

**TTY BIOPHARM COMPANY LIMITED
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2022 and 2021**

Address: 3F., No. 3-1, Park St., Nangang Dist., Taipei City 115, Taiwan
Telephone: 886-2-26525999

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12
(6) Explanation of significant accounts	12~38
(7) Related-party transactions	38~40
(8) Pledged assets	40
(9) Significant commitments and contingencies	40
(10) Losses due to major disasters	41
(11) Subsequent events	41
(12) Other	41~42
(13) Other disclosures	
(a) Information on significant transactions	43~45
(b) Information on investees	46~47
(c) Information on investment in Mainland China	47~48
(d) Major shareholders	49
(14) Segment information	49



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web home.kpmg/tw

Independent Auditors' Review Report

To the Board of Directors of TTY Biopharm Company Limited:

Introduction

We have reviewed the accompanying consolidated balance sheets of TTY Biopharm Company Limited and its subsidiaries as of March 31, 2022 and 2021, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$196,272 thousand and \$230,474 thousand, constituting 2.12% and 2.42% of consolidated total assets as of March 31, 2022 and 2021, respectively; total liabilities amounting to \$92,467 thousand and \$109,044 thousand, constituting 2.87% and 3.37% of consolidated total liabilities as of March 31, 2022 and 2021, respectively; and total comprehensive income (loss) amounting to \$(8,162) thousand and \$(3,072) thousand, constituting (2.89)% and (1.58)% of consolidated total comprehensive income (loss) for the three months ended March 31, 2022 and 2021, respectively.

Furthermore, as stated in Note 6(e), the investments accounted for using the equity method of TTY Biopharm Company Limited and its subsidiaries which amounting to \$375,740 thousand and \$349,291 thousand as of March 31, 2022 and 2021, respectively, and the related share of profit amounting to \$15,073 thousand and \$16,633 thousand for the three-month periods ended, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of another auditor (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of TTY Biopharm Company Limited and its subsidiaries as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of PharmaEngine, Inc., an associate of TTY Biopharm Company Limited and its subsidiaries, which represented as investment accounted for using the equity method. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for PharmaEngine, Inc., is based solely on the review report of another auditor. The investment in PharmaEngine, Inc. accounted for using the equity method amounting to \$891,103 thousand and \$890,592 thousand, constituting 9.61% and 9.37% of consolidated total assets as of March 31, 2022 and 2021, respectively, and the related share of profit of associates accounted for using the equity method amounting to \$17,476 thousand and \$13,449 thousand, constituting, 6.08% and 5.31% of consolidated total profit before tax respectively.

The engagement partners on the reviews resulting in this independent auditors’ review report are Yilien Han and Shu-Ying Chang.

KPMG

Taipei, Taiwan (Republic of China)

May 13, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2022 and 2021

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2022, December 31, 2021, and March 31, 2021

(Expressed in Thousands of New Taiwan Dollar)

Assets		March 31, 2022		December 31, 2021		March 31, 2021		Liabilities and Equity		March 31, 2022		December 31, 2021		March 31, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a) and (r))	\$ 2,268,891	25	2,222,253	24	2,554,552	27	2100	Short-term borrowings (note 6(i), (r) and 8)	\$ 1,409,070	15	1,711,070	18	1,715,070	18
1120	Current financial assets at fair value through other comprehensive income (note 6(b) and (r))	46,157	1	52,929	1	63,365	1	2130	Contract liabilities-current (note 6 (o))	45,137	1	39,769	-	14,943	-
1150	Notes receivable, net (note 6(c) and (r))	42,410	-	37,646	-	37,928	-	2150	Notes payable (note 6(r))	59,493	1	57,235	1	3,628	-
1170	Accounts receivable, net (note 6(c) and (r))	936,179	10	1,077,111	12	879,019	9	2170	Accounts payable (note 6(r))	128,691	1	130,033	1	120,723	1
1180	Accounts receivable due from related parties, net (note 6(c), (r) and 7)	37,139	-	22,996	-	17,180	-	2219	Other payables (note 6(r))	434,387	5	522,085	6	431,452	5
1200	Other receivables, net (note 6(r) and 7)	14,936	-	13,622	-	11,928	-	2230	Current tax liabilities	208,655	2	150,392	2	161,297	2
130X	Inventories (note 6(d))	995,212	11	955,011	10	1,045,030	11	2280	Current lease liabilities (note 6(r))	7,611	-	7,623	-	4,990	-
1410	Prepayments	48,590	1	46,960	1	66,664	1	2300	Other current liabilities	61,278	1	25,467	-	28,507	-
1476	Other current financial assets (note 6(h) and (r))	303,577	3	319,724	3	271,252	3	2320	Long-term liabilities, current portion (note 6(j), (r) and 8)	406,158	4	407,905	5	15,732	-
1470	Other current assets (note 6(h))	11,248	-	1,151	-	8,503	-			<u>2,760,480</u>	<u>30</u>	<u>3,051,579</u>	<u>33</u>	<u>2,496,342</u>	<u>26</u>
		<u>4,704,339</u>	<u>51</u>	<u>4,749,403</u>	<u>51</u>	<u>4,955,421</u>	<u>52</u>	Non-current liabilities:							
Non-current assets:								2540	Long-term borrowings (note 6(j), (r) and 8)	2,597	-	4,146	-	408,756	4
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b) and (r))	196,614	2	197,204	2	226,051	3	2570	Deferred tax liabilities	260,519	3	260,519	3	271,826	3
1550	Investments accounted for using the equity method, net (note 6(e))	1,266,843	14	1,233,023	13	1,239,883	13	2580	Non-current lease liabilities (note 6(r))	12,223	-	14,161	-	11,651	-
1600	Property, plant and equipment (note 6(g))	2,474,170	27	2,497,392	28	2,554,067	27	2640	Net defined benefit liability, non-current	51,769	1	52,597	1	44,525	1
1755	Right-of-use assets	19,723	-	21,707	-	16,432	-	2645	Guarantee deposits received (note 6(r))	2,504	-	2,429	-	3,023	-
1760	Investment property, net	136,163	1	135,689	1	136,744	1	2670	Other non-current liabilities (note 6(r))	130,000	1	143,800	2	-	-
1780	Intangible assets	126,385	1	124,904	1	127,833	1			<u>459,612</u>	<u>5</u>	<u>477,652</u>	<u>6</u>	<u>739,781</u>	<u>8</u>
1840	Deferred tax assets	63,731	1	63,723	1	61,795	1		Total liabilities	<u>3,220,092</u>	<u>35</u>	<u>3,529,231</u>	<u>39</u>	<u>3,236,123</u>	<u>34</u>
1915	Prepayments for business facilities	12,381	-	8,487	-	5,288	-	Equity attributable to owners of parent (note 6(m)):							
1920	Refundable deposits paid (note 6(r))	25,987	-	33,833	-	23,150	-	3100	Share capital	2,486,500	27	2,486,500	27	2,486,500	26
1984	Other non-current financial assets (note 6(h), (r) and 8)	157,552	2	151,300	2	151,504	2	3200	Capital surplus	311,876	3	311,876	3	324,850	3
1990	Other non-current assets (note 6(h))	85,650	1	79,800	1	11,075	-	3310	Legal reserve	1,198,617	13	1,198,617	13	1,093,808	12
		<u>4,565,199</u>	<u>49</u>	<u>4,547,062</u>	<u>49</u>	<u>4,553,822</u>	<u>48</u>	3320	Special reserve	133,709	1	133,709	1	110,154	1
								3350	Unappropriated retained earnings	1,462,730	16	1,235,223	13	1,751,849	18
								3400	Other equity interest	(140,730)	(1)	(198,070)	(2)	(140,955)	(1)
									Equity attributable to owners of parent:	5,452,702	59	5,167,855	55	5,626,206	59
								36XX	Non-controlling interests (note 6(m))	596,744	6	599,379	6	646,914	7
									Total equity	<u>6,049,446</u>	<u>65</u>	<u>5,767,234</u>	<u>61</u>	<u>6,273,120</u>	<u>66</u>
Total assets		<u>\$ 9,269,538</u>	<u>100</u>	<u>9,296,465</u>	<u>100</u>	<u>9,509,243</u>	<u>100</u>	Total liabilities and equity		<u>\$ 9,269,538</u>	<u>100</u>	<u>9,296,465</u>	<u>100</u>	<u>9,509,243</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2022 and 2021

