended-release analgesic injection

Lumosa has completed the out-licensing or distributor agreements for Taiwan, China, Southeast Asia, Ukraine, South Korea, Jordan and India by the end of December 2023. LT1001 received market approval from Taiwan FDA in 2017, Singapore HSA in 2020, Thai FDA in 2021, Malaysian DCA in 2022, Ukraine SMDC and Brunei DAS in 2023. Besides cooperating with licensing and distribution partners in obtaining market approval, the Company is also actively seeking out-licensing partners in other regions of the world.

(2) LT3001 Novel treatment for acute ischemic stroke

The single-dose Phase 1 clinical trial in the US, and the single-dose Phase 2 clinical trial in the US and Taiwan were completed. The single-dose Phase 2 trial was unblinded in August 2021. The primary safety endpoint was met, and the results showed pronounced neurological improvement and functional outcomes. Further, the Phase 1 for multiple dose and drug-drug interaction study of LT3001 showed no clinically significant changes in the pharmacokinetic parameters in regard to the medication co-administered along with LT3001 to patients with acute ischemic stroke. Safety data related to dosing frequency was also obtained in the study.

Three Phase 2 clinical trials are being conducted in the US, Taiwan, Europe, and China, including multiple-dosing studies of LT3001 to be used alone or in combination with mechanical thrombectomy. Enrollment for the two multi-national clinical trials conducted by Lumosa was initiated and the subjects were successfully recruited. In addition, the clinical trial led by Shanghai Pharmaceutical, Lumosa's partner in China have enrolled more than 50% of the subjects. By conducting various trials, Lumosa is exploring various possibilities of LT3001 in terms of therapeutic effects, which will provide stronger support for the subsequent development of international business opportunities and Phase 3 clinical trials.

(3) LT6001/CS026 Exosome Technology Platform

Lumosa has in-licensed mesenchymal stem cell (MSC) exosome therapy technology from National Health Research Institutes (NHRI) in 2022, and sub-

licensed to Cytoengine Co., Ltd., which is a joint venture between Lumosa and Center Laboratories, Inc. where Lumosa takes the lead in development. The technology uses an inducible substance (DC103) to stimulate MSC to secrete exosomes highly enriched with specific neuro-regenerative and anti-inflammatory therapeutic molecules, thereby achieving functional neural repair. Compared with conventional MSC-derived exosomes, LT6001 has demonstrated superior efficacy in brain-injury repair as well as restoration of memory and learning abilities in brain injury animal models. The current short-term goal is to conduct validation studies on animal models to verify the efficacy of LT6001, and scale-up production process that complies with the PIC/s GMP standards. The long-term plan is to explore the potential of LT6001 in areas of neurological damages or neurodegeneration.

d. New Products (Services) to be Developed: Please refer to paragraph V(4).

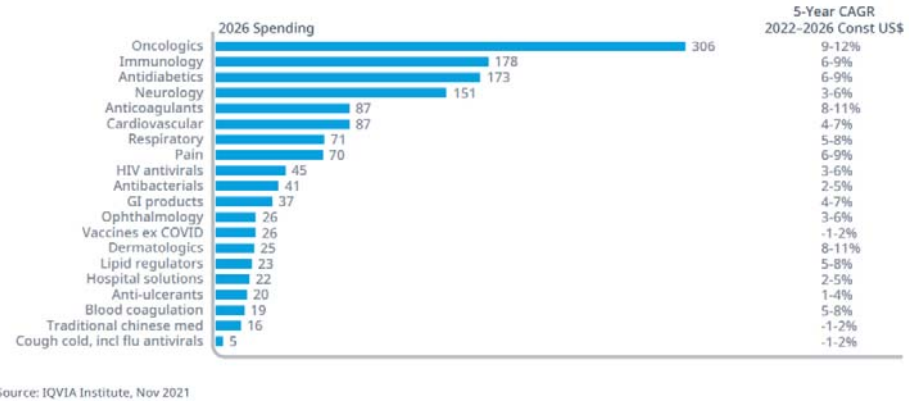
2. Overview of the Industry

a. Status and Development of the Industry

(1) Global Pharmaceutical Market

The biotech/pharmaceutical industry is a rapidly growing high-tech field that many advanced countries are competing in. With the fast pace of biotechnology advancements, rising living standards, and an aging population, there is an increasing demand for better healthcare and quality of life. This drives the industry's vast potential for growth, benefiting not only human health and well-being but also creating economic value as a leading sector in global technology. However, the industry has a complex structure with a long value chain and deep division of labor. Product development not only takes a longer time and carries high risks, but it offers high potential in returns if successful. Strategically leveraging unique resources and specializing within the industry's value chain is crucial for success in the biotech field today. According to the "Global Medicine Spending and Usage Trends: Outlook to 2025" report released by the IQVIA Institute International Database in April 2021, the global pharmaceutical market will reach USD 1.27 trillion in 2020, with a compound annual growth rate of 4.6% from 2016 to 2020. Also, it is estimated that by 2025, the global pharmaceutical market will grow to USD 1.6 trillion at an annual

growth rate of 3-6%. According to the report, the United States, the five EU countries (UK, Germany, France, Italy, Spain), Japan and China will still account for nearly 73.6% of the global pharmaceutical market. IQVIA Institute's "Global Use of Medicine 2022 and Outlook to 2026" release in January 2022, analyzed the global pharmaceutical market segment further. Among the top 20 drugs for treating diseases in the world in 2021, cancer treatment still tops the list, with annual sales reaching USD 167 billion. In addition, it is estimated that by 2026, it will grow to USD 306 billion at a compound annual growth rate of 9-12%. The top ten drug markets include drugs for neurology, cardiovascular diseases and pain.



Source: "The Global Use of Medicine in 2022 and Outlook to 2026," IQVIA Institute Jan, 2022

Figure 2. Forecast of top 20 therapeutic areas in the global pharmaceutical market in 2026

Neurological diseases have long been a major source of social burden, second only to cancer. According to the 2017 Lancet Neurology research data (as shown below), more than 9 million people worldwide died from neurological diseases, making it the second leading cause of death. More significantly, most patients with these diseases suffer from mobility impairments. A study by Neurology Today estimated that the social cost of neurological diseases in the US alone is a staggering USD 8 trillion, with stroke accounts for USD 1.1 trillion. Data Bridge Market Research projected that in 2021, the cost of drugs used to treat neurological diseases will reach USD 79.4 billion, and generate over USD 125.6 billion in revenue at a compound growth rate of 5.9% from 2022 to 2029. Additionally, Allied Market Research reported that the global market for analgesics will reach USD 26.7 billion in 2020, and is expected to grow to USD 50.7 billion in 2030 at a compound annual growth rate of 6.6% from 2021.

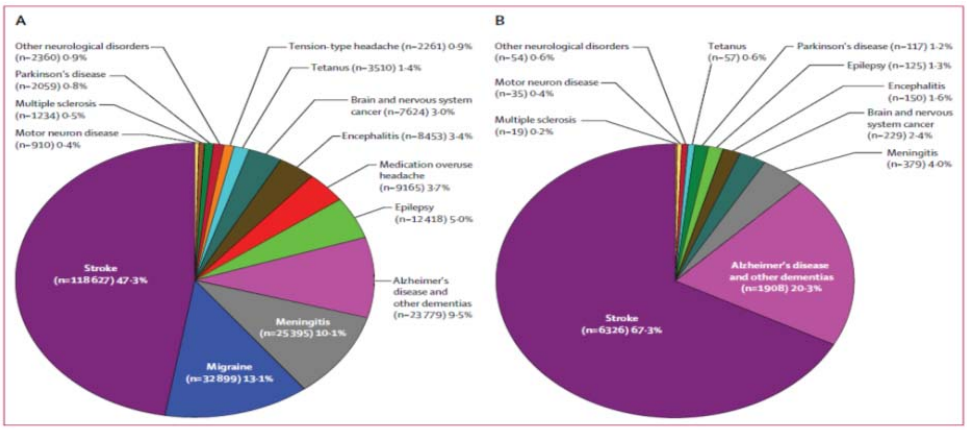


Figure 2: Contribution of various neurological disorders to the overall burden from neurological disorders in 2015
Estimates are for (A) disability-adjusted life-years and (B) deaths.

Source: Lancet Neurology 2017; 16: 877-97

Figure 3. Neurology-related mortality in the world

According to data from a survey conducted by Kaiser Associates on 572 global new drug development projects for various indications, cancer dominated the top 100 popular indications for new drug development in 2018, accounting for six out of the top ten indications. Pain ranked 6th while stroke ranked 79th.

Table 48. Top 10 indications for new drug development in 2018

2018 Ranking	Indication	Therapeutic Area	2017 Ranking	Change
1	Diabetes	Endocrinology	3	↑ 2
2	Breast cancer	Oncology	1	↓ -1
3	Alzheimer's disease (AD)	Neurology	18	↑ 15
4	Prostate cancer	Oncology	5	↑ 1
5	Non-Hodgkin's lymphoma (NHL)	Oncology	4	↓ -1
6	Pain	Neurology	9	↑ 3
7	Non-small cell lung cancer (NSCLC)	Oncology	2	↓ -5
8	Acute myelogenous leukemia (AML)	Oncology	13	↑ 5
9	Liver cancer	Oncology	15	↑ 6
10	HIV / AIDS	Infectious Disease	37	↑ 27

Source: Hot Indications List 2018, Kaiser Associates. 2019

The data above showed that pain, stroke, and cancer biopharmaceuticals are all sectors with high development needs.

(2) Analgesic Market

The most commonly used analgesics in clinical practice can be divided into opioids and non-steroidal anti-inflammatory agents (NSAIDs). Opioids act on the central nervous system and can provide moderate to severe pain relief but are more likely to cause central side effects such as sedation, euphoria, or addiction.

NSAIDs inhibit the formation of prostaglandin and act on the periphery rather than the center, so they generally do not have central side effects. However, their analgesic effect is only effective for mild to moderate pain and not for severe pain. In terms of clinical treatment pathways, pain control can be divided into acute and chronic. Acute pain patients, mainly for cancer sudden pain and postoperative pain control, are primarily treated with opiates. Chronic pain patients, mainly for joint inflammation and neuropathic pain, are primarily treated with NSAIDs. According to a 2021 report by Research and Markets, the global analgesics market size is estimated at USD 17.9 billion in 2021 and is expected to reach USD 27.7 billion by 2026 at a CAGR of 9.2%.

LT1001 is an opioid medication that works differently than traditional morphine. It has very low side effects such as respiratory depression and addiction. It provides safe and long-acting pain relief for up to a week, which improves patients' quality of life and reduces the workload of medical staff. LT1001 is indicated for the treatment of moderate to severe acute postoperative pain. Studies have demonstrated that LT1001 is as effective as morphine but without the serious side effects of traditional opioids. The drug meets global safety standards for analgesics and has many potential uses. LT1001 could become a major player in the global analgesic market worth USD 56.8 billion in annual sales in the future.

(3) Acute Ischemic Stroke Market

According to a 2021 study by Coherent Market Insights, the global market for acute ischemic stroke (AIS) treatment was valued at USD 8.5 billion in 2021 and is expected to grow to USD 11.2 billion by 2028, with a compound annual growth rate (CAGR) of 4.0% during the forecast period (2021-2028). In another report, Coherent Market Insights estimated that the global rt-PA market was worth USD 2.5 billion and projected a CAGR of 5.2% during the forecast period (2020-2027). Stroke is the second leading cause of death after coronary heart disease and cancer and is also the second leading cause of moderate to severe physical disability in adults and elderly people worldwide. Stroke is caused by sudden localized brain dysfunction due to cerebrovascular disease and can be divided into two main categories: ischemic and hemorrhagic, with ischemic strokes accounting for 80% of cases.

Currently, the only clinically proven and effective medication for treating acute ischemic stroke approved by both the US FDA and the EMA is the thrombolytic agent rt-PA. While rt-PA is effective in dissolving blood clots, it carries a high risk of bleeding, has a narrow treatment window (0-4.5 hours, 3 hours in Taiwan), and has many contraindications such as pre-existing medication use, recurrent stroke and age restrictions. These factors limit its use in acute treatment and result in a treatment rate of only 3-5% among acute ischemic stroke patients. According to data from the Taiwan Stroke Registry, even if acute ischemic stroke patients arrived at the hospital within 2 hours of onset, only 8.8% received treatment.

After the US FDA approved rt-PA for the treatment of acute ischemic stroke in 1996, many major pharmaceutical companies actively developed new drugs for acute ischemic stroke. However, no new drugs have been introduced to the market in over 20 years. With advances in imaging technology and medical devices, clinical trial results for arterial catheter thrombectomy have been promising since 2015. However, this treatment is only available to patients with large vessel occlusion and requires specialized imaging equipment, medical devices and trained physicians. As a result, the number of patients who can benefit from this treatment is still limited. Compared to the bleeding risk associated with rt-PA, LT3001 has the potential to meet medical needs and is expected to not only replace the rt-PA market but also increase the acute treatment rate among ischemic stroke patients.

(4) Exosome Market

Exosomes are a type of extracellular vesicle derived from cells in our body that are typically 30-150 nm in diameter. They are the smallest type of extracellular vesicle. Surrounded by a lipid bilayer, exosomes are released into the extracellular environment that carry complex cargo originating from their parent cell, including proteins, lipids, mRNA, miRNA and DNA. Exosomes have gained widespread attention for their roles in cell biology and their potential therapeutic and diagnostic applications. Initially thought to be only cellular waste products, it is now known that their functions extend beyond waste removal. Exosomes represent a new mode of cell communication and contribute to a range of biological processes in health and disease.

According to Allied Market Research, the global exosome diagnostic and therapeutic market size was USD 220 million in 2020 and is projected to reach USD 2.9 billion by 2030, growing at a CAGR of 29.4% from 2021 to 2030.

b. The Relationship between the Upper-, Middle-, and Lower-Stream of the Industry

The process of developing new drugs is lengthy and involves many stages throughout the entire drug discovery to development timeline. These stages include identifying gene function and therapeutic targets, designing protein drugs, synthesizing small molecules through chemical synthesis, testing and screening candidate drugs, establishing and producing cell lines for protein drug production, developing new drug formulations and processes to ensure efficacy, conducting preclinical animal pharmacology and toxicity tests, and conducting clinical trials to evaluate pharmacokinetics, metabolism, safety and efficacy. Each stage in the biopharmaceutical drug development process is essential. The development of new drugs is like a relay race where each stage generates capital value. Upstream and downstream cooperation creates a complete value chain for the biopharmaceutical industry. Cooperation within the industry value chain and strategic alliances between companies can further enhance overall industry competitiveness.

Lumosa's new drug development platform operates on a "reSEARCH & DEVELOPMENT" model, which involves identifying suitable candidate drugs and focusing on new drug development. This approach can reduce the significant time and resources required to go from discovery to candidate drug selection. The Company targets the international market and seeks strategic alliances and technology licensing while outsourcing new drug development. The industry relationship diagram is shown below.

Figure 4. Industrial relationship in drug development

c. Pipeline Development Trends

(1) LT1001

LT1001 is a specially designed long-acting analgesic injection for the relief of moderate to severe postoperative pain. Compared to traditional short-acting anesthetics and opioid analgesics, LT1001 has fewer side effects and non-addictive properties. It provides a longer duration of pain relief, significantly reducing the inconvenience of multiple doses in a short period of time and meeting the need for long-acting pain relief, while significantly reduce the workload of medical staff and the risk of medication errors at the same time. In addition to actively expanding LT1001's applications to new indications or new routes of administration from a scientific perspective, Lumosa is also actively expanding and developing new licensing regions in terms of market expansion to extend the overall product life cycle from multiple angles.

(2) LT3001

LT3001 is a novel treatment for acute ischemic stroke. The current standard treatment for acute ischemic stroke is rt-PA (a thrombolytic agent). One of the safety concerns in the use of rt-PA is cerebral hemorrhage, which resulted in only 5-10% of patients receiving the medication. In addition, rt-PA can only be used in stroke patients within 3 hours of onset. For patients who have had a stroke for more than 3 hours, rt-PA cannot be used due to the significant increased risk of cerebral hemorrhage.

Results from pre-clinical studies have demonstrated LT3001's dual effects in promoting vascular reperfusion and reducing reperfusion injury, while not causing hemorrhage like other thrombolytic agents. LT3001 has the potential to resolve the hemorrhagic risks associated with the use or rt-PA and be able to replace the current treatment for patients who have had a stroke for more than 3 hours. Lumosa has completed preclinical studies, single-dose Phase I clinical trials, single-dose Phase II clinical trials, and multi-dose drug interaction Phase I clinical trials for LT3001; a multi-dose Phase II clinical trial is in progresses. The Company plans to strengthen product protection through patent strategy and further extend the product life cycle.

(3) LT6001/CS026

LT6001/CS026 is one of the few patented exosome-based investigational new drugs with both neuro-regenerative and anti-inflammatory properties. Harnessing multiple therapeutic potential of mesenchymal stem cell-derived exosomes, the new drug offers superior safety, biocompatibility, and low immunogenicity compared to cell therapies. Using the DC103 induction substrate, stem cells are stimulated to secrete exosomes highly enriched with specific therapeutic proteins such as IL-2, IL-10 (anti-inflammatory), VEGF-a, and BDNF (pro-neurogenic), granting LT6001 with distinct therapeutic advantages in neurological injuries and neuroimmune disorders.

The current priority is to develop LT6001 initially for ischemic stroke (post-thrombolysis), to validate its neurorepair potential and explore opportunities to expand the treatment window beyond acute stroke to subacute and even chronic phases, encompass functional recovery to wider stroke patient population.

The manufacturing process for LT6001 exosome drug produce is being optimized to meet international cGMP standards, with the goal of achieving commercial-scale production capacity. Close collaboration is underway with domestic and international CDMOs.

d. Competitive Landscape

(1) LT1001

Current Therapy

There are two major analgesic categories: opioids and non-opioids. Non-opioid analgesics include non-steroidal anti-inflammatory drugs (NSAIDs), acetaminophen, and aspirin. Opioids are a type of alkaloid derived from opium poppy. By binding to opioid receptors in the central nervous system and gastrointestinal tract, opioids can inhibit the release of excitatory neurotransmitters that transmit pain signals. They have a powerful analgesic effect and can be used to relieve moderate to severe pain, manage serious diseases, trauma, surgery, and pain in terminally ill patients. Common side effects include hallucinations, nightmares, drowsiness, constipation, tolerance, psychological dependence, and respiratory depression without ceiling effect. This meaning that the side effects increase with dosage, and there is a risk of respiratory depression leading to death in cases of overdose. NSAIDs work by blocking the production

of prostaglandins, which are involved in pain and inflammation. They're used for mild to moderate pain and don't cause tolerance or dependence. However, they do have a ceiling effect, meaning that increasing the dosage beyond a certain point will not increase the pain-relieving effect and will only increase the side effects of the drug, such as bleeding, gastrointestinal upset, gastrointestinal bleeding, and kidney damage. In addition, there is a risk of allergic reactions for a small percentage of individuals. Commonly used analgesic agents are listed below.

Table 49. Commonly used analgesics

Category	Advantages	Side effects/ risks/ weakness	Commonly used drugs
Opioids	• Better analgesic effect • No ceiling effect	• Regular side effects: nausea, vomiting, drowsiness, itchiness, dry mouth, miosis, constipation • Adverse effects: Respiratory depression • Drug tolerance • Physical dependence • Drug abuse	• Tramadol • Morphine • Oxycodone • Fentanyl • Codeine
NSAIDs	• No respiratory depression • No drug tolerance and physical dependence	• Bleeding, indigestion, bleeding of the digestive tract and impairment to renal functions • Risk of allergic reaction for certain individuals • Ceiling effect	• Acetaminophen • Naproxen • Diclofenac • Piroxicam • Ibuprofen • Ketoprofen

Source: Lumosa

Competitive Advantages for LT1001

LT1001 is an analgesic that addresses severe pain that NSAIDs can't relieve. It doesn't cause stomach bleeding and is safer than opioids with less potential for abuse. LT1001 can provide extended analgesic effect for pain management and improve the quality of life for patients with chronic pain.

Opioids are very effective for severe pain but can have serious side effects like respiratory depression and addiction. In 2009, the US FDA required manufacturers to implement strategies to address these risks. This led to the

development of long-acting and abuse-deterrent opioids that are designed to prevent euphoria when used abusively.

LT1001 meets the US FDA's risk/benefit control standards for analgesics. It's been designed to provide effective pain relief with low side effects and low potential for abuse. LT1001 is not a controlled substance and can provide week-long pain relief in a single dose. This makes LT1001 a competitive product in the long-acting analgesic market.

Acute pain treatment has been a major medical need in the world, and large pharmaceutical companies have been actively developing better analgesics. The demand for acute pain treatment can be broadly categorized into two groups: acute pain relief such as cancer pain, trauma pain, and the other is postoperative pain management. Study has shown that approximately 40% to 50% of surgical patients do not receive satisfactory postoperative pain control. LT1001 is the world's first week-long-acting analgesic injection. Without the lethal side effects associated with traditional opioid drugs such as respiratory depression, it has better safety profile. It can safely relieve postoperative pain and its long-acting nature reduces the burden on medical staff and the risk of errors. LT1001 faces competition but has significant differentiation and high barriers to entry in the market.

Translating human drugs for animal use can reduce technical and developmental risks. It also has the advantages of lower development costs and shorter development cycles by sharing data from human drug development. Developing animal drugs usually takes about 6.5 years, but transferring human drugs to animal drugs can be shortened to 2.3-3 years with a higher success rate.

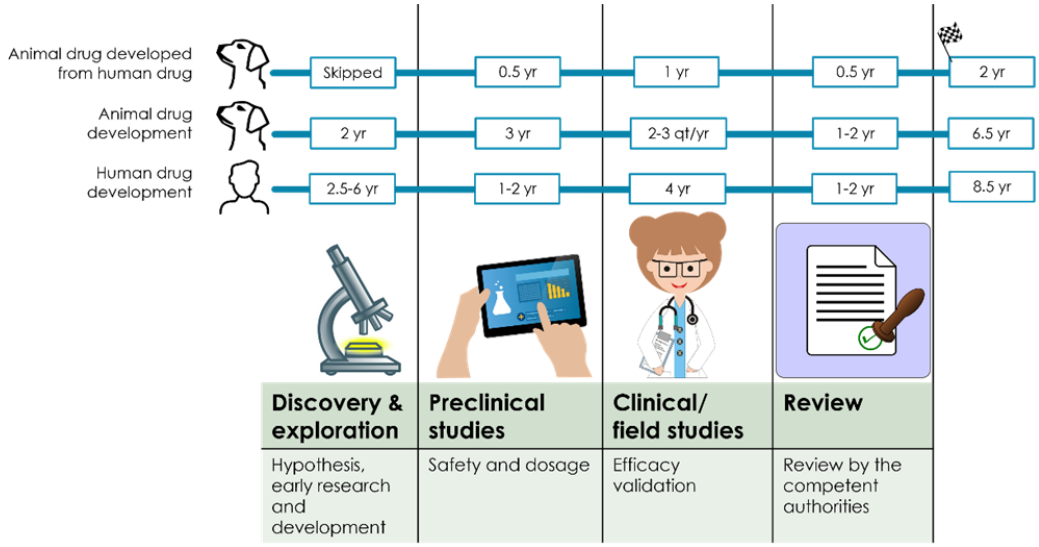


Figure 5. Comparison of human drugs developed for animal use, new drugs for animal use, and new drugs for human use

(2) LT3001

Current Therapy

In 1996, the US FDA approved a thrombolytic agent called tissue plasminogen activator (rt-PA) for treating stroke. It's currently the only drug approved by both the FDA and EMA for acute ischemic stroke treatment. rt-PA must be given via intravenous injection within 3 hours of stroke onset (4.5 hours in Europe) to dissolve blood clots and improve blood flow. However, there's a 5-10% risk of brain hemorrhage after rt-PA injection and its use is limited by contraindications and the 3-hour time window. As a result, only 3-5% of acute ischemic stroke patients receive it. This leaves a significant unmet medical need in acute ischemic stroke treatment that's worth investing in.

Competitive Advantages of LT3001

Since the launch of rt-PA in 1996, there have been very few new drug developments for ischemic stroke treatment worldwide. In fact, no new drug has successfully completed Phase III clinical trials in over 20 years. One drug currently in development is THR18, a synthetic therapeutic peptide and fragment of plasminogen activator inhibitor-1 (PAI-1). It aims to extend the treatment window of rt-PA thrombolysis and reduce its lethal side effects such as intracranial hemorrhage (ICH), but can only be used in combination with rt-PA. Desmoteplase was the second closest drug to success until its Phase III clinical

trials failed in May 2015. This thrombolytic protein was found in bat saliva with primary mechanism similar to that of rt-PA, which may show that simple thrombolytic drugs cannot surpass the current efficacy of rt-PA. NA-1 is a neuroprotective drug without thrombolytic function and one of the few drugs under development that is still active in clinical trials. The drug treats stroke by blocking signals from postsynaptic density-95 protein that cause brain cell death and inhibiting excitatory neurotoxic effects of NMDA receptors. NA-1 was shown to reduce the average number of postoperative strokes in patients undergoing intracranial aneurysm endovascular repair in a Phase 2 trial. However, the active ingredient was disclosed in the early 2000s and the intellectual property was not patent protected. TNKase is a third-generation thrombolytic agent is derived form rt-PA with a longer half-life of up to 25 minutes. It can be administered intravenously in a single dose and has better thrombolytic effects than rt-PA. The drug is currently used for acute myocardial infarction, clinical trials are evaluating whether TNKase is safer and more effective than Alteplase (rt-PA). However, as a protein drug produced by recombinant gene technology, TNKase has higher production difficulty and cost than small molecule compounds. In recent years, arterial catheter thrombectomy development has shown promise but is limited to patients with large vessel occlusions and requires specialized training and equipment for physicians. In terms of patent protection, the active ingredient in LT3001 has a comprehensive patent layout covering all pharmaceutical advanced countries and emerging markets with a long protection period, giving it a significant advantage over potential competitors.

(3) LT6001/CS026

Current Therapy

For the treatment of complex neurological disorders and neuroimmune diseases, such as stroke, brain injury, amyotrophic lateral sclerosis (ALS), and Alzheimer's disease (AD), recent trends in drug development have shifted from single-target therapies towards multifunctional agents capable of modulating multiple therapeutic pathways at the same time.

In terms of stroke, current clinical trials are exploring direct stem cell therapies, with the hope that stem cells can aid repair through their differentiation, anti-inflammatory, and growth factor secretion capabilities. However, cell therapies have inherent limitations and risks, such as uncontrolled cell

proliferation and tumorigenicity post-administration, difficulty in maintaining cell viability and ensuring desired cell fate, leading to unpredictable therapeutic outcomes.

As a result, stem cell-derived exosomes have emerged as a promising alternative therapeutic modality, harnessing the multifunctional molecular cargo of stem cells while circumventing the risks associated with cell-based products. Exosomes offer new opportunities to overcome the treatment challenges of these debilitating neurological conditions.

Competitive Advantages of LT6001/CS026

While naturally secreted exosomes from stem cells contain functional molecules from the parent cells, stem cells may release different exosome populations depending on culture conditions or cell status. This batch-to-batch variation makes it difficult to control exosome product quality and confirm therapeutic consistency.

LT6001 are induced exosomes generated by stimulating mesenchymal stem cells (MSCs) with DC103 to secrete exosomes enriched in therapeutic molecules. Specific protein markers allow for quality control of each batch, enhancing and standardizing the therapeutic potency.

In head-to-head comparisons with conventional MSC exosomes using animal brain injury models, LT6001 demonstrated superior neuro-reparative and anti-neuroinflammatory effects. Behavioral tests also revealed LT6001 treatment led to significantly better recovery of memory and learning abilities compared to regular MSC exosomes. This data highlights the therapeutic potential of LT6001 for neurological injuries and neuroinflammatory conditions.

3. Technical and R&D Overview

a. The Technical Level and Research and Development of the Business Involved

(1) Level of Technical Expertise

The technology owned by Lumosa is shown below:

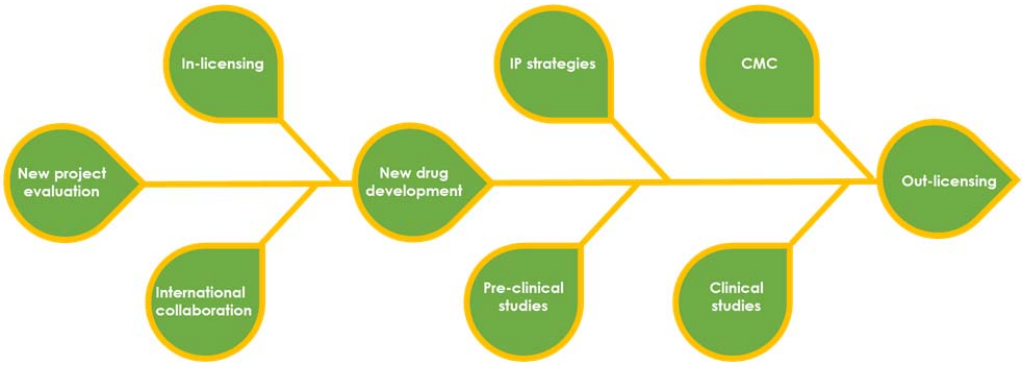


Figure 6. Lumosa's core competency

Lumosa has a professional R&D team dedicated to new drug development. Besides overseas senior scientists with successful international experience in new drug development, many young experts with rich academic and professional backgrounds are recruited. Lumosa gained experts in biologics development after the merger with TPG Biologics in 2018. Our new drug development capabilities include new drug evaluation, non-clinical laboratory research (translational research), manufacturing development and control (CMC), protein drug design and screening, pre-clinical development, clinical development, regulatory affairs, project management, patent intellectual property, and business development. Through the key analysis and scientific evaluation of our internal professional team, we bring highly potential products into the development stage, and at the same time, we deepen our knowledge in the field of neurological and other diseases so that the results of basic research in the laboratory can be effectively translated into clinically applicable drugs. We also collaborate with the world's top experts in neurological, inflammatory, and cancer diseases, and use comprehensive patent layout and the 505(b)(2) concept to expand the life cycle of our drugs. Through a series of new drug developments managed by professional project managers, we integrate domestic and international R&D resources to maximize the efficiency of new drug development and maximize the commercial value of our products.

