Stock Code: 4162

PharmaEngine, Inc.

2025 Annual Report

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.

PharmaEngine Annual Report is available at https://www.pharmaengine.com
Taiwan Stock Exchange Market Observation Post System: https://mops.twse.com.tw
Printed on April 10th, 2026

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V. Overseas Securities Exchange

None.

VI. Company Website

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I. Letter to Shareholders

Dear Shareholders,

2025 has been a year of progress and breakthroughs for PharmaEngine. As a one of the representative biotech companies in Taiwan, we have demonstrated leadership and innovation not only in new drug development, but also in corporate governance, sustainability, and employee care.

In 2025, we have achieved a significant milestone with ONIVYDE®'s inclusion in Taiwan's National Health Insurance (NHI) for first-line treatment of metastatic pancreatic adenocarcinoma. This is more than a regulatory victory – it is a step toward better accessibility and affordability of treatment options for patients who need them the most. Providing more therapy options and enhancing accessibility to treatments are the cornerstone of our company's core belief and the motivation of our company's business.

New drug development often feels like trying to find a needle in a haystack as the more we learn about the human anatomical and physiological framework, the more unknown that needs to be answered. However, as we have been focusing our pipeline on DNA damage response and synthetic lethality, like the beacon of a light tower, we have been achieving our short-term goals and moving in the right direction.

At the same time, we are accelerating our clinical research progress with our pipeline projects PEP07 and PEP08. PEP07 is a CHK1 inhibitor that is currently in Phase I clinical trial for both hematologic and solid tumor cancers. While the road to market is long, each step forward is an encouragement to our teams and stakeholders. For PEP07, after confirming the maximum tolerated dosage (MTD), we plan to move to dosage expansion and combination clinical trials to ensure we capture the potential of this project.

Another noteworthy development is PEP08, a second-generation MTA-cooperative PRMT5 inhibitor, the first in-house developed drug by PharmaEngine, is currently in Phase I clinical trial for solid tumors. Thanks to the combined efforts of our science- and data-driven R&D team and the use of AI and CADD technologies, PharmaEngine was able to shorten the drug discovery development time from the traditional 5-10 years to just 2.5 years. This is not a small feat. The acceleration of timeline represents our commitment to innovation and a new form of drug development.

Beyond project development, PharmaEngine has also made significant strides in our sustainability efforts, aligning our operations with global standards for corporate responsibility and talent retention. In 2024, we made a commitment to add renewable energy sources to our operation-related energy mix. In 2025, 20% of our operation-related electricity usage was from green energy. Our goal is to increase this percentage by 10% every year, where we aim to reach 70% by 2030. As the electricity price gap between green and grey energy continues to shrink, these investments in renewable energy are not only beneficial to the planet but will also have long-term cost-saving effects on our bottom-line.

PharmaEngine aims to build and maintain a healthy and safe workplace where talent can be nurtured and both personal and corporate growth can be achieved. In addition to work-related training programs, we also provide external training opportunities for our employees. Moreover, our workplace wellness program, including the Exercise Season spans from September to December each year, reinforces our commitment to the health and happiness of our employees. In 2025, we received an award certifying PharmaEngine as a Sports Enterprise from the Department of Sports. This further demonstrates our fortitude to build a healthy, happy, and strong team to nurture resilience to face adversities.

We recognize new drug development journey is not always linear – as we are often faced with challenges both in R&D and the macroeconomy in 2025, but with unwavering long-term goals and determination that drive us, PharmaEngine continues to make headways as a strong and resilient company.

Looking ahead, with a strategic roadmap and a robust pipeline, PharmaEngine remains laser-focused on building long-term value as we continue to strengthen our innovation and creativity in drug development, maintain leadership in the biotech industry, vigorous risk management in our everyday business, sound corporate governance practices to provide more therapy options for patients, and create financial benefits to our shareholders.

Next, we will present the details of our business results in 2025, business summary plan for 2026, short- and long-term business strategies, and impacts from the external competition environment, the regulatory environment, and the macro-economic environment.

Business Result for 2025

1. Operational Performance

The revenue of PharmaEngine in 2025 was NT$911,416 thousand dollars. The cost, including operating cost and operating expenses, was NT$485,955 thousand dollars. The operating income was NT$425,461 thousand dollars. The net non-operating income was NT$83,832 thousand dollars. The income before tax was NT$509,293 thousand dollars. The net income was NT$387,641 thousand dollars.

2. Status of Budget Implementation

In reviewing the status of budget implementation in 2025, PharmaEngine generated NT$911,416 thousand dollars in revenue in 2025, which accounts for 121.11% of the budget target, which included (1) US$20,287 thousand dollars (approx. NT$627,762 thousand dollars) royalties for the sales of ONIVYDE® in Europe and Asia regions, and US$200 thousand dollars (approx. NT$6,521 thousand dollars) of sublicense revenue, approximately NT$634,283 thousand dollars in subtotal, and (2) NT$277,133 thousand dollars for the sales of ONIVYDE® in Taiwan. For the income before tax in 2025, PharmaEngine generated NT$509,293 thousand dollars, which accounts for 436.11% of the budget target.

3. Financial Income & Expenses and Profitability Analysis

Item \ Year		2024	2025
Financial Income & Expenses	Interest Income (in 000s)	72,143	96,103
	Interest Expenditure (in 000s)	181	139
Profitability Analysis	Return on Asset %	35.73	7.05
	Return on Equity %	37.80	7.50
	Net Profit Margin %	69.39	42.53
	Earnings Per Share (NT)	12.19	2.70

4. Research & Development Status

Our progress for drug development in 2025 and Q1 2026 are summarized as follow:

February 2025	ONIVYDE® 2024 sales in Europe and Asia reached the second milestone, PharmaEngine received US$50 million in milestone payment.
October 2025	First patient dosed in Phase I trial of PEP08 for solid tumor cancers.
November 2025	ONIVYDE® with oxaliplatin, fluorouracil and leucovorin will be included in Taiwan NHI for first-line treatment of metastatic pancreatic adenocarcinoma.
January 2026	ONIVYDE® first-line pancreatic ductal adenocarcinoma dossier was accepted by Japan's Pharmaceuticals and Medical Devices Agency (PMDA), PharmaEngine received US$1.5 million in sublicense revenue.

Business Plan Summary for This Year (2026)

1. Business Strategy
   The core of PharmaEngine's operation revolves around the development of new drugs, focusing on the operation strategy of Virtual Pharmaceutical Company, to achieve a light asset structure, reduce the risk of new drug development, and accelerate product development and launch with the aim to achieve a mutually beneficial and win-win situation with partners.

2. The Sales Forecast and The Rationale
   The 2026 Taiwan sales forecast of ONIVYDE®, which is approved for the treatment of adult patients with metastatic pancreatic adenocarcinoma, are estimated to be around 16,000-19,000 vials, based on the assumptions of the growth rate of incidence of pancreatic cancer, the status of hospital applications for health insurance, and drug change in first-line treatment of adult metastatic pancreatic adenocarcinoma.

3. The Important Business Strategies
   (1) Administration and Management
      A. Aggressively recruiting international talents
      B. Integrate international resources and select eligible partners to establish a long-term collaboration relationship for our global new drug development plan
   (2) Marketing Planning of ONIVYDE®
      A. Accomplish marketing plans and sales target in Taiwan
      B. Continue to advance 1L PDAC marketing and sales strategy in Taiwan
   (3) Project Development
      A. Project of PEP07
         a. Continue to move forward with dose expansion and combination studies for both hematologic and solid tumor cancers
      B. Project of PEP08
         a. Continue with Phase I clinical trial of solid tumor cancers
      C. Other Research Projects
         a. Candidate nomination for new projects
         b. Accelerate the screening and pre-clinical development plan of new drug candidates
   (4) R & D strategy
      A. Aggressively out-license or find collaboration partners for ongoing projects
      B. Enhance the Company's own R&D capacity with the help of diversified and innovative drug R&D platform collaboration models (such as AI new drug development platform)

Business Development Strategies

1. Adopting the Virtual Pharmaceutical Company Business Model and reinforcing the collaboration with international partners to establish an international R&D team.
2. Expanding and advancing R&D projects on the pipeline.
3. Actively training R&D personnel of the Company, improving the techniques in new drug development, and achieving sustainable growth of the Company.
4. Our vision is to become the world's most professional and innovative new drug development company which specializes in the medical treatment of cancer.

Impacts from External Competition Environment, Regulatory Environment and Macro-Economic Environment

The biopharmaceutical industry continues to be competitive. Drug prices around the world have been experiencing cuts while development costs have been increasing due to the price increase of materials, energy, and logistics. This means margins of new drug development companies have been compressed. PharmaEngine develops new drugs in accordance with the requirements of regulatory authorities and international guidelines, such as GCP, ICH and more. Such implementation pushed ONIVYDE® to be successfully launched in most major markets including the US, Europe, and Asia and is included in the general health insurance in Taiwan with a reasonable pricing strategy. Furthermore, PharmaEngine focuses on internationally recognized R&D trends, actively investing in new drug development in fields such as DNA damage response and synthetic lethality. This demonstrates the Company's resilience and capability to cope with the impact of external competitive, regulatory, and overall economic environments. Looking ahead, PharmaEngine will continue to deepen its expertise in the field of new cancer drugs and develop promising innovative projects to fortify a solid foundation for the Company's sustainable operation to deliver long-term and stable returns to shareholders.

II. Corporate Governance Report

2.1 Directors, Independent Directors, Presidents, Vice Presidents, Assistant V.P., and Department Heads

2.1.1 Directors and independent directors

March 28 2026

Title	Nationality/ Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Concurrent Position	Executives, Directors, or Independent Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairperson	Taiwan	Jan-Yau Hsu	Male 70-79	May 23, 2025	3	Sept. 1, 2022	0	0	0	0	0	0	0	0	1. Master's degree from the Department of Statistics at National Chengchi University 2. Former chairperson of Taiwan Stock Exchange	None	None	None	None
Director	Taiwan	Legal Representative: Rui-Wen Wu	Male 50-59	May 23, 2025	3	Jan. 19, 2018	0	0	0	0	0	0	0	0	Master's in law from Chinese Culture University	1. Senior Director, Secretariat Division of Board of Directors-TTY Biopharm Co., Ltd 2. Director- TOP Pharma Medical-wares Co., Ltd. 3. Director- Xudong Haipu International Company Limited 4. Director- Worldco International Limited 5. Director- Worldco Biotech (Chengdu) Pharmaceuticals Ltd. 6. Director- Enhan X Biopharm Co., Ltd. (Legal representative for TTY Biopharm Co., Ltd.) 7. Director- American Taiwan Biopharma Philippines Inc.	None	None	None
		TTY Biopharm Co., Ltd.				Aug. 12, 2002	25,866,808	17.75%	25,866,808	17.75%	0	0	0	0					
Director	Taiwan	Legal Representative: Ming-Shiang Wu	Male 60-69	May 23, 2025	3	May 27, 2022	0	0	0	0	0	0	0	0	1. Bachelor of Medicine, College of Medicine, National Taiwan University; 2. PhD, The Graduate Institute of Clinical Medicine College of Medicine National Taiwan University 3. Former Superintendent-National Taiwan University Hospital	1. Superintendent- National Taiwan University College of Medicine 2. Distinguished Professor- Department of Internal Medicine, College of Medicine, National Taiwan University	None	None	None

		National Development Fund, Executive Yuan				Sep. 17, 2004	22,585,654	15.50%	22,585,654	15.50%	0	0	0	0		3. Honorary President- the Gastroenterological Society of Taiwan 4. President-Taiwan Society of Internal Medicine 5. President- Taiwan Association Medical Education 6. Attending Physician, Internal Medicine of National Taiwan University Hospital			
Director	Taiwan	Wen-Hung Hsu	Female 50-59	May 23, 2025	3	May 27, 2022	0	0	0	0	0	0	0	0	Bachelor's degree in Land Economics from National Chengchi University	1. Director and Senior Vice President -WT Microelectronics Co., Ltd. 2. Director- WT Microelectronics (Hong Kong) Limited 3. Director -WT Technology Pte. Ltd. 4. Director -WT Microelectronics Singapore Pte. Ltd. 5. Director -WT Microelectronics (Malaysia) Sdn. Bhd. 6. Director -WT Solomon QCE Limited 7. Director -Wonchang Semiconductor Co., Ltd. 8. Director -WT Technology Korea Co., Ltd. 9. Director -BSI Semiconductor Pte. Ltd. 10. Director -Brillnics Inc. 11. Director -Brillnics (Taiwan) Inc. 12. Director -Excelpoint Systems (Pte) Ltd. 13. Director -Planetspark Pte. Ltd. 14. Director -Excelpoint Systems (H.K) Limited 15. Director -Synergy Electronics (H.K) Limited 16. Director -WT Microelectronics (Thailand) Limited	None	None	None

																17. Director -WT Microelectronics Vietnam Company Limited 18. Director -Excelpoint Systems Sdn. Bhd. 19. Director -Daypower Energy Co., Ltd. 20. Chairperson -Wen You Investment Co., Ltd. 21. Supervisor -Tang Ye Investment Co., Ltd. 22. Supervisor -Shaoyang Investment Co., Ltd. 23. Chairperson -Shao Cheng Investment Co., Ltd. 24. Chairperson -Shao Chih Cheng Co., Ltd. 25. Director-Future Advanced Electronics Limited 26. Director-Macktronics Limited 27. Director-Future Electronics (Thailand) Ltd.			
Director	Taiwan	Legal Representative: Yi-Hui Lin	Male 50-59	May 23, 2025	3	May. 15, 2018	0	0	0	0	0	0	0	0	Master's degree from the Department of Public Administration and Policy at National Taipei University	1. Director- Audit Affairs at National Development Fund, Executive Yuan. 2. Director, Taiwan Bio-Manufacturing Corporation	None	None	None
		National Development Fund, Executive Yuan				Sep. 17, 2004	22,585,654	15.50%	22,585,654	15.50%	0	0	0	0					
Director	Taiwan	Ming-Feng Hou	Male 70-79	May 23, 2025	3	Aug. 26, 2021	0	0	0	0	0	0	0	0	1. Doctor of Medicine, Kaohsiung Medical University; 2. Former Superintendent, Kaohsiung Medical University Chung-Ho Memorial Hospital	1. Honorary Professor- Department of Biomedical Science and Environmental Biology, College of Life Science, Kaohsiung Medical University 2. Attending physician of Breast Surgery- Kaohsiung Medical University Chung-Ho Memorial Hospital 3. The Fifth Term Chairperson- Kaohsiung Breast Cancer Prevention and Education Society	None	None	None

																4. The 8th Term Supervisor-Institute for Biotechnology and Medicine Industry 5. Honorary Chairperson/Consultant of Taiwan Breast Cancer Society 6. The 12th Term Director-Taiwan Clinical Oncology Society 7. The 11th Term Chairperson of Taiwan Society of Cancer Palliative Medicine 8. Supervisor of Medical Excellence Taiwan 9. The 8th Term Supervisor-Institute for Biotechnology and Medicine Industry 10. The Fourth Term Executive Director-Taiwan Association of Interventional & Therapeutic Ultrasound			
Independent Director	Taiwan	Pau-Chu Lo	Female 70-79	May 23, 2025	3	May 23, 2025	28,000	0.01%	28,000	0.01%	0	0	0	0	1. B.A., the Department of Public Finance of National Taipei University College 2. Former president, Hua Nan Financial Holdings 3. Former director, Hua Nan Financial Holdings	Independent director of Vetnostrum Animal Health Co. Ltd.	None	None	None
Independent Director	Taiwan	Wen-Ta Chiu	Male 70-79	May 23, 2025	3	May 23, 2025	0	0	0	0	0	0	0	0	1. Dr.P.H., School of Public Health, University of Pittsburgh, U.S.A. 2. M.P.H., School of Public Health, University of Pittsburgh, PA, U.S.A. 3. D.M.Sc. (Neuroscience), Nihon University School of Medicine, Tokyo, Japan 4. Research fellow, Stanford University, CA, U.S.A., 5. M.D., Chung-Shan Medical College, Taichung, Taiwan 6. Former minister, Ministry of Health and Welfare, Taiwan	Co-CEO of AHMC Healthcare Group in Southern California, USA	None	None	None

															7. Former minister, Department of Health, Executive Yuan, R.O.C. (Taiwan) 8. Former chairman of Board of Directors, National Health Research Institutes, Taiwan 9. Former president, Taipei Medical University 10. Former superintendent, Taipei Medical University Shuang Ho Hospital, 11. Former superintendent, Taipei Medical University Wan Fang Hospital, 12. Former member of the Board of Trustee of University of Pittsburgh, U.S.A.				
Independent Director	Taiwan	Chien-Huang Lin	Male 60-69	May 23, 2025	3	Aug. 26, 2021	0	0	0	0	0	0	0	0	1. EMBA of College of Management, National Taiwan University; 2. Doctor of Philosophy, Institute of Pharmacology, College of Medicine, National Taiwan University; 3. Master of Science, Institute of Pharmacology, College of Medicine, National Taiwan University; 4. Bachelor of Science, School of Pharmacy, College of Pharmacy, Taipei Medical University; 5. Former President- Taipei Medical University	1. Director- Taipei Medical University 2. Director- Fubon Life Insurance Co., Ltd. 3. Chair Professor- Thoracic Translational Medicine of Taipei Medical University 4. Professor- Graduate Institute of Medical Science, Taipei Medical University 5. Board member, Dr. Tsungming Tu Foundation 6. Director- Taiwan Center for Drug Evaluation, Taiwan 7. Director- Formosa Cancer Foundation 8. Director- Professor C.Y. Lee Foundation 9. Director- Institute for Biotechnology and Medicine Industry 10.Director-The Pharmacological Society	None	None	None

2.1.2 Major shareholders of institutional investors

Mar. 28, 2026

Name of Institutional Shareholders	Name of Major Shareholders
TTY Biopharm Co., Ltd	Dawan Technology Company Limited (9.48%), Chang, Wen-I (2.09%), Hsiao, Ying-Chun (2.01%), Chang, Wen-Hwa (1.77%), Chang, Wen-Ling (1.68%), Morgan Stanley & Co. International Plc (1.59%), Chang, Jun-Ren (1.54%), Chang Hwa Commercial Bank Ltd (1.45%), Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.20%), Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds (1.17%)
National Development Fund, Executive Yuan	-
TransGlobe Life Insurance Inc.	CWY De Hui Holding Co. (100%)

2.1.3. Major shareholders above who are institutional investors and their major shareholders:

Mar. 28, 2026

Name of Major Shareholders	Major Shareholders of Institutional Shareholders
Dawan Technology Company Limited	Hsiao, Yu-Bin (36.99%), Li-Yuan Welfare Charitable Trust (11.02%), Hsiao, Ying-Chun (11.01%), Hsu, Hsiao-Chin (10.97%), Hsiao, Hsin-Ya (7.89%), Hsiao, Hsin-Lui (7.84%), Hsu, Mei-Chin (4.65%), Wu, Yong-Liang (3.96%), Hsiao, Chia-Yu (3.11%), Hsiao, Chia-Bin (2.56%)
Chang Hwa Commercial Bank Ltd	Ministry of Finance (12.19%), Chunghwa Post Co., Ltd. (7.50%), National Development Fund, Executive Yuan (5.42%), First Commercial Bank, Ltd. (4.09%), TS Financial Holding Co., Ltd. (2.68%), TASCO Chemical Corp. (2.53%), Taiwan Cooperative Bank (2.39%), Bank of Taiwan (1.81%), Land Bank of Taiwan (1.80%), Taiwan Business Bank (1.40%), Taiwan Business Bank in custody for UOB Taiwan Preferred Dividend High-Yield 30 ETF Securities Investment Trust Fund Special Account (1.28%), New Labor Retirement Fund (1.16%)
CWY De Hui Holding CO., LTD.	CWY Two Holding Co. (23.46%), CWY Three Holding Co. (25.04%), Pen, Teng-De (25.75%), Lin, Wen-Hui (25.75%)

2.1.4. Independence of directors and independent directors

Mar. 28, 2026

Criteria / Name	Professional Qualification and Experience				Independent Criteria (Note)											Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	Does not match any one of the circumstances of Article 30 of the Company Act.	1	2	3	4	5	6	7	8	9	10	11	
Jan-Yau Hsu	-	-	v	v	v	v	v	v	v	v	v	v	v	v	v	None
TTY Biopharm Co., Ltd. Representative: Rui-Wen Wu	-	-	v	v	v	v	v	v	-	v	v	v	v	v	-	None
Wen-Hung Hsu	-	-	v	v	v	v	v	v	v	v	v	v	v	v	v	None
National Development Fund, Executive Yuan Representative: Ming-Shiang Wu	Distinguished Professor-Department of Internal Medicine, College of Medicine, National Taiwan University, Superintendent- National Taiwan University College of Medicine	Attending Physician-Department of Internal Medicine, National Taiwan University Hospital	v	v	v	v	v	v	-	v	v	v	v	v	-	None
National Development Fund, Executive Yuan Representative: Yi-Hui Lin	-	-	v	v	v	v	v	v	-	v	v	v	v	v	-	None
Ming-Feng Hou	Visiting Professor-Kaohsiung Medical University College of Life Science	Professor of Surgery-Kaohsiung Medical University Chung-Ho Memorial Hospital	v	v	v	v	v	v	v	v	v	v	v	v	v	None
Wen-Ta Chiu (Independent Director)	-	Physician	v	v	v	v	v	v	v	v	v	v	v	v	v	None
Pau-Chu Lo (Independent Director)	-	-	v	v	v	v	v	v	v	v	v	v	v	v	v	1
Chien-Huang Lin (Independent Director)	Professor -Graduate Institute of Medical Science, Taipei Medical University	-	v	v	v	v	v	v	v	v	v	v	v	v	v	None

Note: Directors, during the two years before being elected and during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates (this does not apply if the independent directors appointed by the Company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this Act or local national laws serve concurrently);
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.
4. Not a spouse or relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3.
5. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders or has representative director(s) serving on the Company's board based on Article 27 of the Company Act.
6. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company (this does not apply if the independent directors appointed by the Company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this Act or local national laws serve concurrently);
7. Not a director, supervisor, or employee (this does not apply if the independent directors appointed by the Company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this Act or local national laws serve concurrently) of a company of which the chairperson or CEO (or equivalent) themselves or their spouse also serve as the Company's chairperson or CEO (or equivalent);
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company (however, if a specific company or institution holds more than 20% but not more than 50% of the total number of issued shares of the company, and is a subsidiary of the Company, its parent company, a subsidiary, or a subsidiary of the same parent company, it shall comply with this law or the local country. This does not apply if the independent directors established by law serve as concurrent directors);
9. Other than serving as a remuneration committee member of the Company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT$500,000".
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

2.1.5. Diversity and independence of board of directors

(1) Diversity of Board of Directors

A. Diversity Policy

a. It is specified in the "Articles of Incorporation of PharmaEngine, Inc." that the election of directors follows the candidate nomination system, and implementation must be based on "Procedures for Election of Directors".

b. The Company's "Corporate Governance Best Practice Principles" stipulated that the composition of the Board of Directors shall be diversified, and the diversification policy shall be prepared in terms of the Company's operation, operational pattern, and developmental demand and shall cover, without limitation, the basic requirements, values, and knowledge of professional skills

c. In addition, the Company defined the "Rules for Performance Evaluation of Board of Directors" on March 19, 2015. Through the performance evaluation items, including the management over the Company's goals and tasks, awareness of responsibilities, involvement in operation, internal relations management and communication, professional functions and continuing education, internal control, and expression of specific opinions, etc., the validity of the operation of the Board of Directors is confirmed and the performance of directors is served as reference in future director screening. The operational performance of the Board of Directors and functional committees is evaluated every year.

d. The Company continues with its directors' succession plan, and the director candidate database is created according to the criteria below:

(a) Possession of personality traits consistent with the Company's core values: integrity, accountability, innovation, and decision-making capability, and aligns with the core values (sense of urgency, critical thinking, diversity, continuous learning and growth, teamwork, and work and life balance) of the Company.

(b) Possession of industrial experience relevant to the business operated by the Company: The overall board of directors is required to possess expertise in areas including operational strategy, accounting and taxation, finance, law, business management, crisis management, international pharmaceutical markets, organizational leadership, or the biotechnology and pharmaceutical industry. Individual members should possess professional knowledge and skills that contribute to the Company's management and operations. The expectation is that the addition of individual members will provide the Company with an effective, collaborative, and diverse board that meets its needs. The Company also aims to have at least one director of each gender. The selection process for board candidates must comply with eligibility reviews and relevant regulations to ensure the effective identification and selection of suitable new candidates should vacancies arise or new directorships are planned.

(c) Source of candidates: For the succession plan for the Company's Board of Directors, at present, multiple high-ranking managers possess the required managerial capability and professionalism in the Company to be candidates for director. At the same time, the Company will recruit professional talent externally in preparation for the succession of directors. As for independent directors, they need to have work experience in business, legal affairs, finance, accounting, or corporate business according to regulations. The Company will hire independent directors according to its actual operational demand and in compliance with the "Independent Director Eligibility Review Regulations" to further strengthen corporate governance.

B. Implementation of Board Diversity Policy

Name	Gender	Age	Tenure	Operation strategy management	Accounting/ financial/ legal	Management	Crisis management	Industrial knowledge and expertise	Macro views on international markets	Organization and leadership
Jan-Yau Hsu	male	70-79	3-6 years	V	V	V	V	V	V	V
Rui-Wen Wu	male	50-59	6-9 years	V	V	V	V	V	V	V
Wen-Hung Hsu	female	50-59	3-6 years	V	V	V	V	V	V	V
Yi-Hui Lin	male	50-59	6-9 years	V	V	V	V	V	V	
Ming-Shiang Wu	male	60-69	3-6 years	V		V	V	V	V	V
Ming-Feng Hou	male	70-79	3-6 years	V		V	V	V	V	V
Wen-Ta Chiu	male	70-79	<3 years	V		V	V	V	V	V
Pau-Chu Lo	female	70-79	<3 years	V	V	V	V	V	V	V
Chien-Huang Lin	male	60-69	3-6 years	V		V	V	V	V	V

C. Specific Goals of the Board of Directors Diversification Policy and their Fulfillment:

Specific Goal	Fulfillment
Cross-disciplinary diversified complementary capabilities	Among the 9 members of the 9th intake of Board of Directors (including 3 independent directors), 4 directors are professionals in the biotechnology field, and 5 directors specialize in statistics, law, finance, and corporate management. The composition of the Board of Directors meets the cross-industry diversity expertise target of the Company.
Composition of the Board of Directors (such as age and gender)	The Company consists of 6 ordinary directors, who serve an average term of 5.32 years, and 3 independent directors, who have served for about 2.10 years on average. All the directors are R.O.C. nationals. The independent directors account for 33%. None of the directors is an employee of the Company. In terms of age, 3 are 50-59 years old, 2 are 60-69 years old, and 4 are 70-79 years old.
At least one director of either gender	The Company understands the importance of gender equality. Among the 9 members of the 9th intake of Board of Directors, there are 2 female directors, representing 22% of the Board. The Company continues to strive in increasing the target ratio for female directors to 33%, aligning with the stakeholders' expectation.

D. If the board of directors of TWSE/TPEx listed companies does not meet the requirement that at least one-third of its seats shall be occupied by directors of either gender, an explanation and improvement measures to enhance gender diversity on the board shall be provided.
The Company's 9th intake of the Board of Directors includes 2 female members, making the ratio of female directors to be 22%. While this percentage is higher than the 11% in the 8th intake and meets the Company's goal of having at least one director of either gender, due to the reason that the number of eligible female directors in the pharmaceutical industry is limited, it still falls short of the stakeholders' expectation of 1/3 of board members shall be either gender. For future board elections, the Company plans to carefully consider board diversity and gender balance, gradually increase the ratio of female directors, and build a diverse Board aligning with the Company's future operational development.

(2) Independence of Board of Directors

At present, there are 9 directors (including 3 independent directors), and independent directors account for 1/3 of all directors; legal representative directors have 2 seats and 1 seat respectively, and ordinary directors have 3 seats. No government agency or a single legal entity and its subsidiaries occupy more than one-third of the seats on the Board of Directors.

A. According to Article 26-3, Paragraph 3 of the Securities and Exchange Act, except where the competent authority has granted approval, the following relationships may not exist among more than half of a company's directors: spousal and familial relationship within the second degree of kinship. There are 9 directors in the 9th intake of the Board of Directors of the Company. The directors have no spousal or familial relationships within the second degree of kinship, which complies with Article 26-3-3 of the Securities and Exchange Act.

B. Pursuant to Article 26-3, Paragraph 4 of the Securities and Exchange Act, unless the Company has been approved by the competent authority, there shall be at least one seat between supervisors or between supervisors and directors: The Company has set up an audit committee since June 15, 2016, so it is not applicable.

C. The Company's Board guides the Company on strategies, supervises the management, reports to the Company and the shareholders, and complies with laws and regulations, the Articles of Incorporation of PharmaEngine, Inc., and resolutions made at the shareholders' meeting to exercise its functional duties regarding operations and arrangements about the Company's governance system. The Company's Board emphasizes the function of independent operation and transparency. The directors and independent directors are all independent individuals who exercise their functional duties independently. The 3 independent directors also adhere to relevant laws and regulations along with the Audit Committee's authority, review the existence of the Company or manage potential risks to ensure effective oversight of the implementation of internal controls, the appointment (or dismissal) of the certified public accountants, their independence, and the fair preparation of the financial statements. In accordance with the Company's "Procedures for Election of Directors," the selection of directors and independent directors is conducted using a cumulative voting system and a candidate nomination process to encourage shareholder participation, allowing shareholders holding a certain number of shares to propose the nominees list. For the review of the qualifications of such nominees and the verification of whether any potential violations of any Items of Article 30 of the Company Act., all related procedures are conducted and announced in compliance with the laws to protect shareholder rights and preventing monopolization or excessiveness of nomination rights while maintaining independence.

(3) Board of Directors Performance Evaluation

Based on “Rules for Performance Evaluation of Board of Directors”, which stipulated that the Company shall conduct an internal self-assessment of the Board and a self-assessment of Board members once a year; the self-assessment criteria include six areas: (1) level of participation in the Company’s operations, (2) quality of board decision, (3) board composition and structure, (4) selection and continuous education of directors, (5) internal controls, and (6) execution of risk management oversight, including the risk management of new drug research and development and the implementation of ESG sustainable development goals; as for the individual board member self-assessment, it also includes six areas: (1) understanding of the Company’s goals and tasks, (2) awareness of director duties, (3) level of participation in the Company’s operations, (4) internal relationship management and communication, (5) professional expertise and continuous education of director, and (6) internal controls. Once every three years, the Company invites external professional independent institutions or external expert teams to conduct external board performance evaluations. The results of the assessments are disclosed in the Company’s annual report after being presented to the Board.