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

		For the three months ended March 31			
		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (note 6(o) and 7)	\$ 1,037,114	100	964,056	100
5000	Operating costs (note 6(d), (k) and 12)	<u>386,951</u>	<u>37</u>	<u>355,364</u>	<u>37</u>
	Gross profit	650,163	63	608,692	63
5910	Less: Unrealized profit (loss) from sales	11,336	1	4,175	-
5920	Add: Realized profit (loss) from sales	<u>8,161</u>	<u>1</u>	<u>6,734</u>	<u>1</u>
	Gross profit, net	<u>646,988</u>	<u>63</u>	<u>611,251</u>	<u>64</u>
6000	Operating expenses (note 6(k), (p) and 12):				
6100	Selling expenses	221,368	21	229,595	24
6200	Administrative expenses	104,687	10	95,431	10
6300	Research and development expenses	74,247	7	67,118	7
6450	Expected credit losses (gains) (note 6(c))	<u>130</u>	<u>-</u>	<u>(55)</u>	<u>-</u>
	Total operating expenses	<u>400,432</u>	<u>38</u>	<u>392,089</u>	<u>41</u>
	Net operating income	<u>246,556</u>	<u>25</u>	<u>219,162</u>	<u>23</u>
	Non-operating income and expenses:				
7100	Interest income (note 6(q))	1,500	-	1,872	-
7010	Other income (note 6(q))	2,707	-	2,835	-
7020	Other gains and losses, net (note 6(q) and 7)	8,404	1	3,881	-
7050	Finance costs, net (note 6(q))	(4,469)	-	(4,789)	-
7060	Share of profit of associates accounted for using the equity method, net (note 6(e))	<u>32,549</u>	<u>3</u>	<u>30,082</u>	<u>3</u>
7055	Total non-operating income and expenses	<u>40,691</u>	<u>4</u>	<u>33,881</u>	<u>3</u>
	Profit before tax	287,247	29	253,043	26
7950	Less: Income tax expenses (note 6(l))	<u>59,306</u>	<u>6</u>	<u>51,193</u>	<u>5</u>
	Profit for the period	<u>227,941</u>	<u>23</u>	<u>201,850</u>	<u>21</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(7,362)	(1)	957	-
8320	Share of other comprehensive (loss) income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(1,424)	-	5,930	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss	<u>(8,786)</u>	<u>(1)</u>	<u>6,887</u>	<u>1</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation	63,057	6	(13,771)	(1)
8370	Share of other comprehensive income of associates accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>78</u>	<u>-</u>
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>63,057</u>	<u>6</u>	<u>(13,693)</u>	<u>(1)</u>
8300	Other comprehensive income (loss)	<u>54,271</u>	<u>5</u>	<u>(6,806)</u>	<u>-</u>
	Total comprehensive income for the period	<u>\$ 282,212</u>	<u>28</u>	<u>195,044</u>	<u>21</u>
	Profit attributable to:				
8610	Owners of parent	\$ 227,507	23	203,144	21
8620	Non-controlling interests	<u>434</u>	<u>-</u>	<u>(1,294)</u>	<u>-</u>
		<u>\$ 227,941</u>	<u>23</u>	<u>201,850</u>	<u>21</u>
	Comprehensive income attributable to:				
	Owners of parent	\$ 284,847	28	195,898	21
	Non-controlling interests	<u>(2,635)</u>	<u>-</u>	<u>(854)</u>	<u>-</u>
		<u>\$ 282,212</u>	<u>28</u>	<u>195,044</u>	<u>21</u>
	Earnings per share, net of tax (note 6(n))				
9750	Basic earnings per share	<u>\$ 0.91</u>		<u>0.82</u>	
9850	Diluted earnings per share	<u>\$ 0.91</u>		<u>0.82</u>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent										
	Share capital		Retained earnings				Total other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	\$ 2,486,500	337,997	1,093,808	110,154	1,555,016	(146,611)	12,902	(133,709)	5,449,766	628,302	6,078,068
Net income for the three months ended March 31, 2021	-	-	-	-	203,144	-	-	-	203,144	(1,294)	201,850
Other comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	(13,716)	6,470	(7,246)	(7,246)	440	(6,806)
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	203,144	(13,716)	6,470	(7,246)	195,898	(854)	195,044
Other changes in capital surplus:											
Changes in equity of investments accounted for using the equity method	-	8	-	-	-	-	-	-	8	-	8
Difference between consideration value and carrying amount of subsidiaries acquired or disposed	-	(13,155)	-	-	(6,311)	-	-	-	(19,466)	19,466	-
Balance at March 31, 2021	\$ 2,486,500	324,850	1,093,808	110,154	1,751,849	(160,327)	19,372	(140,955)	5,626,206	646,914	6,273,120
Balance at January 1, 2022	\$ 2,486,500	311,876	1,198,617	133,709	1,235,223	(216,773)	18,703	(198,070)	5,167,855	599,379	5,767,234
Net income for the three months ended March 31, 2022	-	-	-	-	227,507	-	-	-	227,507	434	227,941
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	62,922	(5,582)	57,340	57,340	(3,069)	54,271
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	227,507	62,922	(5,582)	57,340	284,847	(2,635)	282,212
Balance at March 31, 2022	\$ 2,486,500	311,876	1,198,617	133,709	1,462,730	(153,851)	13,121	(140,730)	5,452,702	596,744	6,049,446

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar)

	For the three months ended March 31	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 287,247	253,043
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	39,485	34,583
Amortization expenses	5,538	5,185
(Reversal of) expected credit losses	130	(55)
Interest expenses	4,469	4,789
Interest income	(1,500)	(1,872)
Shares of profit of investments accounted for using the equity method	(32,549)	(30,082)
(Gains) losses on disposal of property, plant and equipment	(43)	68
Unrealized profit from sales	11,336	4,175
Realized profit from sales	(8,161)	(6,734)
Total adjustments to reconcile profit (loss)	18,705	10,057
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(4,764)	(4,162)
Accounts receivable	127,121	103,294
Other receivables	(966)	4,378
Inventories	(40,028)	65,323
Prepayments and other current assets	(11,606)	(3,049)
Total changes in operating assets	69,757	165,784
Changes in operating liabilities:		
Contract liabilities	5,368	(1,323)
Notes payable	(11,541)	(2,236)
Accounts payable	(1,766)	(32,620)
Other payable	(87,744)	(65,468)
Other current liabilities	35,694	(3,615)
Net defined benefit liability	(828)	(975)
Total changes in operating liabilities	(60,817)	(106,237)
Total changes in operating assets and liabilities	8,940	59,547
Total adjustments	27,645	69,604
Cash inflow generated from operations	314,892	322,647
Interest received	1,359	1,872
Dividends received	7,617	7,593
Interest paid	(4,748)	(4,840)
Income taxes paid	(1,043)	(11)
Net cash flows from operating activities	318,077	327,261
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(12,633)	(7,784)
Proceeds from disposal of property, plant and equipment	114	6
Decrease (increase) in refundable deposits paid	7,851	(1,131)
Acquisition of intangible assets	(7,019)	(120)
Decrease in other financial assets	9,895	16,944
Increase in prepayments for business facilities	(5,252)	(484)
Increase in other non-current assets	(5,846)	(1)
Net cash flows (used in) from investing activities	(12,890)	7,430
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,350,000	1,300,000
Decrease in short-term loans	(1,652,000)	(1,300,000)
Repayments of long-term borrowings	(3,296)	(4,106)
Increase in guarantee deposits received	69	594
Payment of lease liabilities	(2,023)	(1,384)
Net cash flows used in financing activities	(307,250)	(4,896)
Effect of exchange rate changes on cash and cash equivalents	48,701	1,027
Net increase in cash and cash equivalents	46,638	330,822
Cash and cash equivalents at beginning of period	2,222,253	2,223,730
Cash and cash equivalents at end of period	\$ 2,268,891	2,554,552

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

(1) Company history

TTY Biopharm Company Limited (the “Company”) was established on July 22, 1960. The Company’s registered office address is 3F., No. 3-1, Park St., Nangang Dist., Taipei City 115, Taiwan. The main activities of the Company and its subsidiaries (the “Group”) are producing a variety of pharmaceuticals and chemical drugs. Please refer to Note 14.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on May 13, 2022.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the "Regulations" and IFRSs), International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for the annual consolidated financial statements.

Except for accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of consolidation

(i) List of subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Nature of business	Shareholding			Notes
			March 31, 2022	December 31, 2021	March 31, 2021	
The Company	Xudong Haipu International Co., Ltd.	Investing activities	100.00 %	100.00 %	100.00 %	
The Company	Worldco International Co., Ltd.	Investing activities and selling medicine	100.00 %	100.00 %	100.00 %	
The Company	American Taiwan Biopharma Philippines Inc.	Selling medicine	87.00 %	87.00 %	87.00 %	
The Company	TSH Biopharm Co., Ltd.	Selling medicine	56.48 %	56.48 %	56.48 %	
The Company	EnhanX Biopharm Inc.	Developing medicine	20.83 %	20.83 %	20.83 %	
The Company	Chuang Yi Biotech Co., Ltd.	Selling functional food	49.05 %	49.05 %	49.05 %	(Note 2)
The Company	TTY Biopharm Turkey Saglik Urunleri Sanayi ve Ticaret Limited Sirketi	Selling medicine	100.00 %	100.00 %	- %	(Note 1)
Worldco International Co., Ltd.	Worldco Biotech(Chengdu) Pharmaceutical Ltd.	Selling medicine	100.00 %	100.00 %	100.00 %	
Worldco International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Selling medicine	50.00 %	50.00 %	50.00 %	
Xudong Haipu International Co., Ltd.	EnhanX Biopharm Inc.	Developing medicine	29.17 %	29.17 %	29.17 %	

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding			Notes
			March 31, 2022	December 31, 2021	March 31, 2021	
Xudong Haipu International Co., Ltd.	TTY Biopharm Korea Co., Ltd.	Selling medicine	100.00 %	100.00 %	100.00 %	
Xudong Haipu International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Selling medicine	50.00 %	50.00 %	50.00 %	
EnhanX Biopharm Inc.	EnhanX Biopharm B.V.	Developing medicine	100.00 %	100.00 %	100.00 %	
TSH Biopharm Co., Ltd.	Chuang Yi Biotech Co., Ltd.	Selling functional food	3.89 %	3.89 %	3.89 %	(Note 2)
Chuang Yi Biotech Co., Ltd.	Immortal Fame Global Ltd.	Import and export trading and investment activities	100.00 %	100.00 %	100.00 %	(Note 2)
Immortal Fame Global Ltd.	Chuang Yi (Shanghai) Trading Co., Ltd.	Selling functional food	100.00 %	100.00 %	100.00 %	(Note 2)

(Note 1) In October 2021, the Company established its wholly owned subsidiary, TTY Biopharm Turkey Saglik Urunleri Sanayi ve Ticaret Limited Sirketi, which is listed as one of the subsidiaries in the consolidated financial statements.