(2) Product Technology and Research and Development

LT1001

LT1001 is a new long-acting analgesic injection with low side effects and low addictive potential, which is used to relieve moderate to severe pain. Nalbuphine was developed into a long-acting formulation using a prodrug design. Development began with the authorization of the first phase of clinical trials in 2010 and was completed with the unblinding of the third phase of clinical trials in August 2015. In September of the same year, an application for registration of the new drug was submitted in Taiwan, and the approval was received in March 2017. In 2018, SVP was authorized to develop the drug for use in long-acting pain relief in animals, further expanding the product life cycle. By the end of December 2022, LT1001 had obtained market approval in Taiwan, Singapore, Thailand, and Malaysia.

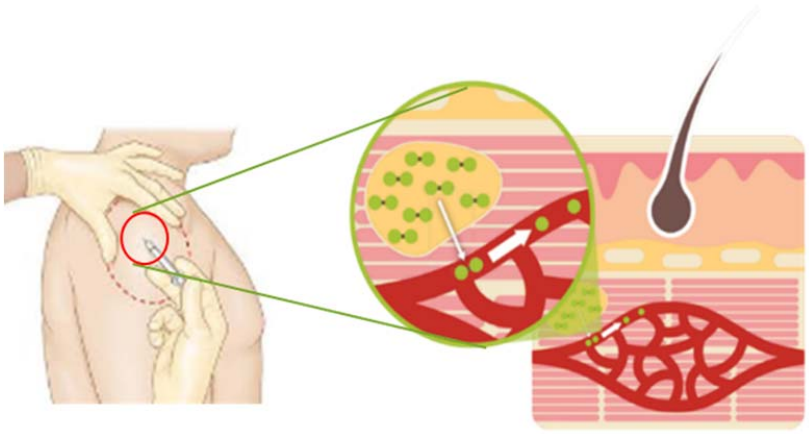


Figure 7. LT1001 mechanism of action

LT3001

LT3001 is a novel treatment for acute ischemic stroke that combines short peptides and small molecules. Unlike the only current therapeutic drug on the market, rt-PA, which is a large molecular protein drug (with complex manufacturing process) that has a bleeding risk, resulting in low clinical usage (3% to 5%), the active ingredient of LT3001 is a small molecule drug. In addition to its manufacturing advantages, LT3001 has multiple functions such as promoting vascular reperfusion and reducing reperfusion injury, which can effectively treat the thrombotic symptoms of acute ischemic stroke patients and relieve inflammation in the affected area, thus reducing brain damage

(neuroprotection). In terms of safety, the current animal test results also show no bleeding risk that is associated to rt-PA. LT3001 is expected to provide patients with a better stroke treatment plan than current medical options and reduce the social and personal burden of medical care.

Lumosa has completed a single-dose Phase 1 clinical trial in the United States, as well as single-dose Phase 2 clinical trials in the United States and Taiwan. The unblinding results of the single-dose Phase 2 clinical trial in August 2021 showed that LT3001 reached the primary safety endpoint to demonstrate therapeutic trend in improving patients' neurological behavior. In addition, the pharmacokinetics LT3001 in the Phase 1 clinical trial conducted in the United States in January 2022 on drug interactions of multiple doses of LT3001 in concomitant use of other drugs used in the acute ischemic stroke showed that LT3001 does not affect the co-administered drugs. The safety data on the increased frequency of administration was obtained in the trial. Currently, a total of three Phase 2 clinical trials for LT3001 were planned, including multi-dose administration designs for stand-alone or in combination with mechanical thrombectomy. The trials are being conducted in Taiwan, the United States, Europe, and China.

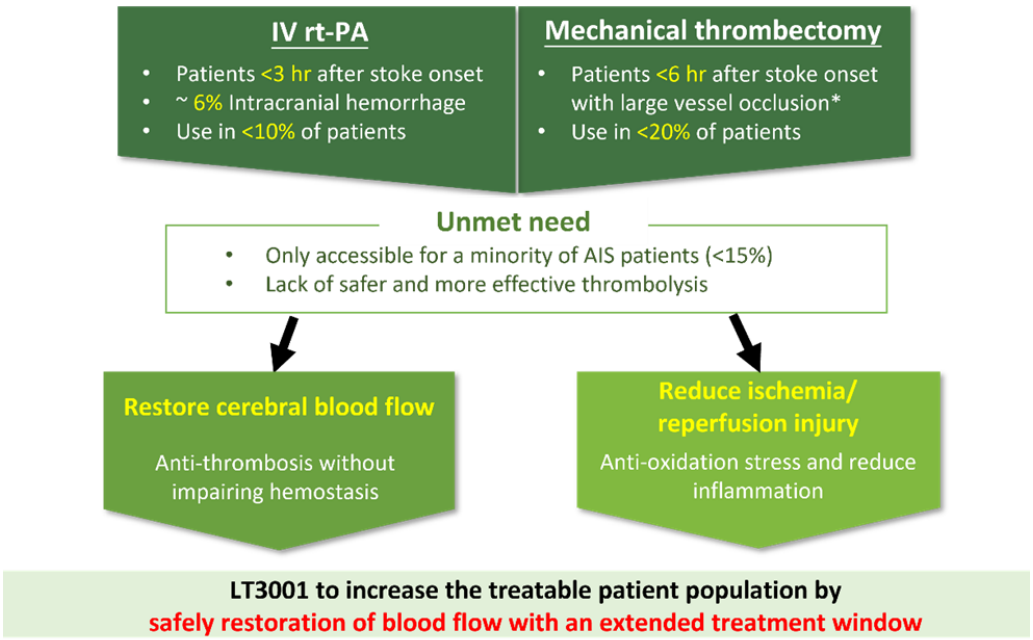


Figure 8. Advantages of LT3001

LT6001/CS026

LT6001 is a high technical barrier exosome derived by inducing mesenchymal stem cells (MSCs) with DC103 to secrete exosomes highly enriched with multifunctional therapeutic molecules. Compared to conventional non-induced MSC exosomes, LT6001 contains higher levels of neuro-regenerative (e.g. VEGF-a, BDNF), anti-inflammatory (e.g. IL-2, IL-10), and neurorestorative molecules.

The therapeutic efficacy of LT6001 has been validated in animal brain injury models. Preliminary in vivo studies have also confirmed that LT6001 can cross the blood-brain barrier (BBB) after intravenous administration.

Going forward, the neurological restoration effects in ischemic stroke animal models will be evaluated along with biodistribution studies. Manufacturing scale-up to meet clinical trial and cGMP compliance is also underway.

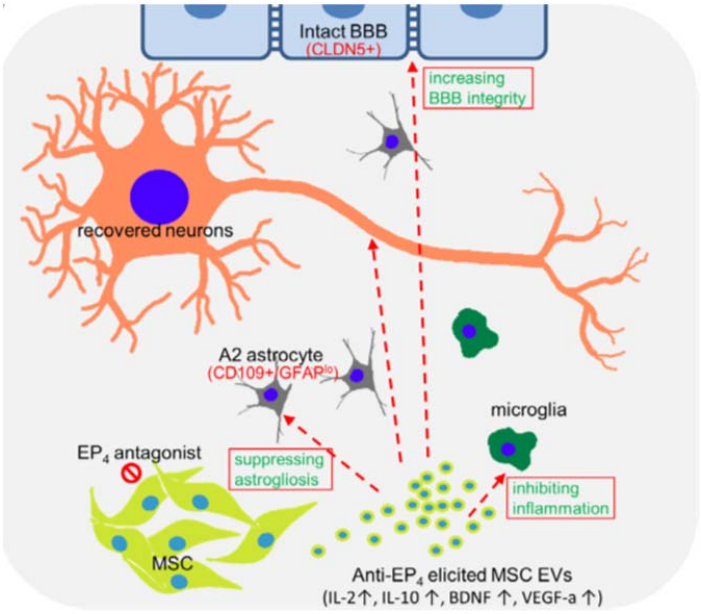


Figure 9. LT6001 in the treatment of brain damage

b. R&D Expenditure

Table 50. R&D expenditure of LT5001

Unit: in thousands NT$

	FY 2022	FY 2023
R&D Expenditure	280,459	369,303

c. Technologies or Products Successfully Developed

Table 51. Successfully developed technologies or products

Product/ Pipeline	Development Status	R&D Status
LT1001	Approved in Taiwan, Singapore, Thailand, Malaysia, Brunei, and Ukraine.	Phase 3 trial completed in August 2015 and the endpoints were successfully met. Market approval was received from Taiwan Food and Drug Administration (TFDA) in March 2017, Singapore Health Sciences Authority (HSA) in December 2020, Thai FDA in December 2021, Malaysia DCA in June 2022, Ukraine SMDC and Brunei BDMCA in 2023.
LT3001	Enrollment of the single-dose Phase 2 trial completed. Phase 2 trial for multi-dose and multi-dose in combination-use with mechanical thrombectomy currently on-going.	Results of the Phase 2 trial were unblinded in August 2021, which met the primary safety endpoints of the trial showing a trend in the improvement in neurological behaviors. The result supported the Phase 2 multi-dose trial in the verification of LT3001's efficacy. Enrollment for the two multi-dose Phase II trials conducted by Lumosa, including the initiation of multi-dose administration in combination with mechanical thrombectomy study and standalone multi-dose study were initiated. Among them, the multi-dose single-use trial was approved by six European countries (Germany, Spain, Italy, the Czech Republic, Greece, and Portugal) in January 2024, in addition to the countries that had already received approval (the US and Taiwan).

4. Long-term and Short-term Business Development Plans

a. Short-term and Mid-term Development Strategies

(1) Establishing a world-class R&D technical team and rigorous project management to drive new drug development and foster the growth of

professional talent through the integration of specialized functions and project management.

(2) Utilize expertise in new drug development and efficient business tools and processes.

(3) Strengthen intellectual property and development technology platforms.

(4) Review the achievement of milestone targets to assess the alignment of business models with commercial objectives and make necessary adjustments and improvements as needed.

(5) Prioritize the development of new drugs with the following characteristics:

(a) Those that meet unmet medical needs.

(b) Those that have out-licensing or collaboration opportunities in the near future.

(c) Those that have high pharmaceutical economic value or return on investment.

(6) Based on the previous research and development achievements, positive cash flow is generated through patent licensing and business development.

(7) Robust international licensing capabilities to achieve optimal licensing revenue.

(8) Continuously implement cost of goods sold (COGS) improvement initiatives to enhance the market competitiveness of pharmaceutical products.

b. Long-term Development Strategy

(1) Maintain stable cash flow.

(2) Select strategic partners (investment, merger, licensing, or co-development) at various stages of the drug life cycle (from preclinical to phase II clinical trials) with flexibility.

(3) Adjust disease areas, technology platforms, and organizational structures according to the needs of enterprise growth and transformation.

(4) Become a leader in innovative drug development in Taiwan and the most trusted biopharmaceutical company.

B. Market and Sales Overview

1. Market Analysis

a. Sales (Provision) Regions of Major Products (Services)

After realizing the value of our products through investment in new drug development, the Company engages in external licensing collaborations with domestic and international pharmaceutical companies or distributors at the appropriate timing. This allows Lumosa to generate business revenue, including licensing fees and long-term royalty income. The terms of these licensing agreements are designed based on the cooperation model and the market size of the licensed region. Both LT1001 and the Company's ongoing new drug developments are targeted for global authorization and development, enabling the Company to directly address the pharmaceutical markets in various countries worldwide through the licensing partners. This approach helps meet the urgent treatment needs of patients.

b. Market Share

Lumsoa's LT1001, a long-acting analgesic injection is currently being marketed and sold in Taiwan and Singapore by AMed. It primarily focuses on the self-pay market for postoperative pain relief, gradually expanding its presence in medical centers and clinics. The product's usage has expanded from its initial clinical trial in hemorrhoid surgery to include obstetrics (cesarean section), gynecology, abdominal surgery, orthopedics, and more. The target population for the product continues to grow as AMed collaborates with major medical centers to promote a multi-modal approach to pain management, thereby increasing its market share in the pain relief market.

c. Supply & Demand and Growth Potential of the Future Market

According to an international study, 20% of the world's population suffers from pain and 10% are diagnosed with pain each year. Pain relief is therefore an important task for healthcare professionals. In Taiwan, about one-third (approximately 6.5 million) of the population suffers from chronic pain, with 500, 000 people becoming disabled or semi-disabled due to pain. The cost of treatment for pain reaches up to NTD 260 billion per year, resulting in a loss of seven million workdays and a financial loss of up to NTD 174 billion. Despite the availability of many types of analgesics with large prescription volumes, there is still a clinical need for pain relief, especially in improving the quality of life for patients affected by recurring pain. This is why the market for long-acting pain relievers is expected to have high growth demand in the future as short-acting

medications require frequent dosing and healthcare providers bear the burden of caring for pain patients.

Stroke ranks second among the top ten causes of death in Taiwan, accounting for about 18% of all deaths. Stroke remains the leading cause of death among people over the age of 65. Data from the Taiwan National Health Insurance Research Database identified a total of 230, 638 people with stroke-related diagnoses between 2011 and 2014, excluding those with a history of stroke in the previous year. Of these, 143, 488 had ischemic stroke. In addition to being an important cause of death, stroke is also a major cause of long-term disability among the Taiwanese population, with over half of stroke patients having varying degrees of residual symptoms. Due to its high prevalence, high mortality, and the severity of the sequelae, stroke not only places a burden on patients' families but also results in a huge social and national cost. However, there is only one approved medication for acute treatment of 87% of ischemic stroke cases and its usage rate is only 3-5% due to side effects and other issues. This highlights an urgent need for effective treatment.

About one-third of kidney failure patients worldwide suffer from moderate to severe symptoms of uremic pruritus, greatly affecting their quality of life. Currently, agents that treats uremic pruritus are administered as injections or oral tablets, requiring systemic administration and increasing the burden on the kidneys as the body tries to eliminate the drugs. To date, there is no approved medication specifically for the treatment of uremic pruritus. Lumosa's LT5001 is a topical ointment that can be applied to the skin at the comfort of the patients' home. Its main ingredient has been clinically proven to be effective and it is expected to provide patients with a safer, more effective, and convenient treatment option.

d. Competitive Niche

(1) A Professional Team with Strong Research and Development Capabilities

Lumosa team has a wealth of experience in new drug development. We have recruited senior scientists with international success and young experts with rich learning and experience. Lumosa merged with TPG Biologics in 2018 and gained talents in the field of biologics. Our organizational structure includes various professional functions for new drug development. Through key analysis and scientific evaluation by our internal team, we bring high-

potential products into the research and development stage while deepening knowledge in disease areas such as neuroscience. This allows us to effectively translate basic research into clinically applicable drugs.

Lumosa collaborates with top experts in neurology, inflammation, and cancer in the world. We expand our drug life cycle through comprehensive patent layout and the application of the 505(b)(2). Our team of professional project managers integrates domestic and international R&D resources to maximize the efficiency of new drug development projects and maximize the commercial value of products.

(2) Deep Involvement in Innovative Drug for Disease Areas with Urgent Medical Needs

The US FDA has four pathways to facilitate drug reviewing process: Fast Track, Breakthrough Therapy, Accelerated Approval, and Priority Review. Each pathway focuses on “serious diseases” with “unmet medical needs” that current treatments do not address. “Unmet medical needs” refers to treatments or diagnoses that current treatments cannot adequately address. A new treatment method must meet several criteria, including providing better efficacy than current treatment for serious diseases and being effective for patients who cannot tolerate or are not responsive to current treatment.

According to the World Health Organization, stroke is the second leading cause of death globally after coronary artery disease and cancer. It is also the second leading cause of moderate to severe disability in adults and the elderly. The only marketed product for treating acute ischemic stroke is rt-PA, which dissolves blood clots but carries a high risk of bleeding. Its treatment window is short and has many contraindications, limiting the use in acute patients. As a result, treatment for ischemic stroke patients using rt-PA is approximately 3% to 5%, and there has been no new drug on the market for the past 18 years.

Opioids are derived from poppy. They inhibit the release of excitatory neurotransmitters by binding to opioid receptors in the central nervous system and gastrointestinal tract. Opioids have a powerful analgesic effect and are used for pain control in serious illnesses, trauma, surgery, and end-stage cancer patients. However, they can cause side effects such as hallucinations, nightmares, drowsiness, constipation, addiction, tolerance, psychological

dependence, and respiratory depression. There is also a risk of fatal overdose in its use.

Cancer treatment has evolved for over half a century from toxic chemotherapy agents to highly targeted drugs such as specific small-molecule drugs, monoclonal antibodies, dual-targeted antibodies, antibody-drug conjugates, cell therapy, and gene therapy. Targeted immunotherapy drugs have made great strides in cancer treatment. However, not every patient responds well to these drugs, especially for highly malignant tumors such as relapsed and metastatic cancers. The long-term survival rate still needs to be urgently improved.

Lumosa's scientists collaborate with external experts to select neurology, inflammation, and oncology treatment areas based on scientific verifications. These disease areas lack effective and safe treatments, have high risks associated with untreated diseases, as well as high disability rates, which meet the US FDA requirements that ensure their market potential and development value after launch.

(3) Products with Niche Market that Meet Treatment Needs

Lumosa has promising pipelines with large market potential under development that have few competitions in the world in terms of pain relief and stroke treatment markets. We have multiple international patents. LT1001 is a new extended-release analgesic injection that can reduce healthcare costs, minimize medication errors, and improve pain relief for patients. LT3001 is a new chemical entity of acute ischemic stroke treatment that promotes vascular recanalization and reduces reperfusion injury. It is designed to meet the needs of stroke patients and provide better medical quality.

e. Positive and Negative Factors in Future Developments and Countermeasures

Table 52. Future factors and countermeasures for development

Favorable Factors	Un-favorable Factors	Mitigations
1. A professional team of technology experts leads the development of new drugs and cooperates with project managers to plan and integrate resource	1. Changes in government regulations regarding new drug reviews can lead to delays in drug development or failure to meet new requirements.	1. Lumosa's regulatory affairs team maintains up-to-date information and evaluates response measures with the project team to adjust project

Favorable Factors	Un-favorable Factors	Mitigations
models for domestic and international drug research and development cooperation. This can effectively plan project strategies, respond to development risks, and accelerate development results. 2. Lumosa does not overly participate in early-stage drug discovery but instead uses a professional team to scientifically screen drugs and evaluate the market. 3. Vertical integration within the group and horizontal support in related fields can increase the chances of successful development. 4. The Company has a strong team of international experts who can efficiently implement scientific research for development projects.	This can significantly impact the market. 2. To seek international licensing partners for new drug development, Lumosa's team needs to enhance the Company's international visibility more comprehensively.	strategies accordingly. 2. We communicate with international experts and consultants to establish an international network and share successful experiences. We also actively participate in international biopharmaceutical conferences to enhance Lumosa's visibility.

2. Important uses and production processes of main products

a. Uses of Major Products

(1) LT1001 is a new extended-release analgesic injection.
(2) LT3001 is a new chemical entity for the treatment of acute ischemic stroke.
(3) LT6001/CS026 is an inducible exosome technology

b. Manufacturing Process of Major Products

LT1001, LT3001, LT2003, and LT5001 are all new drugs. The processes for the starting materials and formulation are developed either in-house or outsourced. The starting materials and formulations for Naldebain® Extended-Release Injection are produced by manufacturers that meet international PIC/s GMP standards. LT3001 is still under development and will be produced by a

manufacturer that also meets international standards. LT2003 is a new protein drug and has been outsourced to a manufacturer that meets PIC/s GMP standards for mass production. LT5001 has also been outsourced to a manufacturer that meets PIC/s GMP standards for the production of clinical trial drugs.

3. Supply status of main raw materials

The Company's current research and development projects are all new drugs, and the main raw material manufacturing process needs to be developed by itself or outsourced. The main project LT1001 already has a fixed supplier of raw materials and preparations, maintains a good supply relationship, and continues to supply the needs of global market development and the launch of Naldebain® long-acting injection products in Taiwan; and LT3001 is currently in the production of raw materials and clinical trials For drug supply, progress has been made in the process optimization and mass production of raw materials and preparations; LT2003 is a macromolecular drug, which uses host cells to express fusion proteins, and becomes raw materials through appropriate fermentation and purification processes. At present, small batch technology transfer has been completed Production.

In the initial stage of the development of new drugs, there will be higher production costs due to the investment in research and development. However, process optimization and scale-up before marketing can effectively reduce production costs and expand economic benefits. When the Company launches new drugs, the cost structure (Cost of Goods) of most products can reach the level of international new drugs.

4. Names of customers who accounted for more than 10% of the total purchase (sales) in any of the last two years, their purchase (sales) amount and proportion, and reasons for their increase or decrease. However, if the name of the customer or the transaction partner is an individual and not a related party due to the agreement not to be disclosed in the contract, it can be coded.

a. Names of customers with more than 10% of total sales and their sales amount and proportion

Table 53. Customers with >10% sales, amounts, and proportions

Unit: in thousands of NT$

2022					2023				
Item	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Item	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer
1	A	21,293	79.92%	None	1	A	17,483	30.72%	None
2	D	3,188	11.97%	None	2	B	17,760	31.20%	None
3					3	C	8,346	14.66%	None
4					4	D	7,556	13.28%	None
Others		2,161	8.11%	None	Others		5,771	10.14%	None
Net sales		26,642	100.00%		Net sales		56,916	100.00%	

Reasons for the increase or decrease: changes in sales amount and ratio were mainly due to changes in customer demand for products.

b. The name of the supplier whose total purchase amount is more than 10%, and the purchase amount and proportion

The operating cost in 2023 was mainly the cost of goods sold for Naldebain® long-acting injection drugs. Because the product is single and the cost information is confidential, the list of suppliers for purchase is not disclosed.

5. Production Volume and Value in the Most Recent 2 Fiscal Years

The Company is mainly engaged in the development of new drugs, and its operating income is mainly from licensing fees and royalties. The sales income in 2023 and 2022 was due to the sales of Naldebain® long-acting injection drugs to AMed, an authorized partner in Taiwan. According to the authorization contract between the Company and AMed, AMed is solely responsible for the sales and inventory risks of Naldebain® long-acting injection medicine in Taiwan. The sales revenue in 2023 and 2022 was entrusted by AMed to supply Naldebain® long-acting Injectable medicine, so it is not applicable.

6. Sale Volume and Value in the Most Recent 2 Fiscal Years

The Company is mainly engaged in the development of new drugs, and its operating income is mainly from licensing fees and royalties. The sales income in 2023 and 2022 was due to the sales of Naldebain® long-acting injection drugs to AMed, an authorized partner in Taiwan. According to the authorization contract between the Company and AMed, AMed is solely responsible for the sales and inventory risks of Naldebain® long-acting injection medicine in Taiwan. The sales

revenue in 2023 and 2022 was entrusted by AMed to supply Naldebain® long-acting Injectable medicine, so it is not applicable.

C. Employee Statistics for the Most Recent 2 Fiscal Years up to the Annual Report Publication Date

Table 54. Employee statistics for recent 2 fiscal years

Fiscal year		FY2022	FY2023	March 21, 2024
Number of employees	Managers and above	9	9	10
	R & D personnel	23	19	19
	Other employees	9	7	6
	Total	41	35	35
Average age		40.77	41.92	41.87
Average years of service		3.68	4.34	4.54
Education distribution percentage (%)	Ph.D	24.39%	25.71%	25.71%
	Master's degree	56.10%	57.14%	60.00%
	College	19.51%	17.14%	14.29%
	Senior high school	—	—	—
	Below senior high school	—	—	—

D. Environmental Expenditure Information

In the most recent year and up to the date of publication of the annual report, the Company's losses due to environmental pollution (including compensation and environmental protection audit results in violation of environmental protection laws and regulations, the date of punishment, the name of the punishment, violations of laws and regulations, content of violations of laws and regulations, and punishment content should be listed), It also discloses the estimated amount and response measures that may occur at present and in the future.

In the most recent year and up to the date of publication of the annual report, the Company has had no environmental pollution incidents, and will continue to uphold the consistent philosophy in the future to continue to maintain the best environmental protection results.

E. Labor Relations

1. The Company's employee welfare measures, continuing education, training, retirement system, implementation status, as well as agreements between labor and management, and measures to safeguard employee rights

   a. Employee welfare measures

      In order to take care of our employees, the Company provides a favorable working environment and various employee benefits, including birthday bonuses, marriage bonuses, holiday bonuses, language education training subsidies, domestic and international travel subsidies, social activities, and end-of-the-year lottery draws. The details of these benefit subsidies are as follows:

   (1) Insurance/retirement: labor health insurance and pension are handled in accordance with relevant laws and regulations; group insurance (term life insurance, accident insurance, critical illness insurance, hospitalization medical insurance, accidental medical insurance, cancer medical insurance, etc.) is fully paid by the Company .
   (2) Physical exam: Held once a year, with a quota of NT$4,000 a year, which can be accumulated for two years and used together.
   (3) Birthday bonus: A gift money of NT$1,000 will be given in the month of birthday.
   (4) Labor Day bonus: NT$2,000 will be given as gift money on Labor Day.
   (5) Wedding bonus: NT$6,000 for one year of employment; NT$3,600 for less than one year.
   (6) Birth bonus: NT$10,000 for each newborn, NT$2,500 for less than one year of employment.
   (7) Employee stock options: In order to attract professionals and retain outstanding employees with potential for future development, so as to jointly create the interests of the Company and shareholders, employee stock option certificates are issued in accordance with the "Employee Stock Option Certificate Issuance and Subscription Measures" passed by the Board of Directors .
   (8) Domestic and foreign tourism, tail teeth/spring wine: the management method and budget will be determined according to the monthly performance of the camp.

(9) Language education and training: an annual subsidy of NT$5,000.

b. Employees training and continuating education

According to the Company's training operations, each department allocates a budget annually to establish the annual employee training plan, implement educational training, and promote lifelong learning and enhancement of professional knowledge and skills. This is done to improve job performance and encourage employees to participate in the necessary educational training courses while employed.

c. Retirement

In accordance with the provisions of the Labor Pension Act (hereinafter referred to as the New System), retirement benefits are provided based on the "Monthly Wage Contribution Classification Table." Monthly contributions of no less than 6% of the monthly salary are deducted as retirement savings and stored in individual accounts under the Labor Pension Scheme.

d. The agreement between labor and management and various measures to protect the rights and interests of employees

As of now, the company has not encountered any disputes between labor and management that require negotiation or resolution.

2. Disclose if the Company has incurred losses due to labor-management disputes in the most recent year, up until the printing date of this annual report. These losses include instances where labor inspections revealed violations of labor standards laws. The report should provide details such as the date of disciplinary action, the reference number of the disciplinary notice, the specific legal provisions violated, the nature of the violations, and the content of the disciplinary measures taken. Additionally, the report should disclose the estimated amount of losses incurred and potential future losses, as well as the corresponding measures taken. In cases where a reasonable estimate cannot be made, it should be clearly stated that such estimation is not feasible.

The Company has a harmonious relationship between labor and management. In the most recent year and up to the publication date of the annual report, there has been no loss due to labor disputes.

F. Information Security Management

1. Describe the information security risk management structure, information security policies, specific management plans, and resources invested in information security management.

   a. Information security risk management framework

      (1) The Company's information security unit is the General Management Office, which is responsible for planning, implementing and promoting information security management matters, and promoting information security awareness.
      (2) The audit office of the Company is the inspection unit of information security supervision. If the inspection finds deficiencies, it will immediately request the inspected unit to propose relevant improvement plans and report to the Board of Directors, and regularly track the improvement results to reduce internal information security risks.

   b. Information Security Policy

      The Company's information security organization operation mode adopts PDCA (Plan-Do-Check-Act) cycle management to ensure the achievement of reliability goals and continuous improvement.

      (1) Planning stage (Plan): Focus on information security risk management, establish a complete information security management system, establish and reduce company information security threats and losses from the following aspects;

         - Personnel information security management and education and training
         - Host computer information security management
         - Data Security Management
         - Network information security and virus prevention management
         - Security Control of Network Device Access
         - Information Security Management of Outsourced Information Units
         - Physical Environment Information Security Management

      (2) Implementation phase (Do): establish a multi-layer information security protection and hierarchical backup mechanism, integrate and internalize the information security control mechanism into daily operations such as software and hardware maintenance and operation, systematically monitor information

security, and maintain the Company's important assets confidentiality, integrity and availability.

(3) Audit stage (Check): Actively monitor the effectiveness of information security management, and conduct information security index measurement and quantitative analysis based on the audit results.

(4) Action stage (Act): Based on review and continuous improvement, implement supervision and audit to ensure the continuous effectiveness of information security regulations; regularly review and implement improvement actions including information security measures, education and training, and publicity to ensure that the Company's important Confidential information is not disclosed.

c. Specific management plan

(1) Personnel education and training:

- New recruits are required to complete information security education courses during the training period.
- An information security publicity education training is held every year.

(2) Host computer information security management:

- The computer is set to update the personal password every three months, and at the same time, the two-stage verification is turned on to maintain the confidentiality of the password and reduce the chance of the password being cracked.
- Computer hosts and servers that store confidential and sensitive data, in addition to the existing security settings, strengthen the security mechanism for identity recognition to prevent illegal users from stealing or destroying.
- Set up the immediate recovery procedure for the computer mainframe to shut down abnormally.

(3) Data Security

- Control folder access permissions through confidential classification of files.
- All important data are regularly backed up, and the 321 backup principle is followed.

(4) Internet Security

- Establish a computer virus prevention mechanism, and regularly update computer virus codes and anti-virus software.

- Etablish external network protection measures.
- Strengthen network firewall and network control to prevent the spread of computer viruses.

d. Resources invested in information security management

(1) Personnel education and training: All new recruits receive information security education and training, and information security personnel communicate information security announcements from time to time.
(2) The protection software is regularly maintained to strengthen the security of the network and computer equipment.
(3) The computer room sets abnormal warnings and recovery procedures to reduce losses.
(4) There were no information security violations this year.