2.1.6 President, vice president, assistant V.P., and department heads

Mar. 28, 2026

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Concurrent Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	Taiwan	Hong-Ren Wang Ph.D.	Male	Jan. 20, 2021	32,000	0.02%	0	0	0	0	- Ph.D. degree in Materials Science and Engineering from Massachusetts Institute of Technology in Cambridge, Massachusetts - M.S. degree in Materials Science and Engineering from National Tsing Hua University in Taiwan - Vice President of Product Development in Proteostasis Therapeutics	None	None	None	None
Vice President, Corporate Development	Taiwan	Chi-Hsing Chang	Male	Jan. 01, 2014	210,000	0.14%	0	0	0	0	-Master's Degree of Accounting, National Taiwan University -Manager, Investment Banking Department, MasterLink Securities Corporation -Special Project Director of Administrative Department, TTY Biopharm Co., Ltd.	None	None	None	None
Senior Director, Clinical Development	Taiwan	Brian Shen	Male	Mar. 22, 2023	29,448	0.02%	0	0	0	0	- Master, Biochemistry, Chung-Shan Medical and Dental College -Senior Director, Early Development, Translational Medicine, Cstone Pharmaceuticals -Manager, Clinical Research, Omnicare Clinical Research Inc.	None	None	None	None

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Concurrent Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director, Finance & Accounting	Taiwan	Peggy Tsao	Female	May 17, 2021	6,000	0.00%	0	0	0	0	-MBA, University of Detroit Mercy -Manager, Finance & Accounting, Merck Ltd. -Associate Manager, Finance & Accounting, 104 Corp.	None	None	None	None
Associate Director, Audit Office	Taiwan	Tony Hong	Male	Oct. 17, 2005	15,000	0.01%	0	0	0	0	-Taipei Medical University, majored in Pharmacy - RA Assistant Manager, Everlight Chemical Industrial Corporation - QA & RD Supervisor, Zin-Chin Pharmaceutical Industrial Cooperation - QA Supervisor, Hoechst Pharmaceutical Cooperation	None	None	None	None

2.2 Remuneration of Directors, Independent Directors, Presidents, and Vice Presidents

2.2.1 Remuneration paid to directors and independent directors

Unit: NT$ Thousand

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)						
		The Company	All companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairperson	Jan-Yau Hsu	2,850	2,850	0	0	1,080	1,080	18	18	3,948 1.02	3,948 1.02	0	0	0	0	0	0	0	0	3,948 1.02	3,948 1.02	None
Former Chairperson	Legal Representative: Jan-Yau Hsu	1,650	1,650	0	0	0	0	24	24	1,674 0.43	1,674 0.43	0	0	0	0	0	0	0	0	1,674 0.43	1,674 0.43	None
	TTY Biopharm Co., Ltd.	0	0	0	0	688	688	0	0	688 0.18	688 0.18	0	0	0	0	0	0	0	0	688 0.18	688 0.18	
Director	Legal Representative: Rui-Wen Wu	0	0	0	0	0	0	102	102	102 0.03	102 0.03	0	0	0	0	0	0	0	0	102 0.03	102 0.03	None
	TTY Biopharm Co., Ltd.	0	0	0	0	1,768	1,768	0	0	1,768 0.46	1,768 0.46	0	0	0	0	0	0	0	0	1,768 0.46	1,768 0.46	
Director	Wen-Hung Hsu	0	0	0	0	1,080	1,080	58	58	1,138 0.29	1,138 0.29	0	0	0	0	0	0	0	0	1,138 0.29	1,138 0.29	None
Former Director	Legal Representative: Wen-Hung Hsu	0	0	0	0	0	0	38	38	38 0.01	38 0.01	0	0	0	0	0	0	0	0	38 0.01	38 0.01	None
	TTY Biopharm Co., Ltd.	0	0	0	0	688	688	0	0	688 0.18	688 0.18	0	0	0	0	0	0	0	0	688 0.18	688 0.18	
Director	Legal Representative: Ming-Shiang Wu	0	0	0	0	0	0	90	90	90 0.02	90 0.02	0	0	0	0	0	0	0	0	90 0.02	90 0.02	None

	National Development Fund, Executive Yuan	0	0	0	0	1,768	1,768	0	0	1,768 0.46	1,768 0.46	0	0	0	0	0	0	0	0	1,768 0.46	1,768 0.46	
Director	Legal Representative: Yi-Hui Lin	0	0	0	0	0	0	60	60	60 0.02	60 0.02	0	0	0	0	0	0	0	0	60 0.02	60 0.02	None
	National Development Fund, Executive Yuan	0	0	0	0	1,768	1,768	42	42	1,810 0.47	1,810 0.47	0	0	0	0	0	0	0	0	1,810 0.47	1,810 0.47	
Director	Ming-Feng Hou	0	0	0	0	1,768	1,768	126	126	1,894 0.49	1,894 0.49	0	0	0	0	0	0	0	0	1,894 0.49	1,894 0.49	None
Independent Director	Chien-Huang Lin	1,560	1,560	0	0	0	0	144	144	1,704 0.44	1,704 0.44	0	0	0	0	0	0	0	0	1,704 0.44	1,704 0.44	None
Independent Director	Wen-Ta Chiu	948	948	0	0	0	0	99	99	1,047 0.27	1,047 0.27	0	0	0	0	0	0	0	0	1,047 0.27	1,047 0.27	None
Independent Director	Pau-Chu Lo	948	948	0	0	0	0	84	84	1,032 0.27	1,032 0.27	0	0	0	0	0	0	0	0	1,032 0.27	1,032 0.27	None
Former Independent Director	Ming-Daw Chang	612	612	0	0	0	0	72	72	684 0.18	684 0.18	0	0	0	0	0	0	0	0	684 0.18	684 0.18	None
Former Independent Director	Chih-Li Wang	612	612	0	0	0	0	72	72	684 0.18	684 0.18	0	0	0	0	0	0	0	0	684 0.18	684 0.18	None

Remuneration Bracket

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under NT$ 1,000,000	1.TTY Biopharm Co., Ltd. Representative: Rui-Wen Wu 2.TTY Biopharm Co., Ltd. Representative: Wen-Hung Hsu 3. National Development Fund, Executive Yuan Representative: Ming-Shiang Wu 4. National Development Fund, Executive Yuan Representative: Yi-Hui Lin 5.Chih-Li Wang/ 6.Ming-Daw Chang	1.TTY Biopharm Co., Ltd. Representative: Rui-Wen Wu 2.TTY Biopharm Co., Ltd. Representative: Wen-Hung Hsu 3. National Development Fund, Executive Yuan Representative: Ming-Shiang Wu 4. National Development Fund, Executive Yuan Representative: Yi-Hui Lin 5.Chih-Li Wang/ 6.Ming-Daw Chang	1.TTY Biopharm Co., Ltd. Representative: Rui-Wen Wu 2.TTY Biopharm Co., Ltd. Representative: Wen-Hung Hsu 3. National Development Fund, Executive Yuan Representative: Ming-Shiang Wu 4. National Development Fund, Executive Yuan Representative: Yi-Hui Lin 5.Chih-Li Wang/ 6.Ming-Daw Chang	1.TTY Biopharm Co., Ltd. Representative: Rui-Wen Wu 2.TTY Biopharm Co., Ltd. Representative: Wen-Hung Hsu 3. National Development Fund, Executive Yuan Representative: Ming-Shiang Wu 4. National Development Fund, Executive Yuan Representative: Yi-Hui Lin 5.Chih-Li Wang/ 6.Ming-Daw Chang
NT$1,000,001 ~ NT$2,000,000	1. Wen-Hung Hsu 2. Ming-Feng Hou 3. Chien-Huang Lin 4. Wen-Ta Chiu 5. Pau-Chu Lo 6.TTY Biopharm Co., Ltd. Representative: Jan-Yau Hsu	1. Wen-Hung Hsu 2. Ming-Feng Hou 3. Chien-Huang Lin 4. Wen-Ta Chiu 5. Pau-Chu Lo 6.TTY Biopharm Co., Ltd. Representative: Jan-Yau Hsu	1. Wen-Hung Hsu 2. Ming-Feng Hou 3. Chien-Huang Lin 4. Wen-Ta Chiu 5. Pau-Chu Lo 6.TTY Biopharm Co., Ltd. Representative: Jan-Yau Hsu	1. Wen-Hung Hsu 2. Ming-Feng Hou 3. Chien-Huang Lin 4. Wen-Ta Chiu 5. Pau-Chu Lo 6.TTY Biopharm Co., Ltd. Representative: Jan-Yau Hsu
NT$2,000,001 ~ NT$3,500,000	TTY Biopharm Co., Ltd.	TTY Biopharm Co., Ltd.	TTY Biopharm Co., Ltd.	TTY Biopharm Co., Ltd.
NT$3,500,001 ~ NT$5,000,000	1. National Development Fund, Executive Yuan 2. Jan-Yau Hsu	1. National Development Fund, Executive Yuan 2. Jan-Yau Hsu	1. National Development Fund, Executive Yuan 2. Jan-Yau Hsu	1. National Development Fund, Executive Yuan 2. Jan-Yau Hsu
NT$5,000,001 ~ NT$10,000,000				
NT$10,000,001 ~ NT$15,000,000				
NT$15,000,001 ~ NT$30,000,000				
NT$30,000,001~ NT$50,000,000				
NT$50,000,001 ~ NT$100,000,000				
Over NT$100,000,000				
Total	15	15	15	15

2.2.2 Remuneration of president and vice president

Unit: NT$ Thousand

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Hong-Ren Wang	10,507	10,507	108	108	4,641	4,641	3,395	0	3,395	0	18,651 4.81	18,651 4.81	None
Vice President, Corporate Development	Chi-Hsing Chang													

Remuneration Bracket

Range of Remuneration	Name of President and Vice President	
	The Company	Companies in the consolidated financial statements
Under NT$ 1,000,000		
NT$1,000,001 ~ NT$2,000,000		
NT$2,000,001 ~ NT$3,500,000		
NT$3,500,001 ~ NT$5,000,000	Chi-Hsing Chang	Chi-Hsing Chang
NT$5,000,001 ~ NT$10,000,000		
NT$10,000,001 ~ NT$15,000,000	Hong-Ren Wang	Hong-Ren Wang
NT$15,000,001 ~ NT$30,000,000		
NT$30,000,001 ~ NT$50,000,000		
NT$50,000,001 ~ NT$100,000,000		
Over NT$100,000,000		
Total	2	2

2.2.3 Names and distribution of employees' compensation - managers

Unit: NT$ thousands

	Title	Name	Stock	Cash	Total	Ratio of total compensation to net income (%)
Manager	President	Hong-Ren Wang	0	5,312	5,312	1.37
	Vice President, Corporate Development	Chi-Hsing Chang				
	Senior Director, Clinical Development	Brian Shen				
	Director, Finance & Accounting	Peggy Tsao				
	Associate Director, Audit Office	Tony Hong				

2.2.4 The ratio of remuneration paid to the directors, independent directors, presidents and vice presidents of the company and the companies included in the financial statement in year 2024 and 2025 to the net income, in addition the relevancy of remuneration policy, standard and combination, remuneration procedure, operating performance and risk.

1. Remuneration analysis for the last two years:

Title	From the Company			
	2024		2025	
	Total Amount	Ratio of total amount to the net income (%)	Total Amount	Ratio of total amount to the net income (%)
Directors	16,826	0.96	15,666	4.04
Independent Directors	5,040	0.29	5,151	1.33
Presidents and Vice Presidents	22,954	1.31	18,651	4.81
Total	44,820	2.56	39,468	10.18

2. Remuneration policies, standards, and procedures

(1) Directors and Independent Directors:

A. Directors: It is divided into business expenses and surplus distributions. Surplus distributions are referred to Article 25 of Articles of Incorporation of PharmaEngine, Inc. and the stipulation of no more than 2% of the profits shall be set aside as directors' remuneration stated in the "Salary Policy, System, Standards and Structure".

B. Chairperson: It is divided into business expenses, salary, and surplus distributions. All categories are referred to the Articles of Incorporation of PharmaEngine, Inc. and "Salary Policy, System, Standards and Structure".

C. Independent Directors: It is divided into business expenses and salary. Both categories are referred to the Articles of Incorporation of PharmaEngine, Inc. and "Salary Policy, System, Standards and Structure". However, all 3 independent directors no longer participate in the annual earnings distribution to maintain independence.

(2) Presidents and Vice Presidents:
The remuneration of the Company's presidents and vice presidents includes salary, allowances, bonuses, and employee remuneration, and these are determined and referred to the Company's "Salary Policy, System, Standards and Structure".

3. Procedure of remuneration guideline

(1) Directors:
Compensation for the Company directors (including independent directors) is processed in line with Article 20-2 of the Company's Articles of Incorporation. The compensations are distributed after the Remuneration Committee abides by the Company's "Salary Policy, System, Standards and Structure" and "Rules for Performance Evaluation of Board of Directors" to decide and suggest reasonable compensations for directors (including independent directors) to the Board of Directors for approval.

(2) Presidents and Vice Presidents:
Remunerations paid to the presidents and vice presidents are based on "Regulations for Performance Appraisal". Remunerations are determined by the Company's KPI, achievement of the Company's annual operating goals, and personal performance appraisal. Annual salary adjustment list determination should be presented by the President for the Chairperson's acknowledgement, while the Remuneration Committee examines the reasonableness and submits to the Board of Directors for approval.

4. Relevancy of operating performance, responsibilities, future risks, and time invested:

(1) Directors (including Independent Directors):
A. The Company regularly evaluates the performance of its directors in accordance with the "Rules for Performance Evaluation of Board of Directors". The remuneration of directors (including independent directors) is determined by comprehensively considering the Company's salary positioning in the Taiwan biotechnology and pharmaceutical industry, the results of industry salary surveys, the growth stage of the industry in which the Company operates, the Company's overall operating performance, the responsibilities undertaken by each director, future risks, and the time invested, in order to balance the Company's sustainable operation and risk control with reasonable remuneration.
B. Individual performance evaluation for general directors include the following 6 criteria:
1. Understanding of company goals and duties: Directors shall fully understand the Company's core values, all the Company's strategic goals set by the Board of Directors, and the specific characteristics and the risks of the industry the Company operates in.
2. Acknowledgement of the director's duties: Directors shall fully understand the legal duties and shall understand and become familiar with the Company's operations and environment, and the confidentiality requirements when obtaining the Company's internal information while executing director's duties.
3. Participation in company operations: Actual attendance at board meetings, sufficient time devoted to board-related matters, effective contributions made at board meetings, thorough assessment and monitoring of existing or potential risks to the Company, discussion of the implementation and tracking of internal control systems and not holding concurrent positions as director or supervisor in multiple companies.
4. Internal relations management and communication: Friendly interactions with the top management team, and amicable communication with certified accountants and other board members.
5. Expertise and continuous education: Possessing the professional expertise, continuous learning, and skills required for the execution of board decisions.
6. Internal control: If there are proposals that require directors to abstain participation due to conflicts of interest, the directors shall abstain from participation of these proposals; effectively assess and supervise the effectiveness of various internal control systems and risk management practices of new drug development; understand and monitor the Company's accounting systems, financial status and financial reports, audit reports and their follow-up.

(2) Managers (including presidents and vice presidents):
The Company's managers' remuneration is based on the "Regulations for Performance Appraisal" and clearly stipulates various work allowances and bonuses to sympathize with and reward employees for their hard work. Relevant bonuses are also based on the Company's annual operating performance, financial status, operating conditions, and personal performance appraisal; in addition, if the Company makes a profit in the current year, 1-10% will be allocated as employee remuneration in accordance with Article 25 of the Company's Articles of Incorporation. The performance evaluation results are carried out by the Company in accordance with the "Regulations for Performance Appraisal" and are used as a reference for the issuance of managers' bonuses. In 2025, the managers' KPI performance indicators are categorized by the following: R&D, commercial, and operational (including ESG). Managements and the Remuneration Committee regularly review the Company's payroll policy to ensure competitive advantage and risk control of human resources. The Company could pay managers with treasury stocks, employee stock options, restricted stocks awards, and so on, so managers can also undertake operating risks in the future with the Company.

2.2.5 Top ten bonus employees

Unit: NT$ Thousand

Title	Name (in the order of the number of strokes in the surnames)	Bonus
President	Hong-Ren Wang	6,863
Senior Director, Clinical & Regulatory Affairs	Brian Shen	
Director, IP & Contract	Selena Kuo	
Associate Director, Audit Office	Tony Hong	
Vice President, Corporate Development	Chi-Hsing Chang	
Director, Finance & Accounting	Peggy Tsao	
Associate Director, Preclinical	Bettice Chen	
Director, Medicinal Chemistry & CMC	Mel Liu	
Associate Director, Preclinical	Jack Cheng	
Associate Director, Business Development	Roger Hsieh	

2.3 Corporate Governance

2.3.1 Operation of the board of directors

1. Attendance of directors of the last 7 (A) board of director meetings in recent years

Jan. 1, 2025 to Dec. 31, 2025

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Chairperson	Jan-Yau Hsu	4	0	100.0	Elected on May 23, 2025
Former Chairperson	TTY Biopharm Co., Ltd. Representative: Jan-Yau Hsu	3	0	100.0	Term ended on May 22, 2025
Director	Wen-Hung Hsu	3	1	75	Elected on May 23, 2025
Former Director	TTY Biopharm Co., Ltd. Representative: Wen-Hung Hsu	3	0	100.0	Term ended on May 22, 2025
Director	TTY Biopharm Co., Ltd. Representative: Rui-Wen Wu	7	0	100.0	
Director	National Development Fund, Executive Yuan Representative: Yi-Hui Lin	7	0	100.0	
Director	National Development Fund, Executive Yuan Representative: Ming-Shiang Wu	5	2	71.4	
Director	Ming-Feng Hou	7	0	100.0	
Independent Director	Chien-Huang Lin	6	1	85.7	
Independent Director	Wen-Ta Chiu	3	0	100.0	Elected on May 23, 2025
Independent Director	Pau-Chu Lo	3	0	100.0	Elected on May 23, 2025
Former Independent Director	Ming-Daw Chang	4	0	100.0	Term ended on May 22, 2025
Former Independent Director	Chih-Li Wang	4	0	100.0	Term ended on May 22, 2025

2. Attendance of directors of the last 1 (A) board of director meetings in current year

Jan. 1, 2026 to Apr. 10, 2026

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Chairperson	Jan-Yau Hsu	1	0	100.0	
Director	Wen-Hung Hsu	1	0	100.0	
Director	TTY Biopharm Co., Ltd. Representative: Rui-Wen Wu	1	0	100.0	
Director	National Development Fund, Executive Yuan Representative: Ming-Shiang Wu	0	1	0.0	
Director	National Development Fund, Executive Yuan Representative: Yi-Hui Lin	1	0	100.0	
Director	Ming-Feng Hou	1	0	100.0	
Independent Director	Chien-Huang Lin	1	0	100.0	
Independent Director	Wen-Ta Chiu	1	0	100.0	
Independent Director	Pau-Chu Lo	1	0	100.0	

Supplementary information:

1. For any operations of the board meeting listed below, the date of the meeting, the term, the proposal, the independent directors, and the response of the Company to the statement must all be detailed:

(1) Matters listed in article number 14-3 of the Securities and Exchange Act:

Meeting Date	Period	Proposal	Independent Directors' Opinions	Company Opinions on Independent Directors' Opinions
Jan. 23 2025	12th meeting of the 8th intake	Discussion and assessment of the examination of the independence, competency qualifications, and fees of Accountants Discussion of the cancellation of restricted shares to employee stock awards	Passed by all independent directors	Approved by all attending directors
Feb. 25, 2025	13th meeting of the 8th intake	Procure AGM gifts from a related party	1 independent director avoided participation due to conflict of interest, the rest 2 independent directors passed the motion	3 directors avoided participation due to conflict of interest, the rest attending directors approved the motion
Apr. 29 2025	15th meeting of the 8th intake	Discussion of 2024 Sustainability Report	Passed by all independent directors	Approved by all attending directors
Jul. 29 2025	2nd meeting of the 9th intake	Discussion of the proposal for the chairperson's remuneration Discussion of the proposal for the chairperson's transportation and attendance fee Discussion of the proposal for the independent directors' remuneration Discussion of the amendments for "Salary Policy,	Passed by all independent directors	Each director avoided and did not participate in discussion and voting during discussion of individual remuneration

		System, Standards and Structure” Discussion of the amendments for “Risk Management Best-Practice Principles”		
Oct. 30, 2025	3rd meeting of the 9th intake	Discussion of the amendments for “Corporate Governance Best Practice Principles” Discussion of the amendments for “Sustainable Development Best Practice Principles”	Passed by all independent directors	Approved by all attending directors
Mar. 3, 2026	4th meeting of the 9th intake	Discussion and assessment of the independence, competency qualifications and fees of accountants	Passed by all independent directors	Approved by all attending directors
Mar. 3, 2026	4th meeting of the 9th intake	Procure AGM gifts from a related party	Passed by all independent directors	1 director avoided participation due to conflict of interest, the rest attending directors passed the motion

(2) In addition to matters listed above, other independent directors who oppose or retain the opinion and have a record or written statement: None.

2. For circumstance where the directors avoid conflicted interest cases should list the name of the directors, the proposal, the reasons for avoidance, and voting result in details:

Date	Name of Director	Proposal	Reasons for the Avoidance	Voting Result
Feb. 25, 2025	Jan-Yau Hsu, Ming-Shiang Wu, Yi-Hui Lin, Ming-Feng Hou, Wen-Hung Hsu, Rui-Wen Wu	The Directors’ remuneration of 2024	The directors are the interested parties	Each director avoided and did not participate in discussion and voting during discussion of individual remuneration
Feb. 25, 2025	Jan-Yau Hsu, Mind-Daw Chang, Wen-Hung Hsu, Rui-Wen Wu	Procure AGM gifts from a related party	The directors are either board representatives of the related party company or the independent director of the holding parent company of the related party	Avoided and did not participate in discussion and voting
Jul. 29, 2025	Jan-Yau Hsu	The chairperson’s remuneration	The chairperson is the interested party	Avoided and did not participate in discussion and voting
Jul. 29, 2025	Chien-Huang Lin, Wen-Ta Chiu, Pau-Chu Lo	The independent directors’ remuneration	The independent directors are the interested parties	Avoided and did not participate in discussion and voting
Mar. 3, 2026	Jan-Yau Hsu, Ming-Shiang Wu, Yi-Hui Lin, Ming-Feng Hou, Wen-Hung Hsu, Rui-Wen Wu	The Directors’ remuneration of 2025	The directors are the interested parties	Each director avoided and did not participate in discussion and voting during discussion of individual remuneration
Mar. 3, 2026	Rui-Wen Wu	Procure AGM gifts from a related party	The director is either board representatives of the related party company	Avoided and did not participate in discussion and voting

3. The evaluation cycle and period, evaluation scope, method and evaluation content and other information of the self (or peer) evaluation of the Board of Directors:

Cycle	Period	Scope	Method	Content	Result
Yearly	Jan. 1, 2025 to Dec. 31, 2025	the Board	self-assessment of the Board	1. Involvement in the Company’s operation 2. Enhancement of the quality of the board’s decision-making 3. Makeup and structure of the board 4. Election of board members and continuing knowledge development 5. Internal control	Above 4.87 (Excellent)
Yearly	Jan. 1, 2025 to Dec. 31, 2025	individual board members	self-assessment of board members	1.Understanding of the Company’s goals and mission 2.Awareness of director’s duties 3. Involvement in the Company’s	Above 4.93 (Excellent)

				operation 4. Internal relationships and communication 5. Director's professionalism and continuing knowledge development 6. Internal control	
Yearly	Jan. 1, 2025 to Dec. 31, 2025	functional committees	self-assessment of functional committees	1. Involvement in the Company's operation 2. Awareness of the committee's duties 3. Enhancement of the quality of the committee's decision-making 4. Makeup of the committee and election of its members 5. Internal control	5.00 (Excellent)
Once every 3 years	Nov. 1, 2023 to Oct. 31, 2024	the Board	Appointment of external professional organizations to evaluate	The structure and division of labor of the Board, guidance and supervision, authorization and risk management, communication and cooperation, self-discipline and self-improvement etc.	On December 5, 2024, this external organization conducted an on-site visit to the Company, and issued an evaluation report on December 19, 2024, which comprehensively provided its comments and suggestions to the Company's board of directors.

4. The Board's objectives in the current and recent years (e.g., establishment of the audit committee, improvement of the information transparency…etc.) and performance evaluation.

(1) The Company continued to promote and complete targets such as digital transformation, upload investors' conference video recording to the company website, enhance information transparency, invite Taiwan Corporate Governance Association (TCGA) to conduct external evaluation on board performance, and initiate and complete the first phase of scope 3 GHG emissions data collection and analysis etc. The Company participated in the 11th (2024) annual corporate governance evaluation for public companies and was ranked in the top 5% among OTC-listed companies.

(2) The performance evaluation report of Board of Directors

A. Self-evaluation result for the operational effectiveness of the Board of Directors is 4.87, Excellent.

B. The evaluation result from the external professional organization (every 3 years): TCGA appointed three assessment experts and two specialists to evaluate the effectiveness of the Board of Directors in terms of 5 major aspects, including the structure and division of labor, guidance and supervision, authorization and risk management, communication and cooperation, and self-discipline and self-improvement. This assessment was conducted through questionnaires and on-site visits. The performance assessment interview team from the Association is composed of independent and experienced executive committee members and specialists. This assessment of the Board of Directors is to fill out the open questionnaire, review the Company's related documents between the dates of November 1, 2023, to October 31, 2024 (such as board meeting notes and functional committee meeting notes) and public information based on the 5 major aspects. The TCGA team

visited the Company and had face-to-face interviews with related personnel on December 5, 2024, and finished the evaluation and issued an evaluation report on December 19, 2024.

The assessment results and suggestions for the Company were reported in the Board of Director meeting on January 23, 2025. The overall evaluation and suggestions from the Association were as follows:

1. Evaluation and Suggestions:

a. In response to the current Financial Supervisory Commission's sustainable development policy initiatives, we suggest that the Company considers establishing a functional committee at the Board level or integrating relevant functions into existing committees, such as transforming the Audit Committee into an Audit and Risk Management Committee.

b. We recommend that the Board regularly reviews and revises the "Procedure for Risk Management" to include current risk management practices, ensuring the comprehensiveness of the "Procedure for Risk Management."

c. We recommend that the Company establishes a reporting channel that allows independent directors to receive whistleblower reports simultaneously to further strengthen the Board's supervisory responsibility over the whistleblower mechanism operation.

d. Regarding performance evaluation metrics of the Company's board, we recommend considering the new drug research and development risk management strategies and ESG sustainable development-related goals to ensure that the Board and functional committees' objectives for each term can be reasonably achieved.

2. Implementation Status:

a. The Company will evaluate and discuss the feasibility of integrating the relevant functional committees with the existing committees.

b. The Company's management team consolidated the "Risk Management Policy" and current management practices to establish "Risk Management Best-Practice Principles" and has been reported and approved by the Board of Directors on July 29, 2025.

c. The Company has established a reporting channel (audit@pharmaengine.com) that allows independent directors to receive reports simultaneously, strengthening the Board's supervisory responsibility over the whistleblower mechanism operation.

d. The Company has completed the revision to performance evaluation metrics of the Board and has incorporated the new drug research and development risk management strategies and ESG sustainable development-related goals into the performance evaluation metrics to ensure that the objectives for the next Board and functional committees can be reasonably achieved.

(3) The Audit Committee and the Remuneration Committee completed the performance evaluation report for functional committees. The self-evaluation results are listed as follows:

A. Self-evaluation result for the operational effectiveness of the Remuneration Committee is 5.00, Excellent.

B. Self-evaluation result for the operational effectiveness of the Audit Committee is 5.00, Excellent.

2.3.2 The operation of the audit committees or supervisors involving in the operation of the board of directors meetings

1. The operation of the Audit Committee:
   The Audit Committee consists of three independent directors and aims to help the Board of Directors fulfill its obligation to supervise the quality and integrity of implementation by the Company in terms of accounting, audit, and financial reporting procedures and financial control, risk management, and information security.
   (1) Matters deliberated primarily include:
      A. The adoption of or the amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
      B. Assessment of the effectiveness of the internal control system.
      C. Adoption or amendment, in accordance with Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
      D. A matter involving the personal interest of a director.
      E. A material asset or derivatives transaction.
      F. A material monetary loan, endorsement, or provision of guarantee.
      G. The offering, issuance, or private placement of any equity-type securities.
      H. Delegation, dismissal, or rewards of CPAs
      I. The appointment or discharge of a financial, accounting, or internal audit officer.
      J. Annual financial reports signed or stamped by the chairperson, a manager, and an accounting officer, and financial reports audited and attested by a CPA.
      K. Business report.
      L. Other material matters specified by the Company or the competent authority.
   (2) Audit Committee Operations
      Audit Committee members review audit reports monthly, communicate with the internal audit officer regarding the content and findings of the audit reports, and periodically meet with CPAs to understand their key points of audits and outcomes.
      The Audit Committee meeting shall be held on a quarterly basis at least. In the fiscal year of 2025 and up until the printing date of the annual report for that year, a total of 7 Audit Committee meetings were held. The matters discussed in these meetings include those listed in Article 6 of the Audit Committee Charter of the Company. In addition, the average attendance rate of the committee members was 95%. Apart from 1 proposal as one of the independent directors had to avoid the discussion and voting due to a conflict of interest, all other Audit Committee proposals were approved by all members and submitted to the Board of Directors for approval. The main matters reviewed by the Audit Committee during this period were as follow:
      A. Review and approve financial reports
         The Company’s 2024 and 2025 annual business reports, financial statements, and profit distribution proposals have been reviewed and approved. The financial statements have been audited, and an audit report has been issued by PricewaterhouseCoopers (PwC) Taiwan. The financial reports for the first to third quarters of 2025, along with the review report issued by PwC Taiwan were reviewed and approved.

B. Evaluation of the validity of the internal control system

The Audit Committee evaluates the validity of the policy and procedure of the Company's internal control system (that covers environmental, operational, risk evaluation, information security and communication, monitoring operation etc.) and reviews periodic reports submitted by the Company's Audit Office, the CPAs, and the management, including risk management and compliance.

C. Review of Internal Control System Amendments

In 2025, the Audit Committee reviewed and approved the amendments made on "Risk Management Best Practice Principles", "Corporate Governance Best Practice Principles", and "Sustainability Development Best Practice Principles". The Audit Committee believes that the risk management and internal control systems of the Company are valid. The Company adopted necessary control mechanisms to supervise and correct non-compliant behavior.

D. Delegation of CPA

The Audit Committee is empowered to supervise the independence of the CPAs and the accounting firm to ensure impartiality of financial statements. The Company has formulated the "General Principles of Pre-Approval Non-Assurance Service Policy" and the pre-approval list in accordance with the "International Code of Ethics for Accountants (IESBA Code)" revised by the International Ethics Standards Board for Accountants (IESBA). Except for the tax-related services or pre-approved non-assurance services, the CPAs and the accounting firm may not provide the Company with other services. All the services provided by the CPAs and the accounting firm must be approved by the Audit Committee.

In order to ensure the independence of the CPAs and the accounting firm, the Audit Committee has prepared the independence evaluation form as prescribed in Article 47 of the Certified Public Accountant, and in the No. 10 Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China, "Independence of Audit and Review" and evaluates the independence, professionalism, and competence of CPAs, such as whether they are mutually related parties of the Company, have mutual business relationships with the Company or financial interests in the Company. In addition, the Committee requested the CPAs to provide the statement of independence of accountants and adopt the auditing quality indicators (AQIs) to more effectively and objectively evaluate the capabilities and commitments of the accounting firm and the audit team to improve quality of audits by evaluating the quantification indicators (five major constructs, namely professionalism, quality control, independence, supervision, and innovation, respectively).

The 12th meeting of the 3rd intake of Audit Committee meeting held on January 23, 2025, had assessed and identified the Certified Public Accountants Yu, Shu-Fen and Liang, Hua-Ling from PwC Taiwan are qualified for independence and competency as certified financial and taxation accountants for the fiscal year of 2025. The 4th meeting of the 4th intake of Audit Committee meeting held on March 3, 2026, assessed and identified the Certified Public Accountants Pei-Hua Tsai and Liang, Hua-Ling from PwC Taiwan are qualified for independence and competency as certified financial and taxation accountants for the fiscal year of 2026.

(3) Attendance of independent directors for the last 6 (A) of Auditing Committees meetings in recent years

Jan. 1, 2025 to Dec. 31, 2025

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Independent Director (Convener)	Pau-Chu Lo	3	0	100.0	Elected on May 23, 2025
Independent Director	Wen-Ta Chiu	3	0	100.0	Elected on May 23, 2025
Independent Director	Chien-Huang Lin	5	1	83.3	Re-elected on May 23, 2025
Former Independent Director	Ming-Daw Chang	3	0	100.0	Term ended on May 22, 2025
Former Independent Director	Chih-Li Wang	3	0	100.0	Term ended on May 22, 2025

(4) Attendance of Independent directors for the last 1 (A) of Auditing Committees meetings in current year

Jan. 1, 2026 to Apr. 10, 2026

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Independent Director (Convener)	Pau-Chu Lo	1	0	100.0	
Independent Director	Wen-Ta Chiu	1	0	100.0	
Independent Director	Chien-Huang Lin	1	0	100.0	

Supplementary information:

1. For any operations of the Audit Committee listed below, the date of the meeting, the term, the proposal, the independent director's objections or reservations or critical suggestions, and the response of the Company to the statement must all be detailed.

(1) Listed items under Article 14-5 of Securities and Exchange Act:

Meeting Date	Period	Proposal	Independent Director's Objections or Reservations	Audit Committee's Resolutions	Company Opinion on the Audit Committee's Opinions
Jan. 23, 2025	12th meeting of the 3rd intake	Discussion and assessment of the examination of the independence, competency qualification and fees of the Accountants Discussion of 2024 annual "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" review	None	Approved by all attending committee members	Approved by all attending directors

Feb. 25, 2025	13th meeting of the 3rd intake	Discussion of the Company's 2024 annual financial statements report and business report	None	Approved by all attending committee members	Approved by all attending directors
Apr. 29, 2025	14th meeting of the 3rd intake	Discussion of the Company's first-quarter 2025 financial statements	None	Approved by all attending committee members	Approved by all attending directors
Jul. 29 2025	2nd meeting of the 4th intake	Discussion of the Company's second-quarter 2025 financial statements Discussion of the establishment of "Risk Management Best-Practice Principles" Discussion of the proposal of the Company's 2025 "Plan to Enhance Enterprise Value"	None	Approved by all attending committee members	Approved by all attending directors
Oct. 30 2025	3rd meeting of the 4th intake	Discussion of the Company's third-quarter 2025 financial statements Discussion of the amendments to the "Corporate Governance Best Practice Principles" Discussion of the amendments to the "Sustainable Development Best Practice Principles"	None	Approved by all attending committee members	Approved by all attending directors
Mar. 3, 2026	4th meeting of the 4th intake	Discussion of the Company's 2025 annual financial statements report and business report Discussion and assessment of the independence, competency qualifications and fees of Accountants Discussion of 2025 annual "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" review	None	Approved by all attending committee members	Approved by all attending directors

(2) In addition to the list above, any of the other proposals approved by two thirds of all attending directors but did not authorize by audit committees: None.

2. For cases of independent directors avoiding conflict of interests, should list the name of supplementary information such as the directors, the proposal, the reasons for the avoidance, and voting result in detail:

Date	Name of Director	Proposal	Reasons for the Avoidance	Voting Result
Feb. 25, 2025	Ming-Daw Chang	Proposal to buy AGM gifts from a related party	The independent director is also an independent director of the holding parent company of the related party	Avoided and did not participate in discussion and voting

3. The communication between independent directors, auditing manager and accountants:

A. Communication Method:

(1) PharmaEngine's finance manager, internal audit manager and certified accountants physically attend the board meetings so the independent directors can communicate with any one of them at any time. Independent directors can also provide suggestions at the board meeting, and the suggestions are recorded in the meeting minutes.

(2) Independent directors and internal audit manager hold at least one meeting per year to fully discuss over and give suggestions on our internal control system and our internal and external audit topics and keep a written record.

(3) When the internal audit manager completes the monthly audit report, the report will be handed to the members of the Audit Committee before the end of the following month for review. The result of the internal audit report is reported to the Audit Committee and the Board of Directors periodically. The Audit Committee reviews our implementation of internal control, audit, and results from self-inspection. The Audit Committee also regularly reviews the financial reports and provides audit reports.

(4) The internal audit manager complies with regulations and attends the Audit Committee meeting to report on matters such as the implementation of internal audit tasks, audit personnel training, and major inspection issues and improvements both internally and externally.

(5) If the Audit Committee members have questions or assigned tasks after reading the audit report, they will contact the internal audit manager via email or telephone or by any other appropriate methods.

(6) The Audit Office should track the implementation progress of the improvement of internal control deficiencies and abnormal matters in the audit report monthly and prepare tracking reports on a quarterly basis and submit them to each Audit Committee member.

(7) The accountant should report to the independent directors at least once per year on our finances, domestic and international subsidiaries' finances, the overall operation, and the implementation of internal control inspections. The accountants should fully communicate with the independent directors alone whether there are any major adjusting items or legal amendments that affect the accounting procedure. The accountants should report the review or the results of the review of the financial statements for the quarter at each quarterly Audit Committee meeting, as well as communicate matters required by relevant laws and regulations.

(8) PharmaEngine's internal audit manager, accountants, and Audit Committee members (independent directors) can understand our operations and audit matters through the regular audit report presented in the Audit Committee meetings, the Board of Directors meetings and by the Audit Office. Independent directors can conduct efficient communication with the internal audit manager and the accountants via various channels such as the telephone, fax, and email.

B. Communication Item and Result: For more information regarding the communication item and result between independent directors, internal audit manager, and the accountants, please visit the "Independent Director Communication" webpage on our company website.

2. The operation of supervisors involved in the board meeting:

The Company has set up an Audit Committee since June 15, 2016, so it is not applicable.