(Note 2) Non-significant subsidiary whose financial statements have not been reviewed.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the consolidated interim financial statements for the current period and the consolidated financial statements for the year ended December 31, 2021. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2021.

(a) Cash and cash equivalents

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Cash on hand	\$ 2,642	2,645	2,807
Cash in banks	1,021,249	1,012,408	1,253,275
Time deposits	<u>1,245,000</u>	<u>1,207,200</u>	<u>1,298,470</u>
Total	<u>\$ 2,268,891</u>	<u>2,222,253</u>	<u>2,554,552</u>

- (i) The above cash and cash equivalents were not pledged as collateral.
- (ii) Time deposits which do not meet the definition of cash equivalents are accounted for under other financial assets—current and noncurrent, please refer to Note 6(h).
- (iii) Please refer to Note 6(r) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Financial asset at fair value through other comprehensive income-current and non-current

	March 31, 2022	December 31, 2021	March 31, 2021
Equity investments at fair value through other comprehensive income:			
Domestic common stock—Lumosa Therapeutics Co., Ltd.	\$ 46,157	52,929	63,365
Domestic preferred stock—Fubon Financial Holding Co., Ltd. Preferred Shares B	157,000	157,750	155,500
Domestic preferred stock—Fubon Financial Holding Co., Ltd. Preferred Shares C	3,483	3,483	-
Domestic preferred stock—Union Bank of Taiwan Preferred Shares A	21,360	21,200	21,280
International unlisted stock—CellMax Ltd.	14,771	14,771	49,271
	\$ 242,771	250,133	289,416

- (i) The Group designated the investments as equity securities at fair value through other comprehensive income because the Group intends to hold the investments for long-term strategic purposes.
- (ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of March 31, 2022 and 2021.
- (iii) Please refer to Note 6(r) for information on credit and market risk.
- (iv) The above financial assets were not pledged as collateral.

(c) Notes receivable and accounts receivable (including related parties)

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 42,424	37,661	37,928
Accounts receivable	939,206	1,080,007	900,905
Accounts receivable-related parties	37,139	22,996	17,180
Less: allowance for expected credit losses	(3,041)	(2,911)	(21,886)
	\$ 1,015,728	1,137,753	934,127

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applies the simplified approach to evaluate its expected credit losses (ECLs), i.e., the Group recognizes the impairment provision for lifetime ECLs for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. Analysis of expected credit losses on note and accounts receivable was as follows:

	March 31, 2022		
	Face value of notes receivable and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not overdue	\$ 1,006,760	0%~50%	1,455
1 to 90 days overdue	8,743	0%~4%	165
91 to 180 days overdue	850	0%~50%	240
More than 181 days overdue	2,416	0%~100%	1,181
	<u>\$ 1,018,769</u>		<u>3,041</u>
	December 31, 2021		
	Face value of notes receivable and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not past due	\$ 1,130,201	0%~1%	1,370
1 to 90 days past due	6,419	0%~13%	119
91 to 180 days past due	3,996	0%~70%	1,421
More than 181 days past due	48	2%~100%	1
	<u>\$ 1,140,664</u>		<u>2,911</u>
	March 31, 2021		
	Face value of notes receivable and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not overdue	\$ 922,120	0%~1%	1,096
1 to 90 days overdue	16,394	20%	3,291
91 to 180 days overdue	8	100%	8
More than 181 days overdue	17,491	100%	17,491
	<u>\$ 956,013</u>		<u>21,886</u>

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movements in the allowance for notes and accounts receivable were as follows:

	For the three months ended	
	March 31,	
	2022	2021
Balance at January 1	\$ 2,911	21,941
Expected credit losses recognized	130	-
Reversal of expected credit losses	-	(55)
Balance at March 31	<u><u>\$ 3,041</u></u>	<u><u>21,886</u></u>

As of March 31, 2022, December 31, 2021 and March 31, 2021, the notes receivable and accounts receivable for the Group were not pledged as collateral.

(d) Inventories

	March 31,	December 31,	March 31,
	2022	2021	2021
Merchandise	\$ 302,643	284,607	256,867
Finished goods	179,765	193,618	256,879
Work in process	103,315	112,062	120,918
Raw materials	345,463	321,784	335,165
Materials	51,482	54,076	57,297
Subtotal	982,668	966,147	1,027,126
Goods in transit	125,469	110,840	89,307
Total	1,108,137	1,076,987	1,116,433
Less: allowance for inventory market decline and obsolescence	(112,925)	(121,976)	(71,403)
Net amount	<u><u>\$ 995,212</u></u>	<u><u>955,011</u></u>	<u><u>1,045,030</u></u>

(i) The details of operating costs were as follows:

	For the three months ended	
	March 31,	
	2022	2021
Inventories have been sold	\$ 384,285	354,628
Cost of services	1,366	-
Write-off of inventories from cost to net realizable value and disposal of inventories	1,300	736
	<u><u>\$ 386,951</u></u>	<u><u>355,364</u></u>

(ii) As of March 31, 2022, December 31, 2021 and March 31, 2021, the inventories were not pledged as collateral.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Investments accounted for using the equity method

- (i) The components of investments accounted for using the equity method at the reporting date were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Associates	<u>\$ 1,266,843</u>	<u>1,233,023</u>	<u>1,239,883</u>

- 1) As of March 31, 2022, December 31, 2021 and March 31, 2021, the associate which the Group invested had a quoted market price was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying value	<u>\$ 891,103</u>	<u>873,627</u>	<u>890,592</u>
Fair value	<u>\$ 2,317,666</u>	<u>1,877,930</u>	<u>1,870,170</u>

- 2) For the three months ended March 31, 2022 and 2021, PharmaEngine, Inc. amortized the compensation cost of employee stock options, which resulted in a change in the Group's equity, and such change was credit of \$8 thousand, to its capital reserve. For the three months ended March 31, 2022 and 2021, the Group's shareholding ratio has not changed.

- (ii) Associate that had materiality were as follows:

Associate	Nature of relationship	Country of registration	Equity ownership		
			March 31, 2022	December 31, 2021	March 31, 2021
PharmaEngine, Inc.	Research for new drugs and drug development especially for Asian diseases	Taiwan	18.01 %	18.01 %	17.77 %

The following consolidated financial information about significant associates has been adjusted according to individually prepared IFRS financial statements of these associates:

- Summary financial information on PharmaEngine, Inc.

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	<u>\$ 4,101,188</u>	<u>4,008,969</u>	<u>4,238,341</u>
Non-current assets	14,716	17,374	30,423
Current liabilities	(80,232)	(87,705)	(172,750)
Non-current liabilities	-	-	(8,711)
Net assets	<u>\$ 4,035,672</u>	<u>3,938,638</u>	<u>4,087,303</u>
Net assets attributable to investee owners	<u>\$ 4,035,672</u>	<u>3,938,638</u>	<u>4,087,303</u>

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31,	
	2022	2021
	Operating revenue	\$ 174,129
Profit from continuing operations	97,034	75,685
Other comprehensive income	-	440
Total comprehensive income	\$ 97,034	76,125
Comprehensive income attributable to investee owners	\$ 97,034	76,125

	For the three months ended March 31,	
	2022	2021
	Net assets attributable to the Group, January 1	\$ 709,349
Changes in capital surplus of associates	-	8
Comprehensive income attributable to the Group	17,476	13,527
Net assets attributable to the Group, March 31	726,825	726,314
Add: Goodwill	164,278	164,278
Carrying amount of interest in associates, March 31	\$ 891,103	890,592

(iii) Summary financial information on individually insignificant associates

The Group's financial information about investments accounted for using the equity method that are individually insignificant was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount of individually insignificant associates	\$ 375,740	359,396	349,291

	For the three months ended March 31,	
	2022	2021
	Attributable to the Group:	
Profit from continuing operations	\$ 15,073	16,633
Other comprehensive income (loss)	12,063	(6,987)
Total comprehensive income	\$ 27,136	9,646

(iv) Collateral

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group did not provide any investment accounted for using equity method as collateral.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiary</u>	<u>Country of registration</u>	<u>Ownership and voting rights ratio</u>		
		<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
TSH Biopharm Co., Ltd.	Taiwan	56.48 %	56.48 %	56.48 %
EnhancX Biopharm Inc.	Taiwan	50.00 %	50.00 %	50.00 %
Chuang Yi Biotech Co., Ltd.	Taiwan	52.94 %	52.94 %	52.94 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the IFRS endorsed by the FSC, which was included in the fair value adjustments and the adjustments of differences in accounting principles at the acquisition date. Intra-group transactions were not eliminated in this information.