2. The annual report should provide details regarding losses incurred, potential impacts, and corresponding measures taken due to significant information and communication technology security incidents in the most recent fiscal year up until the printing date of the report. In cases where a reasonable estimate cannot be made, it should be clearly stated that such estimation is not feasible.

In the most recent year and up to the publication date of the annual report, the Company has not had any major information security incidents.

G. Important Contracts

List the parties, main contents, restrictive clauses and the beginning and end of the supply and marketing contracts, technical cooperation contracts, engineering contracts, long-term loan contracts and other important contracts that are sufficient to affect shareholders' rights and interests as of the date of publication of the annual report date.

Table 55. List of important contracts

Nature of the contract	Parties	Contract period	Summary	Restrictive clauses
Collaborative Research	Professors Shiqu Peng and Ming Zhao, Capital Medical University	Effective 2012/09/04	Collaborative development of thrombolytic drugs	None
Entrustment	Syneos Health, LLC.	Effective 2021/9/29	Entrust the implementation of	None

Nature of the contract	Parties	Contract period	Summary	Restrictive clauses
			relevant clinical trial services	
Entrustment	Syneos Health, LLC.	Effective 2021/9/29	Entrust the implementation of relevant clinical trial services	None
Entrustment	WCCT Global, Inc.	2017/03/06~2027/03/05	Entrust the implementation of relevant clinical trial services	None
Entrustment	Formosa Laboratories, Inc.	2017/02/09~2027/02/08	Entrusted with the production of raw materials	None
Entrustment	Formosa Laboratories, Inc.	2021/07/20~	Commissioned for preparation production	None
Entrustment	Mycenax Biotech Inc.	2022/07/06~	Commissioned for preparation production	None
Entrustment	Mycenax Biotech Inc.	2022/12/09~	Commissioned for preparation production	None
Entrustment	Mycenax Biotech Inc.	2023/03/03~	Commissioning for relabeling of formulations	None
Entrustment	Mycenax Biotech Inc.	2023/03/13~	Commissioned to conduct solution stability test	None
Entrustment	Mycenax Biotech Inc.	2023/03/13~	Commissioned for preparation production	None
Entrustment	Mycenax Biotech Inc.	2023/03/13~	Commissioned to conduct preparation stability test	None
Entrustment	Mycenax Biotech Inc.	2023/01/16~	Consigned to modify the contract for preparation production	None
Entrustment	Mycenax Biotech Inc.	2023/08/23~	Commissioned for the in-use stability study for the LT3001 clinical trial drug	None
Entrustment	Summy Pharmtech Inc.	2023/04/17~	Commissioned for the scale-up and batch production of drug substances	None
Entrustment	Bestat Pharmaservices Corp.	2021/9/13~2024/9/12	Entrust drug safety monitoring system construction and management services	None
Entrustment	UBI Pharma Inc.	2022/12/30~2025/12/31	Commissioned for preparation production	None
Patent and technology transfer contract	Capital Medical University	Effective 2013/03/15	LT3001 candidate drug patent and technology transfer	None
Patent and technology transfer	Capital Medical University	Effective 2014/04/22	LT3001 first-generation drug patent and technology transfer	None
License transfer	National Defense Medical College of the Ministry of Science and Technology/Professor Youpu Hu	2012/07/05~2032/07/05	LT1001 Long-acting Pain Relief Drug Platform Technology Transfer Authorization	None
Product Licensing Agreement	Skyline Vet Pharma, Inc.	2018/01/16~2036/05/26	CS011 Animal Drug Authorization Agreement	None

Nature of the contract	Parties	Contract period	Summary	Restrictive clauses
Product Licensing Agreement	Skyline Vet Pharma, Inc.	2021/06/17~2036/05/26	CS011 Supplementary Contract for Animal Drug Authorization	None
Product Licensing Agreement	Skyline Vet Pharma, Inc.	2021/06/17~2036/05/26	CS011 Supplementary Contract for Animal Drug Authorization-2	None
Product Licensing Agreement	Shanghai Pharma	2019/11/06~2049/11/05	LT3001 Licensing Contract (Mainland China - except Hong Kong and Macau)	None
Product Licensing Agreement	AMed Co., Ltd.	2015/12/10~2032/07/05	LT1001 product authorization and cooperative development contract	None
Product Licensing Agreement	AMed Co., Ltd.	2018/06/08~2038/06/08	LT1001 Licensing Contract (Southeast Asia)	None
Product Licensing Agreement	AMed Co., Ltd.	2020/09/18~2038/06/08	LT1001 Authorized Supplementary Contract (Southeast Asia)	None
Product Licensing Agreement	AMed Co., Ltd.	2020/09/18~2038/06/08	LT1001 Authorized Supplementary Contract (Southeast Asia)-2	None
Product Licensing Agreement	Jemincare	2019/12/03 take effect	LT1001 Licensing Contract (China Region)	None
Product exclusive distribution	GUFIC Biosciences Limited	2023/10/31 ~ 20 years after market approval	Exclusive distribution contract for LT1001 products (India)	None
Product exclusive distribution	AJM Pharma Pvt. Ltd	2023/01/23~2033/01/22	Exclusive distribution contract for LT1001 products (Pakistan)	None
Product exclusive distribution	Dong Wha Pharm. Co., Ltd	2021/06/23~2031/06/22	Exclusive distribution contract for LT1001 products (Korea)	None
Product exclusive distribution	Land of Medicine	2021/10/13 take effect	Exclusive distribution contract for LT1001 products (Jordan)	None
Product exclusive distribution	PrJSC “Pharmaceutical Firm Darnitsa”	2021/04/26~2026/04/25	Exclusive distribution contract for LT1001 products (Ukraine)	None
Product exclusive distribution	Ideogen AG	2019/07/31 take effect	Exclusive distribution agreement for LT1001 products (Switzerland)	None
Drug supply	AMed Co., Ltd.	2017/01/01~2021/12/31	Naldebain® long-acting injection drug supply contract	None

H. Other Necessary Supplementary Explanations

Table 56. Main technical sources of the Lumosa's current projects

New Drug R&D Project	Source of technology	Date of execution	Patent owner	License payment
LT1001	Research results of the special research project of the Ministry of Science and Technology "Research and Development of Long-acting Pain Relief Precursor Soft Drugs"	2012/07/05	Ministry of Science and Technology	Payees: Ministry of Science and Technology, National Defense Medical College and inventor Professor Youpu Hu. 1.According to the contract, after being paid by the Company to the National Defense Medical College, the National Defense Medical College will transfer it to the Ministry of Science and Technology and Professor Youpu Hu. The distribution ratio is 20% for the Ministry of Science and Technology, 40% for the National Defense Medical College and 40% for Professor Youpu Hu. 2.R&D Milestone Payment: (1)Within 30 days (inclusive) after the contract becomes effective: NT$4.7 million has been paid. (2)When entering the second phase of clinical trials (starting to accept the case): NT$1.71 million has been paid. (3)When entering the third phase of clinical trial (starting to accept the case): NT$3.61 million has been paid. (4)When obtaining the drug certificate approved by TFDA: NT$3.58 million has been paid. 3. Product sales royalties： (1)Before the patent expires: 7.5% of the total product sales. (2)After the patent expires: 3.75% of total product sales. (3)When generic drugs from other companies appear in the market: 1.875% of total product sales. 4.Technology or product re-authorization rebate: paid when the Company re-authorizes technology or products to a third party. (1)Within the first year after the signing of the contract: 70% of the balance of all the consideration after deducting the development costs and related taxes invested by the Company. (2)Within the second year after signing the contract: 40% of the balance in the preceding item.

New Drug R&D Project	Source of technology	Date of execution	Patent owner	License payment
				(3)From the third year after signing the contract: 10% of the previous balance. (4)The aforementioned re-authorization fee shall not be lower than 20% of all the consideration in the aforementioned re-authorization contract.
LT3001 (candidate compound)	Capital Medical University	2013/03/15	Shanghai Lumosa Therapeutics Co., Ltd. (Note)	Payees: Beijing Capital Medical University, Professor Peng Shiqi and Professor Zhao Ming. 1.Technology licensing fee: RMB 450, 000, which has been paid to Beijing Capital Medical University. 2.Technology re-authorization fee: If there is a technology re-authorization, 5% of the re-authorization amount will be paid to Professor Peng Shiqi and Professor Zhao Ming (the 5% re-authorization fee will be shared equally between the two). 5.Product sales royalties: After the product is launched and before the patent expires, each of Professor Peng Shiqi and Professor Zhao Ming will be paid 1% of the annual product sales amount (2% in total) or each of the product sales royalties obtained due to product reauthorization. 1% (total 2%).
LT3001 (first generation compound)	Capital Medical University	2014/04/22	Shanghai Lumosa Therapeutics Co., Ltd. (Note)	Payees: Beijing Capital Medical University, Professor Peng Shiqi and Professor Zhao Ming. 1.Technology licensing fee: RMB 500, 000, which has been paid to Beijing Capital Medical University. 2.Technology re-authorization fee: If there is a technology re-authorization, 5% of the re-authorization amount will be paid to Professor Peng Shiqi and Professor Zhao Ming (the 5% re-authorization fee will be shared equally between the two). 3.Product sales royalties: After the product is launched and before the patent expires, each of Professor Peng Shiqi and Professor Zhao Ming will be paid 1% of the annual product sales amount (2% in total) or each of the product sales royalties obtained due to product reauthorization. 1% (total 2%).

Note: These two patented technologies were introduced by Lumosa to Capital Medical University. However, since Taiwan is not a PCT member state, Lumosa needs to use the Chinese legal personality of Shanghai Lumosa Therapeutics Co., Ltd. (abbreviated as Shanghai Lumosa) through PCT International. The patent application process is based on a global patent layout, therefore, Shanghai Lumosa is the patent applicant. Shanghai Lumosa is an indirect 100%-owned grandson company of the Company. The Company has also signed a global exclusive authorization contract with Shanghai Lumosa. Shanghai Lumosa authorizes all commercial development rights of LT3001 to the Company.

VI. Financial Overview

A. 5- Year Balance Sheet and Comprehensive Income

1. Balance Sheet and Comprehensive Income

a. Consolidated Balanced Sheet

(1) Condensed balance sheets prepared in accordance with IFRS

Table 57. Condensed balance sheet

Unit: NT$ thousand

Item \ Fiscal year		Financial Information for Most Recent 5 Fiscal Years (Note)				
		2019	2020	2021	2022	2023
Current assets		965,397	1,346,564	1,620,475	1,386,053	1,044,034
Funds and Investments		145,107	246,718	693,212	464,716	583,793
Property, Plant and Equipment		5,139	2,589	1,644	3,062	14,926
Right-of-use asset		11,606	16,910	11,359	4,602	12,600
Intangible assets		196,739	171,213	43,574	26,932	603
Other asset		323	323	323	323	323
Total assets		1,324,311	1,784,317	2,348,695	1,885,688	1,656,279
Current liabilities	Before distribution	274,167	190,502	224,026	215,359	219,577
	After distribution	274,167	190,502	224,026	215,359	219,577
Non-current liabilities	Before distribution	4,268	11,126	6,082	360	8,117
	After distribution	4,268	11,126	6,082	360	8,117
Total liabilities	Before distribution	278,435	201,628	230,108	215,719	227,694
	After distribution	278,435	201,628	230,108	215,719	227,694
Share capital		1,175,648	1,473,748	1,631,478	1,630,978	1,649,738
Capital surplus		402,088	963,363	1,271,373	1,268,438	1,362,550
Retained earnings	Before distribution	(534,818)	(857,382)	(761,436)	(1,256,097)	(1,494,138)
	After distribution	(534,818)	(857,382)	(761,436)	(1,256,097)	(1,494,138)
Other equity		2,958	2,960	(22,828)	(13,530)	(117,452)
Total owner's equity of the parent company	Before distribution	1,045,876	1,582,689	2,118,587	1,629,789	1,400,698
	After distribution	1,045,876	1,582,689	2,118,587	1,629,789	1,400,698
Non-controlling interests		-	-	-	40,180	27,887
Total equity	Before distribution	1,045,876	1,582,689	2,118,587	1,669,969	1,428,585
	After distribution	1,045,876	1,582,689	2,118,587	1,669,969	1,428,585

Note: Financial report audited by accountants

(2) Condensed Consolidated Comprehensive Income Statements

Table 58. Condensed consolidated comprehensive income statements

Unit: NT$ thousand

Item \ Fiscal year	Financial Information for Most Recent 5 Fiscal Years (Note)				
	2019	2020	2021	2022	2023
Operating Revenue	172,044	21,651	17,362	26,642	59,916
Gross Profit	143,404	13,157	9,889	14,561	41,481
Operating profit and loss	(149,963)	(341,555)	(430,278)	(305,919)	(375,777)
Non-operating income and expenses	(76,288)	18,991	526,224	(198,526)	125,691
Net loss before tax	(226,251)	(322,564)	95,946	(504,445)	(250,086)
Continuing business unit net loss for the period	(226,251)	(322,564)	95,946	(504,445)	(250,086)
Loss from discontinued operations	0	0	0	0	0
Net loss for the period	(240,938)	(322,564)	95,946	(504,481)	(250,334)
Other comprehensive income (loss) for the period (net of income tax)	(8)	2	(12)	22	(26)
Total comprehensive income for the period	(240,946)	(322,562)	95,934	(504,459)	(250,360)
Net income attributable to owners of parent	(240,938)	(322,564)	95,946	(494,661)	(238,041)
Net income (loss) attributable to non-controlling interests	-	-	-	(9,820)	(12,293)
Total comprehensive income attributable to owners of parent	(240,946)	(322,562)	95,934	(494,639)	(238,067)
Total comprehensive income, attributable to non-controlling interests	-	-	-	(9,820)	(12,293)
Earnings per share	(2.05)	(2.67)	0.64	(3.05)	(1.47)

Note: Financial report audited by accountants

(3) Parent Company Only Condensed Balance Sheets

Table 59. Condensed balance sheet for the parent company

Unit: NT$ thousand

Item \ Fiscal year		Financial Information for Most Recent 5 Fiscal Years (Note)				
		2019	2020	2021	2022	2023
Current assets		939,671	1,320,447	1,595,460	1,269,433	965,755
Funds and Investments		170,810	272,644	718,227	552,457	653,654
Property, Plant and Equipment		5,139	2,589	1,644	3,062	2,211
Right-of-use asset		11,606	16,910	11,359	4,602	12,600
Intangible assets		196,739	171,213	43,574	26,932	0
Other asset		323	323	323	323	323
Total assets		1,324,288	1,784,126	2,348,695	1,856,809	1,634,563
Current liabilities	Before distribution	274,144	190,311	224,026	220,713	214,839
	After distribution	274,144	190,311	224,026	220,713	214,839
Total liabilities	Before distribution	278,412	201,437	230,108	227,020	233,865
	After distribution	278,412	201,437	230,108	227,020	233,865
Share capital		1,175,648	1,473,748	1,631,478	1,630,978	1,649,738
Capital surplus		402,088	963,363	1,271,373	1,268,438	1,362,550
Retained earnings	Before distribution	(534,818)	(857,382)	(761,436)	(1,256,097)	(1,494,138)
	After distribution	(534,818)	(857,382)	(761,436)	(1,256,097)	(1,494,138)
Other equity		2,958	2,960	(22,828)	(13,530)	(117,452)
Total equity	Before distribution	1,045,876	1,582,689	2,118,587	1,629,789	1,400,698
	After distribution	1,045,876	1,582,689	2,118,587	1,629,789	1,400,698

Note: Financial report audited by accountants

(4) Parent Company Only Condensed Comprehensive Income Statements

Table 60. Condensed comprehensive income statements for the parent company

Unit: NT$ thousand

Item \ Fiscal year	Financial Information for Most Recent 5 Fiscal Years (Note)				
	2019	2020	2021	2022	2023
Operating Revenue	172,044	21,651	17,362	29,824	62,371
Gross Profit	143,404	13,157	9,889	16,014	43,555
Operating profit and loss	(148,168)	(340,558)	(429,979)	(281,030)	(344,430)
Non-operating income and expenses	(78,083)	17,994	525,925	(213,595)	106,637
Net loss before tax	(226,251)	(322,564)	95,946	(494,625)	(237,793)
Continuing business unit net loss for the period	(240,938)	(322,564)	95,946	(494,661)	(238,041)
Loss from discontinued operations	-	-	-	-	-
Net loss for the period	(240,938)	(322,564)	95,946	(494,661)	(238,041)
Other comprehensive income (loss) for the period (net of income tax)	(8)	2	(12)	22	(26)
Total comprehensive income for the period	(240,946)	(322,562)	95,934	(464,639)	(238,067)
Net income attributable to owners of parent	(240,938)	(322,564)	95,946	(494,661)	(238,041)
Net income (loss) attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of parent	(240,946)	(322,562)	95,934	(464,639)	(238,067)
Total comprehensive income, attributable to non-controlling interests	-	-	-	-	-
Earnings per share	(2.05)	(2.67)	0.64	(3.05)	(1.47)

Note: Financial report audited by accountants

Important events that affect the consistency of the above-mentioned condensed financial statements, such as accounting changes, company mergers, or shutdowns of business departments, etc., and their impact on the financial report of the current year.

In order to effectively integrate operating resources, enhance R&D momentum, increase the diversity of product development and strengthen market competitiveness, the Company and TPG Biologics Inc. Shareholders passed the merger proposal on July 27, 2018. The Company issued 20,210 new shares Thousands of shares were used as the consideration for the merger of TPG Biologics Inc. The merger date is set as October 31, 2010, and Lumosa became the surviving company. TPG Biologics Inc. focuses on the field of biological drugs and actively develops the international market mainly in Japan. In recent years, the income from technical services has grown steadily. In addition, the fusion protein new drug development platform and related new drug projects developed by TPG Biologics Inc. will be developed by both parties after the merger, the team works collaboratively to continue development. As a result of the merger, the Company recognized intangible assets of NT$166,174 thousand and goodwill of NT$123,039 thousand, and the intangible assets were amortized according to their useful life. Overall, the merger has no significant impact on the Company's 2018 financial report.

2. Names and audit opinions of CPAs for the most recent 5 years:

   a. Names and audit opinions of CPAs for the most recent 5 years

Table 61. Name of the CPAs and their opinions

Year	Name of Accounting Firm	CPAs	Audit opinion
2018	Pricewaterhouse Coopers	Shu-Fen Yu, Hui-Chin Tseng	Unqualified opinion
2019	Pricewaterhouse Coopers	Shu-Fen Yu, Hui-Chin Tseng	Unqualified opinion
2020	Pricewaterhouse Coopers	Shu-Fen Yu, Sheng-Wei Teng	Unqualified opinion
2021	Pricewaterhouse Coopers	Shu-Fen Yu, Sheng-Wei Teng	Unqualified opinion
2022	Pricewaterhouse Coopers	Shu-Fen Yu, Sheng-Wei Teng	Unqualified opinion
2023	Pricewaterhouse Coopers	Sheng-Wei Teng, Yu-Fang Yen	Unqualified opinion

b. The situation of changing the visa accountant in the last five years

In accordance with the internal administrative re-organization of Pricewaterhouse Coopers, CPAs Shu-Fen Yu, and Sheng-Wei Teng have been replaced by CPAs Sheng-Wei Teng and Yu-Fang Yen to provide financial statement auditing and certification services effective from the first quarter of 2023.

B. Financial Analysis

1. Financial analysis-Consolidated (IFRS)

Table 62. Financial analysis-Consolidated (IFRS)

Analysis items \ Year		Financial Information for Most Recent 5 Fiscal Years (Note 1)				
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Financial structure (%)	Debt to asset ratio	21.02	11.30	9.79	11.44	13.75
	Ratio of long-term capital to property, plant and equipment	20,434.79	61,561.03	129,237.77	54,550.26	9,625.50
Solvency (%)	Current ratio (%)	352.12	706.85	723.34	643.60	475.48
	Quick ratio (%)	342.77	684.69	664.24	570.79	404.81
	Interest coverage ratio	Note 2	Note 2	Note 2	Note 2	Note 2
Operating ability	Receivable turnover (times)	1.08	0.14	1.48	2.25	4.38
	Average collection period (days)	337.96	2, 607.14	246.62	162.22	83.33
	Inventory turnover (times)	0.40	0.30	0.09	0.09	0.08
	Payables turnover (times)	1.22	2.10	0.71	1.14	6.44
	Average days in sales	912.5	1,216.67	4,055.56	4,055.55	4,562.50
	PPE turnover ratio (times)	5.39	5.60	8.2	11.32	6.33
	Total asset turnover ratio (times)	0.13	0.01	0.01	0.01	0.03
Profitability	Return on assets (%)	(17.72)	(20.75)	4.64	(23.83)	(14.14)
	Return on equity attributable to owners of the parent company	(20.78)	(24.54)	5.18	(26.39)	(15.71)
	Ratio of business	(12.76)	(23.18)	(26.37)	(18.76)	(22.78)

	paid-in capital %	interest					
		net profit before tax	(19.24)	(21.89)	5.88	(30.93)	(15.16)
	Net profit margin (%)		(140.04)	(1, 489.83)	552.62	(1, 893.56)	(439.83)
	EPS (NT$)		(2.05)	(2.67)	0.64	(3.05)	(1.47)
Cash flows (%)	Cash flow ratio (%)		Note 3	Note 3	Note 3	Note 3	Note 3
	Cash flow adequacy ratio		Note 3	Note 3	Note 3	Note 3	Note 3
	Cash reinvestment ratio (%)		Note 3	Note 3	Note 3	Note 3	Note 3
Leverage	Operational leverage		0.74	0.90	0.93	0.93	0.94
	Financial leverage		1.00	1.00	1.00	1.00	1.00

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

Financial structure: The acquisition of right-of-use assets and lease liabilities in 2023 resulted in an increase in the debt-to-asset ratio; in 2023, the procurement of testing equipment led to a decline in the ratio of long-term funds to real estate, plant and equipment.

Solvency: Due to the procurement of testing equipment and cash payments made during the period in 2023, current assets decreased, resulting in a decline in the current ratio and quick ratio.

Operating ability: In 2023, due to the increase in sales revenue and service revenue compared with last year, net sales and cost of sales increased, the accounts receivable turnover ratio, accounts payable turnover ratio, total asset turnover ratio increased, and the average collection period decreased. Due to the expansion of laboratories and procurement of R&D equipment in 2023, real estate, plant, and equipment increased, resulting in a decline in the real estate, plant, and equipment turnover ratio.

Profitability: Since the Company's projects are still under development and continue to receive investment, leading to a decrease in losses for the period and an increase in the return rate due to the valuation benefits of securities in 2023. Additionally, increased research and development investment in 2023 compared to the previous year has resulted in increased operating losses, leading to a decrease in the ratio of operating profit to paid-in capital.

Note 1：Financial report audited and certified by an accountant.

Note 2：There was no loan from 2019 to 2023, and the interest expense on the account is the discounted interest expense of the lease liability arising from the application of IFRS16 from 2019, so the relevant ratio is not applicable.

Note 3：Since the establishment of Lumosa and its subsidiaries, because the new drug is still in the development stage, the cash flow of operating activities has shown a net cash outflow, and the relevant ratio is not applicable.

1. Financial structure
   (1) Debt ratio = Total liabilities / Total Assets
   (2) Long-term funds to fixed asset ratio = (net shareholders' equity + long-term liabilities)/net fixed assets
2. Solvency
   (1) Current ratio = Current assets/Current liabilities
   (2) Quick ratio = (Current asset - inventories)/Current liabilities
   (3) Interest coverage ratio = Earnings before interests and taxes (EBIT)/Interest expenses over this period
3. Operating ability

(1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales/Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations)

(2) Average collection period (days) = 365/Receivables turnover ratio

(3) Inventory turnover ratio = Cost of sales/Average inventory value

(4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations)

(5) Average inventory turnover days = 365/Inventory turnover ratio

(6) PPE turnover ratio = Net sales/Average net PPE

(7) Total asset turnover ratio = Net sales/Average total assets.

4. Profitability

(1) Return on assets = [Profit and loss after tax + Interest expense × (1- tax rate)]/Average total assets

(2) Return on equity (%) = Profit and loss after tax/Average net shareholder's equity

(3) Net profit margin (%) = Profit and loss after tax/Net sales

(4) Earnings per share (EPS) = (Income attributable to the owners of the parent company - Preferred dividends)/Weighted average number of outstanding shares (Note 4)

5. Cash Flows

(1) Cash flow ratio = Net operating cash flow/Current liabilities

(2) Net cash flow adequacy ratio = Net operating cash flow of the most recent 5 years/(Capital expenditure + Inventory increase + Cash dividends) of the most recent 5 years

(3) Cash reinvestment ratio = (Net operating cash flow - Cash dividends)/(Gross PPE + Long- term investments + Other non-current assets + Working capital) (Note 5)

6. Leverage

(1) Degree of operating leverage = (Net operating revenue - Variable costs and expenses of sales)/Operating income

(2) Degree of financial leverage = Operating income/(Operating income - Interest expense).

2. Financial Analysis - Parent Company Only (IFRS)

Table 63. Financial Analysis - Parent Company Only (IFRS)

Analysis items \ Year			Financial Information for Most Recent 5 Fiscal Years (Note 1)				
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Financial structure (%)	Debt to asset ratio		21.02	11.29	9.80	12.23	14.31
	Ratio of long-term capital to property, plant and equipment		20,434.79	61,561.03	129,237.77	54,432.27	64,211.85
Solvency (%)	Current ratio (%)		342.77	693.84	712.18	575.15	449.53
	Quick ratio (%)		333.42	671.72	653.11	504.17	377.34
	Interest coverage ratio		Note 2	Note 2	Note 2	Note 2	Note 2
Operating ability	Receivable turnover (times)		1.08	0.14	1.48	2.52	4.80
	Average collection period (days)		337.96	2,670.14	246.62	144.84	76.04
	Inventory turnover (times)		0.40	0.30	0.09	0.09	0.08
	Payables turnover (times)		1.22	2.10	0.71	1.14	6.44
	Average days in sales		912.5	1,216.67	4,055.56	4,055.55	4,562.50
	PPE turnover ratio (times)		5.39	5.60	8.2	12.67	23.66
	Total asset turnover ratio (times)		0.13	0.01	0.01	0.01	0.04
Profitability	Return on assets (%)		(17.72)	(20.75)	4.64	(23.52)	(13.64)
	ROE (%)		(20.78)	(24.54)	5.18	(26.39)	(15.71)
	Ratio of paid-in capital %	business interest	(12.60)	(23.11)	(26.36)	(17.23)	(20.88)
		net profit before tax	(19.24)	(21.89)	5.88	(30.33)	(14.41)
	Net profit margin (%)		(140.04)	(1,489.83)	552.62	(1,658.60)	(381.65)
	EPS (NT$)		(2.05)	(2.67)	0.64	(3.05)	(1.47)
Cash flows (%)	Cash flow ratio (%)		Note 3	Note 3	Note 3	Note 3	Note 3
	Cash flow adequacy ratio		Note 3	Note 3	Note 3	Note 3	Note 3
	Cash reinvestment ratio (%)		Note 3	Note 3	Note 3	Note 3	Note 3
Leverage	Operational leverage		0.79	0.90	0.93	0.92	0.94
	Financial leverage		1.00	1.00	1.00	1.00	1.00

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

Financial structure: Due to the cash capital increase in 2021 and the cash payment in the current period, the

decrease in cash and assets resulted in an increase in the ratio of liabilities to assets; the purchase of test equipment in 2022 resulted in a decrease in the ratio of long-term funds to real estate, plant and equipment.
Operating ability: In 2022, due to the increase in sales revenue and service revenue compared with last year, net sales and cost of sales increased, so the turnover rate of receivables, payables, real estate plants and equipment, and total asset turnover increased. And the average number of cash collection days decreased.
Profitability: In 2022, because the Company's projects were still being developed and invested continuously and the evaluation benefits of securities in 2021 were reversed, the loss in this period caused the rate of return to turn negative; and because the approval of the second phase clinical trial of LT3001 multi-dose was delayed than expected, the follow-up research and development The schedule was slightly delayed, resulting in a reduction in R&D expenses and a reduction in operating losses, so the ratio of operating profits to paid-in capital decreased.

Note 1：Financial report audited and certified by an accountant.

Note 2：There was no loan from 2019 to 2023, and the interest expense on the account is the discounted interest expense of the lease liability arising from the application of IFRS16 from 2019, so the relevant ratio is not applicable.

Note 3：Since the establishment of Lumosa and its subsidiaries, because the new drug is still in the development stage, the cash flow of operating activities has shown a net cash outflow, and the relevant ratio is not applicable.

1. Financial structure
   - (1) Debt ratio = Total liabilities / Total Assets
   - (2) Long-term funds to fixed asset ratio = (net shareholders' equity + long-term liabilities)/net fixed assets
2. Solvency
   - (1) Current ratio = Current assets/Current liabilities
   - (2) Quick ratio = (Current asset - inventories)/Current liabilities
   - (3) Interest coverage ratio = Earnings before interests and taxes (EBIT)/Interest expenses over this period
3. Operating ability
   - (1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales/Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations)
   - (2) Average collection period (days) = 365/Receivables turnover ratio
   - (3) Inventory turnover ratio = Cost of sales/Average inventory value
   - (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations)
   - (5) Average inventory turnover days = 365/Inventory turnover ratio
   - (6) PPE turnover ratio = Net sales/Average net PPE
   - (7) Total asset turnover ratio = Net sales/Average total assets.
4. Profitability
   - (1) Return on assets = [Profit and loss after tax + Interest expense × (1- tax rate)]/Average total assets
   - (2) Return on equity (%) = Profit and loss after tax/Average net shareholder's equity
   - (3) Net profit margin (%) = Profit and loss after tax/Net sales
   - (4) Earnings per share (EPS) = (Income attributable to the owners of the parent company - Preferred dividends)/Weighted average number of outstanding shares (Note 4)
5. Cash Flows

(1) Cash flow ratio = Net operating cash flow/Current liabilities

(2) Net cash flow adequacy ratio = Net operating cash flow of the most recent 5 years/(Capital expenditure + Inventory increase + Cash dividends) of the most recent 5 years

(3) Cash reinvestment ratio = (Net operating cash flow - Cash dividends)/(Gross PPE + Long- term investments + Other non-current assets + Working capital) (Note 5)

6. Leverage

(1) Degree of operating leverage = (Net operating revenue - Variable costs and expenses of sales)/Operating income

(2) Degree of financial leverage = Operating income/(Operating income - Interest expense).