2.3.3 Corporate governance execution status and deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Assessment Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established the "Corporate Governance Best Practice Principles" with reference to "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". The information has been disclosed on the Company's website.	None
2. Shareholding structure & shareholder's right				
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes, and litigations, and implement based on the procedure?	V		(1) The Company has a spokesperson, an acting spokesperson, and an investor section with contact information on its website to manage matters such as shareholder recommendations and queries. The Company stipulates "Procedures for Handling Material Inside Information" to regulate notification and handling procedures when major event occurs to take timely with appropriate actions, deal with various unexpected situations, and implement measures according to regulations.	None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company always gets timely information about its major shareholders as well as the ultimate owners of those shares through the shareholders list and monthly share change list based on declarations by directors and managers from the stock registrar agency.	None

(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The matters between the Company and related enterprises are determined by the Company's operating guidance regarding business and financial relations with related parties and the relevant laws and regulations, and the related major transactions should be approved by the Board of Directors or reported to/or approved by the shareholders' meeting.	None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(4) In accordance with Article 4 of the "Codes of Ethical Conduct", directors or managers of the Company shall avoid the opportunity to use the Company's assets, information, or position of the job for personal gain. Also, under Article 15 of "Procedures for Ethical Management and Guidelines for Conduct", employees shall comply with the provisions of the Securities and Exchange Act, avoiding the use of undisclosed information to engage in insider trading, or to disclose it to others to prevent others using undisclosed information for insider trading. The Company already specifically states in the "Anti-insider Trading Management Regulations" that directors and insiders may not trade the shares in their possession for the 30-day period before the annual financial report is announced and for the 15-day closure duration before the quarterly financial report is announced. The Company notified the directors and insiders 4 times in 2025 that trading their stocks during the closed period before the announcement of annual and quarterly financial reports was	None

			prohibited to prevent them from accidentally violating the regulations. On August 12, 2025, the 1.5 hours of education and communication of applicable laws and regulations on "Learn Knowledge of Insider Trading and Prevention" was completed with attendance of 30 people. All new hires are required to complete 1 hour of "Insider Trading Prevention" course during pre-service training.	
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board of Directors establish a diversity policy, set up the goals, and implement them accordingly?	V		(1) The Company's diversity policy, goals, and implementation status: please refer to section 2.1.5 of Corporate Governance Report.	None
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) The Company has set up the Remuneration Committee and the Audit Committee following regulations but does not have other functional committees.	The Company will discuss the feasibility of integrating related functional committees with existing committees.
(3) Does the company establish methodology to evaluate the performance of its Board of Directors on an annual basis, report the results of performance to the Board of Directors, and use the results as a reference for directors' remuneration and renewal?	V		(3) The Company passed the stipulated performance evaluation measures of the Board of Directors on March 19, 2015, which stipulated that internal performance evaluation shall be implemented at least once a year and external evaluation by professional independent institutions or external expert and scholar team shall be conducted once every three years. The performance evaluation procedure for the Board of Directors will be explained as follows. A. Confirm the unit to be evaluated and the scope (e.g.,	The Company has formulated a performance evaluation method for the Board of Directors. Performance evaluation is conducted annually and regularly. External evaluation is conducted every three years. However, the results of these evaluations will be used as a reference for the

			the whole board of directors, remuneration, or individual board members, etc.). B. Establish the evaluation method (internal self-assessment of board of directors, self-assessment of board members (evaluating his/her own performance or his/her peers), peer evaluation, delegating external professional institutions, expert evaluations, etc.). C. The evaluation implementation unit comprises of the Meeting Affairs Unit of Board of Directors. D. At the end of every year, the implementation unit collects relevant information about the activity of the Board of Directors and distributes relevant self-assessment survey such as "Board (Functional Committee) Performance Self-Evaluation Questionnaire" and "Board (Self or Peer) Member Self-evaluation Questionnaire". After the collection is completed uniformly by the Meeting Affair Unit of Board of Directors, regarding the rating formulation for evaluation indicator of Article 8, the evaluation result report shall be recorded, and the report shall be submitted to the Board of Directors for review and improvement. The measurement items of the board performance evaluation include: (a) involvement in the Company's operations; (b) enhancement of the quality of the board's decision-making; (c) makeup and structure of the Board; (d) election of board members and continuing	remuneration of individual directors and the nomination for renewal.

			knowledge development; (e) internal control; (f) the Board's supervision of the Company's new drug development risk and ESG sustainability development progress and achievements. Upon the members of Board complete "Board Member Self-Evaluation Questionnaire", the Meeting Affair Unit of Board of Directors will make statistics based on the data collected and report the result in the board meeting. E. In August 2024, the Company entrusted the Taiwan Corporate Governance Association (TCGA) as an external organization to evaluate the efficiency (including performance) of the Board of Directors (for the period of November 1, 2023, to October 31, 2024). This institution and its experts have no financial business dealings with the Company and are independent. The Association not only reviewed the relevant documents provided by the Company for evaluation, but also appointed three evaluation experts and two specialists to the Company for an on-site visit on December 5, 2024, interviewed the Chairperson, President, Independent Directors and the Corporate Governance Supervisor, the Accounting & Finance Director, and the Internal Audit Officer and issued the evaluation report of the efficiency (including performance) of the Board of Directors on December 19, 2024. The evaluation results have been completed and reported at the board meeting on January 23, 2025.	

			The general comments and recommendations of the evaluation results are summarized as follows: 1. In response to the current Financial Supervisory Commission's sustainable development policy initiatives, we suggest that the Company considers establishing a functional committee at the Board level or integrating relevant functions into existing committees, such as transforming the Audit Committee into an Audit and Risk Management Committee. 2. We recommend that the Board regularly reviews and revises the "Procedure for Risk Management" to include current risk management practices, ensuring the comprehensiveness of the "Procedure for Risk Management." 3. We recommend that the Company establishes a reporting channel that allows independent directors to receive reports simultaneously to further strengthen the Board's supervisory responsibility over the whistleblower mechanism operation. 4. Regarding performance evaluation metrics of the Company's Board, we recommend considering the new drug research and development risk management strategies and ESG sustainable development-related goals to ensure that the Board and functional committees' objectives for each term can be reasonably achieved.	

			F. The 2025 internal assessment results of the performance evaluation for the Board of Directors, the Remuneration Committee, and the Audit Committee were reported in the Board of Directors meeting held on March 3, 2026. The results were excellent.	
(4) Does the company regularly evaluate the independence of CPAs?	V		(4) The Board of Directors of the Company evaluates the CPAs once a year according to the following items: A. Adopting the auditing quality indicators (AQIs) information provided by the accountants to more effectively and objectively evaluate the capabilities and commitments of the accounting firm and the audit team to improve quality of audits by evaluating the quantification indicators (five major constructs, namely professionalism, quality control, independence, supervision, and innovation, respectively). B. Evaluating if the CPAs maintain its independence to the Company to meet the requirements stipulated in Article 7 of 10 of the Code of Ethics for Certified Public Accountants: Independence of Audit and Review defined by the CPA Associations, R.O.C., and to obtain the statement of independence of accountants. C. Confirming the audit and non-audit services provided by accountants to ensure that non-audit services will not affect the result of the audit. D. Surveying the certified public accountant fees paid by industry peers.	None

			E. Assessing and auditing the reasonableness of the fees. The evaluation result reported to the Board of Directors on March 3, 2026 is listed as follows: Through assessments, we identified the Certified Public Accountants Pei-Hua Tsai and Liang, Hua-Ling from PwC Taiwan are qualified for independence and competency, and their public audit fees are still reasonable. We will hire them as our CPAs for the Company's 2026 financial reports.	
4. Does the company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	V		The Company passed the resolution at the board meeting on May 2, 2019 on the appointment of Vice President Chi-Hsing Chang of the Corporate Development Department as the supervisor of corporate governance, responsible for related corporate governance businesses, safeguarding shareholders' interests and strengthening the functions of the Board of Directors. Vice President Chang has the qualification of certified public accountant and has over 20 years of experience in managing matters including financial accounting and deliberation of public companies. His main duties are to provide the information to directors and independent directors to properly carry out their duties and the latest development of the laws and regulations related to the operation of the Company to assist the directors and independent directors to comply with the laws and regulations, and to assist in the preparation of the meeting materials for the Board of Directors, Audit Committee, and shareholders' meetings, and to handle the related preparation works for convening meetings and the meeting minutes for the board meetings and the shareholders' meeting, and to handle company registration and changes thereof, to regularly review and revise various regulations related to corporate governance, and to handle the announcement	None

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<td>declarations as required by the relevant regulations of listed companies and regularly report to the Board of Directors the review results of the independent directors' qualifications in nomination, election, and during their tenure, the implementation of ESG, and all related operations to comply with the Company Act, Securities and Exchange Act, "Corporate Governance Best Practice Principles" and other relevant laws and regulations based on the spirit and requirements of corporate governance.
In addition, the Company provides the directors with information about the professional courses and helps to arrange for the directors' advanced studies to assist the Board of Directors and individual directors in performing their duties.
Trainings done by the Corporate Governance Supervisor in 2025:
<table>
<tr><th>Course</th><th>Hours</th></tr>
<tr><td>Investor Relations Management Sharing Seminar</td><td>3</td></tr>
<tr><td>How to Analyze Key Information of Corporate Finance to Strengthen Risk Warning Capabilities</td><td>6</td></tr>
<tr><td>2025 Propaganda Seminar for Insider Share Rights of Companies Listed on the Emerging Stock Market</td><td>3</td></tr>
<tr><td>Corporate GHG Inventory Internal Management Case Studies Workshop</td><td>6</td></tr>
<tr><td>Sustainability Information Drafting and Reporting Workshop</td><td>6</td></tr>
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<td>5. Does the company establish a communication channel (including but not limited to shareholders, employees, customers, and suppliers) and build a designated section on its website for stakeholders, as well as</td>
<td>V</td>
<td></td>
<td>In pursuit of sustainable development, the Company has a deep understanding of the significance of stakeholders and continuously conducts our commitment toward society, in hope of building a transparent and effective communication channel with the stakeholders. The Company has established a specific</td>
<td>None</td>
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manage all the issues they care for in terms of corporate social responsibilities?			stakeholders' section on the company website to provide more information for stakeholders to understand us better. Moreover, the Company has set up contact windows, contact numbers, and e-mail addresses for the sake of responding and illustrating the significant issues of corporate social responsibility or other relevant matters. To respond properly to the important issues that the stakeholders are interested in, each department works together to take charge of communication with the stakeholders respectively and report to the Board of Directors periodically after summarizing the information. The Company collected feedback from stakeholders on the impact and importance of major issues for the period of 2024 to the beginning of 2025, for details, please refer to PharmaEngine's 2024 Sustainability Report. Upholding the spirit of corporate sustainable operation and continuous improvement, the Company continuously communicates with stakeholders to understand the needs and use them as reference for company policies and business plans. During the implementation of policy planning and projects, the Company is willing to understand the feedback from stakeholders at any time as follow-up improvements.	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed a professional stock registrar agency –Yuanta Securities for shareholders' affairs.	None

7. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The Company has disclosed financial data and corporate governance information on the company website.	None
(2) Does the company have other information disclosure channels (e.g., an English website, appointing designated people to manage information collection and disclosure, creating a spokesperson system, webcasting investor conferences)?	V		(2) The Company has set up a company website in both Chinese and English languages and designated a spokesperson and investor relations to collect and announce information to ensure the information that could affect the decision-making of shareholders and interested parties will be disclosed in a timely manner. In addition, the spokesperson for the Company is Vice President of Corporate Development, Chi-Hsing Chang, and the deputy spokesperson is Director, Finance & Accounting, Peggy Tsao. The spokesperson and deputy spokesperson have a certain degree of understanding of the Company's finances and businesses, and coordinate various departments to provide relevant information, and speak on behalf of the Company. The Company participated in 4 institutional investors' conferences in 2025 and the presentations and recordings are on the Company's website.	None
(3) Does the company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	V		(3) The Company completed and submitted the annual financial statements on March 5, 2026 and the Company disclosed and reported quarterly financial reports (Q1-Q3) and monthly operating status ahead of the prescribed deadline.	Accommodating the scheduled Board of Director's meeting on March 3, 2026, the announcement and submission were completed on March 5, 2026.

8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights for stakeholders, customer police implementation, and purchasing D&O insurance for directors and supervisors)?	V		Please refer to "Summary for 8" for the details.	None
9. Specify the company's improvements in accordance with the recently released evaluations of corporate governance by the Corporate Governance Center of the Taiwan Stock Exchange Corporation (TWSE). As for those yet to be improved, account for the company's list of priorities and theirimplementation.	V		Please refer to "Summary for 9" for the details.	None

Summary for 8: Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights for stakeholders, directors' and supervisors' policies, and purchasing insurance for directors and supervisors)?

(1) Employee rights and welfares

In order to seek sustainable business operation and growth, the Company adopts humanity-centered management style since establishment, gives colleagues full respect and care, provides group insurance, regular health check-ups, on-the-job training, studying abroad opportunities, and awards to senior employees and outstanding performance employees, sets up complete welfare approach, implements welfare measures, strengthens the full range care to employees, and provides a joyful and high quality work environment. Please refer to Chapter IV Overview of Business Operation, Section 4.5 Employee/Employer Relations.

(2) Investor relations

A. The Company values the shareholders' equity by setting up a professional service team with the spokesperson system and designated stock registrar to ensure the best service quality and smooth communication channels with shareholders. The Company keeps an excellent relationship with shareholders by holding annual shareholders' meetings, responding to shareholders' recommendations positively, presenting business operation results, annual business operation plans, and future development strategies and effects on the industry.

B. The Company attends investors' conferences held by domestic and international securities firms and the competent securities authority on a quarterly basis. The Company also reports the latest corporate operational, financial, and R&D status to the domestic and international institutions so that the Company's information is communicated to the investing public more transparently, timely, and correctly. Related video recordings of the online investors' conference for all four quarters in 2025 have been uploaded to the Market Observation Post System (MOPS) and the company website.

C. Information disclosure is also an important part of the investor service. The Company has invested a lot of resources to meet the principles of disclosure of information with integrity, immediacy, fairness, and transparency in recent years. In addition to the real-time announcements from MOPS, "Investors" section on the company website also provides material information about the Company's governance to ensure information transparency, enhance corporate image, and safeguard shareholder interests.

D. The Company's shareholders' meeting has adopted electronic voting rights system since 2015.

(3) Supplier relations

The Company has formulated supplier management policies and has been implemented accordingly. Please refer to Chapter II Corporate Governance, Section 2.3.6., item 4 Preserving Public Welfare, question 6.

(4) Customer relations

The Company follows "Good Clinical Practice (GCP)" when conducting clinical trials, upholds the ethical principles of medical research of the Declaration of Helsinki, to ensure the rights, safety, and well-being of the subjects. In accordance with relevant laws and ethical guidelines, the Company mandates that research principal investigators fully inform participants and related people, ensuring they have a complete understanding of the research objectives, procedures, risks, remedies for any harm caused, their rights, and personal data protection mechanisms before making their own decision to participate. Participant eligibility is strictly reviewed according to the inclusion and exclusion criteria outlined in the approved clinical trial plan to ensure the safety and scientific rigor of the clinical trials.

Furthermore, the Company has purchased relevant insurance for all human clinical trials; if participants suffer physical harm as a result of participation, compensation will be provided in accordance with the insurance policy to protect their rights.

The Company has joined the Drug Injury Relief System in accordance with the law; hence, it contributes 0.05% of its sales in the previous year to the drug injury relief fund. In addition, the Company takes out product liability insurance to protect patients against damages arising from drug defects or unknown adverse reactions.

The Company did not violate the laws relating to health and safety, information and marks, or marketing promotion, and there are no selling of prohibited or controversial products and no complaints about violations of customer privacy and loss of customer information in 2025.

(5) Stakeholders' rights

A. Identification and communication with stakeholders

The Company's stakeholders include shareholders and investors, employees, in-license or out-license partners, customers, drug development partners, suppliers, communities and charity groups, government agencies, and media. The Company maintains good relationships with stakeholders and implements internal and external communication for each matter. Responsibilities and work plans for the relevant units are based on the matters concerned by different stakeholders. In addition, as the environment tends to evolve, amendments to the decree can also be overseen through the cooperation of various units. To meet the expectations of stakeholders, the Company ensures that relevant work is achieved through various communication methods, while in the meantime, it maintains the unimpeded communication channels. The management team regularly uses feedback on relevant information as a reference for future improvement or planning.

・Communication channels for PharmaEngine stakeholders

Stakeholder	Main Issues	Channels for Communication and Frequency	2025 Important Activity
Shareholders and Investors	• Operating and financial status • Business performance • Corporate governance • Risk management	• Shareholders' Meeting/once a year • Investors' Conference/once a year • MOPS/every time • Regular announcement of financial statements (annual report)/every quarter (year) • Stock registrar agency/every time • Information disclosed online/every time	• Held institutional investors' conferences and road shows 4 times in 2025. • Held shareholders' meeting 1 time and Board of Directors meeting 7 times.

			• Answering the investors by telephone or e-mail/every time	
	Employees	• Welfare policy • Labor relations • Labor rights • Training • Workplace health and safety	• Labor conference/once a quarter • Internal website/permanent • Welfare Committee/permanent • Employee feedback line and mailbox/every time • Regular fire safety propaganda provided by the building management committee/every time • Annual health check/biennial	• Held labor-management meeting 4 times • Promoted “Employee Leave and Travel Subsidy Program" • Promoted “Employee Health Check Care Program"
	In-license or Out-license partners	• Operating and financial status • Business performance • Risk management • Legal compliance	• E-mail/every time • Visits, meetings, and teleconferences/once every quarter	• Held group meetings regularly
	Customers	• Product quality and safety • Service quality • Marketing communications • Customer rights & interests and privacy	• Telephone or e-mail/every time • Unscheduled patient seminars/every event • Regular participation in medical associations/every time • Academic seminars/every time • Product information disclosed online/permanent	• 11 pancreatic cancer patient seminars • Product introduction in medical centers and hospitals • 2025 World Pancreatic Cancer Day activities
	Drug Development Partners	• Sustainable procurement • Communication Policy	• Unscheduled supplier visits and audits/twice every year • Telephone or e-mail/every time	• 1 supplier visit • 3 supplier audits • Audited by email

Suppliers	• Product quality and safety • Sustainable procurement • Communication Policy	• Unscheduled supplier visits and audits/twice every year • Telephone or e-mail/every time • Communicate with vendor via procurement staff/every time	• 1 GxP supplier capability assessments • Audited by email • On-line meeting • On-line audit
Communities and Charity Groups	• Charities and fundraising • Community work • Environmental management • Legal compliance	• Event organizer contacts the charities /every time • Contact by welfare committee members/every time	• Visually impaired massage • Supported “River Basin Convention” by understanding the history of Taipei water system by visiting the Museum of Drinking Water • Participated as volunteers in HOPE Foundation event
Government agencies	• Legal compliance • Labor relations • Participation in public policies	• Competent authority meetings and participate in related seminars/every time	• Contacted Taipei Exchange via phone and e-mail • Contacted DOIT by phone number and e-mail
Media	• Business performance • Operating and financial status • Legal compliance	• Press release/every time • Spokesperson system/permanent • Information disclosed online/every time • Public relations department/permanent	• Material information and press release were issued 35 times

B. Responses and responsibilities to stakeholders

For the sustainable development of our company, we must constantly communicate with interested parties to understand the needs of stakeholders as reference to company policies and development plans. The Company strives to always listen to the feedback from the stakeholders as a follow-up to improve the subject during the policy and plan implementation process. The Company collected feedback on issues concerning stakeholders for analysis for the period of 2024 to the beginning of 2025.

The Company reported the "Summary of Concerns by Stakeholders" in the Board of Directors meeting on July 29, 2025, including subjects of company stock price fluctuation, Taiwan's National Health Insurance coverage of ONIVYDE®'s first-line metastatic pancreatic cancer treatment, R&D progress, the US tariff, and the Taiwan Dollar currency fluctuation. For the Company's detailed replies to shareholders, please refer to the investors' conference recordings on the Company website. In addition, to enhance enterprise value and shareholder communication, the Company has established "Enterprise Value Enhancement Measures" and has reported to the Board of Directors' meeting on July 29, 2025. For detailed information, please refer to the "Enterprise Value Enhancement Plan" section on MOPS.

(6) Trainings done by Directors: Directors of the Company participated in relevant training by professional requirements in 2025

Title	Name	Organization	Course	Hours
Chairperson	Jan-Yau Hsu	Taiwan Corporate Governance Association	2025 President Trump's "Reciprocal Tariff" Impact on Contract Risk Management	3
		Taiwan Corporate Governance Association	Sustainability Disclosure and Investment Value from the Investors' Perspective: Enhancing Transparency to Build Market Trust	3
Director	Rui-Wen Wu	Taiwan Corporate Governance Association	Seminar on Building a Sustainable Future	2
		Taiwan Corporate Governance Association	Corporate Governance, Organizational Culture, and Corporate Sustainability	3
		Taiwan Corporate Governance Association	Sustainability Disclosure and Investment Value from the Investors' Perspective: Enhancing Transparency to Build Market Trust	3
		Securities & Futures Institute	Shareholders' Meeting, Proxy and Ownership Strategy	3
		Securities & Futures Institute	Impact of the Latest Revision of the Securities Investor and Futures Trader Protection Act on the Impact and Practical Responses on the Liability of Directors and Supervisors	3
Director	Wen-Hung Hsu	Corporate Operating and Sustainable Development Association	Corporate Governance and Securities Regulations: Sustainable Development Policies and Relevant Laws in Our Country	3
		Taiwan Stock Exchange Corporation	2025 Cathay Sustainable Finance and Climate Change Summit	6
		Securities & Futures Institute	Risk Management and Strategic Analysis of Business Sustainability	3
		Securities & Futures Institute	Outlook for the US-China Economy and Taiwan's Industries under Trump 2.0	3
		Securities & Futures Institute	2025 Insider Trading Prevention Policy Promotion Meeting	3
Director		Taiwan Corporate Governance Association	Corporate Governance Officer and Meeting Management	3

	Ming-Shiang Wu	Taiwan Corporate Governance Association	Impact of ESG Risks and Opportunities on Financial Performance	3
Director	Yi-Hui Lin	ESG World Citizens & Digital Governance Foundation	A Perspective from Judicial Practice: Corporate Disclosure of Material Information and Directors' Legal Liability	3
		ESG World Citizens & Digital Governance Foundation	How the Board Responds to ESG Risk Issues	3
		ESG World Citizens & Digital Governance Foundation	Essential Sexual Harassment Prevention Responsibilities for All Organizations Amid the Me Too Movement	3
		Digital Governance Association	Corporate Governance, Directors' Duty of Care, Duty of Loyalty, and Prevention of Conflicts of Interest	3
Director	Ming-Feng Hou	Taiwan Corporate Governance Association	Trump 2.0: Corporate Strategies for Global Tax Reform and Supply Chain Restructuring	3
		Taiwan Corporate Governance Association	Cyber Risk Governance and Management in Geopolitical Landscapes	3
Independent Director	Chien-Huang Lin	Taiwan Insurance Institute	Corporate Governance Seminar: Protection of Financial Consumers from the Perspective of Anti-fraud and Anti-money laundering Financial Crime Prevention	1.5
		Taiwan Insurance Institute	Corporate Governance Seminar: Security and Governance of Artificial Intelligence and Board Responsibilities in the AI Era	1.5
		Taiwan Academy of Banking and Finance	Corporate Governance Seminar: Fair Treatment and Sustainable Governance from a Consumer Protection Perspective	3
		Taiwan Corporate Governance Association	Sustainability Disclosure and Investment Value from the Investors' Perspective: Enhancing Transparency to Build Market Trust	3
		Independent Director Association Taiwan	More Than Just Cryptocurrencies - Imagining the Future of the Financial System Through Blockchain	3

Independent Director	Wen-Ta Chiu	Taiwan Investor Relations Institute	Leader Asset Management in the New Era of Corporate Governance	3
		Taiwan Corporate Governance Association	Impact of ESG Risks and Opportunities on Financial Performance	3
		Taiwan Investor Relations Institute	New Concepts in Family Wealth Transfer Taxation	3
		Taiwan Investor Relations Institute	Cybersecurity Challenges and Governance Strategies in 2026: A Perspective from the AI Wave	3
Independent Director	Pau-Chu Lo	Securities & Futures Institute	Risk Management and Strategic Analysis of Business Sustainability	3
		Securities & Futures Institute	Outlook for the US-China Economy and Taiwan's Industries under Trump 2.0	3

(7) The implementation of risk management policies and risk measurement standards:

A. The risk management responsibilities of each department and division of the Company are as follows:

Department	Risk management responsibility
Audit Committee	Review risk management policies and their implementation.
General Manager Office	Risk management of business decision-making, intellectual property rights, and product quality.
Audit Office	Risk management of internal control and internal audit related matters.
Clinical & Regulatory Affairs	Risk management of research and development of clinical trials, pharmaceutical compliance, and product registration.
Corporate Development	Risk evaluation of new drugs research from competitors and new project introduction, and risk management of sales market after product launch.
Finance & Accounting	Risk evaluation management of financial matters, response strategy implementation, operations, and information security evaluation.
Research & Development	Risk management of pre-clinical animal pharmacology, toxicology, pharmacokinetics and clinical trials related research, external research and development management and project planning, implementing, controlling related matters, new drugs research and development, manufacturing, and analysis.
Marketing and Sales	Risk evaluation management of products related supply, marketing or sales and account related matters.

B. The implementation of risk management policies:

1. New drug research and development risk management

The management for research and development risks in the Company includes the evaluation and introduction of new projects, project management execution, quality management, process development control, pharmacology and toxicology research management, clinical research management, regulatory inspection and registration management, project outcome management, promotion of new product outcomes, and document maintenance and preservation operation.

2. Climate change, accident, disaster, political and social risk management

Systemic risks normally significantly affect company operations and require a special taskforce. For example, in response to the global spread of the new coronavirus (COVID-19), the President & CEO of the Company called each department head to set up an epidemic prevention group to discuss the risk environment, risk management priorities, risk assessment, response measures and operational conditions we faced, and to formulate guidance on emergency response operations and related control measures for the COVID-19 Pandemic.

3. Regulation compliance risk management

a. Protect subjects in clinical trials to ensure their rights, safety, and wellbeing

The Company conducts clinical trials in accordance with the "Guidelines for Good Clinical Practice (GCP)" of ICH and upholds the ethical principles of medical research in the Declaration of Helsinki to ensure the rights, safety, and well-being of subjects. In accordance with relevant laws and ethical guidelines, the Company mandates that research principal investigators fully inform participants and their related people, ensuring they have a complete understanding of the research objectives, procedures, risks, remedies for any harm caused, their rights, and personal data protection mechanisms before making their own decision to participate. Participant eligibility is strictly reviewed according to the inclusion and exclusion criteria outlined in the approved trial plan to ensure the safety and scientific rigor of the trial.

Furthermore, the Company has purchased relevant insurance for all human clinical trials; if participants suffer physical harm as a result of participation, compensation will be provided in accordance with the insurance policy to protect their rights.

b. Quality Policy

The Company upholds the spirit of innovation, manages new drug research and development projects, adheres to quality, and focuses on total quality management. The Company also complies with GMP, GDP, GLP, GCP and international regulations, and achieves new drug development research that meets the goals of safety, effectiveness, and consistent quality to enhance the development level of new drugs, promote the development of medicines and continuously improve the quality of medicines.

c. Notification for adverse drug reaction in clinical trials

For the Company's clinical trials, if there are any serious adverse reactions caused to the subjects due to the drugs, regardless of the location in Taiwan or other regions, the Company will notify Ministry of Health and Welfare or Taiwan National Adverse Drug Reaction Reporting System of Taiwan Drug Relief Foundation in accordance with the regulations.

d. Drug safety monitoring management

The Company's post-market risk management of drugs is targeted at drug safety, and a drug safety reporting system is established to ensure the monitoring and tracking of adverse reactions after new drugs are launched to avoid serious adverse drug reactions. The risk management methods are conducted to reduce or avoid medication risks. The Company pays attention to and monitors possible adverse reactions caused by drugs, provides relevant drug information, and informs possible risks and possible adverse reactions in great detail during the medication process.

4. Operation (Drug Inventory Risk Management)

Our product is a pancreatic cancer drug. The focus of inventory risk management is to control the inventory cost, expiration date and avoid supply shortage. To control related inventory risks, we formulate a reasonable mechanism for safety stock, early warning, and inventory information circulation among different departments, and to ensure drug supply, inventory stability, and notification, the management methods for notification of drug supply shortages. By implementing drug inventory risk management and control to ensure the effective operation and management of drug procurement, drug safety stock, and drug supply shortage notification. In addition, in response to the impact of COVID-19, we coordinated with suppliers to increase the flexibility of the supply schedule. We also appropriately increased the safety stock level and created the inventory buffer to adjust and balance the inventory to ensure supply of medicines to domestic medical institutions normally during product supply fluctuation.

5. Cyber Security

To implement the Company’s cyber security policy and build a continuously improving secure cyber environment to ensure the cyber security management system is effective, the Company adopted the ISO27001 Information Security measures in 2022 and obtained the certificate in January 2023. The Company also completed operations adjustments based on the updated ISO 27001(ISO/IEC ISO27001:2022) certification and obtained certification at the end of 2024. The re-assessment certification was obtained in January 2026 with effective date from January 30, 2026, to January 29, 2029.

6. Corporate Governance

The Company established important internal policies and mechanisms such as “Corporate Governance Best Practice Principles”, “Codes of Ethical Conduct”, and “Insider Trading Prevention and Management Measures” with methodical implementation.

7. Finance and Taxation

a. Finance: The finance personnel communicate closely with the bank to regularly monitor the Company's capital, interest rates, and foreign exchange rate trends.

b. Taxation: The accounting personnel communicate closely with the accountant to regularly monitor the international taxation trends to reduce tax-related risks.

8. Human Resources

The Company deeply values humanized methods of management and provides full respect and care to employees, including group insurance, regular health checkups, on-the-job training and other benefits. The Company implements these benefits and strengthens dynamic employee care to provide a quality work environment.

9. Business Management

The Company entrusts professional stock affairs agencies for all stock-related matters and established the spokesperson system, investor relations personnel, and company website to build and strengthen communication channels with external stakeholders and the Company’s public image.

10. Others

Each department evaluates their specific risk management duties and measures.

C. Implementation of Risk Management Regulations

a. The Company’s implementation was reported to the Board of Directors and the Audit Committee on October 30, 2025. The report included risk assessment, risk management policies, risk evaluation standards, and implementation of risk management practices and so on.

b. Besides continuing with general risk management operations, in 2025, multiple risk management operations such as flu shots, cyber security, and regulatory matters were also implemented. In addition, the re-assessment certification for ISO/IEC ISO27001:2022 was obtained in January 2026 with effective date from January 30, 2026, to January 29, 2029.

c. Major events and risk management implementations in 2025:

1. Company website outage incident

- On September 11, 2025, at approximately 5:55 PM, the server of the Company's official website hosting provider, JD Digital Tech Co., Ltd. (hereinafter referred to as JDDT), suffered a DDoS attack, causing the Company's official website to shut down.

- Upon discovering that our company website had been hacked, the Company immediately activated its cybersecurity defense review mechanism, collaborated with technical experts from an external cybersecurity company, and immediately conducted cybersecurity scans on all the Company's

systems to ensure information security. Additionally, the Company requested JDDT to restart the host and restore the backup data. The Company's official website was restored to normal operation at approximately 2:20 PM on September 12 of the same year.

- Given that this incident demonstrates the continued risk of hacker attacks on the Company's official website, cybersecurity experts recommend that JDDT and our company should evaluate whether to implement a Content Delivery Network (CDN) protection plan. This plan would use a geographically distributed set of servers to distribute traffic, hide website sources, strengthen caching and filtering mechanisms, prevent service interruptions, and improve security.

2. Currency fluctuations

- At the end of 2024, the USD-NTD currency rate was at 32.785, the highest exchange rate in 25 years. After examining global geopolitical and financial shifts, plus USD forecasts presented by financial institutions, the Company predicts the depreciation of USD in 2025. Therefore, if we continue to hold a large quantity of assets in USD, there will be a significant evaluation loss risk of the exchange rate. The Company held an Exchange Rate Response Project Meeting and resolved to keep a certain level of assets in USD to support our pipeline projects for the next 3-5 years, and the execution team should actively reduce USD-based assets within a certain range of exchange rates. The team exchanged US$56 million of assets to NTD at the average exchange rate of 32.97 in the first quarter of 2025 and recognized NT$10.58 million in realized exchange gain.

- However, starting in the middle of the second quarter in 2025, due to global trade uncertainties caused by US tariff policies, the global USD weakened, coupled with the general strengthening of Asian currencies, many Taiwanese exporters actively "sold off" their foreign exchange reserves, and foreign capital inflows into the Taiwanese stock market, leading to a sharp rise in NTD against USD. The highest daily closing price in second-quarter 2025 reached 29.10, and in third-quarter 2025, it reached a higher daily closing price of 28.93, demonstrating significant fluctuations in the USD exchange rate. As of the end of 2025, the USD to NTD exchange rate was 31.43, and the Company's total foreign currency assets amounted to US$31.10 million (including US$25.42 million in cash assets and US$5.68 million in foreign currency receivables), with a recognized exchange loss of NT$12.24 million. In the future, the Company will continue to monitor the dynamics of the financial market in order to reduce the financial risks of exchange rate fluctuations.

(8) Customer policy implementation: The Company is committed to improving the quality of the products and processing technology to provide excellent service quality to customers. The Company follows customer complaint procedures and offers the Customer Grievance channel.

(9) Liability insurance for the directors purchased by the Company: The Company insured the Directors and managers, and the insurance coverage is US$7 million to assist the Directors and managers to reduce the risk of litigation and claims when conducting business.