(i) Summary financial information on TSH Biopharm Co., Ltd.

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current assets	\$ 909,895	919,972	951,841
Non-current assets	244,937	240,885	276,239
Current liabilities	(68,105)	(85,800)	(95,344)
Non-current liabilities	-	-	(3,318)
Net assets	<u>\$ 1,086,727</u>	<u>1,075,057</u>	<u>1,129,418</u>
Net assets attributable to non-controlling interest	<u>\$ 472,814</u>	<u>467,741</u>	<u>489,505</u>

	<u>For the three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Operating revenue	<u>\$ 120,449</u>	<u>101,747</u>
Profit for the period	\$ 19,028	9,459
Other comprehensive (loss) income	(7,359)	964
Total comprehensive income	<u>\$ 11,669</u>	<u>10,423</u>
Profit attributable to non-controlling interest	<u>\$ 8,275</u>	<u>4,208</u>
Total comprehensive income attributable to non-controlling interest	<u>\$ 5,073</u>	<u>4,628</u>
Cash flows (used in) from operating activities	\$ (1,484)	19,848
Cash flows from (used in) investing activities	3,177	(5,482)
Cash flows used in financing activities	(1,137)	(1,086)
Net increase in cash	<u>\$ 556</u>	<u>13,280</u>

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Summary financial information on EnhancX Biopharm Inc.

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 19,344	23,834	38,511
Non-current assets	94,722	97,188	104,409
Current liabilities	(1,986)	(3,013)	(1,443)
Non-current liabilities	(120)	(120)	-
Net assets	<u>\$ 111,960</u>	<u>117,889</u>	<u>141,477</u>
Net assets attributable to non-controlling interests	<u>\$ 55,980</u>	<u>58,945</u>	<u>70,739</u>

	For the three months ended March 31,	
	2022	2021
Operating revenue	\$ -	-
Loss for the period	\$ (5,962)	(5,511)
Other comprehensive income (loss)	33	(109)
Total comprehensive loss	<u>\$ (5,929)</u>	<u>(5,620)</u>
Loss attributable to non-controlling interest	<u>\$ (2,981)</u>	<u>(2,755)</u>
Total comprehensive loss attributable to non-controlling interest	<u>\$ (2,965)</u>	<u>(2,810)</u>
Cash flows used in operating activities	\$ (4,449)	(3,780)
Net decrease in cash	<u>\$ (4,449)</u>	<u>(3,780)</u>

(iii) Summary financial information on Chuang Yi Biotech Co., Ltd.

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 176,988	279,394	233,519
Non-current assets	72,028	68,619	73,957
Current liabilities	(97,934)	(184,631)	(100,799)
Non-current liabilities	(7,078)	(9,315)	(26,856)
Net assets	<u>\$ 144,004</u>	<u>154,067</u>	<u>179,821</u>
Net assets attributable to non-controlling interests	<u>\$ 67,768</u>	<u>72,504</u>	<u>86,516</u>

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31,	
	2022	2021
	Operating revenue	\$ 32,129
Loss for the period	\$ (10,156)	(5,762)
Other comprehensive income	92	171
Total comprehensive loss	\$ (10,064)	(5,591)
Loss attributable to non-controlling interest	\$ (4,779)	(2,712)
Total comprehensive loss attributable to non-controlling interest	\$ (4,736)	(2,631)
	For the three months ended March 31,	
	2022	2021
	Cash flows (used in) from operating activities	\$ (24,037)
Cash flows from (used in) investing activities	151	(125)
Cash flows used in financing activities	(3,296)	(4,106)
Effect of exchange rates changes on cash and cash equivalents	88	173
Net (decrease) increase in cash	\$ (27,094)	3,741

(g) Property, plant and equipment

The details of the property, plant and equipment of the Group for the three months ended March 31, 2022 and 2021 were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Carrying value:								
Balance on January 1, 2022	\$ 902,897	966,351	367,737	425	147,308	17,674	95,000	2,497,392
Balance on March 31, 2022	\$ 902,897	950,511	356,951	258	141,651	20,056	101,846	2,474,170
Balance on January 1, 2021	\$ 902,897	874,807	326,494	1,337	139,440	10,780	323,327	2,579,082
Balance on March 31, 2021	\$ 902,897	860,624	318,344	1,102	149,536	10,101	311,463	2,554,067

(i) The Group has no significant additions, dispositions, impairments, or reversals of the property, plant and equipment for the three months ended March 31, 2022 and 2021. Please refer to Note 12(a) for the depreciation amount for the current period. For other relevant information, please refer to Note 6(g) of the consolidated financial statements for the year ended December 31, 2021.

(ii) Collateral

As of March 31, 2022, December 31, 2021 and March 31, 2021, the property, plant and equipment were not pledged as collateral.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Property, plant and equipment under construction

As of the reporting date, the Group's plant under construction has incurred expenditures amounting to \$101,846 thousand, and there were no capitalized loan cost for the three months ended March 31, 2022 and 2021.

(h) Other financial assets and other assets

Details of other financial assets and other assets were as follows:

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Other current financial assets	\$ 303,577	319,724	271,252
Other non-current financial assets	157,552	151,300	151,504
Long-term prepayments	85,517	79,672	10,936
Others	<u>11,381</u>	<u>1,279</u>	<u>8,642</u>
	<u>\$ 558,027</u>	<u>551,975</u>	<u>442,334</u>

- (i) Both current and non-current other financial assets were bank deposits that did not qualify as cash and cash equivalents.
- (ii) Long-term prepayments were paid for intangible assets before the intangible assets are ready for use. Please refer to Note 9 for the Group's information of unfinished contracts.
- (iii) Please refer to Note 8 for the Group's information of collateral.

(i) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Secured bank loans	\$ 59,070	61,070	65,070
Unsecured bank loans	<u>1,350,000</u>	<u>1,650,000</u>	<u>1,650,000</u>
	<u>\$ 1,409,070</u>	<u>1,711,070</u>	<u>1,715,070</u>
Unused credit line	<u>\$ 941,518</u>	<u>1,176,395</u>	<u>801,582</u>
Range of interest rates	<u>0.73%~2%</u>	<u>0.72%~2%</u>	<u>0.77%~2%</u>

- (i) For the three months ended March 31, 2022 and 2021, the Group had the additional short-term borrowings amounting to \$1,350,000 thousand with an interest rate of 0.79%~1.05% and \$1,300,000 thousand with an interest rate of 0.77%~0.86%, respectively; the repayment amounted to \$1,652,000 thousand and \$1,300,000 thousand, respectively. Please refer to Note 6(q) for disclosure of interest expense.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Please refer to Note 6(r) for the exposure information of the Group's interest rate and liquidity risk.

(iii) Please refer to Note 8 for the collateral for short-term borrowings.

(j) Long-term borrowings

The long-term borrowings were summarized as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Secured bank loans	\$ 8,755	12,051	24,488
Unsecured bank loans	400,000	400,000	400,000
Less: Current portion	<u>(406,158)</u>	<u>(407,905)</u>	<u>(15,732)</u>
Total	<u>\$ 2,597</u>	<u>4,146</u>	<u>408,756</u>
Unused long-term credit line	<u>\$ 100,000</u>	<u>200,000</u>	<u>100,000</u>
Range of interest rates	<u>0.991%~1.945%</u>	<u>0.991%~1.945%</u>	<u>0.986%~1.945%</u>

There were no significant issues, repurchases and repayments of long-term borrowings for the three months ended March 31, 2022 and 2021. Please refer to Note 6(q) for related disclosure of interest expense, Note 6(r) for related risk exposure information and Note 8 for the collateral for long-term borrowings.

(k) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended March 31,	
	<u>2022</u>	<u>2021</u>
Operating cost	\$ 33	42
Selling expenses	29	35
Administrative expenses	34	33
Research and development expenses	<u>31</u>	<u>25</u>
Total	<u>\$ 127</u>	<u>135</u>

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contributions plans

The Group's pension expenses under defined contribution plans, which had been allocated to the Bureau of Labor Insurance were as follows:

	For the three months ended March 31,	
	2022	2021
Operating cost	\$ 2,999	2,884
Selling expenses	3,457	3,831
Administrative expenses	1,920	1,926
Research and development expenses	1,783	1,760
Total	\$ 10,159	10,401

(l) Income Tax

(i) Income tax expense

The components of income tax for three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended March 31,	
	2022	2021
Current tax expense		
Current period	\$ 59,306	51,193
Income tax expense from continuing operations	\$ 59,306	51,193

(ii) Except for the year of 2018, the Company's income tax returns through 2020 have been assessed and approved by the Tax Authorities.

(m) Capital and other equity

There was no significant change in capital and other equity for the three months ended March 31, 2022 and 2021. For the related information, please refer to Note 6(o) of the consolidated financial statements for the year ended December 31, 2021.

(i) Capital surplus

The ending balances of additional paid-in capital were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Share capital	\$ 484	484	484
Long-term investment	310,682	310,682	324,366
Other	710	710	-
	\$ 311,876	311,876	324,850

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

According to the Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated according to the proposal presented in the annual shareholders' meeting by the board of directors.