C. Audit committee's review report in the most recent year

Please refer to page 173 for detailed review report by the Audit Committee.

Audit Committee's Review Report

The Audit Committee hereby confirms that the Board of Directors has submitted the Company's 2023 Annual Operating Report, Financial Statements (including consolidated financial statements), and Loss Carryforward Proposal. These financial statements (including consolidated financial statements) have been audited by Sheng-Wei Teng, CPA, and Yu-Fang Yen, CPA, of PricewaterhouseCoopers as commissioned by the Board of Directors, and their audit report has been completed. After reviewing the above-mentioned documents submitted by the Board of Directors, the Audit Committee has found no discrepancies. Therefore, in accordance with Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act, it is hereby submitted for year reference and approved at the 2024 Annual Shareholders' Meeting of Lumosa Therapeutics Co., Ltd.

Sincerely,

Convener Chih Yung Chin
Audit Committee, Lumosa Therapeutics Co., Ltd.

February 26, 2024

D. Most recent financial report

Please refer to pages 175 to 236 for details including the audit report of the accountant, the balance sheet of the two-year comparison, the comprehensive income statement, the statement of equity changes, the cash flow statement, and notes or attachments.

E. Company’s individual financial report

Please refer to pages 237 to 296 for the Company's individual financial report that has been audited and certified by an accountant for the most recent year.

F. Company and its affiliated companies

No effect on the Company and its affiliated companies have had financial turnover difficulties in the most recent year and up to the date of publication of the annual report, and the impact on the Company's financial status.

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Lumosa Therapeutics Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Lumosa Therapeutics Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Independent auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Appropriateness of licencing revenue recognition

Description

Refer to Note 4(21) for accounting policies on licencing revenue and Note 6(17) for details of licencing revenue.

The licencing revenue, service revenue and sales revenue are the main revenue sources of the Group for the year ended December 31, 2023. For licencing revenue, revenue is recognised based on the terms of the agreement with the licenced party. The Group recognises licencing revenue once all the criteria for the revenue recognition are met, which involves management's subjective judgement based on the agreements. Thus, we consider the appropriateness of licencing revenue recognition a key audit matter.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included:

1. Discussing with the management about the policies on recognition of licencing revenue and confirming whether the recognition of licencing revenue has been properly calculated, reviewed and approved.
2. Inspecting whether licencing revenue is supported with an agreement and other related documents and examining the terms and conditions of licence agreement to assess the accuracy of revenue recognition, the legitimacy of accounting process and the appropriateness of the timing of revenue recognition.

Impairment assessment of intangible assets arising from merger

Description

Refer to Note 4(15) for accounting policies on impairment assessment of non-financial assets, assumptions related to impairment of intangible assets and Note 6(8) for details of intangible assets.

The Group considers internal and external information in determining whether the intangible assets and goodwill acquired from merger are impaired at the balance sheet date. The assets' recoverable amounts and appraisal report prepared by the commissioned external appraiser expert will be used in assessing whether there is any indicator of impairment. As the assessment performed by management involves critical judgement and it will have a significant impact on the value, we consider the impairment assessment of intangible assets arising from merger as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included:

1. Assessing the valuation model used by the management on the impairment assessment of intangible assets.
2. Assessing the competence and objectivity of the external expert commissioned by management.
3. Our audit procedures performed also included:
    a. Reviewing whether the valuation models used in intangible asset appraisal report used by the commissioned external appraiser expert are reasonable for the industry and the Group's assets which are assessed for impairment.
    b. Assessing whether the future cash flows and each cash-generating unit adopted in the valuation models are consistent with the operation plans.
    c. Assessing the reasonableness of major assumptions used such as estimated growth rate, gross rate and discount rate.
    d. Comparing the recoverable amount and book value of each cash-generating unit.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Lumosa Therapeutics Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by

Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Independent auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Teng, Shang-Wei　　Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan
February 26, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current Assets					
1100	Cash	6(1)	$ 425,248	26	$ 516,848	27
1136	Financial assets at amortised cost - current	6(3)	419,064	25	667,668	35
1170	Accounts receivable, net	6(4) and 7	12,003	1	13,998	1
1200	Other receivables	7	2,076	-	2,248	-
1220	Current income tax assets		16,056	1	15,734	1
130X	Inventory	6(5)	103,912	6	108,681	6
1410	Prepayments		65,655	4	60,876	3
1470	Other current assets		20	-	-	-
11XX	**Total current assets**		1,044,034	63	1,386,053	73
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 12(3)	583,793	35	464,716	25
1600	Property, plant and equipment	6(6)	14,926	1	3,062	-
1755	Right-of-use assets	6(7) and 7	12,600	1	4,602	-
1780	Intangible assets	6(8)	603	-	26,932	2
1900	Other non-current assets		323	-	323	-
15XX	**Total non-current assets**		612,245	37	499,635	27
1XXX	**Total assets**		$ 1,656,279	100	$ 1,885,688	100
	Liabilities and Equity					
	Current liabilities					
2130	Contract liabilities - current	6(17)	$ 3,036	-	$ 6,882	-
2170	Accounts payable		1,493	-	992	-
2200	Other payables	6(9) and 7	56,650	4	49,686	3
2280	Lease liabilities - current	6(26) and 7	4,493	-	4,330	-
2365	Refund liabilities - current	6(10)	151,130	9	151,130	8
2399	Other current liabilities		2,775	-	2,339	-
21XX	**Total current liabilities**		219,577	13	215,359	11
	Non-current liabilities					
2580	Lease liabilities - non-current	6(26) and 7	8,117	1	360	-
2XXX	**Total liabilities**		227,694	14	215,719	11
	Equity attributable to shareholders of the parent					
	Equity					
	Share capital	6(13)				
3110	Common share		1,649,738	99	1,630,978	87
	Capital surplus	6(14)				
3200	Capital surplus		1,362,550	82	1,268,438	67
	Accumulated deficit	6(15)				
3350	Deficit yet to be compensated		(1,494,138)	(90)	(1,256,097)	(66)
	Other equity interest	6(16)				
3400	Other equity interest		(117,452)	(7)	(13,530)	(1)
31XX	**Equity attributable to shareholders of the parent**		1,400,698	84	1,629,789	87
36XX	**Non-controlling interests**	4(3)	27,887	2	40,180	2
3XXX	**Total equity**		1,428,585	86	1,669,969	89
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 1,656,279	100	$ 1,885,688	100

The accompanying notes are an integral part of these consolidated financial statements.

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE DATA)

			For the years ended December 31,			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(17) and 7	$ 56,916	100	$ 26,642	100
5000	**Operating costs**	6(5)	(15,435)	(27)	(12,081)	(45)
5900	Gross profit		41,481	73	14,561	55
	Operating expenses	6(6)(7)(8)(11)(12)(21)(22) and 7				
6100	Selling expenses		(21,688)	(38)	(16,475)	(62)
6200	General and administrative expenses		(26,115)	(46)	(23,546)	(88)
6300	Research and development expenses		(369,303)	(649)	(280,459)	(1053)
6450	Expected credit impairment loss	12(2)	(152)	-	-	-
6000	**Total operating expenses**		(417,258)	(733)	(320,480)	(1203)
6900	**Operating loss**		(375,777)	(660)	(305,919)	(1148)
	Non-operating income and expenses					
7100	Interest income	6(3)(18)	10,486	18	5,320	20
7010	Other income	6(19) and 7	10,760	19	2,977	11
7020	Other gains and losses	6(2)(7)(8)(20)	104,492	184	(206,674)	(776)
7050	Finance costs	6(7) and 7	(47)	-	(149)	-
7000	Total non-operating income and expenses		125,691	221	(198,526)	(745)
7900	**Loss before income tax**		(250,086)	(439)	(504,445)	(1893)
7950	Income tax expense	6(23)	(248)	(1)	(36)	-
8200	**Loss for the year**		($ 250,334)	(440)	($ 504,481)	(1893)
	Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(16)	($ 26)	-	$ 22	-
8300	**Other comprehensive (loss) income for the year**		($ 26)	-	$ 22	-
8500	**Total comprehensive loss for the year**		($ 250,360)	(440)	($ 504,459)	(1893)
	Loss attributable to:					
8610	Shareholders of the parent		($ 238,041)	(418)	($ 494,661)	(1856)
8620	Loss attributable to non-controlling interests		(12,293)	(22)	(9,820)	(37)
			($ 250,334)	(440)	($ 504,481)	(1893)
	Comprehensive loss attributable to:					
8710	Shareholders of the parent		($ 238,067)	(418)	($ 494,639)	(1856)
8720	Loss attributable to non-controlling interests		(12,293)	(22)	(9,820)	(37)
			($ 250,360)	(440)	($ 504,459)	(1893)
	Loss per share (in dollars)	6(24)				
9750	Basic loss per share		($ 1.47)		($ 3.05)	
9850	Diluted loss per share		($ 1.47)		($ 3.05)	

The accompanying notes are an integral part of these consolidated financial statements.

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to shareholders of the parent											
		Share capital		Capital surplus					Other equity interest				
	Notes	Common share	Share capital awaiting retirement	Share premium	Employee stock options	Employee restricted shares	Others	Deficit yet to be compensated	Financial statements translation differences of foreign operations	Unearned employee compensation	Total	Non-controlling interests	Total equity
For the year ended December 31, 2022													
Balance at January 1, 2022		$ 1,631,628	($ 150)	$ 1,249,701	$ 360	$ 21,148	$ 164	($ 761,436)	$ 2,948	($ 25,776)	$ 2,118,587	$ -	$ 2,118,587
Loss for the year		-	-	-	-	-	-	(494,661)	-	-	(494,661)	(9,820)	(504,481)
Other comprehensive income for the year	6(16)	-	-	-	-	-	-	-	22	-	22	-	22
Total comprehensive loss		-	-	-	-	-	-	(494,661)	22	-	(494,639)	(9,820)	(504,459)
Employee stock options exercised	6(12)(13)	650	-	429	(266)	-	-	-	-	-	813	-	813
Compensation costs of employee restricted stock	6(12)(16)(22)	-	-	-	-	-	-	-	-	5,028	5,028	-	5,028
Capital reduction through retirement and adjustment due to resignation of employee restricted shares forfeited	6(12)(13)(16)	(1,300)	150	-	-	(3,098)	-	-	-	4,248	-	-	-
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	50,000	50,000
Balance at December 31, 2022		$ 1,630,978	$ -	$ 1,250,130	$ 94	$ 18,050	$ 164	($ 1,256,097)	$ 2,970	($ 16,500)	$ 1,629,789	$ 40,180	$ 1,669,969
For the year ended December 31, 2023													
Balance at January 1, 2023		$ 1,630,978	$ -	$ 1,250,130	$ 94	$ 18,050	$ 164	($ 1,256,097)	$ 2,970	($ 16,500)	$ 1,629,789	$ 40,180	$ 1,669,969
Loss for the year		-	-	-	-	-	-	(238,041)	-	-	(238,041)	(12,293)	(250,334)
Other comprehensive loss for the year	6(16)	-	-	-	-	-	-	-	(26)	-	(26)	-	(26)
Total comprehensive loss		-	-	-	-	-	-	(238,041)	(26)	-	(238,067)	(12,293)	250,360
Issuance of employee restricted stocks	6(12)(13)(16)	18,900	-	-	-	94,954	-	-	-	(113,854)	-	-	-
Employee stock options exercised	6(12)(13)	230	-	151	(94)	-	-	-	-	-	287	-	287
Compensation costs of employee restricted stock	6(12)(16)(22)	-	-	-	-	-	-	-	-	8,591	8,591	-	8,591
Capital reduction through retirement and adjustment due to resignation of employee restricted shares forfeited	6(12)(13)(16)	(370)	-	-	-	(997)	-	-	-	1,367	-	-	-
Changes in other additional paid-in capital		-	-	-	-	-	98	-	-	-	98	-	98
Balance at December 31, 2023		$ 1,649,738	$ -	$ 1,250,281	$ -	$ 112,007	$ 262	($ 1,494,138)	$ 2,944	($ 120,396)	$ 1,400,698	$ 27,887	$ 1,428,585

The accompanying notes are an integral part of these consolidated financial statements.

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax for the year		($ 250,086)	($ 504,445)
Adjustments			
Adjustments to reconcile loss			
Depreciation	6(6)(7)(21)	6,704	5,523
Amortisation	6(8)(21)	16,657	16,642
Expected credit impairment loss		152	-
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(2)(20)	(119,077)	217,396
Interest income	6(18)	(10,486)	(5,320)
Dividend income		(8,000)	-
Interest expense	6(7)	47	149
Compensation costs of employee restricted stock	6(12)(22)	8,591	5,028
Unrealised foreign exchange loss		1,004	237
Gains on lease modifications	6(7)(20)	-	(48)
Impairment loss	6(8)(20)	10,372	-
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Accounts receivable		1,843	(4,306)
Inventory		4,769	(26,296)
Other receivables		311	(1,428)
Prepayments		(4,779)	(1,710)
Other current assets		(20)	126
Changes in liabilities relating to operating activities			
Contract liabilities - current		(3,846)	2,202
Accounts payable		501	(13,508)
Other payables		6,964	3,307
Other current liabilities		436	406
Cash outflow generated from operations		(337,943)	(306,045)
Interest received		10,347	5,123
Interest paid		(47)	(149)
Income tax (paid) received		(570)	614
Net cash flows used in operating activities		(328,213)	(300,457)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost - current		(945,872)	(1,105,272)
Proceeds from disposal of financial assets at amortised cost - current		1,193,472	1,027,255
Acquisition of financial assets at fair value through profit or loss	6(2)	-	(14,944)
Proceeds from disposal of financial assets at fair value through profit or loss		-	26,044
Acquisition of property, plant and equipment	6(6)	(14,316)	(2,285)
Acquisition of intangible assets	6(8)	(700)	-
Dividends received		8,000	-
Net cash flows provided by (used in) investing activities		240,584	(69,202)
CASH FLOWS FROM FINANCING ACTIVITIES			
Employee stock options exercised		287	813
Payments of lease liabilities	6(7)(26)	(4,330)	(4,647)
Changes in non-controlling interest	6(25)	-	50,000
Changes in other additional paid-in capital		98	-
Net cash flows (used in) provided by financing activities		(3,945)	46,166
Effect due to changes in exchange rate		(26)	22
Decrease in cash		(91,600)	(323,471)
Cash at beginning of year		516,848	840,319
Cash at end of year		$ 425,248	$ 516,848

The accompanying notes are an integral part of these consolidated financial statements.

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

Lumosa Therapeutics Co., Ltd. ("Lumosa" or the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on November 13, 2000. Starting from September 26, 2016, the Company's stock was listed on the Taiwan Over-The-Counter Securities Exchange. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the development of new drugs. In order to maximize integration synergies of new drugs development resource and human resource, the shareholders during their meeting on July 27, 2018, resolved to merge the Company with TPG Biologics, Inc. ("TPG") through a share swap, with the Company as the surviving company and TPG as the dissolved company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on February 26, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(A) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(B) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(C) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(E) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All

amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Description
Lumosa	Lumosa Therapeutics Co., Ltd. (Cayman) ("Lumosa Cayman")	Investment	100	100	
Lumosa	Cytoengine Co., Ltd. (Cytoengine)	New Drug Development	60	60	Note
Lumosa Cayman	Shanghai Lumosa Therapeutics Co., Ltd. ("Lumosa SH")	Consulting, service and transfer of techniques	100	100	

Note: Cytoengine Co., Ltd. was established in January 2022, and completed an issuance of common shares for cash in the fourth quarter. Center Laboratories, Inc. acquired 40% of the shares, reducing the shareholding ratio of the Group to 60%.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: Not applicable.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2023 and 2022, the non-controlling interest amounted to $27,887 and $40,180, respectively. The information on non-controlling interest and respective subsidiary is as follows:

		Non-controlling interest			
		December 31, 2023		December 31, 2022	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
Cytoengine Co., Ltd.	Taiwan	$ 27,887	40%	$ 40,180	40%

Summarised financial information of the subsidiaries:

Balance sheets

	Cytoengine Co., Ltd.	
	December 31, 2023	December 31, 2022
Current assets	$ 61,326	$ 103,796
Non-current assets	24,226	5,947
Current liabilities	(15,833)	(9,294)
Total net assets	$ 69,719	$ 100,449

Statements of comprehensive income

	Cytoengine Co., Ltd.	
	For the years ended December 31,	
	2023	2022
Total operating expenses	($ 31,059)	($ 24,601)
Total non-operating income and expenses	330	50
Loss for the year	($ 30,729)	($ 24,551)
Total comprehensive loss for the year	($ 30,729)	($ 24,551)
Comprehensive loss attributable to non-controlling interest	($ 12,293)	($ 9,820)

Statements of cash flows

	Cytoengine Co., Ltd.	
	For the years ended December 31,	
	2023	2022
Net cash used in operating activities	($ 29,682)	($ 27,997)
Net cash used in investing activities	(14,844)	-
Net cash provided by financing activities	-	124,999
Effect of exchange rates on cash and cash equivalents	-	-
(Decrease) increase in cash and cash equivalents	(44,526)	97,002
Cash and cash equivalents, beginning of year	97,003	1
Cash and cash equivalents, end of year	$ 52,477	$ 97,003

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

b. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

c. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts receivable

A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, including accounts receivable that have a significant financing component at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit

risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, other direct/ indirect costs. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost to complete the sale.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Experiment equipment:	2 ~ 10 years
Machinery and office equipment:	3 ~ 5 years
Leasehold improvements:	3 years

(13) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
(a) The amount of the initial measurement of lease liability;
(b) Any lease payments made at or before the commencement date; and
(c) Any initial direct costs incurred by the lessee.
The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(14) Intangible assets

A. Patents and proprietary technology
Separately acquired proprietary technology is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 years. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date and amortised on a straight-line basis over its estimated useful life of 3 ~ 9 years.

B. Computer software
Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2~3 years.

C. Goodwill
Goodwill arises in a business combination accounted for by applying the acquisition method.

(15) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount

by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(16) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(18) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions - defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the

subsequently actual distributed amounts is accounted for as changes in estimates.

(19) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B: Employee restricted shares:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Group will redeem at no consideration and retire those stocks.

C. The share-based payment grant date is the date of approval of the resolution by the Group's shareholders.

(20) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal

of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(21) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells new drugs. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from sales of goods is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 90 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

(a) The Group provides technical service, clinical trial and related services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a

contract liability is recognised.

(b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

C. Revenue from licencing intellectual property

(a) The Group entered into a contract with a customer to grant a licence of intellectual property to the customer. Because licencing is divisible from the contract, the Group recognises licencing revenue when the licence is transferred to a customer at a point in time based on the nature of licencing. The nature of the Group's promise in granting a licence is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognised when the licence is transferred to a customer at a point in time.

(b) Some contracts require a sales-based royalty in exchange for a licence of intellectual property. The Group recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

(22) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Group has assessed that there are no critical accounting estimates and key sources of assumption uncertainty.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 20	$ 20
Demand deposits	425,228	516,828
	$ 425,248	$ 516,848

A. The Group associates with a variety of financial institutions and all of them with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash pledged to others.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Non-current Items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed and OTC stocks (Note 1)	$ 88,000	$ -
Emerging stocks (Notes 1 and 2)	84,944	172,944
Non-public stocks	20,000	20,000
	192,944	192,944
Valuation adjustment	390,849	271,772
	$ 583,793	$ 464,716

Note 1: The Group held an investment in the stocks of Ever Fortune AI Co., Ltd. which was listed on the Taipei Exchange since March 1, 2023.

Note 2: The Group has acquired additional stocks in Shine-On BioMedical Co., Ltd. amounting to $14,944 during August, 2022. Shine-On BioMedical Co., Ltd. has been offered publicly on September 20, 2022, and obtained an emerging stock market registration on November 25, 2022.

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 119,077	($ 217,396)

B. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

	December 31, 2023	December 31, 2022
Current item:		
Time deposits - original maturies over three months	$ 419,064	$ 667,668

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	For the years ended December 31,	
	2023	2022
Interest income	$ 7,860	$ 4,184

B. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were $419,064 and $667,668, respectively.

C. The Group has no financial assets at amortised cost pledged to others.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The transaction objects of the Group's investment certificates of deposit are financial institutions with high credit quality, so it expects that the probability of counterparty default is remote.

(4) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 12,155	$ 13,998
Less: Loss allowance	(152)	-
	$ 12,003	$ 13,998

A. The ageing analysis of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 11,227	$ 10,811
Up to 30 days	-	3,187
31 to 90 days	621	-
Over 181 days	307	-
	$ 12,155	$ 13,998

The above aging analysis is based on the invoice date and the accounts receivable are not overdue.

B. As of December 31, 2023, December 31, 2022, and January 1, 2022, the balances of receivables from contracts with customers amounted to $12,155, $13,998 and $9,692, respectively.

C. The Group does not hold financial assets as security for accounts receivable.

D. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were $12,003 and $13,998, respectively.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023	December 31, 2022
Raw materials and supplies	$ 15,062	$ 15,143
Semi-finished goods	85,383	89,118
Finished goods	3,467	4,420
	$ 103,912	$ 108,681

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	$ 8,004	$ 8,859
Cost of license	7,431	3,222
	$ 15,435	$ 12,081

(6) Property, plant and equipment

	Experiment equipment	Machinery and office equipment	Leasehold improvements	Total
January 1, 2023				
Cost	$ 30,891	$ 928	$ -	$ 31,819
Accumulated depreciation	(27,829)	(928)	-	(28,757)
	$ 3,062	$ -	$ -	$ 3,062
2023				
At January 1	$ 3,062	$ -	$ -	$ 3,062
Additions	10,932	172	3,212	14,316
Depreciation	(1,908)	(12)	(532)	(2,452)
At December 31	$ 12,086	$ 160	$ 2,680	$ 14,926
December 31, 2023				
Cost	$ 40,401	$ 1,100	$ 3,212	$ 44,713
Accumulated depreciation	(28,315)	(940)	(532)	(29,787)
	$ 12,086	$ 160	$ 2,680	$ 14,926

	Experiment equipment	Machinery and office equipment	Total
January 1, 2022			
Cost	$ 28,605	$ 928	$ 29,533
Accumulated depreciation	(26,961)	(928)	(27,889)
	$ 1,644	$ -	$ 1,644
2022			
At January 1	$ 1,644	$ -	$ 1,644
Additions	2,285	-	2,285
Depreciation	(867)	-	(867)
At December 31	$ 3,062	$ -	$ 3,062
December 31, 2022			
Cost	$ 30,891	$ 928	$ 31,819
Accumulated depreciation	(27,829)	(928)	(28,757)
	$ 3,062	$ -	$ 3,062

A. No borrowing costs were capitalized as part of property, plant and equipment.

B. The Group has no property, plant and equipment pledged to others.

(7) Leasing arrangements - lessee

A. The Group leases various assets including buildings and other equipment. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

			For the years ended December 31,	
	December 31, 2023	December 31, 2022	2023	2022
	Carrying amount	Carrying amount	Depreciation charge	Depreciation charge
Buildings	$ 12,600	$ 4,602	$ 4,252	$ 4,656

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $12,250 and $112, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 47	$ 149
Expense on short-term lease contracts	3,431	2,628
Expense on leases of low-value assets	58	59
Gain on lease modification	-	48

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $7,866 and $7,483, respectively.

(8) Intangible assets

	Patents and proprietary technology	Computer software	Goodwill	Total
January 1, 2023				
Cost	$ 361,173	$ 490	$ 78,490	$ 440,153
Accumulated impairment	(24,033)	-	(78,490)	(102,523)
Accumulated amortisation	(310,372)	(326)	-	(310,698)
	$ 26,768	$ 164	$ -	$ 26,932
2023				
At January 1	$ 26,768	$ 164	$ -	$ 26,932
Additions	-	700	-	700
Impairment loss	(10,372)	-	-	(10,372)
Amortisation	(16,396)	(261)	-	(16,657)
At December 31	$ -	$ 603	$ -	$ 603
December 31, 2023				
Cost	$ 361,173	$ 1,190	$ 78,490	$ 440,853
Accumulated impairment	(34,405)	-	(78,490)	(112,895)
Accumulated amortisation	(326,768)	(587)	-	(327,355)
	$ -	$ 603	$ -	$ 603

	Patents and proprietary technology	Computer software	Goodwill	Total
January 1, 2022				
Cost	$ 361,173	$ 490	$ 78,490	$ 440,153
Accumulated impairment	(24,033)	-	(78,490)	(102,523)
Accumulated amortisation	(293,975)	(81)	-	(294,056)
	$ 43,165	$ 409	$ -	$ 43,574
2022				
At January 1	$ 43,165	$ 409	$ -	$ 43,574
Amortisation	(16,397)	(245)	-	(16,642)
At December 31	$ 26,768	$ 164	$ -	$ 26,932
December 31, 2022				
Cost	$ 361,173	$ 490	$ 78,490	$ 440,153
Accumulated impairment	(24,033)	-	(78,490)	(102,523)
Accumulated amortisation	(310,372)	(326)	-	(310,698)
	$ 26,768	$ 164	$ -	$ 26,932

A. Details of amortisation on intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Selling expenses	$ 164	$ 245
Research and development expenses	16,493	16,397
	$ 16,657	$ 16,642

B. The Group has no intangible assets pledged to others.

C. As a result of the Covid-19 pandemic, deliveries of the supplies which were purchased for ECC series development project were suspended, causing significant delay in the overall progress of the project. Further, as the cell therapy technology on other similar indications and the therapeutic techniques of antibody-drug conjugates continue to flourish, the subsequent market share is expected to decrease because the project's progress was behind schedule. Based on the Group's assessment, the recoverable amount of ECC series project was less than its carrying amount, thus, the Group recognised impairment loss amounting to $10,372 for the year ended December 31, 2023.

The recoverable amount was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates, and the key assumptions used for value-in-use calculations are as follows:

	For the years ended December 31,	
	2023	2022
	ECC series project operation	ECC series project operation
Gross margin	100%	100%
Growth rate	2%	2%
Discount rate	18.5%	19.7%

Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant operating segments.

D. Details of licence granted are as follows:

In July 2012, Cheng Pang Medical Technology Inc. (hereinafter referred to as "Cheng Pang") entered into a "Novel Long-acting Analgesic Injection" technology transfer agreement with the Ministry of Science and Technology (originally as the "National Science Council, Executive Yuan"), the National Defense Medical Center, and the co-inventor(s). The Company obtained such proprietary technology when Cheng Pang merged with the Company in June 2014. Such proprietary technology was recognised based on the fair value at the acquisition date, in accordance with the accounting standards of enterprise merger.

The abovementioned technology transfer agreement provides that when relevant technology (or product) is sub-licenced to a third party, the Company shall pay a sublicence fee. The sublicence fee is 10% of the sublicence income received from the sub-licencee less the development costs; also, the sublicence fee shall not be less than 20% of the sublicence income received from the sub-licencee. If the Company manufactures and markets the relevant product, the Company shall pay 1.875~7.5% of the net sale of the product as royalty during the term of the agreement.

(9) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonus payable	$ 14,126	$ 14,669
Service payable	5,751	2,199
Research expenses payable	20,715	18,951
License payable	13,819	11,257
Other payables	2,239	2,610
	$ 56,650	$ 49,686

(10) Refund liabilities - current

A. At the beginning and end of 2023 and 2022, refund liabilities both amounted to $151,130.

B. Refund liabilities pertains to licencing revenue recognised in accordance with contractual terms agreed upon with customers.

(11) Pensions

A. The Company has established a defined contribution pension plan (the 'New Plan') under the Labor Pension Act (the 'Act') covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension expense under the defined contribution pension plan of the Group for the years ended December 31, 2023 and 2022 were $2,227 and $2,193, respectively.

B. The subsidiaries, Lumosa Cayman, Lumosa SH and Cytoengine, have no formal employee and were not subject to local pension act.

(12) Share-based payments

A. As of December 31, 2023, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employee stock options	2015/03/05	4,915	8 years	Note 1
Restricted stocks to employees	2021/07/09	900	4.5 years	Note 2
Restricted stocks to employees	2023/11/09	1,890	4.14 years	Note 2

Note 1: After 2 years from the date of grant, employees may exercise the options in accordance with certain schedules and percentage as prescribed in the option plan.

Note 2: Employees can receive shares several times when restricted stocks are granted to employees who continue to serve the Company and when the Company reaches its operational goals.

The above share-based payment arrangements are settled by equity.

B. Details of the share-based payment arrangements are as follows:

(a) Employee stock options

	2023		2022	
	Number of options (shares in thousands)	Weighted-average exercise price (in dollars)	Number of options (shares in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	23	$ 12.50	88	$ 12.50
Options exercised	(23)	12.50	(65)	12.50
Options outstanding at December 31	-	-	23	12.50
Options exercisable at December 31	-	-	23	12.50

(b) Employee restricted shares

	2023	2022
	Number (shares in thousands)	Number (shares in thousands)
At January 1	670	785
Restricted shares granted	1,890	-
Forfeited shares (Note)	(37)	(115)
At December 31	2,523	670

Note: For the year ended December 31, 2022, certain employees resigned during the vesting period, thus, the granted employee restricted shares of 115 thousand shares shall be returned because they did not meet the vesting conditions specified in the issuance terms. Of the total shares to be returned, 60 thousand shares had been redeemed and retired for the capital reduction as approved by the Board of Directors on April 22, 2022. The effective date for the capital reduction was set on April 22, 2022, and the registration for the capital reduction had been completed. The 55 thousand shares had been redeemed and retired for the capital reduction as approved by the Board of Directors on August 9, 2022. The effective date for the capital reduction was set on August 9, 2022, and the registration for the capital reduction had been completed.

For the year ended December 31, 2023, certain employees resigned during the vesting period, thus, the granted employee restricted shares of 37 thousand shares shall be

returned because they did not meet the vesting conditions specified in the issuance terms, of which 8 thousand, 19 thousand and 10 thousand forfeited shares had been redeemed and retired for the capital reduction as approved by the Board of Directors on April 24, 2023, August 9, 2023, and November 9, 2023, respectively. The effective date for the capital reduction was set on April 24, 2023, August 9, 2023, and November 9, 2023, respectively, and the registration for the capital reduction had been completed.