(10) Courses related to corporate governance done by the Company's managers:

Title	Name	Organization	Course	Hours
Vice President, Corporate Development	Chi-Hsing Chang	Taipei Exchange	Investor Relations Management Sharing Seminar	3
		Accounting Research and Development Foundation	How to Analyze Key Information of Corporate Finance to Strengthen Risk Warning Capabilities	6
		Taipei Exchange	2025 Propaganda Seminar for Insider Share Rights of Companies Listed on the Emerging Stock Market	3
		Accounting Research and Development Foundation	Corporate GHG Inventory Internal Management Case Studies	6
		Accounting Research and Development Foundation	Sustainability Information Drafting and Reporting	6
Associate Director, Audit Office	Tony Hong	Internal Audit Association of the Republic of China	Assess the Salary Cycle and the Labor Incident Act from the Perspective of Corporate Governance	6
		Internal Audit Association of the Republic of China	Internal Audit x ChatGPT Advanced Implementation Training	6

(11) The Company's financial information personnel acquired certificate issued by competent authorities:

Title	Name	Certification
Vice President, Corporate Development	Chi-Hsing Chang	Certified Public Accountant of Republic of China
Audit Manager, Audit Office	Tony Hong	Certified Quality Technician (CQT); ISO 9001 Quality Management Systems Internal Auditor Certificate
Director, Finance & Accounting	Peggy Tsao	Certified Public Accountant of Republic of China; Certified Public Accountant (USA)

Summary for 9: Specify the company's improvements in accordance with the recently released evaluations of corporate governance by the Corporate Governance Center of the Taiwan Stock Exchange Corporation (TWSE). As for those yet to be improved, account for the company's list of priorities and their implementation.

The Company participated in the 12th (2025) corporate governance evaluation, and the results of the Securities and Futures Development Foundation of the Republic of China will be published by end of April 2026.

Major suggestions and improvements of the 12th (2025) corporate governance evaluation:

Major suggestions	Improvement
Has the company disclosed the categories and emission volume of scope 3 greenhouse gas (GHG) for the past year?	The Company has disclosed the following categories of scope 3 GHG emissions for the 2024 fiscal year: category 1 for purchased goods and services (ONIVYDE® and PEP07), category 6 for business travel, category 7 for employee commuting, and category 11 for use of sold products.
Has the company established measures to enhance enterprise value, report to the board of directors and disclose such information on the "Enterprise Value Enhancement" section of the Market Observation Post System (MOPS)?	The Company has established "Enterprise Value Enhancement Measures" and has been approved by the Audit Committee and reported and approved by the Board of Directors on July 29, 2025. The Company has also disclosed the information on the "Enterprise Value Enhancement Plan" section of the Market Observation Post System (MOPS).

2.3.4 Composition, responsibilities and operations of the remuneration committee

The Company has set up the Remuneration Committee, and its current members are the three independent directors (Chien-Huang Lin, Wen-Ta Chiu, and Pau-Chu Lo). The Remuneration Committee's duties are to formulate and review the policies, systems, standards, and structures of the Directors' and managers' performance evaluation and salary remuneration.

Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria / Name	Professional Qualification Requirements			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college, or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	
Independent Director (Convener)	Chien-Huang Lin	Professor-Graduate Institute of Medical Science, Taipei Medical University	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Independent Director	Wen-Ta Chiu	-	Physician	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Independent Director	Pau-Chu Lo	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note: Remuneration Committee members, during the two years before being elected or during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:

（1） Not an employee of the Company or any of its affiliates;

（2） Not a director or supervisor of the Company or any of its affiliates;

（3） Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders;

（4） Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3;

（5） Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Law.

（6） Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company (this does not apply if the independent directors appointed by the Company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this Act or local national laws serve concurrently);

（7） Not a director, supervisor, or employee (this does not apply if the independent directors appointed by the Company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this Act or local national laws serve concurrently) of a company of which the chairperson or CEO (or equivalent) themselves or their spouse also serve as the Company's chairperson or CEO (or equivalent);

（8） Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company (however, if a specific company or institution holds more than 20% but not more than 50% of the total number of issued shares of the Company, and is a subsidiary of the Company, its parent company, a subsidiary, or a subsidiary of the same parent company, it shall comply with this law or the local country. This does not apply if the independent directors established by law serve as concurrent directors);

（9） Other than serving as a compensation committee member of the Company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT$500,000";

（10） Not been a person of any conditions defined in Article 30 of the Company Act.

Remuneration Committee Operation Information

1. The Company's Remuneration Committee is composed of three members.
2. Please refer to Corporate Governance Report section 2.1.5 for the qualifications and experience of committee members.
3. The tenure for the members of the Remuneration Committee is from May 23, 2025, to May 22, 2028.
4. Operation of the Remuneration Committee
   (1) In the most recent year, 3 meetings (A) were held and their attendances illustrated as follows:

Jan. 1, 2025, to Dec. 31, 2025

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Convener	Chien-Huang Lin	3	0	100.0	Re-elected on May 23, 2025
Committee Member	Wen-Ta Chiu	2	0	100.0	Elected on May 23, 2025
Committee Member	Pau-Chu Lo	2	0	100.0	Elected on May 23, 2025
Former Committee Member	Chih-Li Wang	1	0	100.0	Term ended on May 22, 2025
Former Committee Member	Ming-Daw Chang	1	0	100.0	Term ended on May 22, 2025

   (2) In the current year, 1 meeting (A) has been held and their attendances are as follows:

Jan. 1, 2026, to Apr. 10, 2026

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Convener	Chien-Huang Lin	1	0	100.0	
Committee Member	Wen-Ta Chiu	1	0	100.0	
Committee Member	Pau-Chu Lo	1	0	100.0	

Other supplement information:

1. If board of directors do not accept or correct recommendations from the remuneration committees, the date of the meeting, the term, the proposal, the results voted by board of directors and the response of the company to the statement must all be detailed (examples: if the board of directors approved a remuneration rate that is higher than the recommendation of remuneration committee suggested, reasons and differences must all be detailed): None.
2. If any members have objections or reservations, and on record or a written statement on the decisions made by remuneration committees, the date of the remuneration committee meetings, the term, the proposal, members' suggestions or objections must all be detailed:
   Remuneration Committee meeting dates, proposals, and resolutions from 2025 to April 10, 2026, are as follow:

Meeting Date	Period	Proposal	Remuneration Committee's Resolutions	Company Opinion
Feb. 25 2025	7th meeting of the 5th intake	1. 2024 performance bonus 2. 2025 salary Adjustment 3. 2024 remuneration ratio of Directors and employees 4. 2024 distribution of remuneration of Directors	1. Approved by all attending committee members 2. Approved by all attending committee members 3. Approved by all attending committee members 4. Approved by all attending committee members	1. Approved by all attending directors 2. Approved by all attending directors 3. Approved by all attending directors 4. Approved by all attending directors
May 23 2025	1st meeting of the 6th intake	1. Discussion of electing a convener for the Remuneration Committee	All attending members re-elected Chien-Huang Lin as the convener for the 6th intake	NA
Jul. 29 2025	2nd meeting of the 6th intake	1. 2024 distribution of remuneration of managers and employees 2. Amendments to the "Salary Policy, System, Standards and Structure"	1. Approved by all attending committee members 2. Approved by all attending committee members	1. Approved by all attending directors 2. Approved by all attending directors
Mar. 3 2026	3rd meeting of the 6th intake	1. Amendments to the "Salary Policy, System, Standards and Structure" 2. 2025 performance bonus 3. 2026 salary Adjustment 4. 2025 remuneration ratio of Directors and employees 5. 2025 distribution of remuneration of Directors	1. Approved by all attending committee members 2. Approved by all attending committee members 3. Approved by all attending committee members 4. Approved by all attending committee members 5. Approved by all attending committee members	1. Approved by all attending directors 2. Approved by all attending directors 3. Approved by all attending directors 4. Approved by all attending directors 5. Approved by all attending directors

3. Terms of the Remuneration Committee:
   (1) Regularly review the organization rules of the Remuneration Committee and propose recommendations on amendment.
   (2) Establish and regularly review the policies, systems, standards, and structures of salary and remuneration.
   (3) Establish and regularly review the performance evaluation standards for directors and managers, annual and long-term performance targets.
   (4) Regularly assess the attainment of the performance goals of the directors and managers of the Company and determine the details and amount of individual salary and remuneration based on the evaluation results obtained from the performance evaluation standard.
   (5) The proportion of short-term performance bonuses issued to directors and senior managers and partial changes to the payment time of salary and remuneration.

2.3.5 Operational status of internal audit

1. Internal audit organization and operation

   The Company has set up the Audit Office under the Board of Directors that is configured with full-time auditors as required by Article 11 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" promulgated by the Securities and Futures Bureau, Financial Supervisory Commission R.O.C. (Taiwan).

   The Audit Office prepares the annual audit plan based on the results of risk assessment and as required by law, it shall cover items to be audited monthly. Once the plan is submitted to and approved by the Audit Committee and the Board of Directors, it is enforced accordingly. The Audit Office precisely performs audits according to the plan to evaluate how the internal control system of the Company is enforced, and the scripts and related materials are enclosed as the audit report. The audit report and the tracking/improvement report are handed to each independent director and the Chairperson by the end of the following month. The Audit Officer shall attend the Audit Committee meeting and routine Board of Directors meetings and give a presentation on audits. At the end of a year, each department shall evaluate its internal control independently. For the validity of the design and implementation of the internal control system, the self-evaluation report of each department, once reviewed by the Audit Office, is submitted to the Audit Committee and the Board of Directors to be discussed and approved along with the internal control deficiencies and correction of abnormalities found by the Audit Office and will be the primary bases for the Board of Directors and the general manager in the evaluation of the validity of the internal control system as a whole and issuance of the Internal Control System Statement. The Audit Office completes various online declaration processes by the given deadline as required by the competent authority.

2. Appointment/dismissal, evaluation, and compensation for internal auditors

   Internal auditors, besides meeting the competence criteria for internal auditors defined by the FSC, shall be appointed or dismissed with prior review by the Audit Officer and approval by the Chairperson and it is specified in the "Audit Committee Charter" and the "Procedure for Board of Directors Meetings" that the appointment/dismissal of the Internal Audit Officer is subject to approval by the Audit Committee and the Board of Directors. In addition, according to the "Salary Policy, System, Standards and Structure", and the "Performance Evaluation Management Regulations", the compensation and remuneration and the annual evaluation of internal auditors are to be reviewed by the Audit Officer and then approved by the Chairperson. The compensation and remuneration of the Audit Officer are based on the annual performance evaluation results and are to be reviewed by the Remuneration Committee and then approved by the Chairperson. Related guidelines are disclosed in the Major Internal Policies section on the Company's website.

3. Internal audit system

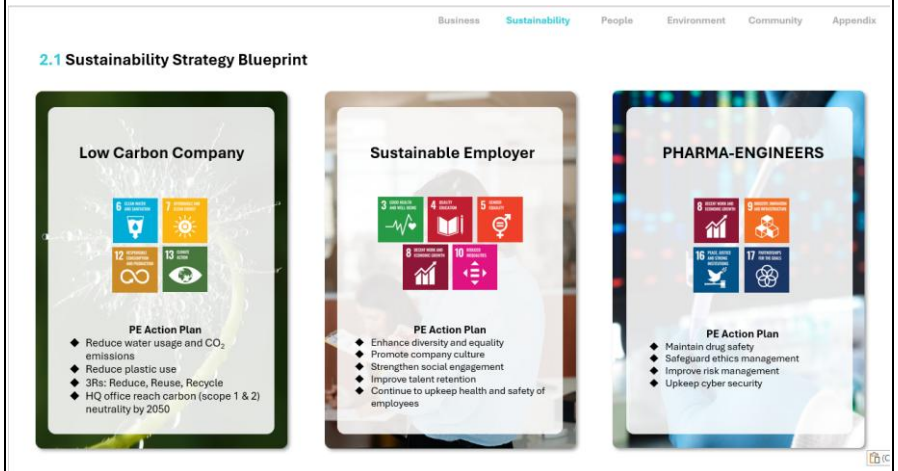
   The Audit Officer shall be detached, independent, objective, and impartial, in scrupulously performing audits, and attend the Audit Committee and Board of Directors meetings periodically to give a presentation on major findings during audits and follow up on subsequent improvements. The Audit Officer deals with reports through the Company's whistleblowing system and those through the Audit Committee's mailbox and reporting hotline.

2.3.6 The difference between the implementation of social responsibility fulfillment and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and its reasons:

Evaluation Item	Implementation Status			Deviations from "The Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Has the company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, and senior management authorized by the Board of Directors to handle and supervised by the Board of Directors? **(Listed companies should report actual implementations, not only in accordance with or explanation.)**	V		Governance framework in the promotion of sustainable development, implementation status of respective organizations in the Company, their annual implementation status, frequency of reporting to the board of directors, and supervision of the board of directors over sustainable developments: 1. The Company formed the "ESG Working Group" in October 2020; its name was changed to "Sustainability Promotion Taskforce" in March 2022. The Vice President of Corporate Development serves as the convener and appoints the executive secretary and teams in charge of corporate governance, environmental sustainability, employee care, social involvement, and product service. The Taskforce is responsible for identifying sustainability issues concerning the Company's operation and stakeholders, preparing short-term, mid-term, and long-term sustainable development plans and working directives, appropriating budget concerning respective organizations and sustainable development, planning and implementing annual plans and tracking their implementation effectiveness to make sure that the sustainable development	None

			strategy is fully consolidated as part of the daily operation of the Company. 2. The overview of implementation in 2025 is given below: (1) Built a green life - protect the environment A. Continuing carbon inventory checks of electricity consumed, water usage, and trash generated in the office. B. Started the data collection and analysis of the second phase of scope 3 GHG inventory. C. Organized the “River Basin Convention” campaign and environmental education promotions in March. D. Promoted green consumption: Purchases of computer equipment were based on products carrying the Green Label. E. Initiated the project of replacing a part of operation electricity use to green energy, in 2025, 20% of operation-related electricity usage was sourced from green energy. The plan is to reach 70% operation-related electricity usage by sourced from green energy in 2030. (2) Cared for and be a friend to society - social engagement A. Shared industrial experience with 3 domestic universities and 1 research institute. B. Held the World Pancreatic Cancer Day event in 2025. C. Organized 11 pancreatic cancer patient meetings with hospitals. D. Participated in the HOPE Foundation event as volunteers. (3) Cared for and be a friend to society - talent development A. Aptitude analysis of employees is included in the annual performance review and assistance was given in career planning and development, goal-setting, and educational training. B. Conducted periodic educational training on awareness of human rights.	

			C. Performed team building to reinforce cohesiveness among employees. (4) Worked together in industrial growth - innovation, research and development A. Using AI to assist in exploratory studies in the hope of finding the target of the drug more precisely. B. Took part in cross-disciplinary expert advisory or academic symposiums to increase knowledge. C. Reduced unnecessary animal experiments. D. Continued to explore and develop possible drugs and technologies. (5) Worked together in industrial growth - cyber security A. Planned comprehensive systems, measures, and equipment for remote office procedures. B. The re-assessment certification for ISO/IEC ISO27001:2022 was obtained in January 2026 with effective date from January 30, 2026, to January 29, 2029. C. The Company completed the cyber security risk evaluation report and held a 3-hour promotion and training session for employees and managers, with a total attendance of 38 people. D. Jointly defined the information security protection goals and safeguarding and disaster recovery plans to minimize the information security risk. (6) Worked together in industrial growth - corporate governance A. Continued to set up long-term sustainability action plans B. Continued to promote digital transformation C. Organized corporate governance communication courses (insider trading prevention, intellectual property rights, ESG, etc.) (7) Worked together in industrial growth - industrial co-prosperity Surveyed different ESG issues which PharmaEngine may have influence in the biotech industry.	

			3. The Sustainability Promotion Taskforce reports to the Board of Directors at least once a year. Reported to the Board of Directors on October 30, 2025, on (1) 2025 implementation of ESG plan; (2) 2026 ESG Plan. 4. Supervision over Sustainable Development by the Board of Directors: The Board of Directors continues to supervise sustainable developments of the Company in accordance with the sustainable development management directives and action plans reflective of major issues and risk management policies.  	

<table>
<tr>
<td>2. Has the company established a dedicated (or part-time) unit for promoting CSR, performed risk assessment on environmental, social, and corporate governance issues relating to the company's operations and formulated relevant risk management policies or strategies based on materiality?</td>
<td>V</td>
<td></td>
<td>The Company performs risk assessments on environmental, social, and corporate governance issues relating to the Company's operations and formulated "Risk Management Best Practice Principles" and "Risk Management Strategies for New Drug Development".
<table>
<tr><th>Material Topic</th><th>Risk Assessment Item</th><th>Risk Management Policy or Strategy</th></tr>
<tr><td>Environment</td><td>Environmental protection and ecological conservation</td><td>1. The Company is committed to environmental protection, responds to green environmental protection policies, formulates key implementation plans each year, and regularly tracks and reviews the progress of various targets to ensure that they are achieved.
2. The Company formulates its internal audit plan on a yearly basis to review the Company's compliance with related regulations and audits the operating procedures to confirm if they comply with the relevant rules and regulations.</td></tr>
<tr><td>Society</td><td>1. Occupational safety
2. Product safety</td><td>1. The Company regularly participates in the annual fire drills and office safety training</td></tr>
</table>
</td>
<td>None
(Note: The Company does not have any subsidiaries.)</td>
</tr>
</table>

					hosted by the office building management in compliance with Taipei Municipal Government regulations each year to nurture employees' abilities in emergency response and self-safety management. 2. The Company's products comply with various product and service regulations set forth by the government and meet various practices, including Good Manufacturing Practice (GMP), Good Distribution Practice (GDP), and Good Laboratory Practice (GLP). In addition, the Company provides stable product quality through a stringent quality management system. At the same time, to ensure product quality, the Company has set up a product section on its website and strengthens communication with customers, so co-prosperous relationships with customers can become the cornerstone of sustainable development for the	

					Company. 3. The Company takes out related clinical trial insurance for clinical trials to ensure compensation of the subject if there is any physical damage due to participation in the clinical trial. 4. The Company has joined the Drug Injury Relief System in accordance with the law; hence, it contributes 0.05% of its sales in the previous year to the drug injury relief fund. In addition, the Company takes out product liability insurance, US$10 million, to protect patients against damages arising from drug defects or unknown adverse reactions	
			Corporate Governance	1. Socioeconomic and legal compliance 2. Enhancing the functions of directors and fulfilling their responsibilities 3. Communication with stakeholders	1. The Company ensures that all the employees and operations at the Company truly comply with the relevant laws and regulations by establishing a governance organization and implementing the internal control mechanism. 2. To enhance the functions of	

					Directors and ensure that they understand their legal liabilities, the Company arranges the Directors to attend courses on related topics and provides Directors with the latest regulations, institutional developments, and policies every year. 3. The Company insured the Directors and managers, and the insurance coverage is US$7 million to assist the directors and managers to reduce the risk of litigation and claims when conducting business. 4.The Company values the importance of investor relations and has established various communication channels to actively communicate with investors. Furthermore, the Company also set up an investor mailbox, where the investor relations is responsible for managing the mailbox and responding to investors' mails.	

					5. Please refer to 3.4.3 Corporate Governance Execution Status and Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies", "Summary for 8", and (4) Stakeholders' Rights for Responses and Responsibilities to Stakeholders.	
3. Sustainable Environment Development (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		(1) We are a biotech company adopting the "Virtual Pharmaceutical Company" business model; based on the operational nature of the Company, only ordinary offices are needed. The Company is in Taipei City, not an ecological protection area or habitat, and does not have manufacturing plants or laboratories, which means that the ecology of protected species is not affected and is not found with incidents in violation of environmental protection laws and regulations and major leaks. Circumstances such as the export of hazardous waste as defined in the Basel Convention are also not found. The Company only has 30-plus employees. The use of energy, water, and wastes management are not key issues for the Company. In 2024 and 2025, we checked direct emissions (scope 1) and indirect emissions (scope 2) of greenhouse gases according to the GHG Protocol published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). The GHG inventory for the past three years (2022-2024) has obtained third-party assurance. For the mid-term and long-term goals, we are committed to complete scope 3 emissions in phases starting in 2024. We have completed the data collection and analysis of the first phase and have kickstarted the		None

<table>
<tr>
<td>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</td>
<td>V</td>
<td></td>
<td>second phase which expands the scope to include Contract Development and Manufacturing Organizations (CDMOs), reduce water usage, electricity usage, waste, and carbon emissions during our operations.
(2) Due to the specific operational characteristics of the Company, the main energy consumption comes from purchased electricity, and gasoline for the company vehicles. Since there is no manufacturing process, there is no emission from production processes. Electricity Usage: (2025 electricity usage per capita uses market-based calculations, hence, does not include electricity usage from renewable energy sources)
<table>
<tr><th>Item</th><th>Unit</th><th>2024</th><th>2025</th></tr>
<tr><td>Annual electricity usage</td><td>MWh</td><td>143,148.26</td><td>91,685.50</td></tr>
<tr><td>Number of employees at the end of the year</td><td>Person</td><td>33</td><td>36</td></tr>
<tr><td>Electricity usage per capita</td><td>MWh/ person</td><td>4,337.83</td><td>2,546.82</td></tr>
</table>
Note 1: 2024-2025 annual electricity usage includes operation-related electricity as well as shared electricity of the office building. 2025 annual electricity usage does not include electricity usage from renewable energy sources.
The Company has been aggressively improving various energy efficiency measures such as promoting green consumption by procuring appliances with energy-saving labels and switching all lighting to LED lights. In addition to conserving energy and reducing carbon emissions, the Company included renewable energy in our energy management plan by signing an agreement with the building management to change our energy mix to have 20% of electricity usage sourced from renewable energy starting</td>
<td>None</td>
</tr>
</table>

			in 2025. The goal is to increase the percentage by 10% each year until we reach 70% in 2030. This can reduce around 40% of scope 2 GHG emissions at the HQ office (base year: 2022). The water used in the Company's operations is general wastewater. The general wastewater is discharged into the sewage treatment plant through the sewage of Taipei City, and the waste is divided into two categories: A. Recycle items: Newspaper, Xerox paper, magazines etc. and various bottles, cans, glasses, metal scraps etc. are collected by the commissioned recycling company. Scrapped pieces of computer equipment are collected by the commissioned recycle companies or by the public welfare department, donated to the disadvantaged groups. Kitchen waste is commissioned by the recycling companies. B. Unrecycled items: These are general daily waste and are collected by the building's central management committee. The Company aims to use more renewable materials that have low impact on the environment, for details and the Company's other sustainability development implementations, please refer to Section 7 of this table, including sustainability development implementations for our pre-clinical study designs and production process test designs. Although energy consumption, water use, and waste management are not major issues for the Company, we still introduced circular economy thinking, reduce waste, strengthen climate and environmental issues through the results of carbon footprint verification and greenhouse gas verification, enhance the awareness of colleagues and cooperative units in order to reduce carbon emissions generated in the operation process.	
(3) Does the company assess the current and future potential risks and opportunities of climate change to the company, and adopt	V		(3) As impacts from climate change are increasingly severe throughout the world, personnel and financial losses related to disasters are also mounting accordingly. In consideration of the Company's operations on the impacts of ecological benefits,	None

measures to respond to climate-related issues?			operational activities including research and development and services are executed in accordance with the principle of environmental protection to reduce the impact of the Company's operations on the natural environment. Measures taken include reducing resource and energy consumption from products and services, reducing emissions of pollutants and waste, proper disposal of waste, increasing recyclability and reusability of resources, maximizing sustainable use of renewable resources, and increasing the effectiveness of products and services. Due to the nature of our operations, the Company consumes relatively little power and water, and we have no material environmental capital expenditure. Since 2021, the Company has been identifying climate change risks, including the analysis of the direct or indirect impacts brought by extreme weather and the risks and opportunities brought by regulatory, technical, or market demand transformational impacts and other humanity and social aspects for the Company's operational activities. Based on the analysis findings, the risk management strategy plan is created as the core of the climate change action and related opportunities are identified to mitigate risks and capture business opportunities. Please refer to "8. Clarification of the sustainable environment issue of the Company: Related disclosure in response to climate change" for details.	
(4) Does the company count the gas emissions of greenhouse, water consumption and total weight of waste in the past two years, and does the company formulate policies on energy saving and carbon reduction, reduction of greenhouse	V		(4) 1. Greenhouse Gas: Due to the specific operational characteristics of the Company, the Company currently has office space only and does not have its own production sites or laboratories. The main direct energy emission (scope 1) comes from the gasoline for official vehicles and the emissions of refrigerants from freezers and refrigerators. The	None

gas and water consumption or other waste management?

indirect energy emissions (scope 2) mainly come from purchased electricity. Other indirect GHG emissions (scope 3) mainly derived from the international transportation of our imported product.

The statistics for greenhouse gas emissions in the past two years are as follows:

unit: tCO_2e

Operating Base	Scope	2024[1]	2025[2]
Head Office	1	≈ 32	≈ 22
	2	≈ 67	≈ 43
	3	≈ 4,898	NA
Total		≈ 4,997	≈ 65
Number of employees at the end of the year		33	36
Scope 1 & 2 GHG emissions per capita		3	1.81

Note 1: 2024 data of scope 1, 2, and 3 were calculated based on GHG Protocol but only scope 1 and 2 obtained third-party assurance. Scope 3 data collection was completed at the end of 2025 and will not obtain third-party assurance at this stage.

Note 2: 2025 data of scope 1, 2, and 3 were calculated based on GHG Protocol and scope 1 and 2 data will undergo third-party assurance in first-half 2026. Scope 3 data collection for 2025 will be completed in mid-2026 and will be included in third-party assurance scope in the future.

*Management Policy:

The Company has set a goal to reduce scope 1 and 2 GHG emissions per capita by more than 5% (base year: 2022) and reach scope 1 and 2 GHG emissions neutrality at the HQ office by 2050.

In addition to holding educational training and communication that help to strengthen environmental protection awareness for the sake of fulfilling sustainable development goals, the Company also procures appliances with the energy-saving labels and switching all lighting in the office to LED lights to conserve energy and reduce carbon emissions. Moreover, the Company also initiated increasing the percentage of green energy in our electricity usage in 2024. In 2025, 20% of operation electricity usage was sourced from green energy. Our goal is to increase this percentage by 10% each year until we reach 70% in 2030, this can help the Company to reduce around 40% of scope 2 GHG emissions (base year: 2022).

2. Water Consumption:

Item	Unit	2024	2025
Annual water consumption	ton	1,020.16	986.99
Number of employees at the end of the year	person	33	36
Water usage per capita	ton/person	30.91	27.42

Note 1: The data in the table above are collected by the Company and have not been assured by a third party.
Note 2: Wastewater generated by the Company is discharged into the sewer of Taipei City and then to the sewage treatment plant.

*Management Policy:

Based on the data provided by the Taipei Water Department, the Company calculated the amount of water used over the past two years (2024-2025); it was 1,020.16 and 986.99 metric tons, respectively; and the amount of water consumed per capita was

30.91 and 27.42 metric tons, respectively. The Company rents office space from a commercial building and the overall water consumption of the building is shared by all tenants. In 2025, the number of tenants was less than the number of tenants in 2024, therefore, the water usage per capita for PharmaEngine in 2025 showed a slight decrease compared to 2024. In addition, the Company continues to promote the corporate water reduction policy and through continued involvement in the “Do One Thing for Tamsui River” and the “River Basin Convention” campaigns, colleagues are provided with knowledge on water conservation. The Company has set a goal of 0.5% reduction of water usage per capital each year compared with the previous year. In 2025, the water usage per capita showed an approximately 11% reduction compared to 2024.

3. Total Weight of Waste:

Item	Unit	2024	2025
Annual total weight of waste	kg	113.8	123
Number of employees at the end of the year	person	33	36
Weight of waste per capita	kg/person	3.45	3.42

Note 1: The data in the table above is collected by the Company and has not been assured by a third party.

Note 2: The waste generated by the Company is general domestic waste, not hazardous business waste.

*Management Policy:

			The Company only has office space, no production plants or laboratories. Sources of waste are the general domestic waste generated from daily activities of our staff. The Company enforces garbage classification. Reusable materials such as paper, several types of bottles and cans, and food waste. Central collection is done by contractors of the building management. General domestic waste that cannot be recycled, on the other hand, is to be processed and transported by the building management. Waste of recyclable value, such as scrapped computers and pieces of equipment will be cleared and processed by recycling contractors or be donated to disadvantaged groups through the public welfare department. Since 2021, the Company started to record its total weight of waste and set the target of reducing its total weight of waste per capita by more than 2% each year compared to the previous year. The total weight of garbage and recycled items in 2023, 2024 and 2025 are 201.2kg, 113.8kg, and 123kg, respectively. The main reason for the decrease in waste generated per capita is due to the health promotion event, healthy food workshops, and waste-reducing seminars, many colleagues began bringing lunch from home. Moreover, as the effects of the COVID-19 pandemic wane, some colleagues began to eat lunches in restaurants. In 2025, the Company did not reach this goal as the total weight of waste per capita showed a decrease of around 1.15% compared to 2024. The Company will continue to promote and train employees in knowledge and methods to reduce waste to move toward achieving our goal.	

			The Company only discloses the total amount of water usage and waste generated data and has yet to obtain assurance from third party because the data are not material to the Company's operations.	
4. Preserving Public Welfare (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1)The Company set its "Human Rights Policy" and disclosed it on the corporate website since 2021 in compliance with the spirit of the "International Human Rights Instruments" and based on the characteristics in the biotech sector and follows international human rights treaties, such as the "Universal Declaration of Human Rights", "United Nations Global Compact", and "International Labour Organization Convention" as well as applicable requirements under the "Labor Standards Act" of Taiwan, which covers compliance with labor laws and regulations, the freedom of association, creation of an equal and friendly workplace, reasonable utilization of working hours, creation of a healthy and safe workplace, harmonious labor-management communication, and privacy protection. The Company also has the Attendance Management Regulations and Sexual Harassment Prevention and Control Measures as well as the Complaint-filing and Discipline Management Regulations, among other related management regulations, in place. In 2024, the Company's 9 directors attended gender equality training courses, while the Company held a gender equality promotion seminar with the attendance of 35 employees. In 2025, the Company held a gender equality training course for the	None

			management team, which was attended by a headcount of 14 people in total.	
(2) Does the company formulate and implement reasonable employee benefits measures (including salary, leave and other benefits, etc.), and appropriately reflect the operating performance or results on the compensation of employees?	V		(2) The Company has established and implemented reasonable employee benefit measures and distributes employee bonuses in line with business performance. 1. Employee welfare measures To create a good working environment, attract talents, and encourage employees to work in the Company for long term, the Company set up “Employee Compensation, Insurance and Benefits Management Procedure” and “Attendance Management Procedures” and implements welfare measures such as various types of leave that are superior to the Labor Standards Act, annual bonus, birthday gift and party, wedding gift, fertility gift, annual gift on Dragon Boat Festival and mid-Autumn Festival, disease and hospitalization condolence money, disaster salvage subsidy, funeral subsidy, health inspection subsidy, domestic and international travel subsidy, insured NT$3-5 million for accident coverage according to job levels, NT$30,000 for injury medical insurance and hospitalization insurance and so on.	None

2. Workplace diversity and equality

Item		Male		Female	
		2024	2025	2024	2025
No. of Employees	Managerial Officers	4	4	1	1
	R&D Employees	7	8	7	9
	Other Employees	4	4	10	10
	Total	15	16	18	20
No. of Employees, Beginning		18	15	18	18
No. of New Recruitments		0	2	1	2
New Recruitment %		0	13.33	5.56	11.11
Staff Turnover		3	1	1	0
Staff Turnover %		20.0	6.25	5.56	0
No. of Employees, Ending		15	16	18	20
Average Age		48.96	49.5	41.20	41.6
Average Job Tenure (year)		9.51	9.88	5.25	5.71

3. Salary policy and implementation

The employee salary policy of the Company follows the "Salary Policy, System, Standards and Structure" and the performance bonus, sales bonus, temporary bonus and more are distributed considering the factors such as the Company's profit and loss and profitability of the current year (at the end of the year, if there is a surplus, in addition to paying taxes, making up for losses, and withdrawing dividends and funds). The remuneration to employees is distributed according to the distribution ratio specified in Article 25 of the Articles of

			Incorporation of PharmaEngine, Inc. and the fulfillment of annual operational goals.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(3) The Company provides a safe and healthy working environment for employees, implements “Employee Rules”, stipulate safety management matters for employees to follow, insures group insurance, and reimburses employees every two years to do general health checkups. 1. The building where the Company is located undergoes regular disinfection and cleaning operations, and the Company cooperates with the Taipei City Fire Department to conduct disaster prevention courses in the building, such as fire prevention knowledge courses, earthquake prevention knowledge courses, CPR & Heimlich courses, and fire extinguisher operation. In 2025, 4 employees participated in the building management’s fire safety course. Furthermore, the Company held a business continuity planning testing on May 14, 2025, for fire hazard and emergency incident drill, with a total number of 28 participants. 2. The building where the Company is located entrusts a qualified fire engineering company to conduct annual fire safety equipment testing. 3. In 2025, the Company did not experience any occupational injury, occupational disease, or fatal accidents among its employees. 4. In 2025, the Company had no fire incidents.	None

(4) Does the company provide its employees with career development and training sessions?	V		(4) The Company has established “Regulations for Education and Training” to develop employee competency. According to the Company's “Regulations for Education and Training”, each department sets a budget every year, conducts education and training during the year to strengthen the functional and core competencies of colleagues, and improve work efficiency and quality. The training includes expatriate training, internal training, on-the-job training, and organizing the “Pleasant Reading Club” to share timely knowledge. 1. Expatriate training: (1) Domestic: Employees can choose to attend training courses organized by domestic institutions for continuing education with the budget appropriated for educational training by each department or the employees; any excess, once approved by the President and CEO as an exception, will be subsidized by the Company as required. (2) International: To absorb new professional knowledge and skills available in other countries and to develop talents, the Company will nominate people to attend educational training courses in oversea institutions if they are considered to be necessary. 2. Internal training: (1) Pre-service: Such training aims to help new staff obtain knowledge on the scope of operation, operational overview, and corporate culture of the Company and abide by the regulatory system so that they may hopefully be competent at work in the future. Such training courses mainly cover the founding visions and operational strategies, operational pattern, corporate organization and functionality, introduction of technologies introduced, an update on the domestic and international pharmaceutical sectors, clinical development and research,	None

			medicinal laws and regulations, official document management, R&D accomplishment management regulations, intellectual property rights, administrative and accounting flows, information resources, benefits and obligations, ESG, prevention against insider trading, and introduction of major responsibilities of each department. (2) Language: Foreign teachers are hired by the Company for onsite teaching to improve foreign language proficiency; there are writing and daily conversation sessions arranged periodically. (3) Other group training: For the sake of improving the professional knowledge and skills of employees so that performance at work may be enhanced, educational training is provided as practically needed through workshops or seminars organized internally. In addition, the Company will hire external professional lecturers as needed to provide team-building workshops or other educational training in the Company so that more colleagues can participate and learn. 3. In-service: To develop high-ranking professional managers with an international view and comprehensive strategic thinking, employees who have officially worked for more than a year may attend related continuing education programs such as medicine-related graduate school, MBA, or EMBA programs offered by graduate institutes of domestic or international universities (including cram schools) as they wish. 4. Implementation of educational training programs in 2025 is given below: Course title: R&D Investment Credit and AI & ESG Application Practices; Starting from Impact: The Path to Outstanding Leadership; Win-Win Communication and Negotiation Workshop; Leading the New Revolution in AI and Cybersecurity; ISO 27017/27018; 2025 Frontier Drug Discovery Forum; ISO	

9001:2015 Quality Management System Clauses and Internal Auditor Training Course; In-depth Analysis of Aseptic Process Technology and Practice in the Pharmaceutical Industry; 2025 Multibody Technology Application Exchange and Sharing Session; Carnegie Sales Class; Making ChatGPT Your AI Work Assistant; Payroll Cycle and Labor Incident Act from the Perspective of Corporate Governance; Taiwan's Drug Safety Monitoring Regulations and Implementation Practices; Sustainable Information Compilation and Reporting Practice Workshop; How to Analyze Key Corporate Financial Information to Strengthen Crisis Early Warning Capabilities; Continuing Education Course for Accounting Supervisors of Issuers, Securities Firms, and Exchanges; IFRS 18 "Presentation and Disclosure in Financial Statements" Standards and Practices; Model-Informed Drug Development (MIDD) Approach to Support Oncology Dose. Courses include Optimization, Introduction to Statistical Concepts and Methods Commonly Used in Non-clinical Fields, 2025 Cyber Security Training Course, and Workplace Misconduct Training Course…etc.