To enhance the Company's financial structure and maintain investors' equity, the Company adopts a stable dividends policy in which earnings distribution cannot be less than 50% of distributable earnings, and cash dividends payment has to be 70% of the distribution.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company has selected to apply the optional exemptions according to IFRS 1 "First-time Adoption of International Financial Reporting Standards".

In accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012, a special reserve was appropriated from the undistributed earnings equivalent to the debit balance of cumulative translation differences of \$82,429 thousand and unrealized revaluation increments of \$27,725 thousand. The special reserve appropriated can be reversed to the extent that the net debit balance reverses.

In accordance with the aforesaid Rule, a special reserve is set aside from the current year's net income after tax and prior year's undistributed earnings at an amount equal to the debit balance of contra accounts in shareholders' equity. When the debit balance of any of these contra accounts in shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of contra accounts in shareholder's equity shall qualify for additional distributions.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of March 31, 2022, December 31, 2021 and March 31, 2021, the special reserve amounted to \$133,709 thousand, \$133,709 thousand and \$110,154 thousand, respectively.

3) Earnings distribution

The company resolved the 2021 earnings distribution proposal by the board of directors on March 9, 2022 and the 2020 earnings distribution proposal by the general meeting of shareholders on August 25, 2021. The appropriation and dividends per share were as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Amount per share (dollars)</u>	<u>Amount</u>	<u>Amount per share (dollars)</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ 3.00	<u>745,950</u>	4.00	<u>994,600</u>

(iii) Other equity accounts (net value after tax)

	<u>Exchange differences on translation</u>	<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>	<u>Total</u>
Balance at January 1, 2022	\$ (216,773)	18,703	(198,070)
Exchange differences on foreign operations	62,922	-	62,922
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(4,158)	(4,158)
Unrealized losses from financial assets measured at fair value through other comprehensive income, associates accounted for using the equity method	-	(1,424)	(1,424)
Balance at March 31, 2022	<u>\$ (153,851)</u>	<u>13,121</u>	<u>(140,730)</u>
Balance at January 1, 2021	\$ (146,611)	12,902	(133,709)
Exchange differences on foreign operations	(13,794)	-	(13,794)
Exchange differences of associates accounted for using the equity method	78	-	78
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	540	540
Unrealized gains from financial assets measured at fair value through other comprehensive income, associates accounted for using the equity method	-	5,930	5,930
Balance at March 31, 2021	<u>\$ (160,327)</u>	<u>19,372</u>	<u>(140,955)</u>

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Non-controlling interests

	For the three months ended March 31,	
	2022	2021
Balance at January 1	\$ 599,379	628,302
Attributable to non-controlling interests:		
Profit (losses) for the period	434	(1,294)
Exchange differences on translation in foreign operations	135	23
Unrealized (losses) gains on financial assets	(3,204)	417
Difference between consideration value and carrying amount of subsidiaries acquired or disposed	-	19,466
Balance at March 31	<u><u>\$ 596,744</u></u>	<u><u>646,914</u></u>

(n) Earnings per share

For the three months ended March 31, 2022 and 2021, the Company's earnings per share were calculated as follows:

	For the three months ended March 31,	
	2022	2021
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u><u>\$ 227,507</u></u>	<u><u>203,144</u></u>
Weighted average number of ordinary shares	<u>248,650</u>	<u>248,650</u>
	<u><u>\$ 0.91</u></u>	<u><u>0.82</u></u>
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (diluted)	<u><u>\$ 227,507</u></u>	<u><u>203,144</u></u>
Weighted average number of ordinary shares	248,650	248,650
Effect of employees' compensation	<u>346</u>	<u>338</u>
Weighted average number of ordinary shares (diluted)	<u><u>248,996</u></u>	<u><u>248,988</u></u>
	<u><u>\$ 0.91</u></u>	<u><u>0.82</u></u>

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended March 31, 2022						
	Oncology Business Unit	Health Care Unit	Anti- Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	Other Segment	Total
Primary geographical markets:						
Taiwan	\$ 574,915	41,370	200,918	117,940	32,129	967,272
Other countries	67,082	-	-	1,945	815	69,842
	<u>\$ 641,997</u>	<u>41,370</u>	<u>200,918</u>	<u>119,885</u>	<u>32,944</u>	<u>1,037,114</u>
Major products/services lines:						
Medicine and functional food	\$ 640,763	41,359	200,918	115,516	32,944	1,031,500
Services	1,234	11	-	4,369	-	5,614
	<u>\$ 641,997</u>	<u>41,370</u>	<u>200,918</u>	<u>119,885</u>	<u>32,944</u>	<u>1,037,114</u>
For the three months ended March 31, 2021						
	Oncology Business Unit	Health Care Unit	Anti- Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	Other Segment	Total
Primary geographical markets:						
Taiwan	\$ 539,006	42,204	199,871	101,102	39,855	922,038
Europe	11,943	-	-	-	-	11,943
Other countries	27,155	-	23	-	2,897	30,075
	<u>\$ 578,104</u>	<u>42,204</u>	<u>199,894</u>	<u>101,102</u>	<u>42,752</u>	<u>964,056</u>
Major products/services lines:						
Medicine and functional food	\$ 566,074	42,204	199,894	94,944	41,895	945,011
Services	12,030	-	-	6,158	857	19,045
	<u>\$ 578,104</u>	<u>42,204</u>	<u>199,894</u>	<u>101,102</u>	<u>42,752</u>	<u>964,056</u>

(ii) Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021
Contract liability	<u>\$ 45,137</u>	<u>\$ 39,769</u>	<u>14,943</u>

For details on accounts receivable and allowance for expected credit losses, please refer to Note 6(c).

The amount of revenue recognized for the three month ended March 31, 2022 and 2020 that were included in the contract liability balance at the beginning of the period were \$193 thousand and \$8,542 thousand, respectively.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Remunerations to employees and directors

The Company's Articles of Incorporation require that earnings shall first be offset against any deficit, then, a range of 0.5%~10% will be distributed as employee remuneration, and a maximum of 2% will be allocated as remuneration to directors.

For the three months ended March 31, 2022 and 2021, the Company accrued and recognized its employee remuneration amounting to \$5,799 thousand, \$3,895 thousand, respectively, as well as its remuneration to directors amounting to \$3,738 thousand, \$2,597 thousand, respectively. These amounts were calculated by using the Company's profit before tax for the period before deducting the amounts of the remuneration to employees and directors based on the Company's Articles of Incorporation and the amount was recognized under operating expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or loss in the following year.

For the years ended December 31, 2021 and 2020, the Company accrued and recognized its employee compensation both amounting to \$23,195 thousand, and its remuneration to directors both amounting to \$14,950 thousand. The actual distribution and related information can be accessed from the website of Market Observation Post System.

(q) Non-operating income and expenses

(i) Interest income

The details of total interest income for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended March 31,	
	2022	2021
Interest income from bank deposits	\$ 1,500	1,872

(ii) Other income

The details of other income for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended March 31,	
	2022	2021
Rent revenue	\$ 2,707	2,835

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

The details of other gains and losses for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended March 31,	
	2022	2021
Gains (losses) on disposal of property, plant and equipment	\$ 43	(68)
Foreign exchange gains (losses)	4,961	(862)
Other gains and losses	3,400	4,811
	\$ 8,404	3,881

(iv) Finance costs

The details of finance costs for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended March 31,	
	2022	2021
Interest expense	\$ 4,399	4,733
Other finance costs	70	56
	\$ 4,469	4,789

(r) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2021.

(i) Credit risk of receivables

Please refer to Note 6(c) for information of credit risk exposure of notes and accounts receivables.

All other financial assets measured at amortized cost include other receivable and time deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. With regards to how the financial instruments are considered to have low credit risk, please refer to Note 4(g) of the consolidated financial statements for the year ended December 31, 2021.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>
March 31, 2022					
Non-derivative financial liabilities					
Bank loans	\$ 1,817,825	1,821,669	1,819,021	2,648	-
Non-interest-bearing liabilities (including related parties)	752,571	752,571	622,571	110,400	19,600
Lease liabilities (current and non-current)	19,834	20,109	7,608	9,533	2,968
Guarantee deposits received	<u>2,504</u>	<u>2,504</u>	<u>2,504</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,592,734</u>	<u>2,596,853</u>	<u>2,451,704</u>	<u>122,581</u>	<u>22,568</u>
December 31, 2021					
Non-derivative financial liabilities					
Bank loans	\$ 2,123,121	2,127,293	2,123,120	4,173	-
Non-interest-bearing liabilities (including related parties)	853,153	853,153	709,353	110,400	33,400
Lease liabilities (current and non-current)	21,784	22,284	7,850	10,873	3,561
Guarantee deposits received	<u>2,429</u>	<u>2,429</u>	<u>2,429</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,000,487</u>	<u>3,005,159</u>	<u>2,842,752</u>	<u>125,446</u>	<u>36,961</u>
March 31, 2021					
Non-derivative financial liabilities					
Bank loans	\$ 2,139,558	2,147,737	1,737,550	410,187	-
Non-interest-bearing liabilities (including related parties)	555,803	555,803	555,803	-	-
Lease liabilities (current and non-current)	16,641	17,493	5,536	6,771	5,186
Guarantee deposits received	<u>3,023</u>	<u>3,023</u>	<u>3,023</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,715,025</u>	<u>2,724,056</u>	<u>2,301,912</u>	<u>416,958</u>	<u>5,186</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Market risk