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2023 and 2022 were $42.54 and $38.74 (in dollars), respectively.

D. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2023		December 31, 2022	
Issue date approved	Expiry date	Number of shares (in thousands)	Exercise price (in dollars)	Number of shares (in thousands)	Exercise price (in dollars)
2015/03/30	2023/03/29	-	$ -	23	$ 12.50

E. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2015/03/30	$ 12.01	12.50	38.86%	5 years	-	1.09%	4.09
Restricted stocks to employees	2021/07/09	35.75	-	51.40%	4.5 years	-	0.24%	36.94
Restricted stocks to employees	2023/11/09	59.70	-	38.70%	4.14 years	-	1.18%	60.24

F. The compensation costs recognised for the above employee restricted shares for the years ended December 31, 2023 and 2022 were $8,591 and $5,028, respectively.

(13) Share capital

As of December 31, 2023, the Company's authorised capital was $3,000,000, consisting of 300 million shares of ordinary stock (including 11 million shares reserved for employee stock options), and the paid-in capital was $1,649,738, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023	2022
At January 1	163,097,825	163,147,825
Employee stock options exercised	23,000	65,000
Issuance of employee restricted shares	1,890,000	-
Capital reduction through retirement of employee restricted shares (Note 1)	(37,000)	(115,000)
At December 31	164,973,825	163,097,825

Note 1: Refer to Note 6(12)B. for the related information

Note 2: In order to increase the Company's working capital, the shareholders during their meeting on June 9, 2020 resolved to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 70 million shares. As of March 11, 2021, the Board of Directors resolved to implement the second-time cash capital increase through private placement for a total of 3,448 thousand shares of ordinary shares at a subscription price of $29 (in dollars), and the effective date for the capital increase was set on March 19, 2021. The amount of capital raised through the private placement was $99,992 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued, have met the requirement of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEx and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Accumulated deficit

A. The current year's earnings net of tax, if any, shall first be used to offset accumulated deficit (including undistributed earnings adjustment) and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorised capital, the Company shall not be subject to this requirement. The Company may then appropriate or reserve a certain amount as special reserve according to the demand or relevant regulations. After the

distribution of earnings, the remaining earnings and prior years' undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting.

B. The Company's dividend policies were as follows:

In order to balance strengthening the financial structure and the interest of investors, the Company adopts a dividend equalising policy. The earnings distributed should not be less than 50% of distributable retained earnings and cash dividends should not be less than 10% of earnings distributed. If dividend per share is less than $3 (in dollars), the Company could distribute all the dividends in stock.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. As of December 31, 2023 and 2022, the Company had an accumulated deficit. Therefore, there is no surplus available for distribution.

(16) Other equity items

	2023		
	Currency translation	Unearned employee compensation	Total
At January 1	$ 2,970	($ 16,500)	($ 13,530)
Currency translation differences	(26)	-	(26)
Issuance of employee restricted shares	-	(113,854)	(113,854)
Compensation costs of employee restricted shares	-	8,591	8,591
Adjustment on forfeited employee restricted shares due to resignation of employees	-	1,367	1,367
At December 31	$ 2,944	($ 120,396)	($ 117,452)

	2022		
	Currency translation	Unearned employee compensation	Total
At January 1	$ 2,948	($ 25,776)	($ 22,828)
Currency translation differences	22	-	22
Compensation costs of employee restricted shares	-	5,028	5,028
Adjustment on forfeited employee restricted shares due to resignation of employees	-	4,248	4,248
At December 31	$ 2,970	($ 16,500)	($ 13,530)

(17) Operating revenue

	For the years ended December 31,	
	2023	2022
Licencing revenue	$ 20,568	$ 12,655
Sales revenue	34,048	12,039
Service revenue and others	2,300	1,948
	$ 56,916	$ 26,642

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following types:

For the year ended December 31, 2023	Europe	America	Asia	Taiwan	Total
Revenue from external customer contracts	$ 8,346	$ 7,556	$ 25,605	$ 15,409	$ 56,916
Timing of revenue recognised					
Licencing revenue	$ -	$ 7,096	$ 5,987	$ 7,484	$ 20,567
Sales revenue	8,346	460	17,760	7,483	34,049
	8,346	7,556	23,747	14,967	54,616
Over time					
Service revenue and others	-	-	1,859	441	2,300
	$ 8,346	$ 7,556	$ 25,606	$ 15,408	$ 56,916

For the year ended December 31, 2022	Europe	America	Asia	Taiwan	Total
Revenue from external customer contracts	$ 213	$ 3,188	$ 2,000	$ 21,241	$ 26,642
Timing of revenue recognised					
Licencing revenue	$ -	$ 3,188	$ 2,000	$ 7,467	$ 12,655
Sales revenue	213	-	-	11,826	12,039
	213	3,188	2,000	19,293	24,694
Over time					
Service revenue and others	-	-	-	1,948	1,948
	$ 213	$ 3,188	$ 2,000	$ 21,241	$ 26,642

(a) The Company entered into a licencing agreement with Shanghai Pharmaceutical Group Co., Ltd. ("Shanghai Pharma") on November 6, 2019 for the exclusive development and sales rights for LT3001, a novel drug for the treatment of acute ischemic stroke in China. Shanghai Pharma was granted the right to develop, manufacture, register, market and promote LT3001 in China as well as conduct clinical trials of LT3001 in China. Shanghai Pharma is responsible for the associated costs with subsequent development, commercialization and marketing of LT3001 in China. The Company will receive the upfront payments and milestone payment for up to RMB 260 million and the royalty payment from the sales of LT3001. Revenue recognised by the Group for the years ended December 31, 2023 and 2022 were $17,760 and $0, respectively. Revenue recognised from the effective date of the contract to December 31, 2023 amounted to $93,658.

(b) The Company entered into a licencing agreement with Jemincare Group Co., Ltd. ("Jemincare") on December 2, 2019 for the exclusive development and sales rights for LT1001, an extended-release analgesic injection. Jemincare was granted the right to develop, manufacture, register, sell and promote LT1001 in China, Hong Kong and Macau. The Company will receive the upfront payments and milestone payment for up to RMB 130 million and the royalty payment from the sales of LT1001. No revenue was recognised by the Group for the years ended December 31, 2023 and 2022. Revenue recognised from the effective date of the contract to December 31, 2023 amounted to $75,233.

B. Contract liabilties

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
LT1001 distribution agreement	$ 3,036	$ 6,882	$ 4,680

Revenue recognised that was included in the contract liability balance at the beginning of the year:

	For the years ended December 31,	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year		
- LT1001 distribution agreement	$ 4,044	$ -

(18) Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 2,626	$ 1,136
Interest income from financial assets measured at amortised cost	7,860	4,184
	$ 10,486	$ 5,320

(19) Other income

	For the years ended December 31,	
	2023	2022
Rent income	$ 979	$ 1,213
Dividend income	8,000	520
Other income - others	1,781	1,244
	$ 10,760	$ 2,977

(20) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net currency exchange (loss) gain	($ 4,213)	$ 11,024
Gains (losses) on financial assets at fair value through profit or loss	119,077	(217,396)
Impairment loss (Note)	(10,372)	-
Gains arising from lease modifications	-	48
Other losses	-	(350)
	$ 104,492	($ 206,674)

Note: Refer to Note 6(8)C. for details.

(21) Costs and expenses by nature (all included in operating expenses)

	For the years ended December 31,	
	2023	2022
Employee benefit expenses	$ 68,379	$ 64,568
Depreciation	6,704	5,523
Amortisation	16,657	16,642

(22) Employee benefit expense

	For the years ended December 31,	
	2023	2022
Wages and salaries	$ 49,873	$ 49,848
Compensation costs of employee restricted shares	8,591	5,028
Labour and health insurance fees	3,991	3,949
Pension costs	2,227	2,193
Directors' remuneration	1,664	1,605
Other personnel expenses	2,033	1,945
	$ 68,379	$ 64,568

A. For the years ended December 31, 2023 and 2022, the Group had an average of 47 employees for both years. The Group had an average of 9 and 8 non-employee directors for the years ended December 31, 2023 and 2022, respectively.

B. In accordance with the Articles of Incorporation of the Company, when there are earnings for distribution in a given financial year, the Company shall reserve 2% to 6% as the employees' compensation and no more than 2% as directors' and supervisors' remuneration. If the Company has accumulated deficit, the earnings shall first be used to cover accumulated deficit, if any, then be appropriated based on the abovementioned ratios.

C. For the years ended December 31, 2023 and 2022, the Company had an accumulated deficit, and thus did not accrue employees' compensation and directors' and supervisors' remuneration.

D. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

Components of income tax expense

	For the years ended December 31,	
	2023	2022
Income tax expense	$ 248	$ 36

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2023	2022
Tax calculated based on loss before income tax and statutory tax rate	($ 53,725)	($ 103,783)
Temporary differences not recognised as deferred income tax assets	832	(2,440)
Taxable loss not recognised as deferred income tax assets	73,106	59,227
Expenses disallowed by tax regulation	32	-
Effect from tax exemption on investment income (loss)	(20,245)	45,938
Withholding tax in other countries	248	36
Others	-	1,058
Income tax expense	$ 248	$ 36

C. Details of the amount the Group is entitled as investment tax credit and unrecognised deferred income tax assets are as follows:

December 31, 2023			
Qualifying items	Unused tax credits	Unrecognised deferred income tax assets	Expiry year
Research and development expenses	$ 436,577	$ 436,577	Note

December 31, 2022			
Qualifying items	Unused tax credits	Unrecognised deferred income tax assets	Expiry year
Research and development expenses	$ 363,695	$ 363,695	Note

Note: Under the Act for the Development of Biotech and New Pharmaceuticals Industry, the unused tax credits can be offset against the current income tax payable for a period of five years from the time when the Company is subject to corporate income tax. The Company can enjoy tax credits which shall not exceed 50% of the amount of corporate income tax payable in each year. The restriction shall not apply to the amount to be offset in the last year of the aforesaid five-year period.

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

(a) The Company

December 31, 2023				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2014	$ 115,443	$ 115,443	$ 115,443	2024
2015	181,543	181,543	181,543	2025
2016	195,369	195,369	195,369	2026
2017	155,834	155,834	155,834	2027
2018	119,820	119,820	119,820	2028
2019	240,736	240,736	240,736	2029
2020	326,475	326,475	326,475	2030
2021	188,496	188,496	188,496	2031
2022	239,469	239,469	239,469	2032
2023	334,697	334,697	334,697	2033
	$ 2,097,882	$ 2,097,882	$ 2,097,882	

December 31, 2022				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2013	$ 25,683	$ 25,683	$ 25,683	2023
2014	115,443	115,443	115,443	2024
2015	181,543	181,543	181,543	2025
2016	195,369	195,369	195,369	2026
2017	155,834	155,834	155,834	2027
2018	119,820	119,820	119,820	2028
2019	240,736	240,736	240,736	2029
2020	326,475	326,475	326,475	2030
2021	188,496	188,496	188,496	2031
2022	239,469	239,469	239,469	2032
	$ 1,788,868	$ 1,788,868	$ 1,788,868	

(b) Lumosa SH

December 31, 2023				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2018	$ 109	$ 109	$ 109	2023
2019	1,487	1,487	1,487	2024
2020	780	780	780	2025
2021	106	106	106	2026
2022	107	107	107	2027
2023	83	83	83	2028
	$ 2,672	$ 2,672	$ 2,672	

December 31, 2022				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2018	$ 109	$ 109	$ 109	2023
2019	1,487	1,487	1,487	2024
2020	780	780	780	2025
2021	106	106	106	2026
2022	107	107	107	2027
	$ 2,589	$ 2,589	$ 2,589	

(c) Cytoengine

December 31, 2023				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2022	$ 24,551	$ 24,551	$ 24,551	2032
2023	30,729	30,729	30,729	2033
	$ 55,280	$ 55,280	$ 55,280	

December 31, 2022				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2022	$ 24,551	$ 24,551	$ 24,551	2032

E. The amounts of deductible temporary differences that were not recognised as deferred income tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 24,621	$ 21,490

F. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

G. The subsidiary, Cytoengine, was established in January, 2022. As of December 31, 2023, the subsidiary's income tax has not yet been assessed and approved by the Tax Authority.

(24) Loss per share

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 238,041)	162,447	($ 1.47)

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 494,661)	162,401	($ 3.05)

Due to the loss for the years ended December 31, 2023 and 2022, the assumed conversion of dilutive potential ordinary shares will generate anti-dilutive effect, thus, the calculation of diluted loss per share did not include the dilutive potential ordinary shares.

(25) Transactions with non-controlling interest

A. Cytoengine has completed an issuance of common shares for cash in October, 2022. Center Laboratories, Inc. acquired 40% of the shares, reducing the shareholding ratio of the Group to 60%. The transaction was accounted for as equity transactions, since the Group did not cease to have control over Cytoengine.

B. The effect of changes in equity attributable to shareholders of the parent is shown below:

	For the years ended December 31,	
	2023	2022
Cash consideration received	$ -	$ 50,000
The proportionate share of the carrying amount of the net assets of the subisidiary transferred to non-controlling interest	-	(50,000)
Difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	$ -	$ -

(26) Changes in liabilities from financing activities

	2023		2022	
	Lease liabilities	Liabilities from financing activities-gross	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 4,690	$ 4,690	$ 11,486	$ 11,486
Changes in cash flow from financing activities	(4,330)	(4,330)	(4,647)	(4,647)
Changes in other non-cash items (Note)	12,250	12,250	(2,149)	(2,149)
At December 31	$ 12,610	$ 12,610	$ 4,690	$ 4,690

Note: The changes represent the renewal of lease in 2023 amounting to $12,250, the early termination of the lease amounting to $2,261 and the renewal of the lease at expiration amounting to $112.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Center Laboratories, Inc.	Entity with significant influence to the Company
BioEngine Technology Development Inc.	Other related party
Youluck International Inc.	Other related party
TOT Biopharm International Co., Ltd.	Other related party
Mycenax Biotech Inc.	Other related party
BioGend Therapeutics Co., Ltd.	Other related party
Glac Biotech Co., Ltd.	The chairman of the Group and the chairman of the company are the same person
Krisan Biotech Co., Ltd.	The chairman of the Group and the chairman of the company are the same person

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2023	2022
Sales of services:		
Mycenax Biotech Inc.	$ 21	$ 146
Center Laboratories, Inc.	360	860
Other related party	60	942
	$ 441	$ 1,948

It refers to research and development consulting services, project management and entrusted research and development services to related parties. The terms of transaction were based on mutual agreement.

B. Accounts receivable and other receivables

	December 31, 2023	December 31, 2022
Accounts receivable		
Mycenax Biotech Inc.	$ -	$ 11
Center Laboratiories, Inc.	32	32
	32	43
Other receivables		
TOT Biopharm International Co., Ltd.	-	63
BioGend Therapeutics Co., Ltd.	-	64
	-	127
	$ 32	$ 170

It refers to research and development consulting services, project management and entrusted research and development services to related parties. The terms of transaction were based on mutual agreement.

C. Other payables

	December 31, 2023	December 31, 2022
Mycenax Biotech Inc.	$ 3,115	$ 4,931
Center Laboratiories, Inc.	67	419
Bioengine Technology Development Inc.	2,583	291
	$ 5,765	$ 5,641

The above represents payables arising from office rent, business development consulting fee, information system usage service fee and commissioned research project. The terms of transaction were based on mutual agreement.

D. Lease transactions - lessee

(a) The Group leases offices and system equipment from related parties. The lease terms are 3 to 4 years. Rental is charged based on quotations of nearby location and the payment term is monthly payment.

(b) Lease liabilities

(i) Outstanding balance:

	December 31, 2023	December 31, 2022
Center Laboratories, Inc.	$ 12,610	$ 4,634

(ii) Interest expense

	For the years ended December 31,	
	2023	2022
Center Laboratories, Inc.	$ 46	$ 131
Mycenax Biotech Inc.	-	17
	$ 46	$ 148

E. Operating expenses

Others (including service fee and other operating expenses)

	For the years ended December 31,	
	2023	2022
Center Laboratories, Inc.	$ 457	$ 277
Mycenax Biotech Inc.	25,358	13,083
BioEngine Technology Development Inc.	7,767	3,653
Krisan Biotech Co., Ltd.	20	-
	$ 33,602	$ 17,013

The above refers to IT and commissioned research and development services rendered by the related parties and research project transfer fees. The terms of the transaction were based on mutual agreement.

F. Other income

	For the years ended December 31,	
	2023	2022
Center Laboratories, Inc.	$ 208	$ 254
Mycenax Biotech Inc.	208	192
TOT Biopharm International Co., Ltd.	3	41
BioGend Therapeutics Co., Ltd.	-	62
Other related party	-	87
	$ 419	$ 636

It refers to income for providing market information services, apportionment of antibody technology evaluation plan, advance expenses and office rent with related parties.

(3) Key management compensation

	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	$ 15,564	$ 15,677
Post-employment benefits	521	465
Share-based payments	5,324	2,463
	$ 21,409	$ 18,605

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Group received an arbitration notice from the Shanghai Arbitration Commission on November 17, 2023, stating that the applicant, Jemincare Group Co., Ltd. (“Jemincare”), filed a lawsuit regarding the "License Agreement" for LT1001, an extended-release analgesic injection in China on December 2, 2019. Both parties hope to clarify the licensing fee in the agreement and determine whether there are any related losses. The Company has appointed a lawyer to handle the relevant counterclaim litigation, and the abovementioned case is currently awaiting notice for trial.

(2) Commitments

A. Please refer to Note 6(8) D for the related information.

B. The Group entered into a collaboration agreement with Professors Peng and Zhao of Capital Medical University to develop a “thrombolytic drug with therapeutic activities.” The agreement provides that if the relevant proprietary technology is licenced to a third party, 5% of the licence income must be paid as royalty; also, once the product is successfully marketed, 1% of the net sales must be paid to the Professors each year during the patent term.

C. For mutual interests, the Group has paid termination payment to early terminate the collaborative development agreement and drug manufacturing contract with the original contracted manufacturer of Sebacoyl Dinalbuphine Ester (hereafter referred to as SDE) in 2017. The rights and actual contributions to the drug containing SDE will be verified jointly, based on which the Group will pay royalty not exceeding 2% of the global sale of the drug containing SDE.

D. As of December 31, 2023 and 2022, the total price of significant commission research and experiment contract that the Company has signed but not completed were $974,621 and $1,077,318, of which $398,597 and $679,552 have yet to be paid, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

Based on the character of the industry, future development, changes in external environment and other factors, the Group plans its capital for future use, research and development expenses, dividend expenses and other demands, to ensure continuous operations, feedback to shareholders, benefit of other shareholders and maintain and optimise capital structure to enhance the value of investors in the future.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debts. The Group reviews liabilities to assets ratio periodically to monitor the cash flow.

During 2023, the Group's strategy, which was the same with 2022, was to maintain debt ratio in the reasonable range.

The Group's debt ratios are as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 227,694	$ 215,719
Total assets	$ 1,656,279	$ 1,885,688
Debt ratio	13.75%	11.44%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 583,793	$ 464,716
Financial assets at amortised cost		
Cash	425,248	516,848
Financial assets at amortised cost	419,064	667,668
Accounts receivable	12,003	13,998
Other receivables	2,076	2,248
Refundable deposits (shown as other non-current assets)	323	323
	$ 1,442,507	$ 1,665,801
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable	$ 1,493	$ 992
Other payables	56,650	49,686
Other current liabilities	2,775	2,339
	$ 60,918	$ 53,017
Lease liabilities	$ 12,610	$ 4,690

B. Financial risk management policies

(A) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk.

(B) Risk management is carried out by a general management department under approved policies. General management department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors provides written

principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(A) Market risk

Foreign exchange risk

a. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

b. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.

c. The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

d. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 6,208	30.705	$ 190,617
RMB:NTD	428	4.327	1,852
Non-monetary items			
RMB:NTD	317	4.327	1,373
Financial liabilities			
Monetary items			
USD:NTD	203	30.705	6,233
EUR:NTD	4	33.980	136

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 3,512	30.710	$ 107,854
RMB:NTD	434	4.408	1,913
Non-monetary items			
RMB:NTD	336	4.408	1,483
Financial liabilities			
Monetary items			
USD:NTD	315	30.710	9,674
EUR:NTD	4	32.720	131
RMB:NTD	2	4.408	9

e. Please refer to the following table for the details of total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group:

	For the year ended December 31, 2023		
	Exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	31.128	($ 3,606)
RMB:NTD	-	4.386	(11)
Financial liabilities			
Monetary items			
USD:NTD	-	31.128	(516)
GBP:NTD	-	38.746	(7)
CZK:NTD	-	2.962	7
EUR:NTD	-	33.697	(80)
JPY:NTD	-	0.222	(1)
RMB:NTD	-	4.386	1

	For the year ended December 31, 2022		
	Exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	29.762	$ 13,130
RMB:NTD	-	4.416	186
EUR:NTD	-	31.360	1
Financial liabilities			
Monetary items			
USD:NTD	-	29.762	(2,209)
RMB:NTD	-	4.416	(74)
CZK:NTD	-	2.951	7
EUR:NTD	-	31.360	(17)

f. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	For the year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 1,906	$ -
RMB:NTD	1%	19	-
Financial liabilities			
Monetary items			
USD:NTD	1%	62	-
EUR:NTD	1%	1	-

	For the year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 1,079	$ -
RMB:NTD	1%	19	-
Financial liabilities			
Monetary items			
USD:NTD	1%	97	-
EUR:NTD	1%	1	-

Price risk

a. The Group's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss.

b. The Group mainly invests in equity instruments comprised of shares issued by the domestic companies. The value of equity instruments are susceptible to market price risk arising from uncertainties about future performance of equity markets. Assuming a hypothetical increase of 1% in the price of the aforementioned financial assets at fair value through profit or loss while the other conditions remain unchanged could increase the Group's non-operating revenue for the years ended December 31, 2023 and 2022 by $5,838 and $4,647, respectively.

Cash flow and fair value interest rate risk

The Group does not hold any floating rate instrument, thus the Group has no interest risk.

(B) Credit risk

a. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

b. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external

ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

c. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

d. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

e. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
   (a) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
   (b) The disappearance of an active market for that financial asset because of financial difficulties;
   (c) Default or delinquency in interest or principal repayments;
   (d) Adverse changes in national or regional economic conditions that are expected to cause a default.

f. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the modified approach using the loss rate methodology to estimate expected credit loss.

g. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Group has no written-off financial assets that are still under recourse procedures.

h. The counterparties of the Group's accounts receivable all have good credit quality and are grouped into the same category. The Group used the forecastability to adjust historical and timely information to establish a loss rate for estimating the loss allowance for accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	181 days past due	Total
At December 31, 2023						
Expected loss rate	0%	0%	0%	10%	50%	
Total book value	$ 11,227	$ -	$ 621	$ -	$ 307	$ 12,155
Loss allowance	-	-	-	-	152	152

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	181 days past due	Total
At December 31, 2022						
Expected loss rate	0%	0%	0%	10%	50%	
Total book value	$ 10,811	$ 3,187	$ -	$ -	$ -	$ 13,998
Loss allowance	-	-	-	-	-	-

i. The movements of the loss allowance of notes and accounts receivable are as follows:

	For the years ended December 31,	
	2023	2022
At January 1	$ -	$ -
Provision for impairment loss	(152)	-
At December 31	($ 152)	$ -

j. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	December 31, 2023			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 419,064	$ -	$ -	$ 419,064

	December 31, 2022			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 667,668	$ -	$ -	$ 667,668

The Group's financial assets at amortised cost are all time deposits in banks and there is no significant abnormality in credit risk rating.

(C) Liquidity risk

a. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group's general management department. The Group's general management department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

b. Surplus cash are held by the operating entities over and above balance required for working capital management. The Group's general management department invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

c. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed

in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 1,493	$ -	$ -	$ -
Other payables	56,650	-	-	-
Lease liabilities	4,320	4,320	4,320	-
Refund liabilities - current	151,130	-	-	-
Other current liabilities	2,775	-	-	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 992	$ -	$ -	$ -
Other payables	49,686	-	-	-
Lease liabilities	4,377	360	-	-
Refund liabilities - current	151,130	-	-	-
Other current liabilities	2,339	-	-	-

d. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in OTC stocks are included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in emerging stocks are included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash, financial assets at amortised cost - current, accounts receivable, other receivables, refundable deposits (shown as part of other non-current assets), accounts payable, lease liabilities and other payables, are reasonably approximate to the fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information about the nature of the assets and liabilities is as follows:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value meansurements				
Financial assets at fair value through profit or loss				
Equity securities	$386,000	$197,793	$ -	$583,793

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value meansurements				
Financial assets at fair value through profit or loss				
Equity securities	$ -	$464,716	$ -	$464,716

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The Group uses OTC stock's/emerging stock's closing prices as market quoted prices for the inputs of fair value.

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the year ended December 31, 2023, Ever Fortune AI Co., Ltd. has quoted prices in active market. Therefore, the Group used the fair value for transfer from Level 2 to Level 1.

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
At January 1	$ -	$ 70,000
Acquired during the year	-	14,944
Valuation adjustment	-	(6,923)
Transfers out from level 3	-	(78,021)
At December 31	$ -	$ -

G. Since Shine-On BioMedical Co., Ltd. has obtained an emerging stock market registration in November, 2022, sufficient market information can be obtained. Therefore, the Group transferred the fair value used from Level 3 to Level 2 at the end of the month when the registration occurred.

H. Finance Department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and periodical reviews.

Finance segment cooperatively set up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRSs. The related valuation results are reported to the management monthly. The management is responsible for managing and reviewing valuation processes.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 4.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Board of Directors, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4(22) of the consolidated financial statements. The Group's segment profit (loss) is measured with the income (loss) after tax, which is used as a basis for the Group in evaluating the performance of the operating segments.

(3) Reconciliation for segment income (loss)

The segment assets, liabilities and income (loss) after tax provided to the chief operating decision-maker is measured in a manner consistent with that in the consolidated balance sheets and consolidated statement of comprehensive income and do not need to be reconciled.

(4) Information on products and services

	For the years ended December 31,	
	2023	2022
Licencing revenue	$ 20,568	$ 12,655
Sales revenue	34,048	12,039
Services revenue	2,300	1,948
	$ 56,916	$ 26,642

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 15,409	$ 611,922	$ 21,241	$ 499,312
Asia	25,605	-	2,000	-
America	7,556	-	3,188	-
Europe	8,346	-	213	-
	$ 56,916	$ 611,922	$ 26,642	$ 499,312

(6) Major customer information

Major customer (revenue from the customer constituting more than 10% of consolidated operating revenue) information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	For the years ended December 31,			
	2023		2022	
	Revenue	%	Revenue	%
Company A	$ 17,483	31	$ 21,293	72
Company B	17,760	31	-	-
Company C	8,346	15	213	1
Company D	7,556	13	3,188	10
	$ 51,145	90	$ 24,694	83

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES

HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD

DECEMBER 31, 2023

Table 1

Expressed in thousands of NTD

	Marketable securities				December 31, 2023				
Held Company name	Type	Name	Relationship with the Company	Financial statement account	Shares/Units	Book value	Ownership (%)	Fair value	Note
Lumosa	Stock	Ever Fortune AI Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	4,000,000	$ 386,000	4.06%	$ 386,000	
Lumosa	Stock	Thevax Genetics Vaccine Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	10,000,000	-	9.72%	-	
Lumosa	Stock	Shine-On BioMedical Co., Ltd	-	Financial assets at fair value through profit or loss - non-current	2,855,813	197,793	5.73%	197,793	

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Lumosa	Lumosa Cayman	Cayman Islands	Investment	$ 34,009	$ 34,009	1,145,188	100	$ 28,029	$ 583	$ 583	
Lumosa	Cytoengine Co., Ltd.	Taiwan	New Drugs Development	75,000	75,000	7,500,000	60	41,832	(30,729)	(18,437)	

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Lumosa SH	Consultant, service and transfer of technology	$ 4,459	b	$ 4,459	$ -	$ -	$ 4,459	($ 84)	100	($ 84)	$ 1,373	$ -	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Lumosa	$ 4,459	$ 4,459	$ 840,419

Note 1: Investment methods are classified into the following three categories:

a. Directly invest in a company in Mainland China.

b. Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

c. Others

Note 2: The financial statements were audited by independent auditors of the parent company in Taiwan.

LUMOSA THERAPEUTICS CO., LTD. AND SUBSIDIARIES
MAJOR SHAREHOLDERS INFORMATION
DECEMBER 31, 2023

Table 4

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Center Laboratories, Inc.	54,068,631	32.77

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Lumosa Therapeutics Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Lumosa Therapeutics Co., Ltd. (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Independent auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Appropriateness of licencing revenue recognition

Description

Refer to Note 4(21) for accounting policies on licencing revenue and Note 6(18) for details of licencing revenue.

The licencing revenue, service revenue and sales revenue are the main revenue sources of the Company for the year ended December 31, 2023. For licencing revenue, revenue is recognised based on the terms of the agreement with the licenced party. The Company recognises licencing revenue once all the criteria for the revenue recognition are met, which involves management's subjective judgement based on the agreements. Thus, we consider the appropriateness of licencing revenue recognition a key audit matter.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included:

1. Discussing with the management about the policies on recognition of licencing revenue and confirming whether the recognition of licencing revenue has been properly calculated, reviewed and approved.
2. Inspecting whether licencing revenue is supported with an agreement and other related documents and examining the terms and conditions of licence agreement to assess the accuracy of revenue recognition, the legitimacy of accounting process and the appropriateness of the timing of revenue recognition.

Impairment assessment of intangible assets arising from merger

Description

Refer to Note 4(15) for accounting policies on impairment assessment of non-financial assets and Note 6(9) for details of intangible assets.