- Annual education and training costs: NT$1,229 thousand dollars
- Total trainees: 578 people
- Total training time: 2,052.3 hours
- The average number of training hours per year is as follows:

Items		Male	Female
Average Training Time (hour)	Managerial Officers	62.77	59.50
	R&D Employees	54.06	59.68
	Other Employees	47.13	58.37

(5) Does the company comply with relevant laws and regulations and international standards for the health and safety of customers, customer privacy, marketing and labeling of products and services, and formulated relevant consumer or client protection policies and complaint procedures?	V		(5) 1. According to “Regulations for Medicament Recall” and “Guidance for Good Pharmacovigilance Practice” from federal competent health authority, the Company has set up the “Recall Procedure” and “Pharmacovigilance Management” for the product on the market to protect the right of consumers. The Company has joined the Drug Injury Relief System in accordance with the law; hence, it contributes 0.05% of its sales in the previous year to the drug injury relief fund and insures the liability insurance to protect the rights and interests of consumers and medical institutions. 2.The Company follows “Good Clinical Practice (GCP)” when conducting clinical trials, upholds the ethical principles of medical research of the Declaration of Helsinki, to ensure the rights, safety, and well-being of the subjects. In accordance with relevant laws and ethical guidelines, the Company mandates that research principal investigators fully inform participants and their related people, ensuring they have a complete understanding of the research objectives, procedures, risks, remedies for any harm caused, their rights, and personal data protection mechanisms before making their own decision to participate. Participant eligibility is strictly reviewed according to the inclusion and exclusion criteria outlined in the approved trial plan to ensure the safety and scientific rigor of the trial. Furthermore, the Company has purchased relevant insurance for all human clinical trials; if participants suffer physical harm as a result of participation, compensation will be provided in accordance with the insurance policy to protect their rights.	None

(6) Does the company formulate a supplier management policy which requires supplier to comply with the relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and how the implementation is?	V		3. The Company has established a stakeholders and complaint system section on the company website with a contact window and a complaint window to protect the rights of stakeholders and consumers, and to process complaints. (6) Sustainable Supply Chain Management: In order to ensure that suppliers understand their corporate social responsibilities and the requirements of the "Code of Ethics" and to gradually improve their corporate social responsibilities and their performance under the "Code of Ethics", the Company defined the Supplier Management Policy that requires compliance with applicable regulations governing suppliers while they collaborate with the Company in terms of environmental protection, safety, or health in an joint effort to boost the sustainable supply chain management quality and to fulfill its corporate social responsibilities. *Supplier Management Policy: 1. Select suppliers according to their social responsibilities and their performance under the "Code of Ethics" and choose well-performing suppliers. 2. Encourage all suppliers to sign the "Social Responsibility and Code of Ethics Commitment". 3. Arrange at least one site audit of major suppliers a year to evaluate the performance of suppliers in social responsibilities and under the "Code of Ethics" and follow-up on improvement measures.	None

			4. Discontinue the partnerships right away if the supplier is found to deliberately use child labor, forced labor, or has other serious violations of labor laws and regulations. 5. Discontinue the partnerships right away if it is found that the supplier is dishonest, violates others' intellectual property rights, bribes customers, and engages in other inappropriate interests. 6. Strictly prohibit taking advantage of one's duty at work; in case of bribery, violation of the obligation to keep business information confidential, and any other criminal liability, it will be handled according to applicable laws. 7. Abide by the non-use of conflict minerals procurement policy. 8. Abide by the green procurement policy. *Supplier Screening Criteria: The Company established the "Supplier Evaluation Mechanism" (Ethics Sustainability Indexes Rating Mechanism) to periodically manage, evaluate, assist, and follow up on improvements made by contractors. Evaluations are performed on a yearly basis on Q (Quality), C (Cost), D (Delivery), S (Services), and S (Safety). If a supplier has acquired a certificate for environmental protection or the management of hazardous substances (ISO 14001, ISO 45000, OHSAS 18001, and IECQ QC 080000) or is certified under the Responsible Business Alliance (RBA) Code of Conduct, additional points will be given to guide and demand compliance of suppliers with applicable policies on sustainable management of suppliers. *Supplier Evaluation:	

			Before the Company does business with a major supplier, the supplier evaluation will take place and whether the supplier has undesirable records of environmental pollution or violations of laws will be examined to ensure that collaborating suppliers are consistently legally certified suppliers with good business reputations. While trading and collaborating with suppliers, impartiality and rigidity are the principles to be followed. The services provided by the suppliers and their quality are audited and suppliers are asked to follow applicable requirements of the Environmental Protection Act and the labor safety and health laws and regulations in the specific country. The drug, ONIVYDE®, which the Company sells in the Taiwan market now is 100% supplied by the IPSEN Signes. Suppliers of general purchases are local ones. In addition, depending on the needs for different research stages in the development of new drugs, domestic and international CDMOs (Contract Development and Manufacturing Organizations) and CROs (Contract Research Organizations) are authorized to conduct related trials and studies. We have been maintaining optimal interactive relationships with suppliers, CDMOs, and CROs. *Supplier Evaluation Implementation Status: Since 2022, the Company has gradually included key suppliers, suppliers of labor service, and new suppliers in the evaluation. Results of evaluations have revealed that all suppliers in the environmental domain agree to collaborate with the Company and devote themselves to improving their environmental protection measures in terms of energy, waste, water and	

			electricity, and the reduction of greenhouse gas emissions. As far as society is concerned, some suppliers are aware of the possibility of their risk management impacting operations of the Company. In 2025, the Company conducted 1 GxP supplier evaluation. The evaluation result indicated the supplier's provided services, execution capabilities, and structures qualify related regulations and the Company's expectations, therefore, they are enlisted into the roster. In summary, there were no existing suppliers rated "suspending procurement" or new suppliers rated "inadequate" that required corrective and tracking measures in the 2025 evaluation process.	
5. Does the company refer to the reporting standards or guidelines which are accepted internationally for compiling reports which disclosed the non-financial information of the company, such as the sustainable report? Does the previous report obtain the assurance or verification statement of a verification unit from the third party?	V		The Sustainability Report The Company's 2024 Sustainability Report discloses the sustainable development performance in 2024 and addresses issues concerning stakeholders in compliance with the 2021 GRI Standards introduced by the Global Reporting Initiative and the Sustainability Accounting Standards Board (SASB) Guidelines, and the Task Force on Climate-Related Financial Disclosures (TCFD) proposal made by the Financial Stability Board (FSB); the data covers respective departments of the Company. It was published before the end of June 2025 on the Company website (https://www.pharmaengine.com) and the Market Observation Post System (MOPS). In addition, the financial data disclosed are quotes from CPA-audited financial statements. For part of the information herein, PwC has provided limited assurance in accordance with the Assurance Engagements Other than Audits or Reviews of Historical Financial Information of the ISAE3000 principles "Assurance Engagements other than Audits	None

			or Reviews of Historical Financial Information" published by the Accounting Research and Development Foundation.	

6. If the company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation:

The Company established "Corporate Social Responsibility Best Practice Principles" based on "The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" in 2011. The Company revised the name to "Sustainable Development Best Practice Principles" in 2024. In addition, in accordance with the spirit of Principles, the Company has promoted sustainable development goals, established a sustainable development team, and formulated a sustainable development strategy blueprint and an action plan, etc. There are no discrepancies between the Company operation and the Principles, and we will do our best depending on the resources of the Company.

7. Other important information to facilitate better understanding of the company's sustainable development practices:

(1) Environmental protection:

A. Pre-clinical study designs:

The Company implements pre-clinical study designs following the industry's established practice regulations on the experimental design for the number of test groups to allow the most appropriate design for each testing animal in the number of test groups. To achieve human and material management efficiency, the Company completes pre-clinical studies by achieving a statistically significant number of test groups in general while trying to minimize the number of testing animals to avoid unnecessary quantities of test animals.

B. Production process test design:

In the production process test design, the Company considers the usage of reusable materials, such as glasses or stainless steel on experimental equipment or production equipment, to minimize the use of disposable (one time use) equipment, to achieve production operations by reducing waste, conserving material and other efficiency management.

C. Office area environmental energy saving:

a. To save energy and achieve the purpose of electricity conservation by using LED lighting while switching off lighting in certain areas during lunch hour and completely after work hours.

b. Centrally controlled air conditioning system within the building, switches on during office hours and switches off after work.

c. Office area greening to reduce carbon emissions.

d. The usage of "Energy-saving stamp" certified computers and multi-function machines could reduce electricity and carbon dioxide emissions. Total cost of purchasing the "Energy-saving stamp" certified computers and equipment in 2025 was NT$392,000 dollars.

e. As of the end of 2025, there were 20% of operation-related electricity usage sourced from renewable energy. The goal is to increase the percentage by 10% per year until the Company reaches 70% in 2030.

D. Environmental Protection: Starting in 2021, the Company has been supporting the "Do One Thing for Tamsui River" target by having employees understand more about the history and importance of Tamsui River and water usage. In 2025, the Company supported the "River Basin Convention" by promoting the history of Taipei drinking water and water conservation in the Museum of Drinking Water on March 21, 2025.

(2) Social services**:**

The Company has organized many health education seminars in collaboration with many medical institutions in Taiwan over the years. The Company provides the correct treatment concepts and the latest treatment trends through information disseminated by professional personnel and health education by medical personnel, so that patients, their families, and the public can establish a deeper understanding of pancreatic cancer. Moreover, the Company also offers a platform for mutual support, encouragement, and exchange of experience, to encourage patients to actively undergo treatment and never give up. PharmaEngine accompanies pancreatic cancer patients throughout their journey to fight cancer. The Company organized 11 pancreatic cancer patient meetings with hospitals in 2025 and participated in the HAIR FOR HOPE event hosted by the HOPE Foundation as volunteers in July 2025 to provide support for cancer patients and their families.

(3) Consumers' rights:

A. To protect clinical subjects, to ensure subjects' rights, safety and welfare

The Company follows Good Clinical Practice (GCP) when conducting clinical trials, upholds the ethical principles of medical research of the Declaration of Helsinki, to ensure the rights, safety, and well-being of the subjects. In accordance with relevant laws and ethical guidelines, the Company mandates that research principal investigators fully inform participants and their related people, ensuring they have a complete understanding of the research objectives, procedures, risks, remedies for any harm caused, their rights, and personal data protection mechanisms before making their own decision to participate. Participant eligibility is strictly reviewed according to the inclusion and exclusion criteria outlined in the approved trial plan to ensure the safety and scientific rigor of the trial.

Furthermore, the Company has purchased relevant insurance for all human clinical trials; if participants suffer physical harm as a result of participation, compensation will be provided in accordance with the insurance policy to protect their rights.

B. Quality policies

The Company manages the new drug research and development projects, adheres to quality with an innovative spirit, and focuses on comprehensive quality management. The Company also complies with the principles of Good Distribution Practice (GDP), Good Manufacturing Practice (GMP), Good Laboratory Practice (GLP), Good Clinical Practice (GCP), and international regulations to achieve goals of the safety of new drugs research

and development, efficiency, and consistency in quality to raise the new drug research and development level and improve medicine development and quality.

C. Notification of adverse drug reaction on clinical subjects

The occurrence of serious adverse drug reactions caused by the drug during clinical trials, regardless of the occurrence location, the Company will notify the Ministry of Health and Welfare or Taiwan Drug Relief Foundation.

D. Drug safety monitoring management

Risk management of the drug after launch is based on drug safety for patients. The establishment of drug safety notification system ensures the adverse drug reaction control and tracking after new drug launch to avoid serious adverse drug reaction. Through the risk control method to reduce or avoid the risk of medication, monitor the possibility of adverse reaction, provide the relevant information of the drug, and clearly inform the risk or adverse reaction caused by the medication.

The Company has joined the Drug Injury Relief System in accordance with the law; hence, it contributes 0.05% of its sales in the previous year to the drug injury relief fund. In addition, the Company takes out product liability insurance of US$10 million to protect patients against damages arising from drug defects or unknown adverse reactions.

E. Establish consumer rights protection policies and grievance system

For details, please refer to bullet point 5 of section 4. Preserving Public Welfare, of this table.

(4) Human right protection, diversity in workplace/gender equality policy:

A. The Company abides government decrees and protects human rights. The Company does not use child labor, nor forced labor or forced overtime and is against discrimination. The Company respects gender, nationality, race, religion, age, and association, sets up labor-management conferences and a grievance channel to maintain human dignity, ensures the diversity in recruitment, and the fairness in compensation and promotion opportunities, and creates a harmonious peaceful workplace environment.

B. The Company does not violate the provisions of child labor hiring, aboriginal rights regulations, labor contract-related regulations or the Labor Standards Act. The Company does not have any security guards, as the Company commissioned Taiwan Shin Kong Security Co., Ltd. for office security.

C. The Company did not receive any human rights-related cases through the official complaint mechanism in 2025.

D. The Company's ratio of female employees to total workforce and senior executives:

Index	Percentage (%)	2030 Target
Women account for the total workforce (%)	55.6%	50%
Women account for senior executives (%)	20%	33%

E. The Company's gender pay equality index:

Pay Equality Index	Gap (%)
Gap between the MEAN in men and women	13.18%
Gap between the MEDIAN in men and women	19.78%
Gap between the MEAN of variable bonus in men and women	5.40%
Gap between the MEDIAN of variable bonus in men and women	22.60%

8. Clarification of the sustainable environment issue of the Company: Related disclosure in response to climate change

(1) The Company completed 2024 scope 1 and 2 GHG inventory and obtained third-party assurance in 2025. Emission reduction targets, strategies, and action plans are listed below:

Item	Description
Target	5% reduction in combined emissions (scope 1 and 2) per capita (base year is 2022)
Strategy	1. Procure certified computers and printers carrying the "Energy-saving Stamp" to reduce electricity use and lower CO_2 emissions. 2. Expand GHG inventory to scope 3 in phases, the first phase focused on categorization and data collection of purchased goods and services (not including CDMOs and CROs). CDMO services will be included in the second phase. 4. Change the energy mix to include a greater percentage of green energy sources.
Action Plan	Our business model is "Virtual Pharmaceutical Company", and we operate our business in a rented office space in a building located in Taipei, Taiwan. We do not have our own production facilities or laboratories. The main direct GHG emissions (scope 1) comes from gasoline for official vehicles and the emissions of refrigerants from freezers and refrigerators in our office space. The main indirect GHG emissions (scope 2) comes from purchased electricity. Other indirect GHG emissions (scope 3) mainly derived from the international transportation of our imported product. Our main action plan to build a green operation is as follows: 1. Procurement of "Energy-saving Stamp" certified computers and printers.

	2. The second phase of scope 3 GHG inventory check began in 2025. 3. Signed service contract with the building management in 2024 to begin replacing 20% of operation electricity usage with green energy sources starting on January 1, 2025, and setting a clear target to increase the percentage until we reach 70% in 2030.

(2) TCFD domains, climate management key results, and developmental goals

TCFD Domain	Climate Management Key Result	Developmental Goal
Governance	The Board of Directors of PharmaEngine is the highest-ranking governance unit overseeing issues concerning climate change risks and opportunities and is responsible for decision-making and overseeing the climate-related issues and matters. The Sustainability Promotion Taskforce is responsible for climate change management and for preparing the strategies, evaluating, supervising, and enforcing climate-related issues and matters; it reports to the Board of Directors at least once a year the implementation status in the Company, reviews the effectiveness, and revises the strategic goals and the related regulatory systems.	• Continue to enhance the Board's and management team's knowledge of low-carbon medications, and international climate-related issues or initiatives, etc. • The Board of Directors and the management team reinforce its supervision over the Company so that the Company can continue with the low-carbon transformation plan.
Strategy	The Company is devoted to realizing and promoting the combination of AI-assisted research and development of new drugs and the green supply chain to hopefully drive the environmental protection awareness in the biopharmaceutical industry and to effectively accomplish the goal of reduced greenhouse gas emissions and provision of low-carbon products and services.	• Continue promoting the low-carbon drugs and services. • Target: Achieve carbon neutrality (scope 1 & 2) of HQ office by 2050.
Risk Management	The Sustainability Promotion Taskforce identifies and weighs the transformational and physical risks, stipulates corresponding countermeasures and opportunities, and defines material risk/opportunity indicators and the control mechanism to advance fulfillment of substantial environmental goals.	• Strengthen the engagement mechanism with upstream and downstream customers to reinforce the impact the Company has on low-carbon transformation in the biotech industry.

Indicator and Objective	• Define and fulfill the carbon reduction goal of corporate operations. • Ratio of green packaging materials in products of the Company • Create a new experimental model of energy conservation and carbon reduction to provide the drugs of low-carbon emission densities to the public.	• Completed scope 1 and scope 2 greenhouse gas inventory check and obtained third-party assurance for 2022-2024. • Completed the initial phase of scope 3 GHG inventory check in 2024. • Kicked off the second phase of scope 3 GHG inventory check in 2025. • Established greenhouse gas carbon reduction goals of the Company and periodically disclose phased results. • Gradually improve existing experiment design and define the low-carbon experimental model according to the strategic planning. • Signed service procurement contract with the building management in 2024 to begin replacing partial electricity use with green energy.

(3) Climate change-related risk identification and countermeasures

Type of Risk		Impact of Risk	Countermeasure and Potential Financial Impact
Transformational Risk	Policy and Regulatory Risk	Climate change-related policy actions will continue, if in the future, policies such as greenhouse gas emission cap control is activated, or implementation of the carbon pricing is placed, or high water usage efficiency is encouraged, or electricity price is increased, or companies are required to purchase carbon rights certificates or renewable energy certificates, will all increase operation cost for the Company. As climate	The Company continues to promote low-carbon drugs and services. To enhance energy efficiency, the Company will continue to implement company strategies such as increasing the percentage of electricity usage from renewable energy sources, and gradually improving the existing experimental designs, build a low-carbon experimental model, and to reduce environmental impacts. Based on TaiPower data, in 2025, the average electricity price was NT$4.29/kWh, and TaiPower has announced a price freeze for industrial electricity price. The Company's renewable energy supply agreement

			change related loss continues to grow, the climate-related lawsuit risk can be increased, too.	with the building management has a fixed price of NT$5.92/kWh for five years, therefore, using the 2025 total electricity usage of 112,687 kWh as the base, in 2026, we plan to increase the green energy ratio to 30%, that means it is estimated that an additional NT$23,000 will be spent on electricity in 2026 compared to 2025.
		Technical Risk	While the economic system gradually turns towards low-carbon and high-performing technical improvements and innovations, competitive advantages of the Company will be impacted. As such, the timing of when new technologies are developed and used will be the primary uncertainties in the evaluation of technical risk performed by the Company.	The Company evaluates the impacts of climate-related policies on the Company as a whole and plans operations for short-, mid-, and long-term. It is now devoted to promoting the combination of AI-assisted research and development of new drugs and the green supply chain to hopefully improve the Company's competitive advantages applying the said new technology and drive the environmental protection awareness in the biopharmaceutical industry and to effectively accomplish the goal of reduced greenhouse gas emissions. The risk may have medium- or long-term effects but has no impact on our current financial status.
		Market Risk	Climate change may impact the supply and demand structure on the market and change the product and service mechanism.	To enhance its capabilities to undertake the climate change risk, the Company consolidates its devotion to becoming a low-carbon business for the sake of creating opportunities for revenue and market expansion through creating applicable environmental protection mechanisms and carbon emission control measures. Climate change, however, may impact the stability of the Company’s supply. As such, the safe level of inventory stock may rise to result in an increase in the inventory cost. The Company estimated NT$39.87 million of inventories as of the end of 2025, for each 1% of inventory increased, the inventory cost will climb by about NT$390,000.
		Reputation Risk	Climate change can impact customers or society, evaluating if the Company is devoted to low-carbon transformation, which is closely related to	The Company is devoted to reinforcing its engagement mechanisms with upstream and downstream customers to strengthen the impacts the Company has on low-carbon transformation in the biotech industry.

		the Company's image.	The risk may have medium- or long-term effects but has no impact on our current financial status.
Physical Risk	Immediate Risk	Climate change can trigger extreme weather events such as typhoons, floods, and droughts, resulting in damaged assets of the Company or disruption of the supply chain, among other immediate financial impacts.	Extreme weather events caused by climate change can result in disruption of the Company's supply chain of drug products and inability to ship, among other immediate financial impacts, which, when estimated by the operations of 2025, will cause revenue loss of about NT$270 million a year. To prevent against such situation, PharmaEngine has already included the supply of drugs as a key operational item in its Business Continuity Plan (BCP) and has defined the emergency response procedure in case of disrupted drug supply.
	Long-term Risk	Long-term changes of the global climate model, such as the possible elevated sea level or long-term heat waves that may be triggered by persistent high temperatures, can drive up the operational cost.	To cope with the gradual shortage in resources as a result of climate change, which may drive up the operational cost for the Company, among other long-term financial impacts. To prevent against such situation, PharmaEngine has, in the generation of the production process test design, introduced the green packaging material idea and created a new experimental model of energy conservation and carbon reduction, so that drugs of low-carbon emission densities may be provided to the public.

(4) Climate change-related opportunities and countermeasures

Type of Opportunity	Description of Opportunity	Countermeasure and Potential Financial Impact
Resource Utilization Efficiency	• Enhance the efficiency of resource utilization, which can bring down the mid-term to long-term operational cost of the Company, and fulfill the purpose of energy conservation and carbon reduction.	• Promote green consumption and focus mainly on products carrying the green procurement symbol for office and daily purchases. • Evaluate the establishment or replacement of low-energy consumption equipment and set reduction goals for electricity and water to enhance the resource utilization efficiency.
Source of Energy	• Promote the electronic management system. • When adding the new equipment, follow the	• Colleagues are encouraged to commute using public transportation or use electric vehicles to commute or have indoor plants in the

	government subsidy policy and apply for related energy-saving subsidies.	office to reduce carbon emissions. • Create electronic quality management system to ensure the occurrence of GxP activities in respective stages and enhance effectiveness. • While making purchases for a self-owned office, choose HVAC, LED illumination, and water-saving equipment qualified for energy-saving subsidies or consider the construction of self-owned equipment powered by solar or water recycling systems and apply for government-related subsidies. • Signed service contract with the building management in 2024 to begin replacing partial electricity use with green energy starting in 2025 to lower the risk of green energy bidding competition in the future.
Products and Services	• Promote low-carbon products and services in response to climate change.	• Introduce the green packaging material to products of the Company while generating the design of production process test. • Create a new experimental model of energy conservation and carbon reduction to provide drugs of low-carbon emission densities to the public.
Market	• International society continues to value environmental protection awareness and care for lives on Earth while searching for new business opportunities.	• AI is applied to the research and development of new drugs to find their targets relatively precisely, reduce unnecessary animal experiments in honor of animal ethics, and to fulfill the 3R essence for laboratory animals.
Resilience	• Enhance the ability to adapt to climate change to precisely manage climate change-related risks and keep track of opportunities.	• The Sustainability Promotion Taskforce gathers respective teams for the identification of climate change-related risks and opportunities and stipulation of climate change risk management strategies to reinforce the ability of the Company to cope with risks.

9. Implementation of Climate-Related Information

Item	Implementation Status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The Company's Board of Directors is the highest governance body responsible for overseeing climate change risks and opportunities and is responsible for decision-making and overseeing climate-related issues and matters. The Sustainability Promotion Taskforce is the dedicated climate change management unit responsible for drafting strategies, assessing, monitoring, and implementing climate-related issues and matters. The Taskforce reports to the Board of Directors at least once a year on the implementation of the Company's sustainability efforts and effectiveness, strategic goals, and revisions to relevant rules and regulations.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	The Company annually identifies and assesses climate-related physical and transition risks in accordance with the TCFD framework. The financial and business impacts of these risks and opportunities are identified to formulate responses and strategies. For details, please refer to the Company's 2024 Sustainability Report (page 54).
3. Describe the financial impact of extreme weather events and transformative actions.	For details regarding the financial and business impact of extreme weather events and transformative actions, please refer to the Company's 2024 Sustainability Report (page 53-54).
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	To identify and assess significant operational impacts or risks, the Sustainability Promotion Taskforce is responsible for identifying climate risks relevant to the Company's operations, analyzing the specific potential financial and business impacts, planning and implementing annual plans, and tracking implementation results to ensure that the climate risk identification, assessment, and management processes are integrated into the overall risk management system and fully implemented in the Company's daily operations.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Using the scenario of Typhoon Nari, which resulted in the record-breaking 24-hour rainfall of 425.2 mm recorded by the Taipei Weather Station on September 17, 2001, the area near our office could experience short-term flooding, forcing employees to work from home and potentially delaying product shipments. While this requirement will have minimal impact

	on our operations, to ensure greater supply stability, we may increase our safety inventory level, leading to higher inventory costs. Based on our estimated inventory of approximately NT$39.87 million at the end of 2025, a 1% increase in inventory would result in an increase of approximately NT$390,000 in inventory costs.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The Company has a transition plan for managing climate-related risks. For details regarding the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks, please refer to the Company's 2024 Sustainability Report (page 53-54).
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The number of employees of the Company is only around 30 people, and the operation site is a small-scale office in Taipei, as our data show our scope 1 and 2 GHG emissions are mainly from procuring electricity from external sources and its share accounts for less than 5% of our total GHG emissions. Out of the Company's total GHG emissions, scope 3 is the main source, hence after careful evaluation, the management team believes it is not suitable for the Company to initiate internal carbon pricing at this moment.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The Company sets climate-related targets, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year are being specified in the Company's 2025 Annual Report (page 73-81).
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (specified in 9-1 and 9-2 below).	The Company has established our carbon neutrality goal and the GHG inventory (scope 1 and 2) has been assured by third-party institutions annually. Related information such as status, accomplishments, and action plans has been reported in board meetings regularly. For more details, please refer to the Company's 2024 Sustainability Report (page 48-49) and 2025 Annual Report (page 73-81 and 96-97).

9-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent Two Fiscal Years-

9-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT$ million), and data coverage of greenhouse gases in the most recent two fiscal years:
Please refer to the Company's 2024 Sustainability Report (page 48-49) and 2025 Annual Report (page 73-81). The Company has yet to disclose emission intensity. The topic will be included in future discussions on data disclosure.

9-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent two fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion:
The Company's greenhouse gas (GHG) statements, which comprises of emissions inventory and the explanatory notes of scope 1 and 2, have been assured by third-party institutions annually. 【2024】 Assurance Scope: The Company (HQ) Assurance Institution: PricewaterhouseCoopers, Taiwan Assurance Standards: GHG protocol and the Climate-Related Information of TWSE/TPEx Listed Company in the "Standards of Matters to be Recorded in Annual Reports of Publicly Offered Companies". Assurance Statement: Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that The Company's GHG statement for the year ended December 31, 2024, is not prepared, in all material respects, in accordance with the applicable criteria. 【2025】 Assurance Scope: The Company (HQ): 2025 assurance is ongoing as of the publish date of this annual report Assurance Institution: PricewaterhouseCoopers, Taiwan Assurance Standards: GHG protocol

9-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets:
Please refer to the Company's 2024 Sustainability Report (page 48-49) and 2025 Annual Report (page 73-81 and 96-97).

2.3.7 The company's fulfillment of ethical corporate management and the differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed companies and its reasons:

Circumstances of the company fulfilling ethical corporate management and the differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed companies and its reasons:

Evaluation Item	Implementation Status			Deviations from "the Ethical Management Best Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have a clear ethical corporate management policy approved by its board of directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the board of directors and the top management team?	V		(1) The Company has established the "Codes of Ethical Conduct", "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct". This serves as the guiding principle for directors, managers, and employees. The Board of Directors and senior management are committed to continuously overseeing the promotion and implementation of the integrity-based business policy to strengthen corporate governance and risk control mechanisms and actively promote it to all colleagues. Advocacy and education of all employees are conducted by the HR Department to organize educational training related to ethical business management. In 2025, 474 people cumulatively	None

			received 1,579 hours of educational training related to ethical business management issues (including courses for legal compliance for ethical business management, drug safety and health management and inspections, accounting system and internal control etc.).	
(2) Does the company establish an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; formulate a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies?	V		(2) The Company has established the "Codes of Ethical Conduct" so the employees, the management, and the interested parties can have a better understanding and be more compliant with the Company's ethical standards. To prevent the risk of corruption and bribery, the Company has established "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" as a code of conduct for Directors, Independent Directors, senior managers and all practitioners. Among them, the rules of "Ethical Corporate Management Best Practice Principles": The directors, managers, employees or persons with substantial control of the Company shall not be in the process of engaging in business activities directly or indirectly, promise, require or receive any improper interests or engage in other dishonest behaviors that violate integrity, involve illegality, or breach of fiduciary duties in order to obtain or maintain benefits.	None

			Parties referred to in the preceding paragraph include civil servants, political candidates, political parties, or members of political parties, state-run or private-owned businesses or institutions, and their directors, managerial officers, employees or substantial controllers or other stakeholders.	
(3) Does the company establish relevant policies that are duly enforced to prevent unethical conduct, provide implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically review and revise such policies?	V		(3) The Company has established the relevant procedures such as “Complaint Policies for Violating Ethical Management” and “Rewards and Punishment Management Regulation” and provides educational training and promotion to employees and management. When the Company's auditors perform internal auditing, they perform professional duties to prevent fraud with thorough investigation. They maintain a vigilant attitude toward possible fraud, errors, omissions, waste, and conflict of interests. Any serious illegality or violation of regulations is considered, and precautions are taken. If there is any suspected or detected fraudulent situation, it will promptly notify the appropriate supervisor to investigate and deal with it; for related corporate governance systems, internal control systems and management practices that are more likely to have risks of corruption and bribery, they are included in annual audits. Based on the annual audit plan formulated by the risk assessment management operation, the focus and frequency of	None

			audits for routine checks will be improved with reference to the past findings of various units.	
2. Fulfill operation integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (2) Does the company set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	V V		(1) Assessment must be done before the Company cooperates with important customers to avoid customers with non-integrity records. (2) The Company has set the Audit Office as the unit responsible for ethical management matters with responsibilities such as promoting all ethical management implementation, assisting the Board of Directors and the management team to assess and evaluate the implementation efficacy of the ethical management procedures. The Audit Office is responsible for reporting to the Board of Directors on the implementation audit at least once a year. The Company's policy executed in 2025: A. Training: Regulations, verification, risk management and fraud prevention in the training courses for new employees and other training courses are planned to strengthen the implementation of law-abiding concepts and prevent the occurrence of dishonest behaviors. B. Regular examination Risk management and assessment for fraud of all operational activities are conducted and deficiency found is remedied to achieve effective	None None

			control and implementation. It is independently audited by the auditing unit to ensure the operation of the overall business and to manage and prevent dishonest behaviors. Integrity management is included in the performance assessment of employees, and a clear reward and punishment system is established. There were no corruption and fraud nor anti-competitive act in 2025. C. Whistleblower system and protection Specific reporting systems are established in "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" to actively prevent dishonest behaviors and encourage internal and external employees to report dishonest behaviors or misconducts. The Independent Directors are responsible for overseeing external reporting affairs and assigning the Audit Committee as the internal unit to handle internal reporting and reports of unfair conducts by colleagues. The stakeholders' section on the Company's official website provides effective communication methods for employees, shareholders, stakeholders, and external parties. A designated email address for whistleblowers	

			(audit@pharmaengine.com) has been established and the Internal Audit Officer is responsible for all the reporting messages. This email address will also forward messages to the personal email addresses of Independent Directors so the Internal Audit Officer and the Independent Directors can receive the message simultaneously. A protection system is also established to keep the identity and reporting of whistleblowers confidential. The whistleblowers will not be treated improperly during the process. In 2025, there were no external reporting cases or internal employee reporting. The Company will continue to encourage the reporting of dishonest behaviors or misconduct under the premise of keeping the identity of the whistleblowers confidential to strengthen the prevention of fraud and corruption and continue to implement integrity management.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3) The Company's internal control system consists of "Internal Control System and Regulation Management" and "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties".	None
(4) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment	V		(4) The Company has established relevant accounting systems and internal control systems. Based on the assessment results of the risk of dishonest behavior, the Audit Office formulates relevant audit plans and	None

of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?			checks the compliance of the measures to prevent dishonest behavior, and reports the audit implementation status to the Board of Directors on a regular basis. For related corporate governance systems, internal control systems and management practices that are more likely to have risks of corruption and bribery, they are included in annual audits. Based on the annual audit plan formulated by the risk assessment management operation, the focus and frequency of audits for routine checks will be improved with reference to the past findings of various units.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(5) The Company assigned the Company's Corporate Governance Supervisor, Audit Manager and others to take training courses related to ethical management. The Company provided relevant training courses internally in August 2025.	None
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(1) The Company has established "Complaint Policies for Violating Ethical Management". When the employee reports any dishonest behavior, when verified, a bonus will be given according to the "Rewards and Punishment Management Regulation". The Company stipulates in Article 21 of "Procedures for Ethical Management and Guidelines for Conduct": 1. Complaints involving general employees should be reported to the department heads and complaints	None

			involving directors or managers should be reported to independent directors. 2. The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of legal compliance or with other related departments. 3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policies and regulations of ethical management, the Company shall immediately require the violator to cease conduct and shall make an appropriate disposition. When necessary, the Company will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests. 4. Documentation of case acceptance, investigation processes, and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.	