1) Currency risk

The Group's significant exposure of financial assets and liabilities to foreign currency risk was as follows:

	March 31, 2022			December 31, 2021			March 31, 2021			
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	10,717	28.6250	306,784	11,054	27.68	305,973	10,831	28.54	309,117
CNY		2,475	4.5060	11,153	2,429	4.344	10,553	2,665	4.344	11,577
JPY		148,107	0.2353	34,850	128,475	0.24	30,898	93,393	0.26	24,282
EUR		200	31.9200	6,399	180	31.32	5,630	146	33.48	4,888
HKD		44	3.6560	160	648	3.550	2,301	-	-	-
<u>Non-monetary items</u>										
USD		47,461	28.6250	1,358,559	47,800	27.68	1,323,103	47,801	28.54	1,364,247
CNY		47,211	4.5060	212,734	47,335	4.344	205,623	49,280	4.344	214,072
THB		359,813	0.8651	311,274	350,604	0.835	292,649	324,312	0.91	295,124
EUR		55	31.9200	1,750	58	31.32	1,815	70	33.48	2,328
TRY		6,398	1.9540	12,502	6,744	2.16	14,539	-	-	-

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents and accounts receivable that are denominated in foreign currency. Net investments in a foreign operation are strategic investments, so the Group does not treat them as a hedge.

A strengthening (weakening) of 1% of the NTD against the USD, CNY, JPY, EUR and HKD as of March 31, 2022 and 2021 would have increased (decreased) the net profit after tax by \$2,875 thousand and \$2,799 thousand, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2022 and 2021, the foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$4,961 thousand and (\$862) thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group mainly borrows capital at floating interest rates, so the cash flow risk arises from changes in interest rates. The Group's main source of borrowed capital is bank loans.

Regarding the liabilities with variable interest rates, their sensitivity analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The fluctuation rate is expressed as the interest rate increases or decreases by 0.25%, which also represents the Group management's assessment of the reasonably possible interest rate change, when reporting to the internal management.

If the interest rate had increased/decreased by 0.25%, the Group's after-tax net income would have decreased/increased by \$660 thousand and \$1,776 thousand for the three months ended March 31, 2022 and 2021, respectively with all other variable factors remaining constant.

(v) Other market price risk

For the three months ended March 31, 2022 and 2021, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for profit or loss as illustrated below:

	For the three months ended March 31,			
	2022		2021	
	Other Comprehensive income after tax	Net income	Other Comprehensive income after tax	Net income
Prices of securities at the reporting date				
Increasing 10%	\$ 24,277	-	28,942	-
Decreasing 10%	\$ (24,277)	-	(28,942)	-

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy, were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for lease liabilities, disclosure of fair value information is not required:

	March 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic stock in listed company at Stock Exchange	\$ 181,843	181,843	-	-	181,843
Domestic stock in listed company at Taipei Exchange	46,157	46,157	-	-	46,157
International stock	14,771	-	-	14,771	14,771
subtotal	242,771	228,000	-	14,771	242,771

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		March 31, 2022			
		Fair Value			
	<u>Book Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,268,891	-	-	-	-
Notes receivable and accounts receivable (including related party)	1,015,728	-	-	-	-
Other receivables (including related party)	14,936	-	-	-	-
Other financial assets	461,129	-	-	-	-
Refundable deposits paid	<u>25,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
subtotal	<u>3,786,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,029,442</u>	<u>228,000</u>	<u>-</u>	<u>14,771</u>	<u>242,771</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 1,817,825	-	-	-	-
Notes payable and accounts payable (including related party)	188,184	-	-	-	-
Other payables (including related party)	434,387	-	-	-	-
Lease liabilities (current and non-current)	19,834	-	-	-	-
Guarantee deposit received	2,504	-	-	-	-
Other non-current liabilities	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,592,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2021			
		Fair Value			
	<u>Book Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income					
Domestic stock in listed company at Stock Exchange	\$ 182,433	182,433	-	-	182,433
Domestic stock in listed company at Taipei Exchange	52,929	52,929	-	-	52,929
International stock	<u>14,771</u>	<u>-</u>	<u>-</u>	<u>14,771</u>	<u>14,771</u>
subtotal	<u>250,133</u>	<u>235,362</u>	<u>-</u>	<u>14,771</u>	<u>250,133</u>

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,222,253	-	-	-	-
Notes receivable and accounts receivable (including related party)	1,137,753	-	-	-	-
Other receivables (including related party)	13,622	-	-	-	-
Other financial assets	471,024	-	-	-	-
Refundable deposits paid	<u>33,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
subtotal	<u>3,878,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,128,618</u>	<u>235,362</u>	<u>-</u>	<u>14,771</u>	<u>250,133</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 2,123,121	-	-	-	-
Notes payable and accounts payable (including related party)	187,268	-	-	-	-
Other payables (including related party)	522,085	-	-	-	-
Lease liabilities (current and non-current)	21,784	-	-	-	-
Refundable deposits paid	2,429	-	-	-	-
Other non-current liabilities	<u>143,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,000,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 31, 2021					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic stock in listed company at Stock Exchange	\$ 176,780	176,780	-	-	176,780
Domestic stock in listed company at Taipei Exchange	63,365	63,365	-	-	63,365
International stock	<u>49,271</u>	<u>-</u>	<u>-</u>	<u>49,271</u>	<u>49,271</u>
subtotal	<u>289,416</u>	<u>240,145</u>	<u>-</u>	<u>49,271</u>	<u>289,416</u>

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,554,552	-	-	-	-
Notes receivable and accounts receivable (including related party)	934,127	-	-	-	-
Other receivables (including related party)	11,928	-	-	-	-
Other financial assets	422,756	-	-	-	-
Refundable deposits paid	23,150	-	-	-	-
subtotal	<u>3,946,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,235,929</u>	<u>240,145</u>	<u>-</u>	<u>49,271</u>	<u>289,416</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 2,139,558	-	-	-	-
Notes payable and accounts payable (including related party)	124,351	-	-	-	-
Other payables (including related party)	431,452	-	-	-	-
Lease liabilities (current and non-current)	16,641	-	-	-	-
Guarantee deposit received	3,023	-	-	-	-
Total	<u>\$ 2,715,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Fair value hierarchy

The Group analyzes financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows:

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

3) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques used for financial instruments not measured at fair value are as follows:

The financial instrument mentioned above is either close to its expiry date, or their future receivable or payable is close to its carrying value; thus, its fair value is estimated from the book value of the balance sheet date.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value measured by using valuation technique can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the report date.

Equity instruments without a public quotation: The fair value of the equity instrument is estimated based on a discounted cash flow model. The main assumption is that the expected future cash flow of the investee will be discounted at the rate of return, which reflects the time value of money and investment risk.

5) Transfer between levels

There was no change in valuation techniques for financial instruments measured at fair value for the three months ended March 31, 2022 and 2021, so there was no transfer between levels.

6) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance at January 1, 2022	\$ <u>14,771</u>
Balance at March 31, 2022	\$ <u>14,771</u>
Balance at January 1, 2021	\$ <u>49,271</u>
Balance at March 31, 2021	\$ <u>49,271</u>

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 7) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

Most of the Group's financial instruments that use Level 3 inputs have only one significant unobservable input. Only equity investments without an active market have multiple significant unobservable input.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through other comprehensive income - equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> ·Weighted average cost of capital (On March 31, 2022 were 13.32%.) ·Discount for lack of market liquidity (On March 31, 2022 were 20.6%) 	·The higher the weighted average cost of capital and discount for lack of market liquidity, the lower the fair value.
	Comparable companies method	<ul style="list-style-type: none"> ·Discount for lack of market liquidity (On March 31, 2022 and December 31,2021 both were 28.52%) ·Expected volatility (On March 31, 2022 and December 31,2021 both were 60.84%) 	<ul style="list-style-type: none"> ·The higher the discount for lack of market liquidity, the lower the fair value. ·The higher the volatility, the the higher the fair value.

- 8) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The valuation models and assumptions used to measure the fair value of financial instruments are reasonable. However, the use of different valuation models or assumptions may result in different measurements. The following is the effect of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used in valuation models have changed:

	<u>Input</u>	<u>Change</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
March 31, 2022				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	148	(148)
	Expected volatility	1%	494	(489)
December 31, 2021				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	148	(148)
	Expected volatility	1%	494	(489)

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Input</u>	<u>Change</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
March 31, 2021				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Weighted average cost of capital	1%	169	(146)
	Discounted of liquidity	1%	487	(487)

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(s) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(u) of the consolidated financial statements for the year ended December 31, 2021.

(t) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2021 for further details.

(7) Related-party transactions:

(a) Names of related parties and relationship

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
American Taiwan Biopharm	An associate
Shangta Pharmaceutical Co., Ltd.	Other related party

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant transactions with related parties

(i) Sales revenue

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

	For the three months ended March 31,	
	2022	2021
Associates	\$ 36,127	9,764
Other related parties	134	147
	\$ 36,261	9,911

Prices charged for sales transactions with associates were calculated at 100% of the annual cost. If the collection was past due three months, then 5% interest was charged.