The Company considers internal and external information in determining whether the intangible assets and goodwill acquired from merger are impaired at the balance sheet date. The assets' recoverable amounts and appraisal report prepared by the commissioned external appraiser expert will be used in assessing whether there is any indicator of impairment. As the assessment performed by management involves critical judgement and it will have a significant impact on the value, we consider the impairment assessment of intangible assets arising from merger as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included:

1. Assessing the valuation model used by the management on the impairment assessment of intangible assets.
2. Assessing the competence and objectivity of the external expert commissioned by management.
3. Our audit procedures performed also included:
    a. Reviewing whether the valuation models used in intangible asset appraisal report used by the commissioned external appraiser expert are reasonable for the industry and the Company's assets which are assessed for impairment.
    b. Assessing whether the future cash flows and each cash-generating unit adopted in the valuation models are consistent with the operation plans.
    c. Assessing the reasonableness of major assumptions used such as estimated growth rate, gross rate and discount rate.
    d. Comparing the recoverable amount and book value of each cash-generating unit.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Independent auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Teng, Shang-Wei　　Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan
February 26, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

LUMOSA THERAPEUTICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current Assets					
1100	Cash	6(1)	$ 369,521	23	$ 417,211	22
1136	Financial assets at amortised cost - current	6(3)	394,500	24	643,100	35
1170	Accounts receivable, net	6(4) and 7	12,003	1	13,998	1
1200	Other receivables	7	7,501	-	11,333	-
1220	Current income tax assets		16,018	1	15,729	1
130X	Inventory	6(5)	103,912	6	108,681	6
1410	Prepayments		62,300	4	59,381	3
1470	Other current assets		20	-	-	-
11XX	**Total current assets**		965,775	59	1,269,433	68
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	583,793	36	464,716	25
1550	Investments accounted for under equity method	6(6) and 7	69,861	4	87,741	5
1600	Property, plant and equipment	6(7)	2,211	-	3,062	-
1755	Right-of-use assets	6(8) and 7	12,600	1	4,602	-
1780	Intangible assets	6(9)	-	-	26,932	2
1900	Other non-current assets		323	-	323	-
15XX	**Total non-current assets**		668,788	41	587,376	32
1XXX	**Total assets**		$ 1,634,563	100	$ 1,856,809	100
	Liabilities and Equity					
	Current liabilities					
2130	Contract liabilities - current	6(18)	$ 8,490	1	$ 12,336	1
2170	Accounts payable		1,493	-	992	-
2200	Other payables	6(10) and 7	46,458	3	49,586	3
2280	Lease liabilities - current	6(26) and 7	4,493	-	4,330	-
2365	Refund liabilities - current	6(11)	151,130	9	151,130	8
2399	Other current liabilities		2,775	-	2,339	-
21XX	**Total current liabilities**		214,839	13	220,713	12
	Non-current liabilities					
2527	Contract liabilities - non-current	6(18)	10,909	1	5,947	-
2580	Lease liabilities - non-current	6(26) and 7	8,117	-	360	-
25XX	**Total non-current liabilities**		19,026	1	6,307	-
2XXX	**Total liabilities**		233,865	14	227,020	12
	Equity attributable to shareholders of the parent					
	Equity					
	Share capital	6(14)				
3110	Common share		1,649,738	101	1,630,978	88
	Capital surplus	6(15)				
3200	Capital surplus		1,362,550	83	1,268,438	68
	Accumulated deficit	6(16)				
3350	Deficit yet to be compensated		(1,494,138)	(91)	(1,256,097)	(67)
	Other equity interest	6(17)				
3400	Other equity interest		(117,452)	(7)	(13,530)	(1)
3XXX	**Total equity**		1,400,698	86	1,629,789	88
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 1,634,563	100	$ 1,856,809	100

The accompanying notes are an integral part of these parent company only financial statements.

LUMOSA THERAPEUTICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE DATA)

	Items	Notes	For the years ended December 31, 2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	**Operating revenue**	6(18) and 7	$ 62,371	100	$ 29,824	100
5000	**Operating costs**	6(5)(12)(13)(22)(23)	(18,816)	(30)	(13,810)	(47)
5900	Gross profit		43,555	70	16,014	53
	Operating expenses	6(7)(8)(9)(12)(13)(22)(23) and 7				
6100	Selling expenses		(21,688)	(35)	(16,475)	(55)
6200	General and administrative expenses		(25,612)	(41)	(23,091)	(78)
6300	Research and development expenses		(340,533)	(546)	(257,478)	(863)
6450	Expected credit of impairment loss	12(2)	(152)	-	-	-
6000	**Total operating expenses**		(387,985)	(622)	(297,044)	(996)
6900	**Operating loss**		(344,430)	(552)	(281,030)	(943)
	Non-operating income and expenses					
7100	Interest income	6(3)(19)	9,218	15	5,102	17
7010	Other income	6(20) and 7	10,784	17	2,998	10
7020	Other gains and losses	6(2)(8)(9)(21)	104,536	168	(209,250)	(702)
7050	Finance costs	6(8) and 7	(47)	-	(149)	-
7070	Share of loss subsidiaries, associates and joint ventures accounted for under equity method	6(6)	(17,854)	(29)	(12,296)	(41)
7000	Total non-operating income and expenses		106,637	171	(213,595)	(716)
7900	**Loss before income tax**		(237,793)	(381)	(494,625)	(1659)
7950	Income tax expense	6(24)	(248)	(1)	(36)	-
8200	**Loss for the year**		($ 238,041)	(382)	($ 494,661)	(1659)
	Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(6)(17)	($ 26)	-	$ 22	-
8300	**Other comprehensive (loss) income for the year**		($ 26)	-	$ 22	-
8500	**Total comprehensive loss for the year**		($ 238,067)	(382)	($ 494,639)	(1659)
	Loss per share (in dollars)	6(25)				
9750	Basic loss per share		($ 1.47)		($ 3.05)	
9850	Diluted loss per share		($ 1.47)		($ 3.05)	

The accompanying notes are an integral part of these parent company only financial statements.

LUMOSA THERAPEUTICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Share capital		Capital surplus					Other equity interest		
	Notes	Common shares	Share capital awaiting retirement	Share premium	Employee stock options	Employee restricted shares	Others	Deficit yet to be compensated	Financial statements translation differences of foreign operations	Unearned employee compensation	Total equity
For the year ended December 31, 2022											
Balance at January 1, 2022		$ 1,631,628	($ 150)	$ 1,249,701	$ 360	$ 21,148	$ 164	($ 761,436)	$ 2,948	($ 25,776)	$ 2,118,587
Loss for the year		-	-	-	-	-	-	(494,661)	-	-	(494,661)
Other comprehensive income for the year	6(17)	-	-	-	-	-	-	-	22	-	22
Total comprehensive loss		-	-	-	-	-	-	(494,661)	22	-	(494,639)
Employee stock options exercised	6(13)(14)	650	-	429	(266)	-	-	-	-	-	813
Compensation costs of employee restricted stock	6(13)(14)(17)	-	-	-	-	-	-	-	-	5,028	5,028
Capital reduction through retirement and adjustment due to resignation of employee restricted shares forfeited	6(13)(14)(17)	(1,300)	150	-	-	(3,098)	-	-	-	4,248	-
Balance at December 31, 2022		$ 1,630,978	$ -	$ 1,250,130	$ 94	$ 18,050	$ 164	($1,256,097)	$ 2,970	($ 16,500)	$ 1,629,789
For the year ended December 31, 2023											
Balance at January 1, 2023		$ 1,630,978	$ -	$ 1,250,130	$ 94	$ 18,050	$ 164	($1,256,097)	$ 2,970	($ 16,500)	$ 1,629,789
Loss for the year		-	-	-	-	-	-	(238,041)	-	-	(238,041)
Other comprehensive loss for the year	6(17)	-	-	-	-	-	-	-	(26)	-	(26)
Total comprehensive loss		-	-	-	-	-	-	(238,041)	(26)	-	(238,067)
Issuance of employee restricted stocks	6(13)(14)(17)	18,900	-	-	-	94,954	-	-	-	(113,854)	-
Employee stock options exercised	6(13)(14)	230	-	151	(94)	-	-	-	-	-	287
Compensation costs of employee restricted stock	6(13)(17)(23)	-	-	-	-	-	-	-	-	8,591	8,591
Capital reduction through retirement and adjustment due to resignation of employee restricted shares forfeited	6(13)(14)(17)	(370)	-	-	-	(997)	-	-	-	1,367	-
Changes in other additional paid-in capital		-	-	-	-	-	98	-	-	-	98
Balance at December 31, 2023		$ 1,649,738	$ -	$ 1,250,281	$ -	$ 112,007	$ 262	($1,494,138)	$ 2,944	($ 120,396)	$ 1,400,698

The accompanying notes are an integral part of these parent company only financial statements.

LUMOSA THERAPEUTICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax for the year		($ 237,793)	($ 494,625)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(22)	5,275	5,523
Amortisation	6(9)(22)	16,560	16,642
Expected credit impairment loss		152	-
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(2)(21)	(119,077)	217,396
Share of loss of subsidiaries, associates and joint ventures accounted for under the equity method	6(6)	17,854	12,296
Interest income	6(19)	(9,218)	(5,102)
Dividend income		(8,000)	-
Interest expense	6(8)	47	149
Compensation costs of employee restricted stock	6(13)(23)	8,591	5,028
Unrealised foreign exchange loss		-	13
Gains on lease modifications	6(8)(21)	-	(48)
Impairment loss	6(9)(21)	10,372	-
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Accounts receivable		1,843	(4,306)
Inventory		4,769	(26,296)
Other receivables		3,960	(10,146)
Prepayments		(2,919)	(311)
Other current assets		(20)	126
Changes in liabilities relating to operating activities			
Contract liabilities - current		(3,846)	7,656
Contract liabilities - non-current		4,962	5,947
Accounts payable		501	(13,508)
Other payables		(3,128)	3,207
Other current liabilities		436	406
Cash outflow generated from operations		(308,679)	(279,953)
Interest received		9,090	4,532
Interest paid		(47)	(149)
Income tax (paid) received		(537)	619
Net cash flows used in operating activities		(300,173)	(274,951)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost - current		(920,000)	(1,080,400)
Proceeds from disposal of financial assets at amortised cost - current		1,168,600	1,005,031
Acquisition of financial assets at fair value through profit or loss	6(2)	-	(14,944)
Proceeds from disposal of financial assets at fair value through profit or loss		-	26,044
Acquisition of investments accounted for under equity method	6(6)	-	(75,000)
Acquisition of property, plant and equipment	6(7)	(172)	(2,285)
Acquisition of intangible assets		8,000	-
Net cash flows provided by (used in) investing activities		256,428	(141,554)
CASH FLOWS FROM FINANCING ACTIVITIES			
Changes in other additional paid-in capital	6(14)	98	-
Employee stock options exercised		287	813
Payments of lease liabilities	6(8)(26)	(4,330)	(4,647)
Net cash used in financing activities		(3,945)	(3,834)
Decrease in cash		(47,690)	(420,339)
Cash at beginning of year		417,211	837,550
Cash at end of year		$ 369,521	$ 417,211

The accompanying notes are an integral part of these parent company only financial statements.

LUMOSA THERAPEUTICS CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

Lumosa Therapeutics Co., Ltd. ("Lumosa" or the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on November 13, 2000. Starting from September 26, 2016, the Company's stock was listed on the Taiwan Over-The-Counter Securities Exchange. The Company is primarily engaged in the development of new drugs. In order to maximize integration synergies of new drugs development resource and human resource, the shareholders during their meeting on July 27, 2018, resolved to merge the Company with TPG Biologics, Inc. ("TPG") through a share swap, with the Company as the surviving company and TPG as the dissolved company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on February 26, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Rules Governing the Preparation of Financial Statements by Securities Issuers.

(2) Basis of preparation

A. The parent company only financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

b. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

c. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(5) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) Financial assets at amortised cost

The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Accounts receivable

A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortised cost, including accounts receivable that have a significant financing component at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, other direct/indirect costs. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost to complete the sale.

(11) Investments accounted for using equity method - subsidiary

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. In accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income or loss presented in the parent company only financial statements are consistent with those presented in the consolidated financial statements. In addition, shareholders' equity presented in the parent company only is consistent with equity attributable to owners of parent presented in the consolidated financial statements.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful

lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Experiment equipment:	2 ~ 10 years
Machinery and office equipment:	3 ~ 5 years

(13) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
   (a) The amount of the initial measurement of lease liability;
   (b) Any lease payments made at or before the commencement date; and
   (c) Any initial direct costs incurred by the lessee.
   The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(14) Intangible assets

A. Patents and proprietary technology
   Separately acquired proprietary technology is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 years. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date and amortised on a straight-line basis over its estimated useful life of 3 ~ 9 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2~3 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(15) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(16) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(18) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as

expense in that period when the employees render service.

B. Pensions - defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(19) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B: Employee restricted shares:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Company will redeem at no consideration and retire those stocks.

C. The share-based payment grant date is the date of approval of the resolution by the Company's shareholders.

(20) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions

where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(21) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells new drugs. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from sales of goods is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 90 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

(a) The Company provides technical service, clinical trial and related services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

C. Revenue from licencing intellectual property

(a) The Company entered into a contract with a customer to grant a licence of intellectual property to the customer. Because licencing is divisible from the contract, the Company recognises licencing revenue when the licence is transferred to a customer at a point in time based on the nature of licencing. The nature of the Company's promise in granting a licence is a promise to provide a right to use the Company's intellectual property and therefore the revenue is recognised when the licence is transferred to a customer at a point in time.

(b) Some contracts require a sales-based royalty in exchange for a licence of intellectual property. The Company recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Company has assessed that there are no critical accounting estimates and key sources of assumption uncertainty.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 20	$ 20
Demand deposits	369,501	417,191
	$ 369,521	$ 417,211

A. The Company associates with a variety of financial institutions and all of them with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash pledged to others.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Non-current Items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed and OTC stocks (Note 1)	$ 88,000	$ -
Emerging stocks (Notes 1 and 2)	84,944	172,944
Non-public stocks	20,000	20,000
	192,944	192,944
Valuation adjustment	390,849	271,772
	$ 583,793	$ 464,716

Note 1: The Company held an investment in the stocks of Ever Fortune AI Co., Ltd. which was listed on the Taipei Exchange since March 1, 2023.

Note 2: The Company has acquired additional stocks in Shine-On BioMedical Co., Ltd. amounting to $14,944 during August 2022. Shine-On BioMedical Co., Ltd. has been offered publicly on September 20, 2022, and obtained an emerging stock market registration on November 25, 2022.

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 119,077	($ 217,396)

B. The Company has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

	December 31, 2023	December 31, 2022
Current item:		
Time deposits - original maturies over three months	$ 394,500	$ 643,100

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	For the years ended December 31,	
	2023	2022
Interest income	$ 6,943	$ 4,027

B. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company were $394,500 and $643,100, respectively.

C. The Group has no financial assets at amortised cost pledged to others.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The transaction objects of the Group's investment certificates of deposit are financial institutions with high credit quality, so it expects that the probability of counterparty default is remote.

(4) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 12,155	$ 13,998
Less: Loss allowance	(152)	-
	$ 12,003	$ 13,998

A. The ageing analysis of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 11,227	$ 10,811
Up to 30 days	-	3,187
31 to 90 days	621	-
Over 181 days	307	-
	$ 12,155	$ 13,998

The above aging analysis is based on the invoice date and the accounts receivable are not overdue.

B. As of December 31, 2023, December 31, 2022, and January 1, 2022, the balances of receivables from contracts with customers amounted to $12,155, $13,998 and $9,692, respectively.

C. The Company does not hold financial assets as security for accounts receivable.

D. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents

the Company's accounts receivable were $12,003 and $13,998, respectively.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023	December 31, 2022
Raw materials and supplies	$ 15,062	$ 15,143
Semi-finished goods	85,383	89,118
Finished goods	3,467	4,420
	$ 103,912	$ 108,681

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	$ 8,004	$ 8,859
Cost of license	7,431	3,222
Others	3,381	1,729
	$ 18,816	$ 13,810

(6) Investments accounted for under equity method

	2023	2022
At January 1	$ 87,741	$ 25,015
Addition of investments accounted for under equity method	-	75,000
Share of profit or loss of investments accounted for under equity method	(17,854)	(12,296)
Changes in other equity items	(26)	22
December 31	$ 69,861	$ 87,741

	December 31, 2023		December 31, 2022	
	Book value	Shareholding ratio (%)	Book value	Shareholding ratio (%)
Subsidiary				
Cytoengine Co., Ltd.	$ 41,832	60%	$ 60,269	60%
Lumosa Therapeutics Co., Ltd. (Cayman)	28,029	100%	27,472	100%
	$ 69,861		$ 87,741	

Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for the information regarding the Company's subsidiaries.

(7) Property, plant and equipment

	Experiment equipment	Machinery and office equipment	Total
January 1, 2023			
Cost	$ 30,891	$ 928	$ 31,819
Accumulated depreciation	(27,829)	(928)	(28,757)
	$ 3,062	$ -	$ 3,062
2023			
At January 1	$ 3,062	$ -	$ 3,062
Additions	-	172	172
Depreciation	(1,011)	(12)	(1,023)
At December 31	$ 2,051	$ 160	$ 2,211
December 31, 2023			
Cost	$ 30,891	$ 1,100	$ 31,991
Accumulated depreciation	(28,840)	(940)	(29,780)
	$ 2,051	$ 160	$ 2,211

	Experiment equipment	Machinery and office equipment	Total
January 1, 2022			
Cost	$ 28,605	$ 928	$ 29,533
Accumulated depreciation	(26,961)	(928)	(27,889)
	$ 1,644	$ -	$ 1,644
2022			
At January 1	$ 1,644	$ -	$ 1,644
Additions	2,285	-	2,285
Depreciation	(867)	-	(867)
At December 31	$ 3,062	$ -	$ 3,062
December 31, 2022			
Cost	$ 30,891	$ 928	$ 31,819
Accumulated depreciation	(27,829)	(928)	(28,757)
	$ 3,062	$ -	$ 3,062

A. No borrowing costs were capitalized as part of property, plant and equipment.

B. The Company has no property, plant and equipment pledged to others.

(8) Leasing arrangements - lessee

A. The Company leases various assets including buildings and other equipment. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

			For the years ended December 31,	
	December 31, 2023	December 31, 2022	2023	2022
	Carrying amount	Carrying amount	Depreciation charge	Depreciation charge
Buildings	$ 12,600	$ 4,602	$ 4,252	$ 4,656

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $12,250 and $112, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 47	$ 149
Expense on short-term lease contracts	2,342	2,628
Expense on leases of low-value assets	58	59
Gain on lease modification	-	48

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $6,777 and $7,483, respectively.

(9) Intangible assets

	Patents and proprietary technology	Computer software	Goodwill	Total
January 1, 2023				
Cost	$ 361,173	$ 490	$ 78,490	$ 440,153
Accumulated impairment	(24,033)	-	(78,490)	(102,523)
Accumulated amortisation	(310,372)	(326)	-	(310,698)
	$ 26,768	$ 164	$ -	$ 26,932
2023				
At January 1	$ 26,768	$ 164	$ -	$ 26,932
Impairment loss	(10,372)	-	-	(10,372)
Amortisation	(16,396)	(164)	-	(16,560)
At December 31	$ -	$ -	$ -	$ -
December 31, 2023				
Cost	$ 361,173	$ 490	$ 78,490	$ 440,153
Accumulated impairment	(34,405)	-	(78,490)	(112,895)
Accumulated amortisation	(326,768)	(490)	-	(327,258)
	$ -	$ -	$ -	$ -

	Patents and proprietary technology	Computer software	Goodwill	Total
January 1, 2022				
Cost	$ 361,173	$ 490	$ 78,490	$ 440,153
Accumulated impairment	(24,033)	-	(78,490)	(102,523)
Accumulated amortisation	(293,975)	(81)	-	(294,056)
	$ 43,165	$ 409	$ -	$ 43,574
2022				
At January 1	$ 43,165	$ 409	$ -	$ 43,574
Amortisation	(16,397)	(245)	-	(16,642)
At December 31	$ 26,768	$ 164	$ -	$ 26,932
December 31, 2022				
Cost	$ 361,173	$ 490	$ 78,490	$ 440,153
Accumulated impairment	(24,033)	-	(78,490)	(102,523)
Accumulated amortisation	(310,372)	(326)	-	(310,698)
	$ 26,768	$ 164	$ -	$ 26,932

A. Details of amortisation on intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Selling expenses	$ 164	$ 245
Research and development expenses	16,396	16,397
	$ 16,560	$ 16,642

B. The Company has no intangible assets pledged to others.

C. As a result of the Covid-19 pandemic, deliveries of the supplies which were purchased for ECC series development project were suspended, causing significant delay in the overall progress of the project. Further, as the cell therapy technology on other similar indications and the therapeutic techniques of antibody-drug conjugates continue to flourish, the subsequent market share is expected to decrease because the project's progress was behind schedule. Based on the Company's assessment, the recoverable amount of ECC series project was less than its carrying amount, thus, the Company recognised impairment loss amounting to $10,372 for the year ended December 31, 2023.

The recoverable amount was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates, and the key assumptions used for value-in-use calculations are as follows:

	For the years ended December 31,	
	2023	2022
	ECC series project operation	ECC series project operation
Gross margin	100%	100%
Growth rate	2%	2%
Discount rate	18.5%	19.7%

Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant operating segments.

D. Details of licence granted are as follows:

In July 2012, Cheng Pang Medical Technology Inc. (hereinafter referred to as "Cheng Pang") entered into a "Novel Long-acting Analgesic Injection" technology transfer agreement with the Ministry of Science and Technology (originally as the "National Science Council, Executive Yuan"), the National Defense Medical Center, and the co-inventor(s). The Company obtained such proprietary technology when Cheng Pang merged with the Company in June 2014. Such proprietary technology was recognised based on the fair value at the acquisition date, in accordance with the accounting standards of enterprise merger.

The abovementioned technology transfer agreement provides that when relevant technology (or product) is sub-licenced to a third party, the Company shall pay a sublicence fee. The sublicence fee is 10% of the sublicence income received from the sub-licencee less the development costs; also, the sublicence fee shall not be less than 20% of the sublicence income received from the sub-licencee. If the Company manufactures and markets the relevant product, the Company shall pay 1.875~7.5% of the net sale of the product as royalty during the term of the agreement.

(10) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonus payable	$ 14,126	$ 14,669
Service payable	5,567	2,099
Research expenses payable	10,714	18,951
License payable	13,818	11,257
Other payables	2,233	2,610
	$ 46,458	$ 49,586

(11) Refund liabilities - current

A. At the beginning and end of 2023 and 2022, refund liabilities both amounted to $151,130.

B. Refund liabilities pertains to licencing revenue recognised in accordance with contractual terms agreed upon with customers.

(12) Pensions

The Company has established a defined contribution pension plan (the 'New Plan') under the Labor Pension Act (the 'Act') covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension expense under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were $2,227 and $2,193, respectively.

(13) Share-based payments

A. As of December 31, 2023, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employee stock options	2015/03/30	4,915	8 years	Note 1
Restricted stocks to employees	2021/07/09	900	4.5 years	Note 2
Restricted stocks to employees	2023/11/09	1,890	4.14 years	Note 2

Note 1: After 2 years from the date of grant, employees may exercise the options in accordance with certain schedules and percentage as prescribed in the option plan.

Note 2: Employees can receive shares several times when restricted stocks are granted to employees who continue to serve the Company and when the Company reaches its operational goals.

The above share-based payment arrangements are settled by equity.

B. Details of the share-based payment arrangements are as follows:

(a) Employee stock options

	2023		2022	
	Number of options (shares in thousands)	Weighted-average exercise price (in dollars)	Number of options (shares in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	23	$ 12.50	88	$ 12.50
Options exercised	(23)	12.50	(65)	12.50
Options outstanding at December 31	-	-	23	12.50
Options exercisable at December 31	-	-	23	12.50

(b) Employee restricted shares

	2023	2022
	Number (shares in thousands)	Number (shares in thousands)
At January 1	670	785
Restricted shares granted	1,890	-
Forfeited shares (Note)	(37)	(115)
At December 31	2,523	670

Note: For the year ended December 31, 2022, certain employees resigned during the vesting period, thus, the granted employee restricted shares of 115 thousand shares shall be returned because they did not meet the vesting conditions specified in the issuance terms. Of the total shares to be returned, 60 thousand shares had been redeemed and retired for the capital reduction as approved by the Board of Directors on April 22, 2022. The effective date for the capital reduction was set on April 22, 2022, and the registration for the capital reduction had been completed. The 55 thousand shares had been redeemed and retired for the capital reduction as approved by the Board of Directors on August 9, 2022. The effective date for the capital reduction was set on August 9, 2022, and the registration for the capital reduction had been completed.

For the year ended December 31, 2023, certain employees resigned during the vesting period, thus, the granted employee restricted shares of 37 thousand shares shall be returned because they did not meet the vesting conditions specified in the issuance terms, of which 8 thousand, 19 thousand and 10 thousand forfeited shares had been redeemed and retired for the capital reduction as approved by the Board of Directors on April 24, 2023, August 9, 2023, and November 9, 2023, respectively. The effective date for the capital reduction was set on April 24, 2023, August 9, 2023, and November 9, 2023, respectively, and the registration for the capital reduction had been completed.

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2023 and 2022 were $42.54 and $38.74 (in dollars), respectively.

D. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2023		December 31, 2022	
Issue date approved	Expiry date	Number of shares (in thousands)	Exercise price (in dollars)	Number of shares (in thousands)	Exercise price (in dollars)
2015/03/30	2023/03/29	-	$ -	23	$ 12.50

E. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2015/03/30	$ 12.01	$ 12.50	38.86%	5 years	-	1.09%	4.09
Restricted stocks to employees	2021/07/09	35.75	-	51.40%	4.5 years	-	0.24%	36.94
Restricted stocks to employees	2023/11/09	59.70	-	38.70%	4.14 years	-	1.18%	60.24

F. The compensation costs recognised for the above employee restricted shares for the years ended December 31, 2023 and 2022 were $8,591 and $5,028, respectively.

(14) Share capital

As of December 31, 2023, the Company's authorised capital was $3,000,000, consisting of 300 million shares of ordinary stock (including 11 million shares reserved for employee stock options), and the paid-in capital was $1,649,738, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023	2022
At January 1	163,097,825	163,147,825
Employee stock options exercised	23,000	65,000
Issuance of employee restricted shares	1,890,000	-
Capital reduction through retirement of employee restricted shares (Note 1)	(37,000)	(115,000)
At December 31	164,973,825	163,097,825

Note 1: Refer to Note 6(13).B.

Note 2: In order to increase the Company's working capital, the shareholders during their meeting on June 9, 2020 resolved to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 70 million shares. As of March 11, 2021, the Board of Directors resolved to implement the second-time cash capital increase through private placement for a total of 3,448 thousand shares of ordinary shares at a subscription price of $29 (in dollars), and the effective date for the capital increase was set on March 19, 2021. The amount of capital raised through the private placement was $99,992 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued, have met the requirement of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEx and have been offered publicly. Other than these

restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Accumulated deficit

A. The current year's earnings net of tax, if any, shall first be used to offset accumulated deficit (including undistributed earnings adjustment) and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorised capital, the Company shall not be subject to this requirement. The Company may then appropriate or reserve a certain amount as special reserve according to the demand or relevant regulations. After the distribution of earnings, the remaining earnings and prior years' undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting.

B. The Company's dividend policies were as follows:

In order to balance strengthening the financial structure and the interest of investors, the Company adopts a dividend equalising policy. The earnings distributed should not be less than 50% of distributable retained earnings and cash dividends should not be less than 10% of earnings distributed. If dividend per share is less than $3 (in dollars), the Company could distribute all the dividends in stock.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. As of December 31, 2023 and 2022, the Company had an accumulated deficit. Therefore, there is no surplus available for distribution.

(17) Other equity items

	2023		
	Currency translation	Unearned employee compensation	Total
At January 1	$ 2,970	($ 16,500)	($ 13,530)
Currency translation differences	(26)	-	(26)
Issuance of employee restricted stocks	-	(113,854)	(113,854)
Compensation costs of employee restricted shares	-	8,591	8,591
Capital reduction through retirement and adjustment due to resignation of employee restricted shares forfeited	-	1,367	1,367
At December 31	$ 2,944	($ 120,396)	($ 117,452)

	2022		
	Currency translation	Unearned employee compensation	Total
At January 1	$ 2,948	($ 25,776)	($ 22,828)
Currency translation differences	22	-	22
Compensation costs of employee restricted shares	-	5,028	5,028
Adjustment on forfeited employee restricted shares due to resignation of employees	-	4,248	4,248
At December 31	$ 2,970	($ 16,500)	($ 13,530)

(18) Operating revenue

	For the years ended December 31,	
	2023	2022
Licencing revenue	$ 20,568	$ 12,655
Sales revenue	34,048	12,039
Service revenue and others	7,755	5,130
	$ 62,371	$ 29,824

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following types:

For the year ended December 31, 2023	Europe	America	Asia	Taiwan	Total
Revenue from external customer contracts	$ 8,346	$ 7,556	$ 25,605	$ 20,864	$ 62,371
Timing of revenue recognised					
At a point in time					
Licencing revenue	$ -	$ 7,096	$ 5,987	$ 7,484	$ 20,567
Sales revenue	8,346	460	17,760	7,483	34,049
	8,346	7,556	23,747	14,967	54,616
Over time					
Service revenue and others	-	-	1,859	5,896	7,755
	$ 8,346	$ 7,556	$ 25,606	$ 20,863	$ 62,371

For the year ended December 31, 2022	Europe	America	Asia	Taiwan	Total
Revenue from external customer contracts	$ 213	$ 3,188	$ 2,000	$ 24,423	$ 29,611
Timing of revenue recognised					
At a point in time					
Licencing revenue	$ -	$ 3,188	$ 2,000	$ 7,467	$ 12,655
Sales revenue	213	-	-	11,826	12,039
	213	3,188	2,000	19,293	24,694
Over time					
Service revenue and others	-	-	-	5,130	5,130
	$ 213	$ 3,188	$ 2,000	$ 24,423	$ 29,824

(a) The Company entered into a licencing agreement with Shanghai Pharmaceutical Group Co., Ltd. ("Shanghai Pharma") on November 6, 2019 for the exclusive development and sales rights for LT3001, a novel drug for the treatment of acute ischemic stroke in China. Shanghai Pharma was granted the right to develop, manufacture, register, market and promote LT3001 in China as well as conduct clinical trials of LT3001 in China. Shanghai Pharma is responsible for the associated costs with subsequent development, commercialization and marketing of LT3001 in China. The Company will receive the upfront payments and milestone payment for up to RMB 260 million and the royalty payment from the sales of LT3001. Revenue recognised by the Group for the years ended December 31, 2023 and 2022 were $17,760 and $0, respectively. Revenue recognised from the effective date of the contract to December 31, 2023 amounted to $93,658.