			5. With respect to confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence. 6. The responsible unit of the Company shall submit to the Board of Directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures. The Company's contact channels are as follows: Tel.: +886 2 2515-8228 #106 E-mail: audit@pharmaengine.com	
(2) Does the company establish standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		(2) The Company has established "Complaint Policies for Violating Ethical Management" which stipulated the relevant reporting channel and processing procedures. The whistleblower should report the following in written document to the Company: A. Whistleblower's name, ID card number or passport number, permanent/current mailing address, service authorities/unit, name of the person in violation or other characteristics identification. B. Violation of ethical management policies C. Relevant proven information In addition, the processing procedures include the following: a. The Audit Office will be responsible for coordinating and handling whistleblowing cases	None

			once they are received. After identifying and documenting the identity of the whistleblower, information, then the contents of the whistleblowing case will be scanned, documented, and reported to either the Chairperson or any of the Independent Directors. b. After the case is established, based on the nature of the case, after ensuring confidentiality of the whistleblower, the Audit Office may ask any of the relevant departments for assistance in managing the case, if necessary, while corruption or other components that cannot be clearly defined fall under the jurisdiction of the Audit Office. The information shall be reported to the Independent Directors if it involves a Director or a senior manager or any other material legal violation. c. After accepting a whistleblowing case and reporting it in line with relevant procedures, the Audit Office shall ask the relevant department(s) to manage the case, and the relevant department(s) shall appropriately manage the case and submit the implementation to the Audit Office for approval. The Audit Office will inspect the legality, reasonableness, and practicality of the implementation and determine whether to continue processing, reinspect, or mark the case as completed.	

(3) Does the company provide proper whistleblower protection?	V		d. The unit accepting the whistleblowing case shall not disclose the name or identity of the whistleblower. In case of information leak, disincentive or disciplinary measures will be given in line with relevant regulations. The Company established an individual complaint channel on the company website and internal website for internal employees and outsiders. (3) The Company has established "Complaint Policies for Violating Ethical Management", stipulated the complaint acceptance unit and people who handle the case should treat all complaints confidentially and protect the name, residence, and identification information of whistleblowers. The Company also promised not to discard the whistleblower improperly or unfavorably.	None
4. Strengthening information disclosure Does the company disclose its Ethical Corporate Management Best Practice Principles and the results of its implementation on the company's website and MOPS?	V		The Company has established the Ethical Management section on the website to promote and disclose ethical management relevant information and regularly reports the implementation status of ethical management relevant matters to the Board of Directors. Company Website (https://www.pharmaengine.com).	None
5. If the company has established the Ethical Corporate Management Best Practice Principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established "Ethical Corporate Management Best Practice Principles" based on "The Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", the Company's operation does not have any difference from stipulated principles and executes normally.				

6. Other important information to facilitate a better understanding of the company's Ethical Corporate Management Best Practice Principles (e.g., review and amend its policies):
   (1) The Company's directors attended 92 hours of corporate governance-related training courses in 2025. The Corporate Governance Officer and Audit Manager also attended 36 hours of courses held by Accounting Research and Development Foundation, the Institute of Internal Auditors, and Taipei Exchange.
   (2) The Company has established "Procedures for Handling Material Inside Information" and disclosed it on the company's website (https://www.pharmaengine.com) to establish a better internal material information process and disclosure mechanism to avoid improper information leak and to ensure the consistency and accuracy of information announced to the public.

2.3.8 **Any other important information to facilitate better understanding of the company's corporate governance practices:**

The Company has implemented "Codes of Ethical Conduct", "Responsibilities of Independent Directors" and "Sustainable Development Practice Principles", the Company completed and published the 2024 Sustainability Report on MOPS and the company website in June 2025.

The Company stipulated the code of conduct and ethics of employees in the regulation of Ethical Corporate Management Best Practice Principles: The Company's directors, managers, employees or substantive controllers, shall not directly or indirectly provide, promise, request or accept any unfair benefits during the business conduct, or conducting integrity violation, unlawful or fiduciary duties and other acts of dishonesty in order to obtain or maintain the interests. The subject of the preceding act includes public officials, political participants, political parties, and party members, as well as any public, private enterprise or institution and its directors (members of the council), managers, employees, substantive controller or any other interested parties.

The Company regulates that all employees are subject to the code of conduct and are committed to upholding corporate assets, interests, and image, according to laws and ethical principles. The Company analyzes business activities with high risk of dishonesty in the business scope and strengthens the relevant preventive measures. The precautionary measures cover the following: (1) bribe and bribery; (2) provide illegal political contributions; (3) inappropriate charitable donations or sponsorships; (4) provide or accept unreasonable gifts, hospitality or other improper benefits.

The Company shall specify the precaution regulations for actual controller when conducting business, which covers the following matters:

- The determination criteria of providing or accepting improper benefits.
- The procedure of providing or processing legal political contributions.
- The standard of providing or processing charity donations and sponsorships.
- Regulations for avoiding the conflicts of interests, and the declaration and processing procedures.
- Regulations for confidential and sensitive information obtained through business.
- Regulations and processing procedures for suppliers, customers, and business transactions involving in misconduct actions.
- Processing procedures for identifying the violation of the Ethical Corporate Management Best Practice Principles.
- Disciplinary punishment against violators.

2.3.9 Internal Control System Execution Status

1. Statement of Internal Control System

PharmaEngine, Inc.
Statement of Internal Control System

March 3, 2026

PharmaEngine, Inc. has conducted a self-assessment of internal control for the year of 2025. The results are as follows:

(1) The Company acknowledges that the Board of Directors and management personnel are responsible for establishing, performing, and maintaining an Internal Control System. The said system has already been duly established. The purposes of the Internal Control System are to provide a reasonable assurance for the Company's efficient and effective operations (including profit, performance, safeguard of assets, etc.), the reliability of financial reports, and the compliance with applicable laws and regulations.

(2) The Company also acknowledges that the Internal Control System possesses inherent constraints irrespective of the intended impeccability of the system design and therefore could only provide a reasonable assurance of the three goals referred to above. Due to the changes in environment and circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Internal Control System is equipped with self-monitoring mechanisms. Should any flaws be recognized, the Company would enforce corrective measures immediately.

(3) The Company evaluates the effectiveness of the design and implementation of its Internal Control System in accordance with the "Guidelines for the Establishment of Internal Control System by Public Companies" (referred to as the "Guidelines" hereinafter). The evaluation of the internal control system adopted by the said Guidelines has the internal control system divided into the following five factors based on the process of the management control: 1. environment control, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each component comprises certain factors. Please refer to the Guidelines for preceding items.

(4) The Company has assessed and evaluated the effectiveness of the internal control system design and implementation in accordance with the internal control system criteria referred to above.

(5) Based on the evaluation of the aforementioned system, the Company considered the Internal Control System as of December 31, 2025 (including supervision and management of subsidiaries), which included the Design and performance of the known operation effectiveness and the degree of reaching the efficiency goals, reliability of financial reporting and obeying the related internal control system of the relevant laws, are all effective, and it can ensure that the aforementioned goals to be reasonably reached.

(6) This Statement of Internal Control System is the main content of the annual report and prospectus and will be publicly disclosed. Upon any unlawful acts like pretense and concealment involved in the above-mentioned statement, the Company will assume the legal responsibilities according to Article 20, 32, 171, and 174 of the Securities and Exchange Act.

(7) This Statement of Internal Control System had been approved by the Board of Directors at the meeting of March 3, 2026 with 9 directors present at the meeting and no one disagreed with this Statement of Internal Control System.

PharmaEngine, Inc.

Chairperson: Jan-Yau Hsu

General Manager: Hong-Ren Wang

2. Appointed accountants audit internal control system, should disclose accountant audition result: None.

2.3.10 During the most recent fiscal year and the current fiscal year up to the printing date of this annual report, major decision-making of the shareholders' meeting and board of directors' meeting:

1. 2025 important resolutions of shareholders' meeting and implementation review: (date of meeting: May 23, 2025)
   (1) Acceptance of 2024 annual business report and financial statements
   Implementation review: approved.
   (2) Acceptance of the proposal for distribution of 2024 profits.
   Implementation review: approved and distributed cash dividends on August 29, 2025 (cash dividends of NT$6 per share)
   (3) Acceptance of amendment to "Articles of Incorporation of PharmaEngine, Inc."
   Implementation review: approved, and the procedure will follow the amended version.
   (4) Board member election (including independent directors)
   Implementation review: 9 directors elected (including 3 independent directors) and shall commence their term immediately upon being elected.
   (5) Release the prohibition on directors from participating in competitive business
   Implementation review: approved.
2. Major Resolution of Board meetings for 2025 and as of the publish date of this report

Date	Major Resolutions
Jan. 23, 2025	1. Acknowledgment of internal audit report (includes the implemented result of ethical management). 2. Acknowledgment of the report of assurance fee (excluding audit fee) and non-assurance fee. 3. Acknowledgment of 2024 annual Remuneration Committee, Audit Committee and Board of Directors self-assessment and external assessment reports. 4. Acceptance and assessment of the examination of the independence, competency qualifications and fees of Accountants. 5. Acceptance of 2024 internal control system effectiveness and "Statement of Internal Control System" assessment. 6. Acceptance of the amendments to the "Articles of Incorporation of PharmaEngine, Inc.". 7. Acceptance of the proposal of board director re-election (including independent directors). 8. Acceptance of the proposal for releasing the prohibition of the non-compete clause for directors.

	9. Acceptance of the date of holding the 2025 shareholders' meeting, and the time, the venue, and related matters for accepting proposals from more than 1% shareholders. 10. Acceptance of the cancellation of restricted stock shares for employee stock awards.
Feb. 25, 2025	1. Acknowledgment of the business and financial reports. 2. Acceptance of the 2024 annual financial report and business report. 3. Acceptance of 2024 performance bonus. 4. Acceptance of 2025 salary adjustment. 5. Acceptance of 2024 employees' remuneration ratio and directors' remuneration ratio. 6. Acceptance of 2024 distribution of directors' remuneration. 7. Acceptance of the proposal for 2024 profit distribution. 8. Acceptance of procuring AGM gifts from a related party.
Apr. 8, 2025	1. Reviewed and accepted the Company's director (and independent director) nomination list.
Apr. 29, 2025	1. Acknowledgement of business report, financial report, and internal audit report. 2. Acceptance of first-quarter 2025 financial statements. 3. Acceptance of the 2024 Sustainability Report.
May 23, 2025	1. Acceptance of the proposal to elect the chairperson for the 9th intake. 2. Acceptance of the discussion of the candidate members for the Audit Committee. 3. Acceptance of the discussion of the candidate members for the Remuneration Committee.
Jul. 29, 2025	1. Acknowledgement of business report, financial report, and internal audit report. 2. Acknowledgement of the report on major issues raised by stakeholders. 3. Acknowledgement of the 2024 GHG inventory and assurance report. 4. Acknowledgement of the Company's 2025 "Plan to Enhance Enterprise Value". 5. Acknowledgement of 2025 temporary tax payment assurance report. 6. Acceptance of second-quarter 2025 financial statements. 7. Acceptance of the proposal for 2024 employee compensation. 8. Acceptance of the proposal for the chairperson's remuneration. 9. Acceptance of the proposal for the chairperson's transportation and attendance fee. 10. Acceptance of the proposal for the independent directors' remuneration.

	11. Acceptance of the amendments for “Salary Policy, Standards and Structure”. 12. Acceptance of the establishment of “Risk Management Best-Practice Principles”. 13. Acceptance of the 2024 cash dividend ex-dividend and payout date.
Oct. 30, 2025	1. Acknowledgement of business report, financial report, and internal audit report. 2. Acknowledgement of risk management policy and procedure implementation status report, intellectual property management and application report, 2025 sustainability development implementation status report and 2026 ESG plans, 2025 cyber security implementation status and 2026 plan, and 2025-2026 directors’ responsibility insurance status report. 3. Acceptance of third-quarter 2025 financial statements. 4. Acceptance of 2026 business KPI and budgets. 5. Acceptance of 2026 internal audit plan. 6. Acceptance of amendments to the “Corporate Governance Best Practice Principles”. 7. Acceptance of the amendments to the “Sustainable Development Best Practice Principles”.
Mar. 3, 2026	1. Acknowledgment of the finance, business, and internal audit reports. (Including the implemented result of Ethical Corporate Management Codes of Practice). 2. Acknowledgment of the report of assurance fee (excluding audit fee) and non-assurance fee, 2025 annual Remuneration Committee, Audit Committee and Board of Directors self-assessment results report. 3. Acceptance of 2025 annual financial statements and business report. 4. Acceptance of the establishment of “Methods for Assessing the Independence and Competency of Certified Accountants”. 5. Acceptance and assessment of the examination of the independence, competency qualifications and fees of Accountants. 6. Acceptance of the amendments for “Salary Policy, Standards and Structure”. 7. Acceptance of the amendments to the “Internal Control System – Payroll Cycle”. 8. Acceptance of 2025 performance bonus. 9. Acceptance of 2026 salary adjustment. 10. Acceptance of 2025 employees’ remuneration ratio and directors’ remuneration ratio. 11. Acceptance of 2025 distribution of directors’ remuneration.

	12. Acceptance of the proposal of 2025 profit distribution. 13. Acceptance of 2025 internal control system effectiveness and "Statement of Internal Control System" assessment. 14. Acceptance of the amendments to the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct". 15. Acceptance of the date of holding the 2026 shareholders' meeting, and the time, the venue, and related matters for accepting proposals from more than 1% shareholders. 16. Acceptance of procuring AGM gifts from a related party.

2.3.11 **During the most recent fiscal year and the current fiscal year up to the printing date of this annual report, any directors or independent directors have different opinions in record or in written to Board meeting resolution, please describe its content: None.**

2.4 Information of CPA Service Fee

2.4.1 Information of CPA service fee:

Unit: NT$ Thousand

CPA Firm	Name of CPAs	Audit Period	Audit Fee	Non-audit Fee	Total	Remark
PwC Taiwan	Liang, Hua-Ling Yu, Shu-Fen	Jan. 1, 2025 to Dec. 31, 2025	1,540	875 (note)	2,415	

Note: Non-auditing Fee: English Translation Service Fee NT$170 thousand, Tax Compliance Audit Fee NT$335 thousand, Fee for Review of Information about Salary of Full-time Employees Who Are Not in A Managerial Position NT$20 thousand, 2024 ESG Report Assurance Fee NT$100 thousand, and 2024 Assurance Engagements on Greenhouse Gas Statement Fee NT$250 thousand.

2.4.2 If the audit fee paid in the year of changing to another CPA firm is less than the audit fee paid in the prior year, shall state the amount of reduction, ratio, and reasons: Not applicable.

2.4.3 If the audit fee is decreased more than 10% from that of the prior year, shall state the amount of audit fee reduced, ratio, and reasons: Not applicable.

2.5 Replacement of accountant information: Due to internal personnel adjustments within PwC Taiwan, effective from the first quarter of 2026, the financial statement certification accountants of our company have been changed from Yu, Shu-Fen and Liang, Hua-Ling to Pei-Hua Tsai and Liang, Hua-Ling.

2.6 During the most recent fiscal year, the company's directors, general managers, financial or accountant managers who has worked at certified accountant office or any related enterprises, should disclose the name, title and working period of the certified accountant office or related enterprises: None.

2.7 During the most recent year and the current fiscal year up to the printing date of this annual report, changes in shareholding and pledge of directors, independent directors, managers, and shareholders with more than 10% shareholding:

2.7.1 Changes in shareholding of directors, independent directors, managers and major shareholders:

Title	Name	2025		Up to Mar. 28 of the year	
		Holding Increase (Decrease)	Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director & more than 10% shareholding	TTY Biopharm Co., Ltd.	0	0	0	0
Director & more than 10% shareholding	National Development Fund, Executive Yuan	0	0	0	0
Chairperson	Jan-Yau Hsu	0	0	0	0
President	Hong-Ren Wang	0	0	0	0
Vice President, Corporate Development	Chi-Hsing Chang	0	0	0	0
Senior Director, Clinical Development	Brian Shen	2,000	0	0	0
Director, Finance & Accounting	Peggy Tsao	0	0	0	0
Associate Director, Audit Office	Tong Hong	0	0	0	0

2.7.2 Shares trading with related parties: None.

2.7.3 Shares pledge with related parties: None.

2.8 Information on the Top 10 Shareholders Who Are Affiliates or Related as Spouse or Second Cousins

Mar. 28, 2026

Name	Current Shareholding		Spouse's/Minor Children's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Title (or name)	Relationship	
TTY Biopharm Co., Ltd.	25,866,808	17.75	0	0	0	0	None	-	
TTY Biopharm Co., Ltd. Representative: Lin Chuan	0	0	0	0	0	0	None	-	
National Development Fund, Executive Yuan	22,585,654	15.50	0	0	0	0	None	-	
Pao-Ching Tseng	1,816,000	1.24	0	0	0	0	None	-	
C. Grace Yeh	1,397,679	0.95	88,656	0.06	0	0	None	-	
TransGlobe Life Insurance Inc.	1,291,000	0.88	0	0	0	0	None	-	
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1,043,477	0.71	0	0	0	0	None	-	
Chih-Ting Hong	990,000	0.67	0	0	0	0	None	-	
Rong-Hua Hsiao	963,000	0.66	0	0	0	0	None	-	
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	951,457	0.65	0	0	0	0	None	-	
The Business Department of Standard Chartered International Commercial Bank is entrusted to perform custody service for the company legal person Complete International Stock Market Index Trust II Investment Account	622,000	0.42	0	0	0	0	None	-	

2.9 The shareholding of the same invested company by the company, the directors, the independent directors, the managers, or another business that is controlled by the company directly or indirectly:

Currently, the Company has no investee enterprises.

III. Stock Subscription

3.1 Capital and Shares

3.1.1 Source of capital:

Unit: Thousand Shares, Unit: NT$ Thousand

Month/ Year	Issuance Price Per Share (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (thousands)	Amount (NT$ thousands)	Shares (thousands)	Amount (NT$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
08/2002	10	100	1,000	100	1,000	Cash Funded	None	
01/2003	10	60,000	600,000	18,000	180,000	Issuance of common stock	None	
05/2004	10	60,000	600,000	45,000	450,000	Issuance of common stock	None	
07/2004	10	60,000	600,000	58,000	580,000	Issuance of common stock	None	
09/2004	10	70,000	700,000	63,000	630,000	Issuance of common stock	None	
07/2009	10	70,000	700,000	44,100	441,000	Capital reduction	None	
02/2010	10	70,000	700,000	60,770	607,700	Issuance of common stock	None	
05/2011	15	120,000	1,200,000	74,100	741,000	Issuance of common stock	None	
09/2011	10	120,000	1,200,000	80,362	803,620	Issuance of stock from exercise of employee stock option	None	
03/2012	10-15	120,000	1,200,000	81,239	812,390	Issuance of stock from exercise of employee stock option	None	
06/2012	10	120,000	1,200,000	81,251	812,510	Issuance of stock from exercise of employee stock option	None	
09/2012	86	120,000	1,200,000	92,085	920,850	Issuance of common stock	None	
03/2013	10-15	120,000	1,200,000	92,239	922,390	Issuance of stock from exercise of employee stock option	None	
06/2013	15	120,000	1,200,000	92,253	922,530	Issuance of stock from exercise of employee stock option	None	
10/2013	142	120,000	1,200,000	100,253	1,002,530	Issuance of common stock	None	
12/2013	10-15	120,000	1,200,000	100,364	1,003,640	Issuance of stock from exercise of employee stock option	None	
03/2014	15	120,000	1,200,000	100,470	1,004,700	Issuance of stock from exercise of employee stock option	None	
06/2014	15	120,000	1,200,000	100,488	1,004,880	Issuance of stock from exercise of employee stock option	None	
09/2014	10-117	150,000	1,500,000	100,850	1,008,500	Issuance of stock from exercise of employee stock option	None	

12/2014	10-117	150,000	1,500,000	101,821	1,018,210	Issuance of stock from exercise of employee stock option	None	
03/2015	117	150,000	1,500,000	101,945	1,019,450	Issuance of stock from exercise of employee stock option	None	
09/2015	117	150,000	1,500,000	101,958	1,019,580	Issuance of stock from exercise of employee stock option	None	
12/2015	117	150,000	1,500,000	101,965	1,019,650	Issuance of stock from exercise of employee stock option	None	
03/2016	15-117	150,000	1,500,000	102,101	1,021,010	Issuance of stock from exercise of employee stock option	None	
06/2016	15-117	150,000	1,500,000	102,142	1,021,420	Issuance of stock from exercise of employee stock option	None	
09/2016	10	150,000	1,500,000	122,454	1,224,542	Issuance of stock from stock dividend	None	
12/2016	97.5	150,000	1,500,000	122,459	1,224,592	Issuance of stock from exercise of employee stock option	None	
03/2017	12.5~97.5	150,000	1,500,000	122,583	1,225,832	Issuance of stock from exercise of employee stock option	None	
06/2017	97.5	150,000	1,500,000	122,612	1,226,122	Issuance of stock from exercise of employee stock option	None	
08/2017	10	180,000	1,800,000	147,128	1,471,288	Issuance of stock from stock dividend	None	
03/2018	10	180,000	1,800,000	147,153	1,471,538	Issuance of stock from exercise of employee stock option	None	
12/2018	10	180,000	1,800,000	147,302	1,473,028	Issuance of stock from exercise of employee stock option	None	
03/2019	10	180,000	1,800,000	146,666	1,466,668	Issuance of stock from exercise of employee stock option Treasury stock retired	None	
07/2020	10	180,000	1,800,000	146,596	1,465,968	Treasury stock retired	None	
01/2022	10	180,000	1,800,000	145,596	1,455,968	Treasury stock retired	None	
09/2022	10	180,000	1,800,000	145,686	1,456,868	Issuance of employee restricted stock awards	None	
05/2023	10	180,000	1,800,000	145,684	1,456,848	Employee restricted stock awards retired	None	
08/2023	10	180,000	1,800,000	145,678	1,456,788	Employee restricted stock awards retired	None	
03/2024	10	180,000	1,800,000	145,678	1,456,782	Employee restricted stock awards retired	None	
11/2024	10	180,000	1,800,000	145,677	1,456,779	Employee restricted stock awards retired	None	
02/2025	10	180,000	1,800,000	145,677	1,456,776	Employee restricted stock awards retired	None	

Unit: Share

Category of Share	Authorized Capital Stock		
	Outstanding Shares	Unissued Shares	Total
Registered Common Share	145,677,640	34,322,360	180,000,000

3.1.2 List of major shareholders:

Major Shareholders

Mar. 28, 2026

Names of Major Shareholders \ Shares	Shareholding	Shareholding Ratio (%)
TTY Biopharm Co., Ltd	25,866,808	17.75
National Development Fund, Executive Yuan	22,585,654	15.50
Pao-Ching Tseng	1,816,000	1.24
C. Grace Yeh	1,397,679	0.95
TransGlobe Life Insurance Inc.	1,291,000	0.88
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1,043,477	0.71
Chih-Ting Hong	990,000	0.67
Rong-Hua Hsiao	963,000	0.66
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	951,457	0.65
The Business Department of Standard Chartered International Commercial Bank is entrusted to perform custody service for the company legal person Complete International Stock Market Index Trust II Investment Account	622,000	0.42

3.1.3 Dividend policy and implementation status:

1. Dividend Policy
   The dividend policy is based on the Company Act and the Company's Articles of Incorporation to ensure the normal operation of the Company and the protection of the interests of investors. According to the Article 25 and 25-1 of the Company Act:

   (1) The Company, when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent of said profits as the legal reserve, when necessary, set aside another sum as the special reserve. All or partial of the rest of the distribution allocating to the shareholders or retained earnings shall be proposed by the board meeting to the shareholders' meeting for resolution.

   (2) In the case that any earning is retained in a certain year, with the approval of the board, employees' compensation shall range from 1% to 10% of the profits and within this range, shall not distribute less than 0.01% for entry-level employees as compensation; directors' compensation shall not be more than 2% of the profits.

However, in the case that any accumulated loss has remained, the Company shall reserve a certain amount to offset such losses and report to the shareholders' meeting.
The employees' compensation may be made either by stock or cash. The employees, who are distributed stock or cash, may include the employees of its subsidiaries of the Company who satisfy certain specified conditions. The profits retained in the certain year which are specified in the Item 1 of this Article means a number which is obtained by the net income before income tax deducted out of the employees' compensation (including entry-level employee compensation) and directors' compensation.

(3) The distribution of dividend shall be considered based on the factors of company profits, capital and financial structure, future operational requirements, the accumulated surplus and statutory reserves, market competition etc. by the board of directors at the end of each fiscal year. The board of directors shall propose a surplus allocation motion, draw a resolution, and submit them to the regular shareholders` meeting for acceptance.
For improving the financial structure of the Company and considering the interests of investors, the Company shall adopt a balance dividend policy, to distribute the cash dividend at the rate over 10% of total distribution.

2. Expected dividend payout policy in the next three years
Regarding the future development of the Company, funding needs and interests of shareholders, the Company's expected dividend payout for the next three years should be around 50% after tax in which cash dividend will be 10%~100% of the total surplus distribution, and the proportion will be drafted by board of directors from the operation status and financial adjustment and making a motion in the shareholders' meeting. If the Company has no surplus, no dividend or bonus will be paid out.

3. Expected dividend policy of the Company, unless provided by laws, will not be subjected to significant changes.

4. 2025 distribution of dividend (distribution of 2024 profits)

Dividend Category	Ratio	Issued Dividend by Shareholders' Meeting	Actual Dividend Issued	Differences
Cash dividend-surplus	100%	NT$861,924thousand	NT$861,924 thousand	None

5. 2026 proposed dividend by shareholders' meeting
(1)The Company proposed to distribute the profit NT$287,355 thousand from unappropriated retained earnings in 2025. Each common shareholder will be entitled to receive cash dividends of NT$2 per share.
(2)The percentage of distribution of cash dividends is 100%. Upon the resolution of the shareholders' meeting and approval of the regulatory authority, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, distribution date, and other relevant issues.

3.1.4 Influence of the proposal of share distribution proposed by shareholders' meeting to the company business performance and profits per share: Not applicable as the Company does not provide forecasts.

3.1.5 Compensation of employees, directors, and independent directors:

1. Employees, directors, and independent directors stipulated in the Company's Articles of Incorporation are included in the number or range of compensation:
   Article 25: In the case that any earning is retained in a certain year, employees' compensation shall be ranged from 1% to 10% of the profits, and within this range, shall not distribute less than 0.01% for entry-level employees as compensation; directors' compensation shall not be more than 2% of the profits shall be resolved by the board meeting. However, in the case that any accumulated loss remains, the Company shall reserve a certain amount to offset such losses and report to the shareholders' meeting.
   The employees' compensation may be made either by stock or cash. The employees, who are distributed stock or cash, may include the employees of its subsidiaries of the Company who satisfy certain specified conditions. The profits retained in certain year which are specified in the Item 1 of this Article means a number which is obtained by the net income before income tax deducted out of the employees' compensation (including entry-level employee compensation) and board compensation.

2. Accounting procedure on the estimation of the compensation of employees, directors and independent directors, the calculation base of number of shares for employees' compensation, and the actual assigned amount is different from estimated amount:

   (1) Annual estimation base of 2025 employees' and directors' compensation is followed by Article 25 of the Company's Articles of Incorporation. The Company assigned 1% to 10% as compensation for employees and within this range, shall not distribute less than 0.01% for entry-level employees as compensation; and no higher than 2% as compensation for directors after pre-tax profits deduction.

   (2) If employees' compensation is assigned by stock distribution, the number of stock bonus is decided by the amount of bonus divided by stock fair value which is determined by the closing price of the day before the date of shareholders' meeting and considers the effect of ex-right and ex-dividend when calculating the basis.

   (3) If the actual allocated amount is different from the estimated amount, the difference shall be adjusted to the profit or loss in the year of actual allocation.

3. Acceptance of compensation distribution by the board of directors:

   (1) Employees' and directors' compensations are distributed by cash or stock. When the difference between recognized amounts and estimation amounts occurs, the discrepancy, cause, and treatment situation shall be disclosed:
   The proposal for 2025 employees' compensation and the Directors' compensation was reported in the Board Meeting on March 3, 2026. The compensation for employees is NT$10,610 thousand in cash and the compensation for Directors is NT$10,608 thousand in cash. The foresaid amounts, which have been expensed under the Company's 2025 income statements, are the same as the amounts proposed by the Board.

   (2) The proportion of employee compensation distributed in stock to the total net profit after tax and total employee compensation in the individual financial statements for the period: Not applicable because the Company did not assign stocks as employees' compensation in 2025.

4. Status and results on compensation distribution at shareholders' meeting:
   The Company plans to report on May 26, 2026 in the shareholders' meeting about the distribution of cash for employees' compensation (including entry-level employee compensation) and directors' compensation for 2025. The employees' compensation (including entry-level employee compensation) is NT$10,610 thousand. The Directors' compensation, NT$10,608 thousand, is the same as the amount recognized in the financial report for the year 2025.

5. Differences, causes, and resolution status of actual compensation distributed to employees and directors (includes stock amount distributed, amount and value per share), and the recognized compensation distributed to employees and directors in the recent fiscal year. (2025 distributed 2024 annual profits):

Distribution Status	Recognized Number	Actual number Issued	Difference	Handling Status
Employees' compensation (cash)	NT$21,968 thousand	NT$21,619 thousand	For future performance bonus	For future performance bonus
Directors' compensation	NT$11,880 thousand	NT$11,880 thousand	None	Not Applicable

3.1.6 Company buyback shares (completed):

Time of the buyback	Fifth time (phase)
Purpose of the buyback	Transfer to employees
Buyback period	June 1, 2021-July 30, 2021
Interval of buyback price	NT$50.00~101.00
Number of shares bought back	2,000,000 common shares
Total value of shares bought back	NT$133,410,581
Number of shares bought back as a percentage of plan to buy back shares	100%
Number of shares cancelled and transferred	0 shares
Accumulated number of shares bought back	2,000,000 shares
Accumulated number of shares bought back as a percentage of total outstanding shares	1.37%

3.2 Corporate bonds, preferred stock, global depository receipt (GDR), employee stock options certificate, and restricted stock awards for employees

3.2.1 Corporate Bonds: None.

3.2.2 Preferred Stock: None.

3.2.3 Global Depository Receipt (GDR): None.

3.2.4 Employee Stock Options: None

3.2.5 Restricted Employee Rights New Shares: None

3.3 Information status on mergers and acquisitions or transferee shares of the company to issue new shares

3.3.1 Information disclosing the completion on mergers and acquisitions or transferee shares of the company to issue new shares during the last fiscal year and current fiscal year up to the printing date of this annual report:

1. Evaluation of the issuer of the securities underwriters who acquired or the transferee shares of the company to issue new shares during the most recent quarter: Not applicable.
2. The implementation status of the most recent quarter (such as implementation progress or target of the effectiveness did not meet, should specify the impact and improvement plan to shareholders): Not applicable.

3.3.2 Information disclosing acquisitions or transferee company during the most recent fiscal year to the printing date of this annual report that had made a motion to approve by the board of directors. Information disclosure during the process of mergers and acquisitions or transferee of the company and the impact to the interests of shareholders: None.

3.4 Execution status of fund application plan

Up to the last quarter of the printing date of this annual report, the securities which the Company previously issued or private placement were all completed, and effects have materialized.

IV. Overview of Business Operation

4.1 Business introduction

4.1.1 Business scope:

1. Major contents of operating business:
   (1) IG01010 Biotechnology Services
   (2) I103060 Management and Consultant Services
   (3) IC01010 Pharmaceuticals Examining Services
   (4) F601010 Intellectual Property
   (5) F102170 Wholesale of Food and Grocery
   (6) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval
   (7) F208021 Retail Sale of Drugs and Medicines
   (8) F108021 Wholesale of Drugs and Medicines
   (9) F108031 Wholesale of Drugs, Medical Goods
2. Operating proposition (Year 2025):

   The Company is mainly engaged in the development of new drugs and the main sources of income are royalty revenues, sales income, and sublicense revenue from ONIVYDE®.

   In 2025, PharmaEngine generated NT$911,416 thousand which included (1) US$20,287 thousand dollars (approx. NT$627,762 thousand dollars) royalties for the sales of ONIVYDE® in Europe and Asia regions, US$200 thousand dollars (approx. NT$6,521 thousand dollars) of sublicense revenue, and (2) NT$277,133 thousand dollars for the sales of ONIVYDE® in Taiwan.

Unit: NT$ Thousand

Items	2025 Income	Ratio
Sales revenue	277,133	30.41%
Royalty revenue	627,762	68.88%
Sublicense revenue	6,521	0.71%
Total	911,416	100.00%

3. Products (Services) currently offer:

   PharmaEngine has the following projects:

   The commercialized ONIVYDE® is a novel and stable encapsulated form of the marketed chemotherapy drug irinotecan in a long-circulating nanoliposome for the treatment of patients with metastatic adenocarcinoma of the pancreas.

   One of the R&D projects, PEP07, a checkpoint kinase 1 (CHK1) inhibitor, which targets the DNA Damage Response (DDR) network, is currently in Phase I clinical trial stage and its target is to treat hematologic cancers such as Acute Myeloid Leukemia (AML) and Mantle Cell Lymphoma (MCL), and solid tumors.

   Another R&D project, PEP08, a second-generation MTA-cooperative PRMT5 inhibitor, which can more accurately target MTAP-deletion cancer cells and hinders

PRMT5 function to achieve synthetic lethality without impacting the growth of normal cells, is currently in Phase I clinical trial for solid tumors.