(ii) Other gains

The amounts of other gains by the Group from related parties were as follows:

<u>Recognized item</u>	<u>Category</u>	For the three months ended March 31,	
		2022	2021
Other gains	Associates-American Taiwan Biopharm	\$ 3,044	3,127

Other gains of the Group to the associates were mainly paid in accordance with the management service contract between the two parties. The payment terms are three months, which were no different from the payment terms given by other vendors.

(c) Assets and liabilities with related parties

<u>Recognized item</u>	<u>Category</u>	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable	Associates	\$ 37,083	22,936	17,180
	Other related parties	56	60	-
		\$ 37,139	22,996	17,180
Other receivables	Associate-American Taiwan Biopharm	\$ 3,169	2,971	3,532

The information about the expected credit losses for notes receivable and accounts receivable, please refer to Note 6(c).

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2022	2021
Salaries and other short-term employee benefits	\$ 19,342	25,308
Post-employment benefits	189	261
	\$ 19,531	25,569

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged asset	Object	March 31, 2022	December 31, 2021	March 31, 2021
Other financial assets-current and non-current	Bank loan	\$ 21,135	21,135	21,133
Other financial assets-non-current	Guarantee for provision attachment	149,380	149,380	149,380
		\$ 170,515	170,515	170,513

(9) Significant commitments and contingencies:

(a) The Group's unfinished contracts as of March 31, 2022, December 31, 2021 and March 31, 2021 were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Total price of unfinished contracts			
Purchase of equipment and construction engineering	\$ <u>32,600</u>	<u>18,185</u>	<u>10,710</u>
Acquisition of intangible assets	\$ <u>216,096</u>	<u>219,892</u>	<u>201,074</u>
Research and development service	\$ <u>186,076</u>	<u>195,549</u>	<u>349,504</u>
Purchase of raw materials	\$ <u>97,634</u>	<u>95,252</u>	<u>-</u>
Unpaid amount			
Purchase of equipment and construction engineering	\$ <u>16,481</u>	<u>10,974</u>	<u>6,143</u>
Acquisition of intangible assets	\$ <u>145,524</u>	<u>146,170</u>	<u>141,873</u>
Research and development service	\$ <u>84,883</u>	<u>86,828</u>	<u>130,402</u>
Purchase of raw materials	\$ <u>71,563</u>	<u>73,525</u>	<u>-</u>

(b) As of March 31, 2022, December 31, 2021, and March 31, 2021, the financial institutions provide guarantee for the import and sale of medicine amounted to \$108,807 thousand, \$153,605 thousand and \$71,211 thousand, respectively.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

- (a) A summary of current-period employee benefits, depreciation and amortization expenses, by function, was as follows:

By item	By function					
	For the three months ended March 31,					
	2022			2021		
	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	\$ 56,670	177,487	234,157	55,655	170,846	226,501
Health and labor insurance	5,400	12,726	18,126	5,413	12,632	18,045
Pension	3,032	7,254	10,286	2,926	7,610	10,536
Others	1,454	13,406	14,860	1,548	9,047	10,595
Depreciation expense	29,126	10,359	39,485	25,935	8,648	34,583
Amortization expense	78	5,460	5,538	22	5,163	5,185

- (b) Others

The Group donated \$14,478 thousand and \$8,153 thousand to related medical foundations and associations to support non-profit organizations developing drugs and promoting disease prevention and correct dosage for the three months ended March 31, 2022 and 2021, respectively.

- (c) In June 2015, the Taiwan Taipei District Prosecutors Office (TTDPO) filed a charge against the ex-chairman of the Company, Rong-Jin Lin (Mr. Lin), for the offense of aggravated breach of trust under the Securities and Exchange Act. (hereinafter referred to as the “Breach of Trust Case”) Meanwhile, the company filed a criminal incidental civil lawsuit for the “Breach of Trust Case”. The relevant incidental civil action was later transferred to the civil court on September 6, 2017 for further trial (hereinafter referred to as “relevant civil case 1”). The Company additionally filed another criminal incidental civil lawsuit on February 13, 2018 (hereinafter referred to as “relevant civil case 2”) in requesting Mr.Lin, Denis Opitz and Inopha A.G. to be jointly and severally liable for compensation.

According to the verdict rendered by the Taipei District Court on September 1, 2017, Mr. Lin was found guilty for violating the Securities and Exchange Act. However, Mr. Lin disagreed with the decision made by the Taipei District Court; therefore, appealed to the Taiwan High Court and was acquitted by the Taiwan High Court on May 27, 2020. The company then appealed the “Breach of Trust Case” case to the Supreme Court, and was remanded on December 23, 2021 by the Supreme court. It is now in the High Court for further trial together with the “relevant civil case 2”. On the other hand, on April 23, 2018, the TTDPO requested the Taiwan High Court to review both cases of Mr. Lin’ s offense for a joint trial. Concerning the aggravated breach of trust under the Securities and Exchange Act, and the dispute on the contract entered into by the Company and Center Laboratories, Inc. regarding the drug called “Risperdone”(hereinafter referred to as the “Risperdone Case”). However, on May 27, 2020, the Taiwan High Court rejected the above request. TTDPO

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

insisted former request and appealed to the Taiwan Supreme Court on September 29, 2020. It was later remanded to the High Court by the Supreme Court and is now in the High Court and joint with the “Breach of Trust Case”. The Company filed an additional claim for compensation in the “the relevant civil case 2” for the “Risperdone Case” part on June 29, 2015, which was now remanded to the Taiwan Supreme Court.

- (d) On May 31, 2016, the Company filed a claim with the Cantonal Court of Zug in Switzerland against Inopha AG (Inopha) for all 13 licensing agreements between the Company and Inopha being declared null and void, and further sought an order that Inopha returns all the benefits it had gained from the 13 agreements. The case is still in progress.
- (e) On May 30, 2016, Janssen Pharmaceutica NV (Janssen) filed a request for arbitration with the WIPO Arbitration and Mediation Center, at the Company’s request, to confirm whether the monies incurred from the agreement in dispute belong to the Company or Inopha. The case was suspended. As of March 31, 2022, the monies incurred from the agreement in dispute in the amount of \$21,505 thousand euros have been deposited into the escrow account by Janssen.
- (f) With regard to the dispute on the Risperidone Contract entered into by and between the Company and Center Laboratories, Inc. (CLI), CLI filed an administrative action for declaration of such Contract, as a civil lawsuit, against the Company in the Taipei District Court on July 1, 2016. The Taipei District Court ruled in favor of CLI on March 1, 2018, and the appeal to the Taiwan High Court by the Company, had been dismissed on March 11, 2020. Therefore, the Company filed an appeal to the Supreme Court on April 10, 2020. On May 19, 2021, the original judgment was declared to be invalid by the Supreme Court, and the case is further remanded by the Supreme Court to the Taiwan High Court for an appeal by the Company.
- (g) On February 28, 2020, the Company filed a civil lawsuit to the Labor Court Dresden of Germany against Denis Optiz, the beneficiary owner of Inopha AG. This case has been accepted by the Labor Court Dresden of Germany and is currently under progress.
- (h) On May 14, 2021, the Company was penalized by the Fair Trade Commission for concerted action due to the agreement it entered with Lotus Pharmaceutical Co., Ltd. on February 4, 2009 regarding the exclusive right to sell “Furil Capsules”. On July 12, 2021, the Company filed a complaint with the Taipei High Administrative Court to revoke the above penalty. The case was still in progress as of the reporting date.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2022:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollar)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 4)		Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
					Ending balance (Note 5)								Item	Value		
1	Worldco International Co., Ltd.	The Company	Receivables from related parties	Yes	71,563 USD 2,500	71,563 USD 2,500	-	0.9%	2	-	Operating capital	-	-	-	84,280 CNY 18,704	84,280 CNY 18,704

The exchange rate of USD to NTD as of the reporting date is 1:28.6250.

The exchange rate of CNY to NTD as of the reporting date is 1:4.5060.

Note 1): Nature of financing activities is as follows:

- 1.Trading partner, the number is “1”.
- 2.Short-term financing, the number is “2”.

Note 2): The total amount for lending to a company shall not exceed 20% and 40% of the worth of the Company and its subsidiaries, respectively, in their latest financial statements. 100% directly and indirectly owned foreign subsidiaries are not subject to such limitation.

Note 3): The total amount available for lending purposes shall not exceed 20% and 40% of the worth of the Company and its subsidiaries, respectively, in their latest financial statements. 100% directly and indirectly owned foreign subsidiaries are not subject to such limitation.

Note 4): The highest balance of financing to other parties as of March 31, 2022.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 5): The amounts were approved by the Board of Directors.