(b) The Company entered into a licencing agreement with Jemincare Group Co., Ltd. ("Jemincare") on December 2, 2019 for the exclusive development and sales rights for LT1001, an extended-release analgesic injection. Jemincare was granted the right to develop, manufacture, register, sell and promote LT1001 in China, Hong Kong and Macau. The Company will receive the upfront payments and milestone payment for up to RMB 130 million and the royalty payment from the sales of LT1001. No revenue was recognised by the Company for the years ended December 31, 2023 and 2022. Revenue recognised from the effective date of the contract to December 31, 2023 amounted to $75,233.

B. Contract liabilties

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
-LT1001 distribution agreement	$ 3,036	$ 6,882	$ 4,680
-Contract development manufacturing organization	16,363	11,401	-
	$ 19,399	$ 18,283	$ 4,680

Revenue recognised that was included in the contract liability balance at the beginning of the year:

	For the years ended December 31,	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year		
-LT1001 distribution agreement	$ 4,044	$ -
-Contract development manufacturing organization	3,182	-
	$ 7,226	$ -

(19) Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 2,275	$ 1,075
Interest income from financial assets measured at amortised cost	6,943	4,027
	$ 9,218	$ 5,102

(20) Other income

	For the years ended December 31,	
	2023	2022
Rent income	$ 1,003	$ 1,234
Dividend income	8,000	-
Other income - others	1,781	1,764
	$ 10,784	$ 2,998

(21) Other gains and losses

	For the years ended December 31,	
	2023	2022
Gains (losses) on financial assets at fair value through profit or loss	$ 119,077	($ 217,396)
Net currency exchange (loss) gain	(4,169)	8,447
Gains arising from lease modifications	-	48
Impairment loss (Note)	(10,372)	-
Other losses	-	(349)
	$ 104,536	($ 209,250)

Note: Refer to Note 6(9)C. for details.

(22) Costs and expenses by nature

	For the years ended December 31,	
	2023	2022
Employee benefit expenses	$ 68,379	$ 64,568
Depreciation	5,275	5,523
Amortisation	16,560	16,642

(23) Employee benefit expense

	For the years ended December 31,	
	2023	2022
Wages and salaries	$ 49,873	$ 49,848
Compensation costs of employee restricted shares	8,591	5,028
Labour and health insurance fees	3,991	3,949
Pension costs	2,227	2,193
Directors' remuneration	1,664	1,605
Other personnel expenses	2,033	1,945
	$ 68,379	$ 64,568

A. For the years ended December 31, 2023 and 2022, the Company had an average of 47 employees for both years. The Company had an average of 9 and 8 non-employee directors for the years ended December 31, 2023 and 2022, respectively.

B. (a) For the years ended December 31, 2023 and 2022, the average employee benefit expense were $1,756 and $1,614, respectively.

(b) For the years ended December 31, 2023 and 2022, the average employee salaries were $1,539 and $1,407, respectively.

(c) The adjustment of average employee salaries was 9.38%.

(d) Compensation policy:

i. Compensation that the Company paid to the employees includes salary, holiday bonus, performance bonus and allowance. Pay level is determined in accordance with employees'

responsibility and contribution to the Company and by reference to the general pay levels in the industry. Performance bonus is paid based on the Company's operating performance and the achievement of departmental and employees' goals.

ii. The policy on the remuneration to the directors and supervisors is stipulated in the Articles of Incorporation of the Company and is approved by the shareholders at their meeting. In accordance with the Articles of Incorporation of the Company, when the directors and supervisors conduct the Company's business, pay level is determined in accordance with directors' and supervisors' participation and value of contribution in the Company's operations and by reference to the general pay levels in the industry. Additionally, the current year's earnings, if any, shall be distributed as directors' and supervisors' remuneration. The monthly remuneration of the chairman amounted to $100 and the monthly remuneration of the independent directors amounted to $30.

iii. The general manager of the Company also served as the chief executive officer and the chairman of the Company, whose monthly remuneration amounting to $100 is determined in accordance with the salary policy for directors and supervisors.

C. In accordance with the Articles of Incorporation of the Company, when there are earnings for distribution in a given financial year, the Company shall reserve 2% to 6% as the employees' compensation and no more than 2% as directors' and supervisors' remuneration. If the Company has accumulated deficit, the earnings shall first be used to cover accumulated deficit, if any, then be appropriated based on the abovementioned ratios.

D. For the years ended December 31, 2023 and 2022, the Company had an accumulated deficit, and thus did not accrue employees' compensation and directors' and supervisors' remuneration.

E. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

Components of income tax expense

	For the years ended December 31,	
	2023	2022
Income tax expense	$ 248	$ 36

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2023	2022
Tax calculated based on loss before income tax and statutory tax rate	($ 47,558)	($ 98,852)
Temporary differences not recognised as deferred income tax assets (liabilities)	832	(2,440)
Taxable loss not recognised as deferred income tax assets	66,939	54,295
Expenses disallowed by tax regulation	32	-
Effect from tax exemption on investment income (loss)	(20,245)	45,939
Withholding tax in other countries	248	36
Others	-	1,058
Income tax expense	$ 248	$ 36

C. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred income tax assets are as follows:

December 31, 2023			
Qualifying items	Unused tax credits	Unrecognised deferred income tax assets	Expiry year
Research and development expenses	$ 436,577	$ 436,577	Note

December 31, 2022			
Qualifying items	Unused tax credits	Unrecognised deferred income tax assets	Expiry year
Research and development expenses	$ 363,695	$ 363,695	Note

Note: Under the Act for the Development of Biotech and New Pharmaceuticals Industry, the unused tax credits can be offset against the current income tax payable for a period of five years from the time when the Company is subject to corporate income tax. The Company can enjoy tax credits which shall not exceed 50% of the amount of corporate income tax payable in each year. The restriction shall not apply to the amount to be offset in the last year of the aforesaid five-year period.

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2014	$ 115,443	$ 115,443	$ 115,443	2024
2015	181,543	181,543	181,543	2025
2016	195,369	195,369	195,369	2026
2017	155,834	155,834	155,834	2027
2018	119,820	119,820	119,820	2028
2019	240,736	240,736	240,736	2029
2020	326,475	326,475	326,475	2030
2021	188,496	188,496	188,496	2031
2022	239,469	239,469	239,469	2032
2023	334,697	334,697	334,697	2033
	$ 2,097,882	$ 2,097,882	$ 2,097,882	

December 31, 2022				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2013	$ 25,683	$ 25,683	$ 25,683	2023
2014	115,443	115,443	115,443	2024
2015	181,543	181,543	181,543	2025
2016	195,369	195,369	195,369	2026
2017	155,834	155,834	155,834	2027
2018	119,820	119,820	119,820	2028
2019	240,736	240,736	240,736	2029
2020	326,475	326,475	326,475	2030
2021	188,496	188,496	188,496	2031
2022	239,469	239,469	239,469	2032
	$ 1,788,868	$ 1,788,868	$ 1,788,868	

E. The amounts of deductible temporary differences that were not recognised as deferred income tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 24,621	$ 21,490

F. The Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority.

(25) Loss per share

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share (Note)			
Loss for the year	($ 238,041)	162,447	($ 1.47)

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share (Note)			
Loss for the year	($ 494,661)	162,401	($ 3.05)

Note: Due to the loss for the years ended December 31, 2023 and 2022, the assumed conversion of dilutive potential ordinary shares will generate anti-dilutive effect, thus, the calculation of diluted loss per share did not include the dilutive potential ordinary shares.

(26) Changes in liabilities from financing activities

	2023		2022	
	Lease liabilities	Liabilities from financing activities-gross	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 4,690	$ 4,690	$ 11,486	$ 11,486
Changes in cash flow from financing activities	(4,330)	(4,330)	(4,647)	(4,647)
Changes in other non-cash items (Note)	12,250	12,250	(2,149)	(2,149)
At December 31	$ 12,610	$ 12,610	$ 4,690	$ 4,690

Note: The changes represent the renewal of lease in 2023 amounting to $12,250, the early termination of the lease amounting to $2,261 and the renewal of the lease at expiration amounting to $112.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Center Laboratories, Inc.	Entity with significant influence to the Company
Glac Biotech Co., Ltd.	The chairman of the Group and the chairman of the company are the same person
Krisan Biotech Co., Ltd.	The chairman of the Group and the chairman of the company are the same person
BioEngine Technology Development Inc.	The chairman of the Group and the chairman of the company are the same person
TOT Biopharm International Co., Ltd.	Other related party
Youluck International Inc.	Other related party
Mycenax Biotech Inc.	Other related party
BioGend Therapeutics Co., Ltd.	Other related party
Cytoengine Co., Ltd.	The Company's subsidiary
Lumosa Therapeutics Co., Ltd. (Cayman)	The Company's subsidiary
Shanghai Lumosa Therapeutics Co., Ltd.	The Company's sub-subsidiary

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2023	2022
Sales of services:		
Mycenax Biotech Inc.	$ 21	$ 146
Center Laboratories, Inc.	360	860
Cytoengine Co., Ltd.	5,455	3,182
Other related party	60	942
	$ 5,896	$ 5,130

It refers to research and development consulting services, project management and entrusted research and development services to related parties. The terms of transaction were based on mutual agreement.

B. Accounts receivable and other receivables

	December 31, 2023	December 31, 2022
Accounts receivable		
Mycenax Biotech Inc.	$ -	$ 11
Center Laboratiories, Inc.	32	32
	32	43
Other receivables		
Cytoengine Co., Ltd.	5,643	9,192
TOT Biopharm International Co., Ltd.	-	63
BioGend Therapeutics Co., Ltd.	-	64
	5,643	9,319
	$ 5,675	$ 9,362

It refers to research and development consulting services, project management, entrusted research and development services and advance payment for research and development to related parties. The terms of transaction were based on mutual agreement.

C. Other payables

	December 31, 2023	December 31, 2022
Mycenax Biotech Inc.	$ 3,115	$ 4,931
Center Laboratiories, Inc.	67	419
Bioengine Technology Development Inc.	2,583	291
	$ 5,765	$ 5,641

The above represents payables arising from office rent, business development consulting fee, information system usage service fee and commissioned research project. The terms of transaction were based on mutual agreement.

D. Lease transactions - lessee

(a) The Company leases offices and system equipment from related parties. The lease terms are 3 to 4 years. Rental is charged based on quotations of nearby location and the payment term is monthly payment.

(b) Lease liabilities

(i) Outstanding balance:

	December 31, 2023	December 31, 2022
Center Laboratories, Inc.	$ 12,610	$ 4,634

The laboratory lease agreement between the Company and Mycenax Biotech Inc. has been terminated on April 30, 2022 before expiration date.

(ii) Interest expense

	For the years ended December 31,	
	2023	2022
Center Laboratories, Inc.	$ 46	$ 131
Mycenax Biotech Inc.	-	17
	$ 46	$ 148

E. Operating expenses

Others (including service fee and other operating expenses)

	For the years ended December 31,	
	2023	2022
Center Laboratories, Inc.	$ 457	$ 277
Mycenax Biotech Inc.	25,358	13,083
BioEngine Technology Development Inc.	7,767	3,653
Krisan Biotech Co., Ltd.	20	-
	$ 33,602	$ 17,013

The above refers to IT and commissioned research and development services rendered by the related parties and research project transfer fees. The terms of the transaction were based on mutual agreement.

F. Other income

	For the years ended December 31,	
	2023	2022
Center Laboratories, Inc.	$ 208	$ 254
Mycenax Biotech Inc.	208	192
TOT Biopharm International Co., Ltd.	3	41
BioGend Therapeutics Co., Ltd.	-	62
Cytoengine Co., Ltd.	23	-
Other related party	-	87
	$ 442	$ 636

It refers to income for providing market information services, apportionment of antibody technology evaluation plan, advance expenses and office rent with related parties.

G. Contract liabilities

	December 31, 2023	December 31, 2022
Cytoengine Co., Ltd.	$ 16,363	$ 11,401

It refers to entrusted services provided to related parties. The transaction conditions should be handled according to the conditions agreed by both parties.

(4) Key management compensation

	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	$ 15,564	$ 15,677
Post-employment benefits	521	465
Share-based payments	5,324	2,463
	$ 21,409	$ 18,605

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Company received an arbitration notice from the Shanghai Arbitration Commission on November 17, 2023, stating that the applicant, Jemincare Group Co., Ltd. (“Jemincare”), filed a lawsuit regarding the "License Agreement" for LT1001, an extended-release analgesic injection in China on December 2, 2019. Both parties hope to clarify the licensing fee in the agreement and determine whether there are any related losses. The Company has appointed a lawyer to handle the relevant counterclaim litigation, and the abovementioned case is currently awaiting notice for trial.

(2) Commitments

A. Please refer to Note 6(9) D for the related information.

B. The Company entered into a collaboration agreement with Professors Peng and Zhao of Capital Medical University to develop a “thrombolytic drug with therapeutic activities.” The agreement provides that if the relevant proprietary technology is licenced to a third party, 5% of the licence income must be paid as royalty; also, once the product is successfully marketed, 1% of the net sales must be paid to the Professors each year during the patent term.

C. For mutual interests, the Company has paid termination payment to early terminate the collaborative development agreement and drug manufacturing contract with the original contracted manufacturer of Sebacoyl Dinalbuphine Ester (hereafter referred to as SDE) in 2017. The rights and actual contributions to the drug containing SDE will be verified jointly, based on which the Company will pay royalty not exceeding 2% of the global sale of the drug containing SDE.

D. As of December 31, 2023 and 2022, the total price of significant commission research and experiment contract that the Company has signed but not completed were $974,621 and $1,077,318, of which $398,597 and $679,552 have yet to be paid, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

Based on the character of the industry, future development, changes in external environment and other factors, the Company plans its capital for future use, research and development expenses, dividend expenses and other demands, to ensure continuous operations, feedback to shareholders, benefit of other shareholders and maintain and optimise capital structure to enhance the value of investors in the future.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debts.

The Company reviews liabilities to assets ratio periodically to monitor the cash flow.

During 2023, the Company's strategy, which was the same with 2022, was to maintain debt ratio in the reasonable range.

The Company's debt ratios are as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 233,865	$ 227,020
Total assets	$ 1,634,563	$ 1,856,809
Debt ratio	14.31%	12.23%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 583,793	$ 464,716
Financial assets at amortised cost		
Cash	369,521	417,211
Financial assets at amortised cost	394,500	643,100
Accounts receivable	12,003	13,998
Other receivables	7,501	11,333
Refundable deposits (shown as other non-current assets)	323	323
	$ 1,367,641	$ 1,550,681

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable	$ 1,493	$ 992
Other payables	46,458	49,586
Other current liabilities	2,775	2,339
	$ 50,726	$ 52,917
Lease liabilities	$ 12,610	$ 4,690

B. Financial risk management policies

(A) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk.

(B) Risk management is carried out by a general management department under approved policies. General management department identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(A) Market risk

Foreign exchange risk

a. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

b. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.

c. The Company has investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

d. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 5,344	30.705	$ 164,088
RMB:NTD	132	4.327	571
Non-monetary items			
RMB:NTD	317	4.327	1,373
Financial liabilities			
Monetary items			
USD:NTD	203	30.705	6,233
EUR:NTD	4	33.980	136

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 2,670	30.710	$ 81,996
RMB:NTD	134	4.408	591
Non-monetary items			
RMB:NTD	336	4.408	1,483
Financial liabilities			
Monetary items			
USD:NTD	315	30.710	9,674
RMB:NTD	2	4.408	9
EUR:NTD	4	32.720	131

e. Please refer to the following table for the details of total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company:

	For the year ended December 31, 2023		
	Exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	31.128	($ 3,559)
RMB:NTD	-	4.386	(10)
Financial liabilities			
Monetary items			
USD:NTD	-	31.128	(519)
EUR:NTD	-	33.697	(81)
RMB:NTD	-	4.386	1
CZK:NTD	-	2.962	7
GBP:NTD	-	38.746	(7)
JPY:NTD	-	0.222	1

	For the year ended December 31, 2022		
	Exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	29.762	$ 10,706
EUR:NTD	-	31.360	1
RMB:NTD	-	4.416	186
Financial liabilities			
Monetary items			
USD:NTD	-	29.762	(2,361)
EUR:NTD	-	31.360	(17)
RMB:NTD	-	4.416	(74)
CZK:NTD	-	2.951	7

f. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	For the year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 1,641	$ -
RMB:NTD	1%	6	-
Financial liabilities			
Monetary items			
USD:NTD	1%	62	-
EUR:NTD	1%	1	-

	For the year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 820	$ -
RMB:NTD	1%	6	-
Financial liabilities			
Monetary items			
USD:NTD	1%	97	-
EUR:NTD	1%	1	-

Price risk

a. The Company's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss.

b. The Company mainly invests in equity instruments comprised of shares issued by the domestic companies. The value of equity instruments are susceptible to market price risk arising from uncertainties about future performance of equity markets. Assuming a hypothetical increase of 1% in the price of the aforementioned financial assets at fair value through profit or loss while the other conditions remain unchanged could increase

the Company's non-operating revenue for the years ended December 31, 2023 and 2022 by $5,838 and $4,647, respectively.

Cash flow and fair value interest rate risk

The Company does not hold any floating rate instrument, thus the Company has no interest risk.

(B) Credit risk

a. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
b. The Company manages its credit risk taking into consideration the entire group's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
c. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
d. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
e. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
   (a) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
   (b) The disappearance of an active market for that financial asset because of financial difficulties;
   (c) Default or delinquency in interest or principal repayments;
   (d) Adverse changes in national or regional economic conditions that are expected to cause a default.
f. The Company classifies customer's accounts receivable in accordance with customer types. The Company applies the modified approach using the loss rate methodology to estimate expected credit loss.
g. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. As of December 31, 2023 and

2022, the Company has no written-off financial assets that are still under recourse procedures.

h. The counterparties of the Group's accounts receivable all have good credit quality and are grouped into the same category. The Group used the forecastability to adjust historical and timely information to establish a loss rate for estimating the loss allowance for accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	181 days past due	Total
At December 31, 2023						
Expected loss rate	0%	0%	0%	10%	50%	
Total book value	$ 11,227	$ -	$ 621	$ -	$ 307	$ 12,155
Loss allowance	-	-	-	-	152	152

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	181 days past due	Total
At December 31, 2022						
Expected loss rate	0%	0%	0%	10%	50%	
Total book value	$ 10,811	$ 3,187	$ -	$ -	$ -	$ 13,998
Loss allowance	-	-	-	-	-	-

i. The movements of the loss allowance of notes and accounts receivable are as follows:

	For the years ended December 31,	
	2023	2022
At January 1	$ -	$ -
Provision for impairment loss	(152)	-
At December 31	($ 152)	$ -

j. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	December 31, 2023			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 394,500	$ -	$ -	$ 394,500

	December 31, 2022			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 643,100	$ -	$ -	$ 643,100

The Company's financial assets at amortised cost are all time deposits in banks and there is no significant abnormality in credit risk rating.

(C) Liquidity risk

a. Cash flow forecasting is performed in the operating entities of the Company and aggregated by the Company's general management department. The Company's general management department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

b. Surplus cash are held by the operating entities over and above balance required for working capital management. The Company's general management department invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

c. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 1,493	$ -	$ -	$ -
Other payables	46,458	-	-	-
Lease liabilities	4,320	4,320	4,320	-
Refund liabilities - current	151,130	-	-	-
Other current liabilities	2,775	-	-	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 992	$ -	$ -	$ -
Other payables	49,586	-	-	-
Lease liabilities	4,377	360	-	-
Refund liabilities - current	151,130	-	-	-
Other current liabilities	2,339	-	-	-

d. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in OTC stocks are included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in emerging stocks are included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in unlisted stocks is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash, financial assets at amortised cost - current, accounts receivable, other receivables, refundable deposits (shown as part of other non-current assets), accounts payable, lease liabilities and other payables, are reasonably approximate to the fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information about the nature of the assets and liabilities is as follows:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$386,000	$197,793	$ -	$583,793

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ -	$464,716	$ -	$464,716

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The Company uses OTC stock's/emerging stock's closing prices as market quoted prices for the inputs of fair value.

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the year ended December 31, 2023, Ever Fortune AI Co., Ltd. has quoted prices in active market. Therefore, the Group used the fair value for transfer from Level 2 to Level 1.

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
At January 1	$ -	$ 70,000
Acquired during the year	-	14,944
Valuation adjustment	-	(6,923)
Transfers out from level 3	-	(78,021)
At December 31	$ -	$ -

F. Since Shine-On BioMedical Co., Ltd. has obtained an emerging stock market registration in November, 2022, sufficient market information can be obtained. Therefore, the Group

transferred the fair value used from Level 3 to Level 2 at the end of the month when the registration occurred.

G. Finance Department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and periodical reviews.

Finance Department cooperatively set up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRSs. The related valuation results are reported to the management monthly. The management is responsible for managing and reviewing valuation processes.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to Note 7(2).

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 4.

14. SEGMENT INFORMATION

Not applicate.

LUMOSA THERAPEUTICS CO., LTD.

HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD

DECEMBER 31, 2023

Table 1

Expressed in thousands of NTD

	Marketable securities				December 31, 2023				
Held Company name	Type	Name	Relationship with the Company	Financial statement account	Shares/Units	Book value	Ownership (%)	Fair value	Note
Lumosa	Stock	Ever Fortune AI Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	4,000,000	$ 386,000	4.06%	$ 386,000	
Lumosa	Stock	Thevax Genetics Vaccine Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	10,000,000	-	9.72%	-	
Lumosa	Stock	Shine-On BioMedical Co., Ltd	-	Financial assets at fair value through profit or loss - non-current	2,855,813	197,793	5.73%	197,793	

LUMOSA THERAPEUTICS CO., LTD.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Lumosa	Lumosa Cayman	Cayman Islands	Investment	$ 34,009	$ 34,009	1,145,188	100	$ 28,029	$ 583	$ 583	
Lumosa	Cytoengine Co., Ltd.	Taiwan	New Drugs Development	75,000	75,000	7,500,000	60	41,832	(30,729)	(18,437)	

LUMOSA THERAPEUTICS CO., LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Lumosa SH	Consultant, service and transfer of technology	$ 4,459	b	$ 4,459	$ -	$ -	$ 4,459	($ 84)	100	($ 84)	$ 1,373	$ -	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Lumosa	$ 4,459	$ 4,459	$ 840,419

Note 1: Investment methods are classified into the following three categories:

a. Directly invest in a company in Mainland China.

b. Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

c. Others

Note 2: The financial statements were audited by independent auditors of the parent company in Taiwan.

LUMOSA THERAPEUTICS CO., LTD.
MAJOR SHAREHOLDERS INFORMATION
DECEMBER 31, 2023

Table 4

	Shares	
Name of major shareholders	Number of shares held	Ownership (%)
Center Laboratories, Inc.	54,068,631	32.77

VII. Review of Financial Conditions, Financial Performance, and Risk Management

A. Analysis of Financial Conditions

The main reasons for and impacts of major changes in assets, liabilities, and shareholders' equity in the last two years. If the impact is significant, the future response plan should be explained

1. Financial analysis-Consolidated (IFRS)

Table 64. Financial Analysis-Consolidated (IFRS)

Unit: NT$ thousand

Item \ Year	2023	2022	Variance	
			Amount	Amount
Current assets	1,044,034	1,386,053	(342,019)	(24.68)
Cash	425,248	516,848	(91,600)	(17.72)
Financial Assets - Current	419,064	667,668	(248,604)	(37.23)
Net accounts receivable	12,003	13,998	(1,995)	(14.25)
Current income tax assets	16,056	15,734	322	2.05
Inventory	103,912	108,681	(4,769)	(4.39)
Other current assets	67,751	63,124	4,627	7.33
Financial assets - non-current	583,793	464,716	119,077	25.62
Property, plant and equipment	14,926	3,062	11,864	387.46
Right-of-use asset	12,600	4,602	7,998	173.79
Intangible assets	603	26,932	(26,329)	(97.76)
Other non-current assets	323	323	0	0.00
Total assets	1,656,279	1, 885,688	(229,409)	(12.17)
Current liabilities	219,577	215,359	4,218	1.96
Total liabilities	227,694	215,719	11,975	5.55
Share capital	1,649,738	1,630,978	18,760	1.15
Capital surplus	1,362,550	1,268,438	94,112	7.42
Retained earnings	(1,494,138)	(1,256,097)	(238,041)	18.95
Other equities	(117,452)	(13,530)	(103,922)	768.09
Equity attributable to owners of the parent company	1,400,698	1,629,789	(229,091)	(14.06)
Non-controlling interests	27,887	40,180	(12,293)	(30.59)
Total equities	1,428,585	1,669,969	(241,384)	(14.45)
Main reason, impact and future correlative plans to material changes in the assets, liabilities and the equity of the shareholders in the recent two years (the change from one period to the next reaches above 20% and the amount of variance reaches NTD10,000,000):				

Financial assets – current: The termination of fixed deposits in the fiscal year 2023 resulted in a decrease in operating expenses related to payments, leading to a decrease in financial assets – current.
Financial assets – non-current: The valuation gains on the equity investment in Ever Fortune.AI Co., Ltd. led to an increase in financial assets – non-current for the period.
Real estate, plant and equipment: Expansion of the laboratory and the purchase of R&D equipment.
Intangible assets: The amortization and impairment provisions for the intangible assets in the fiscal year 2023 resulted in a decrease in intangible assets.
Other Equity Items: The corresponding equity was recognized due to the issuance of new restricted employee stock in 2023.
Non-controlling interests: Mainly attributable to the recognition of investment losses from subsidiaries.

Countermeasure for major impacts: None.

2. Financial Analysis - Parent Company Only (IFRS)

Table 65. Financial analysis – parent company only (IFRS)

Unit: NT$ thousand

Item \ Year	FY2023	FY2022	Variance	
			Amount	Amount
Current assets	965,775	1,269,433	(303,658)	(23.92)
Cash	369,521	417,211	(47,690)	(11.43)
Financial Assets - Current	394,500	643,100	(248,600)	(38.66)
Net accounts receivable	12,003	13,998	(1,995)	(14.25)
Current income tax assets	16,018	15,729	289	1.84
Inventory	103,912	108,681	(4,769)	(4.39)
Other current assets	69,821	70,714	(893)	(1.26)
Financial assets - non-current	583,793	464,716	119,077	25.62
Investments using the equity method	69,861	87,741	(17,880)	(20.38)
Property, plant and equipment	2,211	3,062	(851)	(27.79)
Right-of-use asset	12,600	4,602	7,998	173.79
Intangible assets	0	26,932	(26,932)	(100.00)
Other non-current assets	323	323	0	0.00
Total assets	1,634,563	1,856,809	(222,246)	(11.97)
Current liabilities	214,839	220,713	(5,874)	(2.66)
Total liabilities	233,865	227,020	6,845	3.02
Share capital	1,649,738	1,630,978	18,760	1.15
Capital surplus	1,362,550	1,268,438	94,112	7.42
Retained earnings	(1,494,138)	(1,256,097)	(238,041)	18.95
Other equities	(117,452)	(13,530)	(103,922)	768.09
Total equities	1,400,698	1,629,789	(229,091)	(14.06)

Main reason, impact and future correlative plans to material changes in the assets, liabilities and the equity of the shareholders in the recent two years (the change from one period to the next reaches above 20% and the amount of variance reaches NTD10,000,000):

Financial assets – current: The termination of fixed deposits in the fiscal year 2023 resulted in a decrease in operating expenses related to payments, leading to a decrease in financial assets – current.

Financial assets – non-current: The valuation benefits of the investment in Ever Fortune.AI Co., Ltd. led to an increase in financial assets – non-current for the period.

Investments accounted for using the equity method: Primarily due to the recognition of investment losses from subsidiaries.

Intangible assets: The amortization and impairment provisions for the intangible assets in the fiscal year 2023 resulted in a decrease in intangible assets.

Other Equity Items: The corresponding equity was recognized due to the issuance of new restricted employee stock in 2023.

Countermeasure for major impacts: ：None.