4. Proposal of new development products (services):
   (1) Project of ONIVYDE®
      A. Accomplish marketing plans and sales target in Taiwan
      B. Continue to advance 1L PDAC marketing and sales strategy in Taiwan
   (2) Project of PEP07
      A. Continue to move forward with dose expansion and combination studies for both hematologic and solid tumor cancers
   (3) Project of PEP08
      A. Continue with Phase I clinical trial of solid tumor cancers
   (4) Other Research Projects
      A. Nominate candidate for new project
      B. Accelerate the screening and preclinical trials of new drug candidates
   (5) R & D strategy
      A. Aggressively out-license or find collaboration partners for ongoing projects
      B. Enhance the Company's own R&D capacity with the help of diversified and innovative drug R&D platform collaboration models (such as AI new drug development platform).

4.1.2 Industry overview:

1. Market situation and outlook:

   In 2024-2025, there were still some ongoing military activities and unresolved regional conflicts, but as global inflation began to fall that led to increase in consumption activities, the global economy was moving forward at a steady pace. However, the new US president launched a series of policy reform with the goal of "Make America Great Again", including increasing tariffs on most trading partners and encouraging companies to establish manufacturing facilities in the US to create employment opportunities and stimulate economic growth. The global economy was shocked by the high tariff and its possible effects such as causing global trade to dwindle and pushing inflation to rise again as companies may pass tariff pressure to consumers. This is likely to stifle consumption and hinder economic growth, and this issue is worth paying attention to.

   The global biotechnology and pharmaceutical industry benefits from the continued increase in global healthcare demand, with manufacturers investing heavily in the development of new drugs and innovative medical devices. The number of newly approved drugs and medical devices is also steadily increasing. The development of innovative technologies and the application of cross-disciplinary technologies, such as mRNA-related technologies, cell therapy, gene therapy, and gene editing, accelerate product development and market launch, providing patients with new treatment strategies and increasing disease cure rates. Agricultural biotechnology and health food companies are also continuously developing innovative products to meet market demands and expanding market share through diversified marketing channels.

   According to IQVIA's latest report, the global pharmaceutical market reached US$1.74 trillion in 2024, showing a growth of 8.90% compared to US$1.60 trilling in 2023. Market size of the developed countries reached US$1,421.6 billion, accounting for 81.23% of the global market. In particular, the combined market size of the top 10 developed countries of the US, Germany, France, the UK, Italy, Spain, Japan, Canada, Australia, and South Korea reached US$1,1945 billion in 2024, accounting for 68.26%

of global market. This market share showed continuous growth compared to 67.31% in 2023. Emerging markets such as China, Brazil, India, and Russia had a combined market size of US$312.2 billion, representing a global market share of 17.84%, showing a decrease compared to 2023. The combined market size of low-income countries was US$16.1 billion in 2024, with market share of only 0.92%.

According to 2025 Biotechnology Industry in Taiwan report, the top three therapeutic drug classification fields in 2024 were oncologics, metabolic disorders, and immunology, the sales of each category exceeded US$100 billion. In particular, oncologics saw global sales reach US$232.388 billion and is forecasted to increase to US$426,839 billion with a CAGR of 11.1% in 2030. This indicates that cancer remains a major global disease. Please refer to the table below for details. Secondly, drugs for metabolic diseases, including diabetes, hyperglycemia, and obesity, achieved global sales of US$125.036 billion and are projected to reach US$224.548 billion by 2030, with a CAGR of 14.1% from 2024 to 2030, making it the highest CAGR among the top ten therapeutic areas. Additionally, drugs for the gastrointestinal system, ophthalmology, central nervous system, and hematological disorders also generally have CAGRs exceeding 10%.

The world's top ten therapeutic drug classification fields from 2024 to 2030

(Unit: Hundred Million USD, %)

Field of Medicine	2024 Sales	Expected 2030 Sales	2023-2030 CAGR
Oncologics	2,323.88	4,268.39	11.1
Metabolic Disorders	1,250.36	2,245.48	14.1
Immunology	1,000.56	1,472.22	5.5
Infectious diseases	863.26	1,073.85	1.9
Central Nervous System	811.61	1,543.56	10.4
Cardiovascular	608.73	579.26	0.3
Respiratory	499.48	650.53	4.9
Hematological Disorders	304.95	563.32	10.4
Ophthalmology	213.37	406.12	11.6
Gastrointestinal	182.66	388.57	13.2

Data source: 2025 Biotechnology Industry in Taiwan, 2025/08

The development of new drugs is limited by the safety of human use and its development time does not shorten because of the new drug development technology. The development process still takes 12-15 years with costs continuing to be as high as US$300 million-US$1 billion. Therefore, new drug development requires massive resource support for a chance to succeed, and for the market to grow. During this lengthy process of new drug development, the most key competitive advantage is to shorten the development time and rapidly roll out the product.

Global manufacturers are continuously investing in new drug development, providing new treatment strategies for various diseases to safeguard public health and well-being. Pharmaceutical regulatory authorities in various countries are also actively optimizing their review systems and accelerating the approval process for new drugs.

To accelerate launching new drugs into the market, the US Food and Drug Administration (FDA) encourages companies to develop medicines for rare diseases and promotes many new drug approval measures including Rare Disease (also known as Orphan Designation), Fast Track, Breakthrough Therapy, Priority Review, and

Accelerated Approval. This is to simplify or accelerate new drug approvals so the new drugs can be available in the market sooner and patients can receive better treatments. In 2024, the USFDA's Center for Drug Evaluation and Research (CDER) approved 50 new drugs for marketing, slightly higher than the average of the past five years.

Among the 50 approved new drugs in 2024, 42 received at least one of the designations mentioned above, accounting for roughly 84%. In particular, 26 of the approved new drugs in 2024 received the Rare Disease designation, accounting for approximately 52%, 18 received the Breakthrough Therapy designation, accounting for approximately 36%, 28 received Priority Review, accounting for approximately 56%, 22 received Fast Track designation, accounting for approximately 44%, and 7 received Accelerated Approval designation, accounting for approximately 14%.

Of these 50 new drugs, 36 were small molecule drugs and 14 were biologics. Furthermore, categorized by disease treatment area, cancer drugs were the most numerous, with 15 approved, accounting for 30% of the total approved new drugs. Blood and skin drugs each had 12 approved, each accounting for 24% of the total approved new drugs. The remainder belonged to drugs for cardiovascular, hepatitis, infectious diseases, nervous system diseases, endocrine diseases, metabolic diseases, and pneumonia diseases.

The US is the world’s biggest medicine market with rigorous drug approval processes and prices that are generally higher compared to other countries, therefore, many drug development companies choose the US as the first country to file for new drug certification. This also helps to shorten the marketing time in other countries. In 2024, among the new drugs approved by the US FDA, 34 listed the US as the first market for launch, accounting for approximately 68%.

According to IQVIA’s latest report, global medicine spending is expected to slow to 5-8% through 2029, reaching US$2.4 trillion excluding COVID-19 vaccines and therapeutics. North America’s medicine spending is forecasted to grow around 6-9% through 2029 due to factors such as new brands and old brands and offset by losses of exclusivity. Western Europe saw four consecutive years of 8% growth in spending through 2024, but it is expected to slow to 4.5-7.5% through 2029 as a combined result of expiry events and payer pressure due to uncertainty around economic growth partly offset by the wider use of novel medicines. Eastern Europe has been experiencing the highest growth of 7-10% through 2024 but is forecasted to show growth slowdown through 2029. Latin America is expected to show growth of 6-9% through 2029 led by Brazil, Mexico, Argentina, and Colombia. Japan’s spending is expected to be average -0.5-2% despite strong uptake of branded medicines. This is likely due to the policy shift from historical biennial price cut to annual price cut. China’s spending growth is expected to be around 1-4% through 2029.

In particular, IQVIA’s survey showed the spending on cancer medicines, not including additional medical costs or supportive care medicines, grew 75% over the last five years, reaching US$252 billion in 2024. Growth in spending averaged 11.9% annually 2020-2024, with a brief slow down in 2022 as countries continues to recover from COVID-19 pandemic and volume growth was flat. Also, growth is forecasted to slow beginning in 2027 as a few backbone therapies are expected to face generic and biosimilar competition, providing savings for both patients and payers. Nevertheless, the lower growth as the result of losses of exclusivity is expected to be offset by continued uptake of novel modalities, such as ADC, bispecific antibodies, and cell and gene therapies, which are forecasted to account for nearly 20% of oncology spending in 2029, up from 9% in 2024 and 3% in 2019.

Taiwan's biotech and pharmaceutical field already has a good R&D infrastructure, which is conducive to the development of advanced medical technology and digital medicine. For example, academic research institutions with strong R&D capabilities assist in the development and application of various biological innovation technologies, and through technology transfer enriches industrial research and development capabilities; excellent medical centers and medical technologies help the introduction and application of innovative technologies; complete medical and health insurance data, through de-identification, can promote the development of smart medical systems and medical auxiliary tools, and can build a disease risk prediction model.

The Taiwanese government has also actively promoted various measures targeting key elements of industrial development such as talent, capital, regulations, and international marketing to gradually improve the ecosystem. For example, more than 5,000 bachelor's, master's and doctoral graduates in the biomedical field every year, and various innovation and commercial talent training, injecting the vitality of industrial innovation talents. The government also provides diversified fundraising channels established by the public offering market, and the angel entrepreneurial funds, plus various domestic venture capital and fundraising funds are provided to provide capital required for all stages of enterprise development. Moreover, the pharmaceutical review regulations that are in line with international standards as the experiences in the review of new drugs and innovative medical materials are continuously accumulated, which helps to accelerate regulation formulation that are suitable for innovative medical technology developments. This will allow domestic drugs or medical technologies to launch both domestically and internationally, such as in Europe, US, Japan and other markets, to further expand the scale of Taiwan’s biotechnology industry.

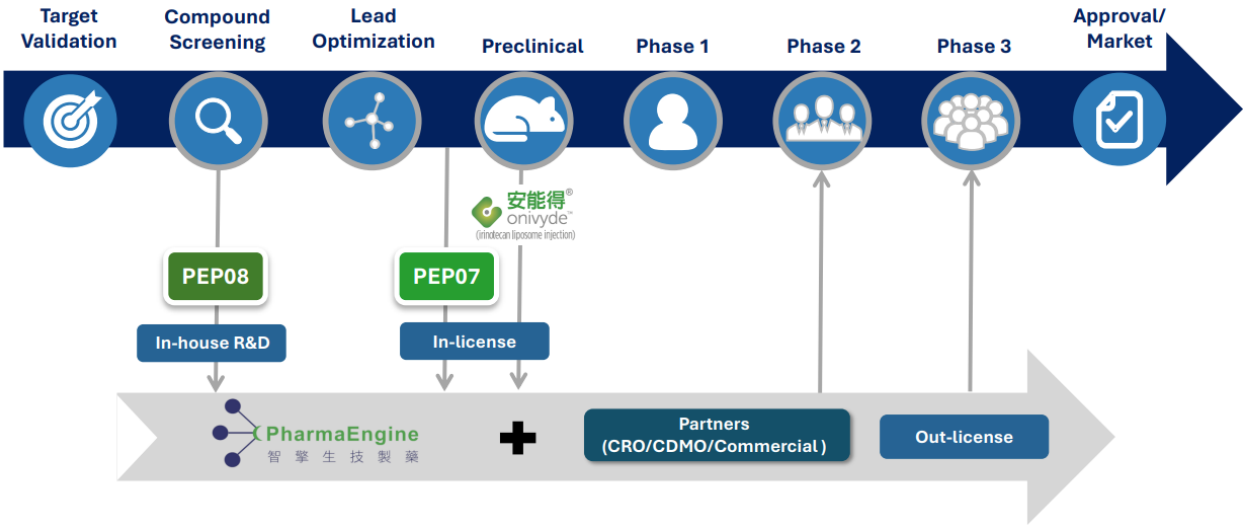
Taiwan has successful experiences in developing new drugs. This includes through licensing cooperation or in-house development of new ingredients or new dosage form and completing clinical trials for successful launch in the international market. However, there is still room for growth in the innovative development and product launch of new chemical entities.

With the rapid development of emerging technologies, the new drug industry is also facing transformation. To make drug development and treatment more cost-effective, the precise development of precision medicine has become crucial. Utilizing data science to effectively develop new drugs is a global trend. In addition to relevant toxicological and pathological testing and clinical validation, ensuring the resilience of the new drug supply chain network is also essential; a robust supply chain is equally critical. Therefore, for Taiwan to sustainably develop new drugs and expand into international markets, a lower-risk approach is to adopt the Virtual Pharmaceutical Company business model. This model, which collaborates with the international biotechnology and pharmaceutical industry chain, utilizes a flexible project management and contingency structure, and allows for collaborative development of promising precision medicines. Individual companies can begin independent R&D capabilities after accumulating sufficient development experience. Moreover, using AI/CADD technology, the most suitable international drug candidates for each company's R&D capacity can be selected. These candidates can then be paired with external professional R&D teams or suppliers to execute all R&D activities, rapidly commercializing design concepts and creating a positive cycle in the industry chain. This increases the chances of success for companies and the industry as a whole.

2. The relationship among the value chain of biotech industry:

Due to the lengthy process required for the development of new drugs, for various stages, specialized biotech companies or large pharmaceutical companies are in charge of the research and development, providing the technology, the clinical trials, or production/manufacturing. Both the technologies and products supplied are crucial to the development of new drugs. Different biotech pharmaceutical companies specialize in different industrial chains and are interdependent.

PharmaEngine adopts the Virtual Pharmaceutical Company Business Model and focuses on new drug development for oncology. In addition to evaluating, co-developing, or in-licensing potential candidates at the pre-clinical stage, the Company has been aggressively expanding in-house R&D capability. By using AI/CADD computation, the Company is able to select the best candidate project to conduct pre-clinical, Phase I-III clinical trials, and registration and commercialization. Through numerous preclinical trials, the Company explores the value of the new drugs, follows strictly to US FDA/European Union EMA standards throughout clinical trials from phase one to phase three, acquires the certificates in countries, and conducts product manufacturing, marketing and out-licensing. New drugs development relevant chart of the Company is as follows:



3. Product development and trends:

Global trends in pharmaceutical products in the coming years could be attributed to the following:

(1)With the introduction and application of technological innovation and cross-disciplinary technologies, such as gene editing, nucleic acid technology, and antibody technology, the global biotechnology industry has accelerated the development of products such as chimeric antigen receptor recombinant T cells (CAR-T) and antibody-drug conjugates (ADCs). The introduction of digitalization, AI technologies and massive data has not only created more choices with higher precision for treatment strategies but also shifted medical care from traditional treatment to disease prediction and prevention.

(2) As the global biotech industry is shifting toward precision medicine, the pharmaceutical sector is no longer of the traditional blockbuster drug model; instead, the developmental strategy for corresponding drugs can be provided, in cooperation with the development test markers, according to the population and even individual differences and further improve effectiveness of the drug therapy and march towards precision medicine.

(3)As the population ages and faces challenges in a super-aged society where chronic diseases are prevalent in addition to the constantly advancing medical technologies, pharmaceutical companies has been shifting focus to the technological research and development and innovative application of new drugs and innovative medical devices, with key investments covering a variety of fields including emerging therapies, precision medicine, nucleic acid drugs, innovative biomanufacturing, biomedical chips, smart healthcare and geriatric technology.

(4)In the face of reform and control of the international drug pricing system, global biotech pharmaceutical companies must adjust product selection, layout, pricing, and payment models. It will evaluate the management team's decision-making, operational planning, and execution capabilities.

4. Competition situation:
The Company is a new drug R&D company, mainly for research and development of various cancer drugs. Our commercial product, ONIVYDE®, is a drug using nanotechnology development of liposomes preparations, for the treatment of metastatic pancreatic cancer. Currently, the most commonly prescribed drugs for metastatic pancreatic cancer treatment in Taiwan for 1L PDAC patients are Gemcitabine and its combination, ONIVYDE® and combination, and other mono or 2-3 and above combination treatments.
One of the R&D projects, PEP07, is a small molecule drug with characteristics such as brain penetration, highly selective, highly potent, and can be administered orally. Its main mechanism of action is to affect cellular response pathway caused by DNA damage (DNA damage response). It acts as a checkpoint kinase 1 inhibitor (CHK1 inhibitor) in the DDR mechanism. PEP07 is currently in Phase I clinical trial for hematologic and solid tumor cancers.
Another project on the pipeline, PEP08, is a small molecule, second-generation MTA-cooperative PRMT5 inhibitor that has demonstrated characteristics such as brain penetration, high selectivity, high potency, and oral bioavailability. Its main mechanism of action is to utilize the accumulation of MTA by binding to PRMT5 in an MTA-cooperative manner and forming a stable ternary complex, thereby achieving selective PRMT5 inhibition and killing of MTAP-deleted tumor cells while sparing MTAP-wt normal cells. PEP08 is currently in Phase I clinical trial for solid tumors.

4.1.3 Technology, research, and development status:

1. R&D expenses invested of year 2025 till first quarter of 2026:

Unit: NT$ Thousand

Items	2025	First-quarter 2026
R&D expenses	299,716	N/A

2. Developed technology or products:

February 2025	ONIVYDE® 2024 sales in Europe and Asia reached the second milestone, PharmaEngine received US$50 million in milestone payment.
October 2025	First patient dosed in Phase I trial of PEP08 for solid tumor cancers.
November 2025	ONIVYDE® with oxaliplatin, fluorouracil and leucovorin will be included in Taiwan NHI for first-line treatment of metastatic pancreatic adenocarcinoma

January 2026	ONIVYDE® first-line pancreatic ductal adenocarcinoma dossier was accepted by Japan's Pharmaceuticals and Medical Devices Agency (PMDA), PharmaEngine received US$1.5 million in sublicense revenue.

4.1.4 Long-, short-term business development plan:

1. Short-term business plan:
   (1) Marketing Planning of ONIVYDE®
   A. Accomplish marketing plans and sales target in Taiwan
   B. Continue to advance 1L PDAC marketing and sales strategy in Taiwan
   (2) Project Development
   A. Project of PEP07
   a.Continue to move forward with dose expansion and combination studies for both hematologic and solid tumor cancers
   B. Project of PEP08
   a.Continue with Phase I clinical trial of solid tumor cancers
   C. Other Research Projects
   a. Nominate candidates for new projects
   b. Accelerate the screening and pre-clinical trials of new drug candidates
   D. R & D strategy
   a. Aggressively out-license or find collaboration partners for ongoing projects
   b. Enhance the Company's own R&D capacity with the help of diversified and innovative drug R&D platform collaboration models (such as AI new drug development platform)
2. Long-term business plan:
   (1) Adopting the business model of "Virtual Pharmaceutical Company" and reinforcing the collaboration with international partners to establish an international R&D team.
   (2) Expand and advance R&D projects on the pipeline.
   (3) Actively training R&D personnel of the Company, improving the techniques in new drug development, and achieving sustainable growth of the Company.
   (4) Our vision is to become the world's most professional and innovative new drug development company, which specializes in medical treatment of cancers.

4.2 Market and production overview

4.2.1 Market analysis:

1. Major commodities (services) sale (provided), market share:

Major product (services)	Sales (Provide) region
ONIVYDE®	Authorized the right to develop and sell ONIVYDE® product in Asia (excluding Taiwan) and European region to Ipsen S.A. Sales in Taiwan will be managed by the Company.

The Company is mainly engaged in the development of new drugs, currently has numerous new drug projects in pipeline while PEP07 and PEP08 are in the Phase I clinical trial stage, not yet listed for sale. ONIVYDE®, the treatment used in pancreatic

cancer patients, was approved by Taiwan FDA and US FDA in October 2015 and obtained new drug market release permit by Europe EMA in October 2016, Japan MHLW in March 2020, and China NMPA in April 2022. Moreover, the ONIVYDE® regimen (NALIRIFOX) for 1L PDAC has obtained approvals in the US, Australia, Taiwan, and Europe. According to the 2022 estimates by the World Health Organization, the global number of new cases of pancreatic cancer in 2045 is estimated to be 853,240 (in particular, 97,375 in North America, 188,360 in Europe, and 441,434 in Asia). Since pancreatic cancer is a highly malignant disease, the vast majority of patients have been found to have been locally invasive or have metastasized, therefore, ONIVYDE® regimen (NALIRIFOX) is currently used in the treatment of metastatic pancreatic adenocarcinoma. The product has been successively launched on the global market; hence the Company currently has no market share of the product that could be evaluated, but the room for growth is foreseeable.

2. Future market supply and demand condition, and growth:
   With the aging population, health awareness has been increasing which increases drug demand, therefore, demand in the global pharmaceutical industry is expected to grow continuously with stable developments. According to IQVIA's latest report, global medicine spending is expected to slow to 5-8% through 2029, reaching US$2.4 trillion excluding COVID-19 vaccines and therapeutics. In particular, IQVIA's survey showed the spending on cancer medicines, not including additional medical costs or supportive care medicines, grew 75% over the last five years, reaching US$252 billion in 2024. Growth in spending averaged 11.9% annually 2020-2024, with a brief slowdown in 2022 as countries continue to recover from COVID-19 pandemic and volume growth was flat. Also, growth is forecasted to slow beginning in 2027 as a few backbone therapies are expected to face generic and biosimilar competition, providing savings for both patients and payers. Nevertheless, the lower growth as the result of losses of exclusivity is expected to be offset by continued uptake of novel modalities, such as ADC, bispecific antibodies, and cell and gene therapies, which are forecasted to account for nearly 20% of oncology spending in 2029, up from 9% in 2024 and 3% in 2019.
3. Competitive niche:
   (1) PharmaEngine draws on its successful experience in new drug development and provides high-quality and international standards aligned clinical trials as competitive advantage.
   (2) International experience: The establishing of clinical development network and the regional partners in Asia, Australia, Europe, and the US is conducive to the development of new drugs in the future.
   (3) PharmaEngine's R&D and CMC teams independently completed preclinical and CMC activities for PEP07 project including vivo efficacious/toxicity studies and drug substance/drug product GMP manufacturing, which successfully led to a multi-center and multi-country Phase I clinical trial (ongoing).
   (4) PharmaEngine's R&D and CMC teams independently developed the first in-house drug, PEP08, a second-generation MTA-cooperative PRMT5 inhibitor, and conducted preclinical and CMC activities that successfully led to a multi-center and multi-country Phase I clinical trial (ongoing).
   (5) In-license and in-house R&D of innovative drugs to build oncology drug combinations that meet medical demands and provide stable cash flow to support new drug R&D for PharmaEngine to continue developing international R&D themes.

4. Favorable and unfavorable factors in development prospects and solutions:
   (1) Favorable factor
      A. PharmaEngine follows the project-based resource integration model to decentralize risks in the development of new drugs, to achieve a high success rate, and to shorten the lead time needed for marketing, and to increase the return on investment in the development of new drugs.
      B. The PharmaEngine professional team closely monitors global trends and is dedicated to researching and evaluating new drug candidates for in-house R&D, in-licensing opportunities, and potential introduction to the market.
      C. The experience in successfully developing new drugs and licensing enables compliance in subsequent R&D projects of PharmaEngine.
      D. Greater flexibility and room for utilization in the core operation of the Company are made possible with the experience in creating sponsored studies and in managing contract production partners following the light asset operational model.
      E. The international collaboration pattern gives PharmaEngine the altitude needed for strategic global deployment.
   (2) Unfavorable factors and solution
      ● Unfavorable factors:
      A. Time consuming, high R&D expenses and high risk in developing new drugs, regardless of development process, animal testing or human clinical trials costs are increasingly expensive.
      B. Currently, there is a lack of international business management and marketing experience of high-level human resources in Taiwan.
      C. The value chain of the new drug development industry is more comprehensive in western countries compared to us.
      D. Pricing control of drugs around the world has become a trend whereby the recovery efficiency of new drug investment is expected to become more conservative.
      ● Solutions：
      A. PharmaEngine has a professional new drug development team and the infrastructure of a new drug development platform that meets international standards and could be applied to different drug development projects.
      B. PharmaEngine has established an international cooperative network and cooperate model in the past 20 years. The use of strategic alliance cooperation and partners to develop together effectively reduces the risk of resources and new drug development.
      C. Use the correct strategy for new drug development by focusing on the oncology field as it is relatively easy to duplicate and implement past successful experiences and the international cooperation we have established to improve the chance of success of new projects.
      D. Enhance the Company’s own R&D capacity with the help of diversified and innovative drug R&D platform collaboration models.

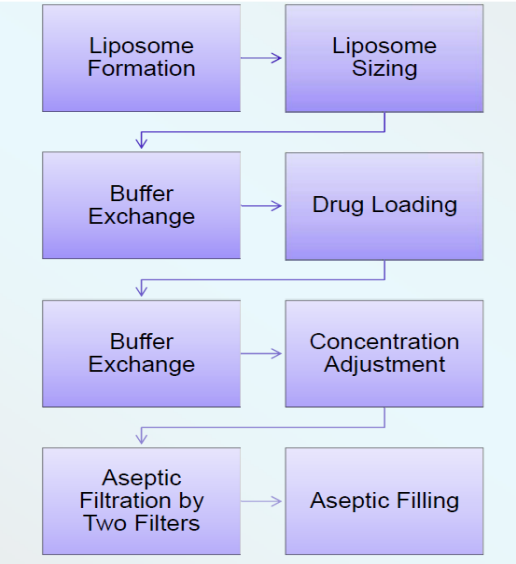
4.2.2 Important usage and production process of main product:

1. Important usage of the Company's product:

   ONIVYDE® can be developed for indications including pancreatic cancer, small-cell lung cancer, colorectal cancer, children bone neoplasm, stomach cancer, and brain cancer. Currently PharmaEngine focuses on the development of pancreatic cancer related indications.

   PEP07 is currently in Phase I clinical trial, and its' targets are to treat hematologic cancers such as Acute Myeloid Leukemia (AML) and Mantle Cell Lymphoma (MCL) and solid tumors. PEP08 is also in Phase I clinical trial and is currently focusing on solid tumors.

2. Production procedure: The following is a summary for ONIVYDE®:



4.2.3 Supplies of the main raw materials:

The Company's ONIVYDE® combined therapy was approved by TFDA of the Taiwan Ministry of Health and Welfare for product launch. Its indication is the patients with metastatic pancreatic cancer. ONIVYDE® sold in Taiwan market is provided by Ipsen.

4.2.4 Total purchases (sales) are more than 10 percent in any year of the recent two fiscal year, customers' names, the purchases (sales) cost and proportions, and the causes of the changes:

1. Main suppliers:

Main suppliers of the most recent two fiscal year

Unit: NT$ Thousand

	2024				2025				Till first quarter of 2026 (note 2)			
Items	Name	Amount	Annual net total supplies ratio (%)	Relationship with the issuer	Name	Amount	Annual net total supplies ratio (%)	Relationship with the issuer	Name	Amount	Annual net total supplies ratio (%)	Relationship with the issuer
1	Ipsen	61,890	100	None	Ipsen	66,306	100	None	N/A			
2	Others	0	0	-	Others	0	0	-				
	Net total supplies	61,890	100	-	Net total supplies	66,306	100	-				

Note 1: Listed total purchases (sales) are more than 10 percent in any year of the recent two fiscal years, supplier's names, the purchases (sales) cost and proportions, but due to the contract agreement, the Company shall not disclose the supplier's name or subject is personal and non-related person, could be code-named.

Note 2: Up to the printing date of the annual report, listings or company shares have been trading on the securities business premises, if the most recent financial statements are audited and certified by accountant, should be disclosed. The first quarter of 2026 data have not been certified by accountant.

2. Main customers:

Main customers of the most recent two fiscal year

Unit: NT$ Thousand

	2024				2025				Till first quarter of 2026 (note 2)			
Items	Name	Amount	Annual net total supplies ratio (%)	Relationship with the issuer	Name	Amount	Annual net total supplies ratio (%)	Relationship with the issuer	Name	Amount	Annual net total supplies ratio (%)	Relationship with the issuer
1	Zuellig	279,990	100	None	Zuellig	277,133	100	None	N/A			
2	Others	0	0	-	Others	0	0	-				
	Net total supplies	279,990	100	-	Net total supplies	277,133	100	-				

Note 1: Listed total purchases (sales) are more than 10 percent in any year of the recent two fiscal years, customer's names, the purchases (sales) cost and proportions, but due to the contract agreement, the Company shall not disclose the customer's name or subject is personal and non-related person, could be code-named.

Note 2: Up to the printing date of the annual report, listings or company shares have been trading on the securities business premises, if the most recent financial statements are audited and certified by accountant, should be disclosed. The first quarter of 2026 data have not been certified by accountant.

4.3 Status of employees

Employee data in the most recent two fiscal years till the printing date of the annual report

Mar. 31, 2026

Year		2024	2025	Mar 31, 2026
Number of Employees	Managerial Officers	5	5	5
	R&D Employees	14	17	17
	Other Employees	14	14	14
	Total	33	36	36
Average Age		44.73	45.1	45.4
Average Years of Service		7.19	7.56	7.81
Education (%)	Ph.D.	15.15%	13.89%	13.89%
	Master's Degree	60.61%	61.11%	61.11%
	Bachelor's Degree	24.24%	25.00%	25.00%
	Senior High School	-	-	-
	Below Senior High School	-	-	-

Note 1: Full time employees and work sites are in Taiwan.

Note 2: All employees are R.O.C. nationality and the data above do not include contract employees, some part-time employees and employees onboard for less than one month.

4.4 Expenditure on Environmental Protection

4.4.1 Disbursements for environmental protection: any losses suffered by the company in the most recent fiscal year and up to the Annual Report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

The Company is located in the urban area of Taipei city, not an ecological reservation or habitat, and the Company does not have factories so it will not affect the ecology of conservation animals, and there is no violation of environmental laws and regulations, nor in accordance with the Basel Convention definition of output harmful waste.

Due to the specific operational characteristics of the Company, the main energy consumption comes from the purchased electricity and gasoline for official vehicles. Since there is no production process, there is no process emission source and no need to consume too much power and water. The main source of pollution of the Company operation is general wastewater discharge and waste. The general wastewater is discharged into the sewage treatment plant through the sewage of Taipei city, and the waste is divided into two categories:

1. Recycle items:
   (1) Newspaper, Xerox paper, magazines etc. and various bottles, cans, glasses, metal scraps etc. are collected by commissioned recycle company.
   (2) Scrapped pieces of computer equipment are collected by commissioned recycling companies or by the public welfare department to donate to the disadvantaged groups.
   (3) Kitchen waste is commissioned by recycling companies.
2. Unrecycled items: These are general daily waste and are collected by the building management committee centrally.

   From the year 2025 and up to the printing date of the annual report, the Company has not been subject to any environmental pollution violations.

4.4.2 Workplace environment and labor safety protection:

The Company organizes employee safety and health education trainings from time to time to avoid accidents caused by ignorance. In addition, the Company will reinforce the related workplace environment safety management, environmental health maintenance, fire safety management, employee health management etc. to maintain the safety of employees.

1. Workplace environment safety management:
   (1) Stipulate “Work Rules Reference Handbook” and specify the safety management items for employees to follow.

(2) Implement access control so the employees or visitors are required to swipe access cards or validate.

2. Environmental cleaning:
   (1) Office cleaning task: 3 times a week
   (2) Pest disinfection task: Twice a year
   (3) Drinking water maintenance: Once every month and quarterly SGS inspection
   (4) Air conditioning filter replacement: Once every 3 months
3. Fire safety:

   (1) The building, according to the regulations, in which the Company is located, shall be equipped with a complete fire safety system including fire extinguishing equipment, alarm system, and evacuation equipment (such as an evacuation system).

   (2) The fire protection equipment of the building where the Company is located is commissioned by the qualified professional inspection company to conduct system function testing.

   (3) The building where the Company is located cooperates with the Taipei City Fire Department to conduct disaster prevention guidance courses in the building, such as fire prevention knowledge courses, earthquake prevention knowledge courses, CPR & Heimlich courses, and fire extinguisher operation.

   (4) Other fire safety related facilities: Dry powder fire extinguishers are placed in public walkways, and all the fire protection systems are regularly inspected and maintained.

   (5) The Company holds disaster prevention seminars from time to time.

4. Employees health management:

   (1) General health checkup allowance for every employee every two years.

   (2) There were no occupational injuries, occupational disease, and deaths in 2025.

4.5 Employee/Employer Relations

4.5.1 Listed the company's welfare measures, continuous studying, training, retirement system and its implementation, as well as the agreement between labor and employer and employees' rights protection:

1. Employee welfare measures:

   To create a good working environment, attract talents, and encourage employees to stay in the Company for long term, the Company established welfare regulations and implemented welfare measures. Described as follows:

   (1) Bonus/Allowance
      A. Annual bonus
      B. Birthday gift: Birthday parties are held by the Company, and a birthday bonus is given to the employees who have birthdays that month.
      C. Wedding gift: Wedding gift is from the Company to congratulate the employee's wedding.

D. Fertility gift: Employee or employee's spouse can receive fertility gift. Full-time employees can receive six-month subsidies for newborns and infants during employment.

E. Annual gift: Annual gifts for Dragon Boat Festival and mid-Autumn Festival are given by the Company.

F. Disease and hospitalization condolence money: Employees may apply for the allowance from the Company's group insurance or condolence money from the Company.

G. Disaster salvage subsidy: Salvage subsidy will be given according to the specific situation.

H. Bereavement allowance: The Company will provide bereavement allowance if the first-degree relatives (parents, children, spouse) or second-(grandparents, siblings, grandchildren) and third-degree (great-grandparents, great-grandchildren) of the employee passed away.

I. Health checkup subsidy: Health checkup subsidy can be applied in the second year which the employee has worked at least one year in the Company. Allowance is given out once every two years.

J. Domestic and overseas travel subsidy:

a. Domestic travel: Fully subsidized except for the new employees onboard for less than one month.

b. Overseas travel: The Company provides this subsidy according to the annual budget. Calculated in proportion if employee has been with the Company for less than one year. If overseas travel is hosted by the Company of that year, the subsidy is included in the company travel budget of that year. The subsidy for the company travel for the newcomers onboard for less than a year will be calculated in proportion.

(2) Leave regulation

A. Special leave

B. Paid family care leave

C. Menstrual leave/paid sick leave

D. Maternity leave/maternity exam leave/paternity leave

(3) Others

A. Group insurance: Insured NT$3 to 5 million for accident coverage according to job levels, NT$30 thousand for injury medical insurance and hospitalization insurance.

B. Depending on the budget and needs, the Company organizes dinners, annual parties, and other activities from time to time.