Note 6): The amounts in foreign currencies were translated based on the spot exchange rate at the reporting date.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollar)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
TSH Biopharm Co., Ltd.	Lumosa Therapeutics Co., Ltd. Common Stock	-	Financial assets measured at fair value through other comprehensive income— current	1,315	46,157	0.81 %	46,157	
"	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets measured at fair value through other comprehensive income—non-current	2,500	157,000	0.38 %	157,000	
"	Union Bank of Taiwan Preferred Shares A	-	"	400	21,360	0.20 %	21,360	
"	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	"	58	3,483	0.02 %	3,483	
"	CellMax Ltd. Common Stock	-	"	1,593	14,771	0.67 %	14,771	

(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital: None

(v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: None

(vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None

(vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital: None

(viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital: None

(ix) Information regarding trading in derivative financial instruments: None

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(x) Significant transactions and business relationship between the parent company and its subsidiaries:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	TSH Biopharm Co., Ltd.	1	Accounts receivable	5,150	By contract	0.06%
0	"	"	1	Other receivables	1,770	"	0.02%
0	"	"	1	Sales revenue	18,619	"	1.80%
0	"	"	1	Other income	1,149	"	0.11%
0	"	"	1	Other gains and losses	1,208	"	0.12%
0	"	American Taiwan Biopharma Phils Inc.	1	Other receivables	6,801	"	0.07%
0	"	Chuang Yi Biotech Co., Ltd.	1	Accounts receivable	12,353	"	0.13%
0	"	"	1	Sales revenue	11,765	"	1.13%
0	"	"	1	Other gains and losses	1,873	"	0.18%
0	"	TTY Biopharm Mexico S.A. de C.V.	1	Accounts receivable	1,144	"	0.01%
0	"	"	1	Sales revenue	1,112	"	0.11%

Note 1): The numbering is as follows:

1. "0" represents the parent company.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2): The types of transaction between the parent company and subsidiaries are as follows:

1. Transactions from parent company to subsidiary.
2. Transactions from subsidiary to parent company.
3. Transactions between subsidiaries.

Note 3): The transactions have been eliminated in the consolidated financial statements.

Note 4): The related-party transactions less than NT\$1,000 thousand were not disclosed, and so were the relative transactions.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Xudong Haipu International Co., Ltd.	Cayman Is.	Investing activities	303,998	303,998	25,000	100.00 %	1,293,815	(3,641)	(3,641)	Subsidiary
The Company	Worldco International Co., Ltd.	Hong Kong	Selling chemical medicine	158,254	158,254	39,600	100.00 %	210,195	(887)	(887)	Subsidiary
The Company	American Taiwan Biopharma Phils Inc.	Philippines	Selling chemical medicine	32,904	32,904	481	87.00 %	(1,248)	(622)	(541)	Subsidiary
The Company	TSH Biopharm Co., Ltd.	Taiwan	Selling chemical medicine	227,449	227,449	21,687	56.48 %	610,858	19,028	10,740	Subsidiary
The Company	EnhancX Biopharm Inc.	Taiwan	Developing chemical medicine	50,000	50,000	5,000	20.83 %	23,321	(5,962)	(1,242)	Subsidiary
The Company	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	250,951	250,951	16,646	49.05 %	15,291	(10,156)	(4,981)	Subsidiary
The Company	TTY Biopharm Turkey Saglik Urunleri Sanayi ve Ticaret Limited Sirketi	Turkey	Selling chemical medicine	13,863	13,863	240	100.00 %	12,502	(702)	(702)	Subsidiary
The Company	PharmaEngine, Inc.	Taiwan	Developing chemical medicine	536,559	536,559	25,867	18.01 %	891,103	97,034	17,476	Investments accounted for using equity method
The Company	American Taiwan Biopharm	Thailand	Selling chemical medicine	2,966	2,966	380	40.00 %	311,274	30,253	12,101	Investments accounted for using equity method
The Company	Gligio International Limited	Hong Kong	Selling chemical medicine	2,685	2,685	620	40.00 %	64,744	7,431	2,972	Investments accounted for using equity method
Xudong Haipu International Co., Ltd.	EnhancX Biopharm Inc.	Taiwan	Developing chemical medicine	70,000	70,000	7,000	29.17 %	43,368	(5,962)	(1,739)	Subsidiary
Xudong Haipu International Co., Ltd.	TTY Biopharm Korea Co., Ltd.	Korea	Selling chemical medicine	43,834	43,834	318	100.00 %	9,995	(1,942)	(1,942)	Subsidiary
Xudong Haipu International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Mexico	Selling chemical medicine	26,638	26,638	17,500	50.00 %	13,027	(1,884)	(942)	Subsidiary
Worldco International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Mexico	Selling chemical medicine	26,638	26,638	17,500	50.00 %	13,027	(1,884)	(942)	Subsidiary
EnhancX Biopharm Inc.	EnhancX Biopharm B.V.	Netherlands	Developing chemical medicine	3,538	3,538	100	100.00 %	1,750	(98)	(98)	Subsidiary
TSH Biopharm Co., Ltd.	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	40,252	40,252	1,320	3.89 %	5,602	(10,156)	(396)	Subsidiary

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
Chuang Yi Biotech Co., Ltd.	Immortal Fame Global Ltd.	Samoa	Import and export trading and investment activities	16,820	16,820	568	100.00 %	2,606	(53)	(53)	Subsidiary

Note: Net income (losses) of investee was calculated at the level of the consolidated group.

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Worldco Biotech Pharmaceutical Ltd. (Chengdu)	Selling chemical medicine	53,621	(2)	90,706	-	-	90,706	186	100 %	186	51,170	-
		CNY 11,900		CNY 20,130			CNY 20,130	CNY 42		CNY 42	CNY 11,356	
Chuang Yi (Shanghai) Trading Co., Ltd.	Selling functional food	14,313	(2)	14,313	-	-	14,313	(53)	100 %	(53)	2,539	-
		USD 500		USD 500			USD 500	CNY (12)		CNY (12)	CNY 563	

The exchange rate of USD to NTD as of the reporting date was 1:28.6250, and the average exchange rate of USD to NTD for the reporting period was 1:28.0008.

The exchange rate of CNY to NTD as of the reporting date was 1:4.5060, and the average exchange rate of CNY to NTD for the reporting period was 1:4.4103.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1): Investment methods are classified into the following four categories.

1. Remittance from third-region companies to invest in Mainland China.
2. Through the establishment of third-region companies, then investing in Mainland China.
3. Through transfer of investment to third-region existing companies, then investing in Mainland China.
4. Others.

Note 2): The amounts are presented in New Taiwan Dollar. Recognized investment gain (loss) and the carrying value of investment as of the reporting date in foreign currencies were translated based on the average exchange rate during the reporting period and the exchange rate at the reporting date, respectively.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 105,019	NTD 1,351,902 (USD 47,228)	NTD 3,271,622

(iii) Significant transactions: None

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Dawan Technology Company Limited		23,526,732	9.46 %

(14) Segment information:

(a) General information

The Group's operating segments required to be disclosed are categorized as Oncology Business Unit, Health Care Unit, Anti-Infection Business Unit, Domestic Cardiovascular and Gastrointestinal Drugs Business Unit, China Medicine Business Unit, etc. The Group has other operating segments that are below the quantitative criteria located in the Philippines.

The segments' profit is measured at profit before tax. The Group assesses performance of the segments based on the segments' profit. The operating segments' accounting policies are similar to those described in Note 4 "significant accounting policies".

(b) Reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliations

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

For the three months ended March 31, 2022	Oncology Business Unit	Health Care Unit	Anti- Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	China Medicine Business Unit	Other Segment	Adjustment and elimination	Total
Revenue:								
Revenue from external customers	\$ 641,997	41,370	200,918	119,885	-	32,944	-	1,037,114
Intersegment revenues	19,850	11,765	-	564	-	-	(32,179)	-
Total revenue	<u>\$ 661,847</u>	<u>53,135</u>	<u>200,918</u>	<u>120,449</u>	<u>-</u>	<u>32,944</u>	<u>(32,179)</u>	<u>1,037,114</u>
Reportable segment profit or loss	<u>\$ 187,096</u>	<u>28,273</u>	<u>65,713</u>	<u>23,878</u>	<u>(1,021)</u>	<u>(21,008)</u>	<u>4,316</u>	<u>287,247</u>
For the three months ended March 31, 2021								
Revenue:								
Revenue from external customers	\$ 578,104	42,204	199,894	101,102	-	42,752	-	964,056
Intersegment revenues	17,191	12,194	-	645	-	-	(30,030)	-
Total revenue	<u>\$ 595,295</u>	<u>54,398</u>	<u>199,894</u>	<u>101,747</u>	<u>-</u>	<u>42,752</u>	<u>(30,030)</u>	<u>964,056</u>
Reportable segment profit or loss	<u>\$ 147,639</u>	<u>31,845</u>	<u>72,466</u>	<u>11,873</u>	<u>(174)</u>	<u>(15,470)</u>	<u>4,864</u>	<u>253,043</u>
Reportable segment assets								
Balance on March 31, 2022	<u>\$ 7,613,313</u>	<u>463,048</u>	<u>444,687</u>	<u>1,154,832</u>	<u>211,510</u>	<u>1,711,428</u>	<u>(2,329,280)</u>	<u>9,269,538</u>
Balance on December 31, 2021	<u>\$ 7,535,847</u>	<u>460,004</u>	<u>509,320</u>	<u>1,160,857</u>	<u>239,828</u>	<u>1,782,187</u>	<u>(2,391,578)</u>	<u>9,296,465</u>
Balance on March 31, 2021	<u>\$ 7,771,772</u>	<u>433,690</u>	<u>456,988</u>	<u>1,228,079</u>	<u>215,529</u>	<u>1,813,982</u>	<u>(2,410,797)</u>	<u>9,509,243</u>