B. Analysis of Financial Performance

1. The Changes and Main Reasons in Operating Revenues, Operating Income, or Income Before Tax for the Past 2 Years

   a. IFRS Consolidated

Table 66. IFRS consolidated operating revenue changes in 2 years

Unit: NT$ thousand

Item \ Year	FY 2023	FY 2022	Variance	
			Amount	%
Net revenue	56,916	26,642	30,274	113.63
Cost of revenue	15,435	12,081	3,354	27.76
Gross profit	41,481	14,561	26,920	184.88
Operating expenses	417,258	320,480	96,778	30.20
Income (loss) from operations	(375,777)	(305,919)	(69,858)	22.84
Non-operating income and expenses	125,691	(198,526)	324,217	(163.31)
Net income before tax	(250,086)	(504,445)	254,359	(50.42)
Income tax expense	248	36	212	588.89
Net income (loss)	(250,334)	(504,481)	254,147	(50.38)
Other comprehensive income for the year (income after income tax)	(26)	22	(48)	(218.18)
Total comprehensive profit and loss for the period	(250,360)	(504,459)	254,099	(50.37)
Net profit attributable to the owner of the parent company	(238,041)	(494,661)	256,620	(51.88)
Net profit attributable to non-controlling interests	(12,293)	(9,820)	(2,473)	25.18
Total comprehensive profit or loss attributable to parent company owner	(238,067)	(494,639)	256,572	(51.87)
Total comprehensive profit or loss attributable to non-controlling interest	(12,293)	(9,820)	(2,473)	25.18
Main reason, impact and future correlative plans to material changes (the change from one period to the next reaches above 20% and the amount of variance reaches NTD10,000,000): **Operating revenue:** Increased compared to the prior year driven by higher sales revenue and service income. **Operating gross profit:** Higher gross profit margin due to increased royalty income and shipments to new clients. **Operating expenses**: The increase was mainly caused by higher R&D expenditure during the year. **Non-operating income and expenses**: The non-operating expenses in 2023 were primarily from valuation gains on the equity investment in Ever Fortune.AI Co., Ltd.				

b. Parent Company Only (IFRS)

Table 67. IFRS consolidated operating revenue changes of parent company only in 2 years

Unit: NT$ thousand

Year / Item	FY 2023	FY 2022	Variance	
			Amount	%
Net revenue	62,371	29,824	32,547	109
Cost of revenue	18,816	13,810	5,006	36
Gross profit	43,555	16,014	27,541	172
Operating expenses	387,985	297,044	90,941	31
Income (loss) from operations	(344,430)	(281,030)	(63,400)	23
Non-operating income and expenses	106,637	(213,595)	320,232	(150)
Net income before tax	(237,793)	(494,625)	256,832	(52)
Income tax expense	248	36	212	589
Net income (loss)	(238,041)	(494,661)	256,620	(52)
Other comprehensive income for the year (income after income tax)	(26)	22	(48)	(218)
Total comprehensive profit and loss for the period	(238,067)	(494,639)	256,572	(52)
Main reason, impact and future correlative plans to material changes (the change from one period to the next reaches above 20% and the amount of variance reaches NTD10,000,000): **Operating revenue:** Increased compared to the prior year driven by higher sales revenue and service income. **Operating gross profit:** Higher gross profit margin due to increased royalty income and shipments to new clients. **Operating expenses**: The increase was mainly caused by higher R&D expenditure during the year. **Non-operating income and expenses**: The non-operating expenses in 2023 were primarily from valuation gains on the equity investment in Ever Fortune.AI Co., Ltd.				

2. The expected sales volume in the coming year and its basis, the possible impact on the Company's future financial business and the response plan:

Licensors of LT1001 and LT3001 in China will pay signing fees according to the contract, but the development cycle of new drugs is long, and the next milestone will depend on the status of clinical trials. The Company's finances are still sound, and the funds are sufficient to support the research and development activities of existing projects, which will not have an adverse impact on the Company's future financial business.

LT1001 Naldebain Long-acting Pain Relief Injection, in addition to granting development and sales rights to partners, the Company is also responsible for providing medicines to AMed. The sales volume is based on the market forecast of AMed, the sales volume of the Company in 2022 and 2021. The income is NT$ 12,039 and NT$7,107 thousand yuan respectively, which will not affect the operation of the Company.

C. Cash Flow

1. Analysis of cash flow

Table 68. Cash flow analysis

Unit: NT$ thousand

Item \ Year	2023	2022	Increase(decrease)	
	amount	amount	amount	%
Net cash flow used in operating activities	(328,213)	(300,457)	(27,756)	9.24
Net cash flow generated from (used in) investment activities	240,584	(69,202)	309,786	(447.65)
Net cash generated from financing activities	(3,945)	46,166	(50,111)	(108.55)
Net cash flow from operating activities: Higher R&D expenses in 2023 lead to increased net cash outflow from operating activities. **Cash outflow from investing activities:** Cash inflow from investing activities due to the release of time deposits and dividend income received in 2023. **Net cash inflow from financing activities:** Lease principal repayments in 2023 resulted in net cash outflow from financing activities.				

2. Improvement plan for insufficient liquidity and liquidity analysis in the coming year

The Company has no liquidity shortage.

3. Cash liquidity analysis for the coming year

Table 69. Cash liquidity analysis for the coming year

Unit: NT$ thousand

Beginning cash balance (1)	Estimated annual cash inflow (2)	Estimated annual cash outflow (3)	Projected cash surplus (Insufficient) amount (1)+(2)-(3)	Estimated cash shortfall remedial measures	
				Investment plan	Financing plan
425,248	410,000	(579,000)	256,248	-	-
1. Analysis of cash flow changes in the coming year:					

(1) Net outflow from operating activities: mainly the expenditure incurred by the Company's project research and development.
(2) Net inflows from investment activities: cash inflows from fixed deposits are released depending on the status of funds.
2. Remedial measures and flow analysis of estimated cash insufficiency: None

D. Major capital expenditures and impact on financial and business

None.

E. Investment policy in the most recent year, main causes for profits or losses, improvement plans and investment plans for the upcoming year

1. Reinvestment Policy

   The Company follows the "Standards Procedures for Acquisition or Disposal of Assets for Public-Issued Companies" stipulated by the competent authority, and Y the Company's "Procedures for Acquisition or Disposal of Assets" as the basis for the Company's reinvestment business, so as to grasp the relevant business and financial status; In order to improve the supervision and management of the reinvestment business, in the internal control system, the supervision measures for subsidiaries are formulated, and relevant regulations are formulated for their finance and business, so as to realize the investment benefits of the Company's reinvestment.

2. The main reasons for the profit or loss of the reinvestment policy in the most recent year and the improvement plan

   a. The Company reinvested in Shanghai Lumosa Therapeutics Co., Ltd. through Lumosa Therapeutics Co., Ltd. (Cayman). Shanghai Lumosa Therapeutics Co., Ltd. was established mainly to deploy overseas patent rights. The net loss after tax in 2023 was NT$84,000. The Company will strengthen its responsibility for the supervision of its subsidiaries.
   b. The Company established Cytoengine Co., Ltd. in 2022, and jointly invested with Center Laboratories Inc. in order to develop stem cell exosome technology. The Company holds 60% of the shares. In 2023, the recognized investment loss was NT$18,437 thousands of yuan, the Company will strengthen the responsibility for the supervision of subsidiaries.

3. Investment plan for the coming year

After evaluation, the Company should not have other reinvestment plans in the coming year.

F. Risk management and assessment

1. Effects of changes in interest rate and exchange Rate and Inflation on the Company's Finance, and Future Response Measures:

   a. The impact of interest rate changes on the Company's profit and loss and future response measures

   The Company currently has no bank loans, and the funds raised for R&D project expenditures are used to make time deposits. The interest income in 2023 and 2022 was NT$10,486 thousand and NT$5,320 thousand respectively. The change in interest rates has no significant impact on the Company. However, the Company is still actively establishing and maintaining a good relationship with banks. In addition to striving for preferential deposit rates, if there is a demand for financing from banks in the future, it can obtain favorable interest rate conditions and raise the required funds in the most efficient way.

   b. The impact of exchange rate changes on the Company's profit and loss and future response measures

   The Company's current overseas entrusted service trials and LT3001 stroke clinical trial expenses are mainly paid in US dollars, and the authorization contract in China is charged in RMB. The net exchange gains and losses in 2023 and 2022 are profits of NT$4,213 thousand and losses of NT$11,024 thousand, but the exchange rate changes There will be no material impact on the Company. The Company continues to observe the trends of major currencies in the international exchange market and international changes in non-economic factors in order to reduce the risks arising from exchange rate changes.

   c. The impact of inflation on the Company's profit and loss and future response measures:

   The Company is a research and development company focusing on the development of new drugs. Its main source of profit is the authorization income from product authorization, which is less affected by inflation. In addition,

according to the statistics of the Accounting and Accounting Office of the Executive Yuan, the annual growth rate of the consumer price index in 2023 and 2022 was 2.50% and 2.95%, and the inflation situation is slight and has no significant impact on the Company's profit and loss.

2. Policies for engaging in high-risk, high-leverage investments, lending funds to others, endorsement guarantees, and derivatives transactions, the main reasons for profits or losses, and future countermeasures

   a. High-risk and high-leverage investment: The Company does not engage in high-risk or high-leverage investment. All investments are carefully evaluated and implemented in accordance with company regulations.
   b. Fund lending to others, endorsement guarantee: As of the publication date of the annual report, the Company has neither loaned funds to others nor endorsed guarantees for others. The Company has established the "Fund Loan and Endorsement Guarantee Procedures". If there is a fund loan or endorsement guarantee, it will be handled in accordance with the relevant regulations.
   c. Derivative commodity transactions: As of the publication date of the annual report, the Company has not engaged in derivative financial commodity transactions. The Company has established "Procedures for Acquisition or Disposal of Assets." If there is a transaction of derivative financial products, it will be handled in accordance with the relevant regulations.

3. Future R&D plans and estimated R&D expenses

   a. Future R&D plans

      LT3001 has new components and new drugs for the treatment of acute ischemic stroke: At present, three multi-dose phase II clinical trials of LT3001 are planned, including multi-dose administration combined with device thrombectomy and multiple doses alone, in Taiwan, the United States, Europe, and China.

   b. Estimated research and development expenses

      The Company is dedicated to the field of innovative drugs for neurological, inflammatory, and cancerous diseases. Research and development budgets are allocated annually based on the progress of each new drug development project. It is projected that research and development expenses of approximately NT$505,000 thousand will be invested in 2024.

4. The impact of major domestic and foreign policy and legal changes on the Company's financial business and corresponding measures

   The Company's business system follows relevant current domestic and foreign laws and regulations, and relevant personnel also pay attention to changes in laws and regulations at any time for reference by the management. Therefore, the Company can immediately grasp and effectively respond to important domestic and foreign policy and legal changes. In the most recent year and up to the publication date of the annual report, domestic and foreign policy and legal changes have had no material adverse impact on the Company's finances and business.

5. Impact of technological changes and industrial changes on the Company's financial business and countermeasures

   The Company operates in compliance with relevant domestic and international laws and regulations. Our personnel are constantly vigilant of changes in legislation, providing management with up-to-date information for reference. As a result, the company is able to promptly and effectively respond to significant changes in domestic and international policies and laws. In the most recent fiscal year and up until the printing date of this public disclosure statement, there have been no significant adverse impacts on the Company's finances and operations due to changes in domestic and international policies and laws.

6. The impact of corporate image changes on corporate crisis management and countermeasures

   The Company has always upheld a professional and sincere corporate spirit, which is implemented in our daily operations and management. This ensures that both our systems and colleagues possess sufficient capabilities to respond to potential corporate crises and minimize the impact of such risks on the Company's operations. In the most recent fiscal year and up until the printing date of the annual report, there have been no negative impacts on the Company due to changes in corporate image.

7. Expected benefits, possible risks and countermeasures of mergers and acquisitions

   As of the publication date of the annual report in 2023, the Company had no mergers and acquisitions.

8. Expected benefits, possible risks and countermeasures of manufacturing site expansion

The Company's main source of profit is the authorization income obtained from product authorization. LT1001, or Naldebain®, a long-acting pain relief injection, and the clinical trial drugs of various R&D projects are all entrusted to pharmaceutical factories that meet the international PIC/s GMP standard. The latest annual and as of the publication date of the prospectus, there is no plan to establish a factory building, so it is not applicable.

9. Risks and countermeasures in the concentration of purchases or sales

The Company is mainly engaged in the development of new drugs, and the source of operating income is mainly the license fee income and the royalty income after the product is launched. The authorized or distribution partners are responsible for the sales in each region, so the Company will not have the risk of sales concentration. The raw materials and preparations for the Company's LT1001, long-acting analgesic injection, are produced by a single pharmaceutical factory. In order to meet the supply needs of the drug market in various places in the future, the evaluation of the production plan of the second pharmaceutical factory has now started. There will be no concentration risk of purchase transactions.

10. Directors, supervisors or major shareholders holding more than 10% of the shares, the impact, risks and countermeasures of a large number of equity transfers or replacements on the Company

In the most recent year and as of the publication date of the annual report, none of the Company's directors, supervisors, or major shareholders holding more than 10% of the Company's shares has had a major impact on the Company's operations due to a large number of equity transfers or replacements.

11. The impact of the change of management rights on the Company, risks and countermeasures

As of the publication date of the annual report, the Company has not had any changes in its management rights.

12. Litigation or non-litigation events

a. In case of litigation, non-litigation, or administrative disputes that have been determined by the Company or are currently pending, the outcome of which may have a significant impact on shareholders' rights and interests or the price of securities, the Company shall disclose the facts in dispute, the amount of the

subject matter, the start date of the litigation, The main parties involved in the lawsuit and the current processing situation:
None.

b. The Company's directors, supervisors, general manager, actual person in charge, major shareholders holding more than 10% of the shares, and affiliated companies, the lawsuits that have been confirmed or are currently pending in the last two years and as of the date of publication of the annual report, Non-litigation or administrative disputes, the outcome of which may have a significant impact on the Company's shareholders' equity or securities prices:

Table 70-1. Lawsuits and disputes impacting equity and securities

Litigant	Proceedings start date	Target amount	Description	Handling status as of the publication date of the annual report
Center Laboratories Inc.	Center Laboratories filed a lawsuit on July 1, 2016.	The confirmation benefit of confirming the existence of the entrusted development contract is NT$20 million.	Center Laboratories invested NT$ 20 million in 2010 to entrust TTY Biopharm to develop the generic drug PLGA of Risperidone. The two parties signed a commissioned development contract, agreeing that the product rights are owned by Center Laboratories, and agreed that TTY Biopharm can share the rights of the American market. After signing the contract, Center Laboratories will pay according to the progress of TTY Biopharm's research and development work. In May 2016, TTY Biopharm claimed that Risperidone PLGA was its product, and	On March 1, 2018, the Taipei District Court in Taiwan ruled in favor of Center Laboratories in the first instance, confirming the existence of a contractual relationship between Center Laboratories and TTY Biopharm in the commissioned development agreement. Center Laboratories owns the relevant rights of Risperidone PLGA products and has the right to require TTY Biopharm to continue to perform the contract. TTY Biopharm filed an appeal on March 22, 2018, and the Taiwan High Court ruled in favor of Center Laboratories in the second instance on March 11, 2020. TTY Biopharm filed a third-instance appeal on April

Litigant	Proceedings start date	Target amount	Description	Handling status as of the publication date of the annual report
			repeatedly denied the validity of the entrusted development contract. In order to protect the interests of Center Laboratories and the interests of investors, Center Laboratories filed a lawsuit on July 1, 2016, requesting the court to confirm the effectiveness of the entrusted development contract opened above.	10, 2020, in the ROC, and on May 24, 2021, the Supreme Court of Taiwan sent back the judgment of the third instance. After the trial of the first instance, the High Court ruled on November 15, 2022, that the contractual relationship does not exist. Center Laboratories intends to recover the consideration paid for compliance with the contract after receiving the court judgment.

This case is only to confirm the existing legal relationship between Center Laboratories Inc. and TTY Biopharm Co., Ltd. The Company is not the defendant in the criminal lawsuit, and the result will not affect the Company's financial business.

Table 70-2. Lawsuits and disputes impacting equity and securities

Litigant	Proceedings start date	Target amount	Case content	Handling status as of the publication date of the annual report
Director, General Manager and CEO of the Company Mr. Jung Chin Lin	Prosecutors indicted in June 2015.	None. This case does not involve the Company's finances or business.	TTY Biopharm Co., Ltd. (hereinafter referred to as "TTY Biopharm") filed a criminal complaint against Jung Chin Lin, the chairman of the Company, alleging that when Mr. Jung Chin Lin was the chairman of TTY Biopharm, in 2008 and 2009 (the same below), he and Inopha AG, a Swiss company, signed an authorization and joint development contract for four drugs, Caelyx II, Lipo-AB, Risperidone, and Leuprorelin, without the resolution of the Board	On September 1, 2017, Taiwan's Taipei District Court ruled that the chairman of the Company was guilty of the first instance and sentenced to 10 years in prison. The case was appealed by Mr. Jung Chin Lin, and the Taiwan High Court ruled that Mr. Jung Chin Lin was not guilty

Litigant	Proceedings start date	Target amount	Case content	Handling status as of the publication date of the annual report
			of Directors of TTY Biopharm, and Inopha AG obtained benefits from these contracts, thus harming Toyo The Company's rights and interests were investigated by the District Prosecutor's Office and prosecuted for the crimes of Article 171, Item 1, Subparagraph 2 (unconventional transactions) and Subparagraph 3 (special breach of trust) of the Securities and Exchange Act. The Company's business will not be affected by its personal judicial cases.	after the trial on May 27, 2020; It was remanded for retrial after the Supreme Court's third-instance judgment. TTY Biopharm also filed a criminal incidental civil lawsuit against Mr. Jung Chin Lin and other co-defendants, which is currently under trial in the Taipei District Court.

The procedure above is only concerned with the clarification of Mr. Jung Chin Lin's personal legal liability, and does not involve the Company's finances or business. The Company is not the defendant in the criminal lawsuit, and the result will not have a significant impact on the Company's shareholders' rights or securities prices. Mr. Jung Chin Lin has appointed lawyers to handle matters related to subsequent litigation to defend innocence.

13. Other important risks and countermeasures

a. Information Security Risk Assessment and Countermeasures

In order to implement information security, the Company has formulated the "Information Security Management Operation Method", and the staff of the information unit of the general management office are responsible for information security matters, and conduct appropriate information security education and training on a regular basis to establish the concept of "information security is everyone's responsibility". Strengthen the good information security awareness of colleagues, make them comply with information security regulations, reduce the risk of information security, and ensure the goal of continuous operation.

The Company regularly assesses information security risks and reports to the Board of Directors on a regular basis. Its information security assessment focuses on (1) information architecture review, (2) network activity review, (3) network equipment, servers and terminals and other equipment testing , (4)

website security testing, (5) security setting review, (6) e-mail and social engineering drills and other operational items.

b. Specific management plan

(1) Personnel safety management and education and training: Users are required to really understand the conditions and requirements of system access, and they can only access system resources within the scope of authorization. Users should be responsible for keeping and changing their personal passwords regularly, maintaining the confidentiality of passwords, and enabling two-stage verification (multi-factor verification) to reduce password cracking.

(2) Host computer security management: computer host and server operating procedures, information units should ensure correct and safe operation and use of users. For computer hosts or servers storing confidential and sensitive data, in addition to the existing security settings of the operating system, the security mechanism for identification should be strengthened to prevent unauthorized users from being Peeping or intercepting login passwords, and preventing counterfeit legal user identities from logging in to the host for theft or destruction.

(3) Data security management: According to the business nature and duties of the user, different data access rights are granted, and the access records of important files or sensitive data are kept for future reference, so as to prevent important information from being exposed or inadvertently changed. Regular backup operations and off-site backup operations for computer media should be implemented so that normal operations can be restored quickly in the event of a disaster or storage media failure.

(4) Network security and virus prevention management: Establish a computer virus prevention mechanism, and computer virus codes and antivirus software should be updated regularly. The network equipment is managed by a dedicated person to monitor the network status at any time; each host server used in the network system should have a backup host in case the main host server fails to operate normally.

(5) Security control of network equipment access: shared network system, establish network routing control to ensure that computer connection operations and information flow will not affect the access policy of the application system.

(6) Security management of outsourced information units: When outsourced service operations are required, sign an outsourced service contract with the manufacturer, and sign a written confidentiality contract to ensure that the manufacturer's personnel understand and follow the relevant safety management regulations.

(7) Physical environment safety management: Personnel entering and leaving the computer room should be properly controlled and recorded, and unauthorized personnel are not allowed to enter. Set up an automatic notification system for fire alarms, air conditioning, temperature and humidity, power supply and other warnings in the computer room, and monitor the operation of the computer room around the clock to ensure the safety of the computer room facilities. The equipment and media used for backup operations should be stored away from the computer room at a safe distance to avoid losses when the computer room is damaged.

G. Other Important Matters

None.

VIII. Special Disclosure

A. Summary of affiliated companies

1. Affiliates Consolidated Business Report:

a. Organizational chart of the affiliates

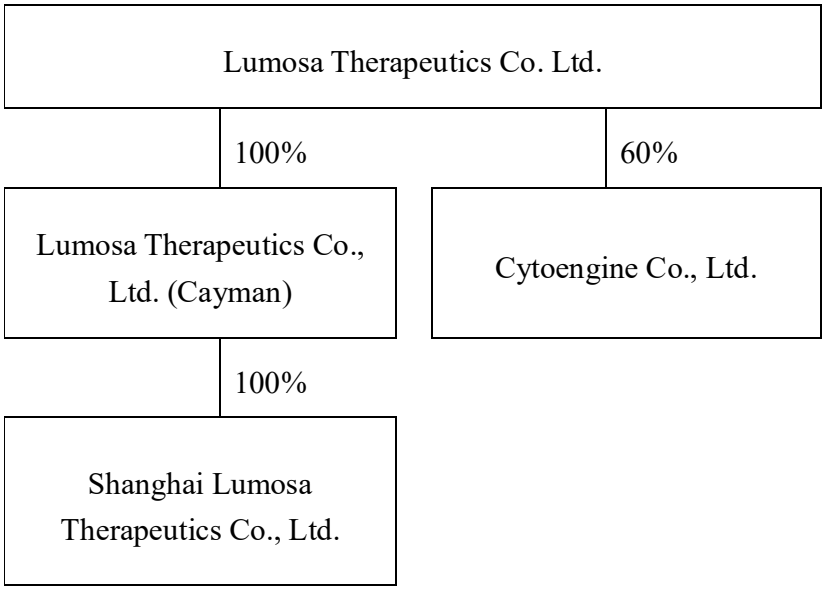

Figure 10. Organizational chart of the affiliates

b. Affiliated companies

Table 71. Affiliated companies

March 21, 2024, Unit: thousand

Name of the enterprise	Date of incorporation	Address	Paid-in capital	Principal business activities
Lumosa Therapeutics Co., Ltd.(Cayman)	2013.04.22	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O.BOX32052, Grand Cayman KY1-1208, Cayman	US$ 1,145	Investment
Shanghai Lumosa Therapeutics Co., Ltd.	2015.03.17	Room 1262, 12th Floor, Building 1, No. 55, Aona Road, Pilot Free Trade Zone, Shanghai, China	CNY 1,000	Technical consultation, service and transfer
Cytoengine Co., Ltd.	2022.01.28	4F., No. 3-2, Yuanqu St., Nangang Dist., Taipei City 115603 , Taiwan (R.O.C.)	NT$ 125,000	new drug development

c. The entity meets the elements provided in the Law for presumption of a relationship of control or subordination:

None.

d. The business of the overall affiliated enterprise is mainly the development and research of new drugs.

e. Information on directors, supervisors and general managers of affiliated companies

Table 72. Affiliated companies' leadership information

March 21, 2024

Name of the enterprise	Title	Name or representative:	Number of shares held	
			No. of shares held	%
Lumosa Therapeutics Co., Ltd.(Cayman)	Director	Wan-Lai Cheng	1,145,188	100%
Shanghai Lumosa Therapeutics Co., Ltd.	Director	Wan-Lai Cheng	Not applicable	100%
	Supervisor	Hui-Yuan Kuo		
Cytoengine Co., Ltd.	Chairman	Jung Chin Lin, representative of Lumosa Therapeutics Co., Ltd.	7,500,000	60%
	Director	Sheng-Wen Yeh, representative of Lumosa Therapeutics Co., Ltd.	7,500,000	60%
	Director	Representative of Center Laboratories, Inc. Chia-Ling Lin	5,000,000	40%
	Supervisor	Chia-Chi Yang		

f. Operational Overview

Table 73. Operational overview

December 31, 2022; unit: NT$ thousand

Name of the enterprise	Shareholder capital	Total assets	Total liabilities	Net asset	Net revenue	Income (Loss) from operations	Total consolidated profit/loss for the current period	EPS (NT$)
LumosaTherapeuticsCo., Ltd. (Cayman)	34,009	27,472	—	28,029	—	583	583	0.51
Shanghai Lumosa Therapeutics Co., Ltd.	4,459	1,373	—	1,373	—	(84)	(84)	not applicable
Cytoengine Co., Ltd.	125,000	85,552	15,583	69,719	—	(31,059)	(30,729)	(2.46)

2. Consolidated Financial statements of the Affiliates

In 2023 (from 2023/1/1 to 2023/12/31), the Company should be included in the preparation of affiliated companies' consolidated financial statements and According to the Financial Accounting Standards Bulletin No. 7, the companies that should be included in the preparation of the parent-subsidiary consolidated financial statements are the same, and the relevant information that should be disclosed in the parent-subsidiary consolidated financial statements has been disclosed in the previously disclosed parent-subsidiary consolidated financial statements, and will not be prepared separately Consolidated financial statements of affiliated companies.

3. Relationship Report

Not applicable

B. Private Placement Securities in the most recent years

Table 74. Private placement securities

Item	1st Private Placement of 2020 (Note 1) Issue date:：2020/12/24	2nd Private Placement of 2020 (Note 1) Issue date：2021/4/29
Types of Private Equity Securities	common stock	common stock
Shareholders' meeting approval date and amount	Shareholders' approval date：2020/6/9 Total number of private equity shares：70,000,000 shares is the upper limit	Shareholders' approval date：2020/6/9 Total number of private equity shares：70,000,000 shares is the upper limit
Basis and Reasonability of Price Setting	The subscription price of ordinary shares in this private placement is based on the fact that it is not lower than 80% of the reference price.	The subscription price of ordinary shares in this private placement is based on the fact that it is not lower than 80% of the reference price.
The method selected by a specific person (Note 2)	The targets of this private placement of common stock shall be those listed in Subparagraph 2 of Article 4 of "Public Offering Companies Handling Private Placement of Securities".	The targets of this private placement of common stock shall be those listed in Subparagraph 2 of Article 4 of "Public Offering Companies Handling Private Placement of Securities".
Necessary reasons for private placement	Considering factors such as the relative timeliness and convenience of the private placement method, and the regulation that private placement securities cannot be freely transferred within three years will further ensure the long-term relationship between the Company and investment partners; in addition, by authorizing the Board of Directors to handle private placement according to the actual needs of the Company's operations, It will also effectively improve the mobility and flexibility of the Company's fundraising, so it is necessary to handle it through private placement.	Considering factors such as the relative timeliness and convenience of the private placement method, and the regulation that private placement securities cannot be freely transferred within three years will further ensure the long-term relationship between the Company and investment partners; in addition, by authorizing the Board of Directors to handle private placement according to the actual needs of the Company's operations, It will also effectively improve the mobility and flexibility of the Company's fundraising, so it is necessary to handle it through private placement.
Number of shares (or number of corporate bonds)	29,500,000 shares	3,448,000 shares
Price payment	Payment completion date:2020/11/23	Payment completion date 2021/03/19

Item	1st Private Placement of 2020 (Note 1) Issue date:：2020/12/24					2nd Private Placement of 2020 (Note 1) Issue date：2021/4/29				
completion date and declaration date	filing date:2020/11/30					filing date:2021/03/24				
delivery date	109/12/24					110/04/29				
Applicant Information	Private placement object (Note 3)	qualifications condition (Note 4)	Subscription quantity	Relation with the Company	Participating companies business situation	Private placement object (Note 3)	qualifications condition (Note 4)	Subscription quantity	Relation with the Company	Participating companies business situation
	Chang Hai Tsai	Paragraph 3	500,000	Chairman	YES	Farglory Life Insurance Co., Ltd.	first set	3,448,000	No relationship	NO
	Center Laboratories,	Paragraph 3	17,200,000	Director	YES					
	Sun Ten Pharmaceuticals	Paragraph 2	1,000,000	Shareholder	NO					
	Jung Chin Lin	Paragraph 3	710,000	The CEO/ the Corporate Director and Representative of the Company	YES					
	Yuanta One Venture Capital Co., Ltd.	Paragraph 2	2,060,000	Not related	NO					
	Sinyu Investment Co., Ltd.	Paragraph 2	6,890,000	Not related	NO					
	Shi Chun He	Paragraph 2	500,000	Not related	NO					
	Teh Fu Hsien	Paragraph 3	150,000	Director	YES					
	Hsueh Ling Wang	Paragraph 3	140,000	Supervisor	NO					

Item	1st Private Placement of 2020 (Note 1) Issue date:：2020/12/24					2nd Private Placement of 2020 (Note 1) Issue date：2021/4/29				
	Chi Hong Huang	Paragraph 2	100,000	Not related	NO					
	Chi Chiang Huang	Paragraph 2	100,000	Not related	NO					
	Wen Yu Chao	Paragraph 2	150,000	Not related	NO					
Actual subscription (or conversion) price (Note 5)	NT$29					NT$29				
The difference between the actual subscription (or conversion) price and the reference price	The actual subscription price is 82.01% of the reference price					The actual subscription price is 82.20% of the reference price				
The impact of handling private equity on shareholders' equity (such as: resulting in an increase in accumulated losses...)	One-time or two-time use of private equity funds can strengthen the Company's competitiveness, improve operational efficiency, and improve the financial structure. It also has positive benefits for shareholders' rights and interests.					One-time or two-time use of private equity funds can strengthen the Company's competitiveness, improve operational efficiency, and improve the financial structure. It also has positive benefits for shareholders' rights and interests.				
Use of private equity funds and plan implementation progress	NT$ 822,221,000 invested in research and development activities, and NT$ 33,278,000 yuan of unused funds were deposited in bank accounts					Sufficient working capital				
Benefits of private placements	Sufficient working capital and sound financial structure					Sufficient working capital and sound financial structure				

Item	1st Private Placement of 2020 (Note 1) Issue date:：2020/12/24	2nd Private Placement of 2020 (Note 1) Issue date：2021/4/29
Subscribed (converted) shares payment certificate (bond exchange rights certificate), shares, shares for free allotment	None	None

Note 1: Adjust the number of columns according to the actual number of private placements conducted. If there were multiple private placements of securities, fill in all the required information separately for each.
Note 2: If the places for a private placement case have already been arranged, the relationship between the places and the Company should also be described.
Note 3: Adjust the number of cells to match the actual number of the counterparties.
Note 4: Specify whether the counterparty is qualified under subparagraph 1, 2, or 3 of paragraph 1 of Article 43-6 of the Securities and Exchange Act.
Note 5: The actual subscription (or conversion) price refers to the subscription (or conversion) price set at the time of actual issuance of the private placement securities.

C. Acquisition or disposal of the Company's shares by subsidiaries in the recent fiscal year and up until the date of printing of this annual report

None.

D. Other necessary supplementary explanations

None.

E. Significant matter that may impact the shareholders' equity or securities per Article 36, Paragraph 3, Clause 2 of the Securities and Exchange Act

None.

Lumosa Therapeutics Co., Ltd.

順天醫藥生技（股）有限公司

Chairman: Jung Chin Lin