2. Further education and training for employees:

(1) According to the Company's Regulations for Education and Training, each department sets out a budget and implements the training courses during that year to strengthen peer functional and core competencies and improve work efficiency and quality. The training courses include pre-employment training, internal and external on-the-job training, domestic/abroad training, or other related courses, and employees provide feedback or sharing experience.

(2) The implemented training courses offered in 2025 are as follow:

- Course Name:
  R&D Investment Credit and AI & ESG Application Practices; Starting from Impact: The Path to Outstanding Leadership; Win-Win Communication and Negotiation Workshop; Leading the New Revolution in AI and Cybersecurity; ISO 27017/27018; 2025 Frontier Drug Discovery Forum; ISO 9001:2015 Quality Management System Clauses and Internal Auditor Training Course; In-depth Analysis of Aseptic Process Technology and Practice in the Pharmaceutical Industry; 2025 Multibody Technology Application Exchange and Sharing Session; Carnegie Sales Class; Making ChatGPT Your AI Work Assistant; Payroll Cycle and Labor Incident Act from the Perspective of Corporate Governance; Taiwan's Drug Safety Monitoring Regulations and Implementation Practices; Sustainable Information Compilation and Reporting Practice Workshop; How to Analyze Key Corporate Financial Information to Strengthen Crisis Early Warning Capabilities; Continuing Education Course for Accounting Supervisors of Issuers, Securities Firms, and Exchanges; IFRS 18 "Presentation and Disclosure in Financial Statements" Standards and Practices; Model-Informed Drug Development (MIDD) Approach to Support Oncology Dose. Courses include Optimization, Introduction to Statistical Concepts and Methods Commonly Used in Non-clinical Fields, 2025 Cyber Security Training Course, and Workplace Misconduct Training Course…etc.
- Annual education and training costs: NT$1,229 thousand dollars
- Total trainees: 578 people
- Total training time: 2,052.3 hours
- The average number of training hours per year is as follows:

Items		Male	Female
Average Training Time (hour)	Managerial Officers	62.77	59.50
	R&D Employees	54.06	59.68
	Other Employees	47.13	58.37

(3) The Company will continue to uphold the core value of lifelong learning to provide employees with training opportunities and a learning environment to develop the professional skills required by the work, to ensure employees achieve the best job performance, and to earn customers' trust. This can also derive win-win results among customers, shareholders, the Company, and employees.

3. Retirement system:
   (1) Effective on July 1, 2005, 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.

   (2) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2025 were NT$2,729 thousand.

4. The agreement between employers and employees and the employees' rights and interests:

The Company has not set up a union or safety and health committee or a collective agreement but has set up a labor meeting at least once a quarter. The conference topics include labor welfare, safety and health, labor health, and labors'/employers' agreement. The participants are two representatives for the employees and the employer, the proportion of workers involved in labor meeting is one half.
Through volunteer or election, there are usually two-three employees that become the members of the Welfare Committee every year to manage the welfare of the employees including birthday celebration, company travel, annual party, and other activities.

Any new or revised measures concerning the labor relations of the Company shall be finalized by the agreement between the employers and employees. In 2025, we updated and announced the 4th edition of "Guidance for Prevention and Management of Unlawful Infringement in the Performance of Duties". The relationship between employers and employees is harmonious.

4.5.2 List any losses suffered by the company in the most recent years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None

4.6 Information Security Management

4.6.1 Information security risk management framework, information security policy, specific management plans, and resources devoted to managing information and communication security, etc.:

The information security risk management framework of the Company is described below:

1. Purpose and scope of information security:
   (1) Target: employees, suppliers, customers, and operation-related information software and hardware equipment
   (2) Scope: To ensure information security of the Company, related regulatory systems, applied technologies, and data security criteria are defined and included as part of the management operation system to protect the privacy of employees, suppliers, and customers and maintain information security during business contact.
2. Information security risk management framework:
   (1) The Company established the Information Security Management Committee in 2022, with the General Manager serving as the convener. The Committee includes functional teams such as the Document Management Team, Incident Response Team, Continuous Operation Team, Internal Audit Team, and Risk Assessment Team, and is responsible for defining the information security management policy and periodically reflecting upon and modifying it.
   (2) Information Security Manager was set up in April 2023. The manager is responsible for promoting information security policies and targets, coordinating resource allocation on information security and monitoring safety measure implementation.
   (3) The Information Security Management Committee regularly holds management review meetings to examine whether the information security management system is implemented and whether the targets are achieved, to ensure the system is effective. It also reports on the implementation status and reviews to the Board of Directors annually.

(4) Information security policy:

A. Ensures the Company's operation is continued, and the information technology service provided by the Company can be steadily used.

B. Ensures the confidentiality, integrity, and usability of the information assets in custody of the Company and protects the privacy of staff data.

C. Prepares the information and communication security risk assessment and operation plan and implements information and communication security operating activities meeting applicable regulatory requirements.

D. Information and communication security specific management solution

Type of Management	Operational Measure
Authority management	Staff account management
	System privilege management
Access management	Internal data access control
	Analysis of operating records
Viral threat	Anti-virus and malware detection
System maintenance	Data backup measure
	Remote backup mechanism
	Disaster drill and data recovery

(5) Information security control measures

PharmaEngine conducts self-assessment on information security and network risks, of which the information security risks such as confidential data leaks on the Company's R&D products and the hacking of the Company's network may cause material losses to the Company's finances and business.

A. The Company has various network security equipment (such as routers, switches, and firewalls, etc.) in place to control or maintain daily operation of the Company but still cannot guarantee the Company's network will not be hacked.

B. The Company currently reviews and evaluates the security precautions and periodically changes security settings to ensure network security. To reduce the risk of confidential data leaks, the Company's individual department has identified the key processes and confidential documents of each business and adopted corresponding measures such as adequate improvement of the related processes and enhancing computer hardware and software.

C. From 2021, the Company began to plan for digital transformation and information security management and entrust external information security technical experts. ISO 27001 information management system was officially introduced in 2022, and the Company obtained the certification in January 2023. The validity period of the certificate is from January 30, 2023, to October 31, 2025. In addition, the Company obtained certification of the updated ISO/IEC 27001:2022 certification in November 2024. Furthermore, in December 2025, the Company invited third-party certification company to conduct cyber security testing for the revalidation review of ISO 27001:2002 and obtained the revalidation certification in January 2026 with effective date from January 30, 2026, to January 29, 2029.

D. The Company became a member of TWCERT/CC in March 2023, to effectively receive and deliver cyber security information.

E. Implementation status for the promotion of information security awareness in 2025:
The Company has completed the information risk assessment report and conducted related promotion and training based on the content of this report for 3 hours, which was attended by 38 people, including managers and employees.
F. The Company invested NT$1,884 thousand in 2025 for information security management related issues.

4.6.2 List the losses, possible impacts and countermeasures caused by major Information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None.

4.7 Material Contracts

Mar. 31, 2026

Contract Properties	Party	Contract Start Date	Main Content	Limitation
Authorized licensing	Ipsen S.A.	2011.05 ~	Authorized development, sales, and relevant rights of PEP02 product in Asia (excluded Taiwan) and Europe region to Ipsen S.A.	None
Cooperation and Commissioned Research Contract	Guangzhou BeBetter Medicine Technology, Ltd. China	2013.01.03~ until terminated by mutual agreement	Candidates for new drugs PEP06 research and development	None
License Agreement	Sentinel Oncology Limited	2022.09.25 ~	Global research and development, manufacturing, and commercialization for new drug PEP07	None
Distribution	Shanghai RMX Biopharma Co., Ltd. Daehwa Pharmaceutical Co., Ltd.	2024.11 ~ until terminated by mutual agreement	Sale of LIPORAXEL® in Taiwan (manufactured by Daehwa)	None

V. Review of Financial Conditions, Operating Results, and Risk Management

5.1 Financial Conditions

Analysis of Financial Status

Unit: NT$ Thousand

Items \ Year	2024	2025	Difference	
			Amount	%
Current assets	5,827,444	5,084,842	(742,602)	(12.74)
Non-current assets	20,367	62,670	42,303	207.70
Total assets	5,847,811	5,147,512	(700,299)	(11.98)
Current liabilities	443,053	187,146	(255,907)	(57.76)
Non-current liabilities	4,960	34,448	29,488	594.52
Total liabilities	448,013	221,594	(226,419)	(50.54)
Common stock	1,456,776	1,456,776	0	0
Additional paid-in capital	1,615,939	1,615,939	0	0
Retained earnings	2,460,896	1,986,613	(474,283)	(19.27)
Other equity	(403)	0	(403)	(100)
Treasury stock	(133,410)	(133,410)	0	0
Total equity	5,399,798	4,925,918	(473,880)	(8.78)

5.1.1 Significant changes in assets, liabilities and equity in the last two years and their impacts:

1. The decrease in current assets was mainly due to the decrease in contract assets in 2025.
2. The decrease in current liabilities was mostly attributed to the decrease of income tax liabilities.
3. The decrease in current retained earnings was mainly due to the decrease in net profit and cash dividend payout to shareholders in 2025.

5.1.2 Explanation of significant impacts on future plans:

1. Impact: None.
2. Future plan: Not applicable.

5.2 Operating Results

Analysis of Operating Results

Unit: NT$ Thousand

Items \ Year	2024	2025	Difference	
			Amount	%
Total sales	2,523,304	911,416	(1,611,888)	(63.88)
Less: sales return	0	0	0	-
sales discount	0	0	0	-
Net sales	2,523,304	911,416	(1,611,888)	(63.88)
Cost of goods sold	(47,740)	(51,853)	4,113	8.62
Plus: Realized income with affiliated companies	0	0	0	-
Less: Unrealized income with affiliated companies	0	0	0	-
Gross profit	2,475,564	859,563	(1,616,001)	(65.28)
Operating expenses	(422,398)	(434,102)	11,704	2.77
Operating income (loss)	2,053,166	425,461	(1,627,705)	(79.28)
Non-operating income and expenses	109,829	83,832	(25,997)	(23.67)
Net income of continuing operating (net loss)	2,162,995	509,293	(1,653,702)	(76.45)
Income tax (expenses) benefits	(411,965)	(121,652)	290,313	(70.47)
Net income (loss)	1,751,030	387,641	(1,363,389)	(77.86)
Other comprehensive income (loss)(net)	0	0	0	-
Total comprehensive income (loss) for the period	1,751,030	387,641	(1,363,389)	(77.86)

5.2.1 Major reasons for significant changes in total sales, operating profit and net profit before tax in the last two fiscal years:

Major reasons for the increase in operating income, operating gross profit and operating profit compared to the same period last year:

The 2025 total sales, gross profit, and operating income showed decrease of NT$1,611,888 thousand, NT$1,616,001 thousand, and NT$1,627,705 thousand respectively compared to 2024 were due to the receival of milestone revenue in 2024. There was no milestone revenue received in 2025.

5.2.2 Expected number of sales and its basis:

ONIVYDE® is for the treatment of patients with metastatic adenocarcinoma of the pancreas after disease progression. The sales of ONIVYDE® in 2026 in Taiwan are estimated to be around 16,000-19,000 vials, based on the assumptions of the growth rate of incidence pancreatic cancer, the national health insurance policy, and the first-line products for pancreatic cancer treatment.

5.2.3 The possible impacts and resolutions on the company's future financial business:

The Company's first new cancer drug ONIVYDE® is currently approved in most major markets including the U.S., Europe and Asia. Moreover, the Company will actively introduce new projects to accelerate and expand our R&D capacity, build diverse product lines, and strengthen our competitiveness, thereby producing positive effects on the Company's financing and business in the future.

5.3 Cash Flows

Cash Flows Analysis

Unit: NT$ Thousand

Cash balance at the beginning of the period	Net cash flow from operating activities throughout the year	Net cash flow from investment and financing activities throughout the year	Cash surplus (insufficient) amount	Cash shortfalls remedial measures	
				Investment plan	Financial Plan
993,699	1,726,850	(1,137,024)	1,583,525	-	-

5.3.1 Analysis of changes of cash flows in recent fiscal year:

5.3.1.1 Net cash flow from operating activities: Mostly attributable to the fact that most of the revenue sources in 2025 were sales revenues from ONIVYDE® in Taiwan and recognition of its royalties in Europe and Asia based on the net sales ratios, sublicense revenue and milesone revenue. After paying the relevant operating expenses, the net cash inflow from operating activities for the entire year was NT$1,726,850 thousand.

5.3.1.2 Net cash outflow from investing and financing activities for the year: NT$1,137,024 thousand, mostly attributable to the increase of time deposits with a maturity of over three months maturing consecutively and the payment of cash dividends.

5.3.2 **Liquidity improvement program:** None.

5.3.3 Analysis of cash flow for the year ahead:

Unit: NT$ Thousand

Cash balance at the beginning of the period	Expected net cash flow from operating activities throughout the year	Expected net cash flow from investment and financing activities throughout the year	Expected cash surplus (insufficient) amount	Predicted cash shortfall of remedial measures	
				Investment plan	Financial plan
1,583,525	61,844	(287,355)	1,358,014	-	-

1. Cash flows from the operating activities: Mainly due to the estimated royalties (including milestone revenue) from the sales in Europe and Asia, the sales in Taiwan and deduct the R&D Expenses for PEP07, PEP08, and new projects and related expenses, estimation of net cash flow by operation activities is NT$61,844 thousand.
2. Estimated annual cash outflow of investment and financing activities: Mainly due to the payment of cash dividend of NT$287,355 thousand.
3. Cash shortfall of remedial measure and liquidity analysis: Not applicable.

5.4 Impact of major capital expenditures on the financial business in the most recent year

5.4.1 Major use of capital expenditures and sources of funding: None.

5.4.2 Impact on financial operation: Not applicable.

5.5 Reasons and remedial plans for investment gain or loss occurred in the most recent years and the investment plan for the upcoming year: Not applicable due to no investee enterprises.

5.6 Risk Matters Should be Analyzed and Evaluated

5.6.1 Interest rate, exchange rate, inflationary impact on the profit and loss of the company and future measures:

1. Impact on the profit and loss of the Company on changes of interest rate and exchange rate in 2025:

Year 2025

Items	Interest received (paid)	Exchange gain (loss)
Net Amount	NT$95,964 thousand	(NT$12,244) thousand
Net Revenue Ratio	10.53%	-1.34%
Net Profit Pre-tax Ratio	18.84%	-2.40%

2. Future measures:
   (1) Interest rate: The Company has no bank borrowings. For interest income from the bank, the Company will strengthen a close relationship with the bank to understand the trend of the interest rate to obtain the most favorable interest rate on deposits.
   (2) Exchange rate: The exchange rate risk of the Company is mainly related to business activities (when the currency used for revenue or expenses is different from the functional currency of the Company). Periodically review the international currency market fluctuation of the major currencies and the trends of international changes to non-economic factors to grasp the exchange rate fluctuation for responses in time. When negotiating the commissioning of R&D contract or the payment of the technical licensing fee for foreign manufacturers, we shall take into consideration the Company's foreign currency account and make a payment through the foreign currency account. When a large sum of foreign currency revenues is to be recognized on the Company's account, it is appropriate to make use of hedging instruments for derivative products to reduce the risk arising from changes in exchange rates.
   (3) Inflation: According to the statistics provided by the Central Bank of Taiwan in March 2026, the annual consumer price index increase for 2026 is estimated to be 1.80%, at a reasonable level, hence the Company believes this shall not have significant impacts on the profit and loss of the Company.

5.6.2 Major reasons of the policy, profit or loss in engaging high risk, highly leverage investment, capital loan and endorsement guarantee and derivative commodity transactions and future measures:

1. The Company has not engaged in high risk or highly leveraged investment. All the investments have been carefully evaluated and executed in accordance with the Company's regulations. The Company has not loaned funds to others and has not endorsed others. In addition, there are no derivative transactions.
2. The types, objectives, methods, results, and accounting treatment of the applicable financial products (including derivative products): The Company never engages in derivative transactions so never used hedge accounting.
3. In the future, if the Company needs to be financed due to business needs, endorsement of others or engaging in derivative transactions, it shall still follow the Company's relevant regulations and make announcements correctly on all information in a timely manner.

5.6.3 Future R&D plans and estimated expenses:

1. Current progress of R&D plans in the recent fiscal year and unfinished projects:

   Current progress of R&D plans of ONIVYDE® and PEP07 in the recent fiscal year are as follows:

   (1) ONIVYDE®
   - A. ONIVYDE® was authorized to Merrimack USA in May 2011. However, Merrimack USA sold the products to Ispen in April 2017. It has been launched in major markets including the U.S., Europe and Asia. In addition, clinical trial indications to extend product life as part of product life cycle management is still ongoing in Taiwan.
   - B. The key factors influencing the success of this pharmaceutical development are: Whether the safety, efficacy, and convenience of ONIVYDE® meet the requirements of various countries on pharmaceuticals approval and markets.

   (2) PEP07
   - A. PharmaEngine signed an exclusive license agreement with Sentinel Oncology Limited in November 2020. Both parties will jointly develop a new drug known as PEP07 (R&D code SOL-578), which is a checkpoint kinase 1 inhibitor (CHK1 inhibitor).
   - B. PEP07 is currently in phase 1 clinical trial stage, with the aim of treating various hematologic cancers and solid tumors. PEP07 began phase 1 clinical trial for hematologic cancers in August 2023 and phase 1 clinical trial for solid tumors began in April 2024.
   - C. The key factors influencing the success of PEP07 are timeliness of product development process, rigor, and innovativeness that meet the requirement of various countries on pharmaceuticals approval.

   (3) PEP08
   - A. PharmaEngine began in-house development of PEP08 in 2022. It is the first time that PharmaEngine started a project at the drug discovery stage. PEP08 is a second-generation MTA-cooperative PRMT5 inhibitor.
   - B. PEP08 began phase 1 clinical trial for solid tumors in October 2025.
   - C. The key factors influencing the success of PEP08 are timeliness of product development process, rigor, and innovativeness that meet the requirement of various countries on pharmaceuticals approval.

2. Future R&D plans and estimated expenses:

   (1). ONIVYDE®
   - A. Future R&D plans

     In the future, clinical trials to extend product lifecycle management will continue in Taiwan.
   - B. Estimation of R&D expenses

     Expected R&D expenses are approximately NT$5,000 thousand in 2026.

   (2). PEP07
   - A. Future R&D plans

     Continue to move forward with dose expansion and combination studies for both hematologic and solid tumor cancers.
   - B. Future R&D expenses

     Expected R&D expenses are approximately NT$160,000 thousand in 2026.

   (3). PEP08
   - A. Future R&D plans

     Continue with Phase I clinical trial for solid tumors.
   - B. Future R&D expense

     Expected R&D expenses are approximately NT$120,000 thousand in 2026.

5.6.4 The impact of important policies and legal changes in Taiwan and foreign country on the Company's financial business and measures:

1. The impact of important policies and legal changes in Taiwan and foreign countries on the Company's financial business:
   (1) With the "National Hope Project", the Taiwanese government hopes to promote biotechnology policies, improve the biomedical development ecosystem through regulatory/technical guidance, industry talent cultivation/recruitment, and funding/resource injection; establish a medical information system that aligns with international standards, develop health data application services, and enhance their application value; introduce emerging or cross-domain technologies to accelerate drug/medical device development and meet household needs, drive the development of inclusive technology; invest in key technologies, raw material development, and production line construction to establish domestic pharmaceutical supply chain autonomy; selecting niche products for international marketing, promote Taiwanese brands, and develop diverse global markets. The government hopes to use policy guidance to drive industrial innovation, utilize smart technology to respond to social and industrial development needs in the biomedical and health fields, promote the localization of key application systems, establish sovereign AI, and make Taiwan an "Artificial Intelligence Island"; and combine high-quality domestic biotechnology and medical talent to create a sustainable and resilient biomedical ecosystem, further improving the health and well-being of the people and realizing the national policy vision of "Healthy Taiwan."
   (2) US President Joe Biden signed the "Inflation Reduction Act" in August 2022 and particularly in the medical health field, the focus is to lower prescription drug prices. This will allow the federal-level Department of Health and Human Services to negotiate with pharmaceutical companies on specific drug prices covered by the federal medical insurance. As the US government uses increased tariffs as leverage in negotiations with other countries, it hopes to bring manufacturing industries scattered overseas back to the US, creating jobs and driving economic growth. In January 2026, the US government announced the 15% tariff rate for Taiwan's machine and equipment industry while generic drugs and raw materials enjoy tariff-free status.
2. Response measures:
   (1) PharmaEngine has set the focus to continuing investing the licensing and R&D of new drug development for precision oncology.
   (2) PharmaEngine will re-examine the research projects and discuss the follow-up R&D strategies and clinical layouts to lower the drug price control's impact on the Company's research projects.
   (3) PharmaEngine will apply for related tax benefits under the Act for the Development of Biotech and Pharmaceutical Industry.

5.6.5 The impact of technological change and industrial change on the company's financial business and response measures:

According to IQVIA's report "Global Use of Medicine Outlook through 2029", IQVIA statistical data also showed that the top three therapeutic drugs around the world by spending through 2029 would likely be oncology, diabetics, and immunology. The global market is likely to show CAGR of 5-8% in the next five years (2025-2029) and forecasted to reach US$2.4 trillion in 2029. Oncology spending is forecasted to reach US$441 billion in 2029 with CAGR of 11-14%. Growth of spending on cancer medicines is expected to slow beginning in 2027 as a number of backbone therapies begin to face competition from generic drugs and biosimilars. Nevertheless, the lower growth as a result of losses of exclusivity is forecasted to be offset by continued uptake of novel modalities, including ADCs, bispecific antibodies, and cell and gene therapies, which are expected to account for nearly 20% of oncology spending in 2029, up from 9% in 2024 and 3% in 2019. Moreover, the global number of oncology days of therapy has increased by 3% annually since 2019, mostly from countries with per capita GDP by purchasing power parity (PPP) of less than US$30,000 per year and

forecasted 5-year aggregate pharma sales growth of over US$1.0 billion in at least two forecasts. These include countries such as Argentina, Bangladesh, Brazil, China, Colombia, Egypt, India, Indonesia, Mexico, Pakistan, Philippines, Thailand, and Vietnam. With widening access to care and increased access to innovation, these countries have seen an average growth in oncology days of therapy of 8% annually since 2019.

The Company's commercial drug ONIVYDE® for pancreatic cancer is available on the market in multiple countries and indications (first- and second-line pancreatic cancer). With everything going well, it should bring a positive influence on the future financial structure of the Company and be in favor of the Company continuing with related operational plans.

Information security risks are another focus to note, as hacking attacks have become more rampant in recent years. To mitigate these risks, the Company has been working with external information security technical experts and obtained ISO 27001 certification to strengthen the Company's information security management system. PharmaEngine conducts cyber security testing with internal and external audits each year with external consultants and experts to ensure the Company minimizes all possible risks. In December 2025, the Company invited third-party certification company to conduct cyber security testing for the revalidation review of ISO 27001:2002 and obtained the revalidation certification in January 2026.

Therefore, technological changes and industrial changes over the short term will not impact the Company's operation significantly right away. However, the Company's proactive effort in the R&D of precision cancer new drugs such as PEP07 and PEP08 or other new projects and obtaining ISO27001 may bring positive benefits.

5.6.6 Impact on enterprise crisis management by changing corporate image and countermeasures:

The Company continues to adopt the "Virtual Pharmaceutical Company Business Model" model, with a light asset structure and international strategic alliances, to carry out new drug development, reduce the risk of new drug research and development, and speed up the pace of product launch to achieve the purpose of tripartite co-prosperity, including medical treatment, patients, and enterprises.

The Company's product, ONIVYDE®, is currently approved in most major markets including the U.S., Europe and Asia. This is a proof of the Company's commitment to the development of new drugs and has been awarded to domestic and foreign medical institutions and the professionals' affirmations from new drug development fields.

Furthermore, the Company continues to develop new drugs and expand our pipeline. PEP07 is currently in Phase I dose expansion clinical trial stage for hematologic and solid tumor cancers. Another pipeline project, PEP08, is also currently in Phase I clinical trial stage for solid tumor cancers. Other projects on the pipeline have generally been on schedule. This shows the Company's strong efforts in new drug development and has been widely recognized by domestic and international medical centers and experts.

Moreover, we are committed to improving corporate governance and fulfilling our corporate social responsibilities, which brings a positive impact on corporate reputation or corporate credit worthiness.

5.6.7 The anticipated benefits of the merger, possible risk, and the countermeasures: None.

5.6.8 Expected benefits of the plant expansion, the possible risks, and the countermeasures: None.

5.6.9 The anticipated risk of purchase or sales concentration and the countermeasures:

1. Concentrated procurement risk:
   The Company purchases ONIVYDE® from Ipsen (France). Ipsen is the Company's authorized partner on product ONIVYDE®. In addition, the Company could decide whether to manufacture based on the sales status of the product to ensure the sales of the Company's product are not affected by the restrictions of purchasing resources.

2. Concentrated sales risk:
   The major sale subjects of the Company's product ONIVYDE® are domestic medical centers, regional hospitals, and other medium/large hospitals; therefore, there is no risk of sales concentration.

5.6.10 Directors, supervisors, or shareholders of the shareholding exceed 10%, impact on the company when huge equity transfer or replacement, risk, and countermeasures:

The most recent fiscal year and up to the printing date of the annual report, none of the huge equity transfer or replacement occurred for directors or shareholders with shareholding exceed 10%.

5.6.11 Impact on operation change of the company, risk, and countermeasures:

The most recent fiscal year and up to the printing date of the annual report, the Company has no change in its operating rights.

5.6.12 Litigation or non-litigation, directors, independent directors, general managers, entities in charge of the company that has more than 10% of the shareholdings and affiliated companies which have been determined or still in major lawsuit, non-litigation or administrative litigation, the outcome may be a significant impact on shareholders' eequity or securities prices, should disclose the dispute matters, amount of the target, litigation began date, main litigants and up to the printing date of the annual report:

1. In the most recent two fiscal years up to the printing date of the annual report, which have been determined or still in major lawsuit, non-litigation or administrative litigation, the outcome may be a significant impact on shareholders' equity or securities prices, should disclose the dispute matters, amount of the target, litigation began date, main litigants: The Company has no material lawsuit, non-litigation or administrative disputes in the most recent two fiscal years up to the printing date of the annual report.

2. In the most recent two fiscal years up to the printing date of the annual report, the Company's directors, independent directors, general managers, entities in charge of the Company that has more than 10% of the shareholdings and affiliated companies which have been determined or still in major lawsuit, non-litigation or administrative litigation, the outcome may be a significant impact on shareholders' eequity or securities prices:
   (1) Directors (including major shareholders' shareholding ratio of more than 10%)
      A.TTY Biopharm Co. Ltd. (Hereinafter referred to TTY Biopharm)
      a. On May 8, 2017, TTY Biopharm signed a joint venture contract with 2 BBB MEDICINES BV (2 BBB) to jointly establish EnhanX. However, a dispute arose between the two parties, wherein 2 BBB claimed that TTY Biopharm has breached the contract. Subsequently, on May 28, 2025, the parties reached a settlement agreement, under which TTY Biopharm agreed to compensate 2 BBB in the amount of $18,000 thousand. A settlement agreement was signed, and the related matters will be completed in accordance with the terms of the agreement.
      b. After being notified of certain improper activities of Huan Lei Biotechnology Ltd. ("Huan Lei"), TTY Biopharm's distribution partner, TTY Biopharm voluntarily informed the Criminal Investigation Bureau (CIB) about the matter for further investigation. During the

investigation, Taiwan Shilin District Prosecutors Office found that TTY Biopharm's payments totaling $53,900 thousand to third parties, made out of Huan Lei's request, should be considered Huan Lei's illegal gains and therefore issued a letter to TTY Biopharm on December 25, 2023, requesting return of said illegal gains. After consultation with external lawyers explaining about the complexity of the dispute that has yet to be tried, TTY Biopharm evaluated the probability of filing claims for return of the sum, claims against wrongdoers and relief, and set aside a reserve for the partial loss. On April 18, 2024, Taiwan Shilin District Prosecutors Office charged Shih, Chun Liang and other parties who are involved in the case. This case is currently under trial at Taiwan Shilin District Court.

c. With regards to the dispute on the Risperidone Development Contract entered into between TTY Biopharm and Center Laboratories, Inc. (referred to as CLI), TTY Biopharm considered that the signing of the said contract did not comply with the relevant procedures and legal requirements and should therefore be deemed invalid. However, CLI disagreed with TTY Biopharm's viewpoint and filed a civil lawsuit against TTY Biopharm in the Taipei District Court on July 1, 2016, seeking a declaratory judgment of the said contract. After multiple trials and remands, on December 24, 2024, the Taiwan High Court ruled to dismiss TTY Biopharm's appeal, confirming the existence of the contractual relationship between the two parties. TTY Biopharm has filed an appeal with the Supreme Court within the statutory period to protect TTY Biopharm's legal rights.
d. On May 14, 2021, TTY Biopharm was penalized by the Fair Trade Commission for concerted action due to the agreement it entered into with Lotus Pharmaceutical Co., Ltd. on February 4, 2009, regarding the exclusive right to sell "Furil Capsules". On July 12, 2021, TTY Biopharm filed a complaint with the Taipei High Administrative Court to revoke the above penalty. The case is being heard by the Taipei High Administrative Court.
e. On May 31, 2016, TTY Biopharm filed a lawsuit against Inopha AG (Inopha) in the Cantonal Court of Zug, Switzerland, requesting that all 13 license agreements it entered into with Inopha be declared null and void, and further requesting that Inopha return all benefits received from those agreements. On May 30, 2016, Janssen Pharmaceutica NV (Janssen), at TTY Biopharm's request, filed a request for arbitration with the WIPO Arbitration and Mediation Center against TTY Biopharm and Inopha to determine the ownership of the disputed contractual payment. In addition, on February 28, 2020, TTY Biopharm filed a civil lawsuit for damages with the Labor Court Dresden of Germany against Mr. Denis Opitz, the former beneficial owner of Inopha AG. Subsequently however, TTY Biopharm reached an out of court settlement with Inopha AG and its beneficial owner Mr. Denis Opitz and formally signed a settlement agreement on January 21, 2025. Thereafter, all three cases mentioned above were dismissed or terminated by the Cantonal Court of Zug, Dresden Labor Court, and WIPO on January 22, 2025, in February 2025, and on August 28, 2025, respectively, in accordance with Janssen's request and the settlement agreement. On September 23, 2025, TTY Biopharm formally signed a supplemental agreement to the settlement agreement with Inopha AG and Mr. Denis Opitz, confirming that all aforementioned disputes have been fully resolved. The contractual payment, which had been held in a trust account due to the aforementioned arbitration dispute, was allocated in accordance with the settlement agreement, with TTY Biopharm securing approximately 65% of the said amount. TTY Biopharm fully collected its allocated share on September 25, 2025, and will reserve more than half of it for the litigation expenses and other anticipated costs.

B. Other directors and major shareholders: None.

(2) General Manager: None.

(3) Affiliated companies: None.

5.6.13 Other important risks and response measures: None.

5.7 Other important matters

5.7.1 KPI (Key Performance Indicator):

The Company's major business is new drug development, has key indicators of specialty of the industry, the main purpose of new drug development is if it has reached the milestone, the following is a summary of the industry's specific KPI for year 2025:

KPI	2025 Target	2025 Actual Accomplishment	KPI success rate
Company Development Perspective	Achieve the annual budget target	Outperformed the annual budget target	120%
	Achieve the sales target of ONIVYDE® in Taiwan	Sales revenue of ONIVYDE® reached NT$277 million in Taiwan	99%
Product Development Perspective	PEP07 clinical trial progress PEP07-101: Continue with scheduled progress PEP07-102: Continue with the scheduled progress	Phase I clinical trials for hematologic/solid tumor cancers gradually completed MTD finding in end of 2025	83%
	PEP08 Clinical Trial Progress	Phase I clinical trial for solid tumors was approved in Australia and Taiwan; the first patient was dosed in October 2025	95%
	Implement new internal projects	Lead optimization ongoing	80%

5.7.2 Assessment basis and foundation of assets and liabilities accounts evaluation:

1. Assessment basis and foundation of credit risk:

   (1) 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 amortized cost.

   (2) According to IFRS 9, the Company classifies customers' accounts receivable in accordance with the credit rating. The Company applies a simplified approach using the provision matrix to estimate expected credit loss. Expected credit losses are reassessed and calculated each year.

   (3) The Company used the forecast of business indicators issued by the National Development Council to adjust historical and timely information to assess the default possibility of accounts receivable. At the end of 2025, the Company's loss allowance for credit risk was NT$42 thousand.

2. Assessment basis and foundation of allowance for inventory valuation and obsolescence losses:

   Loss for market price decline:
   Inventories are stated at the lower end of cost and net realizable value. Cost is determined using the moving-average method. The item-by-item approach is used in applying the lower of cost and net

realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Loss for obsolete and slow-moving inventories:
Warehouse for obsolete and slow-moving inventories: Make provision of 100%; Effect duration of less than half a year: Make provision of 70%; Validity period has expired: Make provision of 100%.

In 2025, the Company's provision of allowance for obsolescence of inventory to market was NT$3 thousand.

3. Depreciation method and duration of property, plant, and equipment:

(1) The Company currently does not own any real estate or plant. The equipment will continue to apply the 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.

(2) 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:

Items	Durability
Computer communication equipment	3-6 Years
Testing equipment	2-6 Years
Office equipment	6 Years
Leasehold improvements	3-5 Years
Transportation equipment	5 Years

4. Leasing arrangements (lessee)-right-of-use assets/lease liabilities:

(1) Leases are recognized 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 lease contracts or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

(2) 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 fixed payments, less any lease incentives receivable.
The Company subsequently measures the lease liability at amortised cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured, and the amount of remeasurement is recognized 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.

(3) At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

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 recognized as an adjustment to the right-of-use asset.

5. Assessment basis and foundation of financial assets:

For financial assets at amortized cost, at each reporting date, the Company recognizes 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 recognizes the impairment provision for lifetime ECLs.

5.7.3 Operation department analysis:

The Company is mainly engaged in the sales of drugs and research and development of new drugs. The Company operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

VI. Special Disclosures

6.1 Related enterprises information: Not applicable due to no related companies.

6.2 The recent fiscal year till the printing date of the annual report, private equity securities management: None.

6.3 Other necessary supplementary notes:

Any events in 2025 and as of the printing date of the annual report that had material impacts on shareholders' interests or securities prices as stated in item 3 paragraph 2 of Article 36 of Securities and Exchange Act of Taiwan: None.

PharmaEngine, Inc.

Chairperson: Jan-Yau Hsu