

**TTY BIOPHARM COMPANY LIMITED  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Six Months Ended June 30, 2024 and 2023**

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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.

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## 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 June 30, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months and six months ended June 30, 2024 and 2023 for the six months ended June 30, 2024 and 2023, 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 the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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 Standards on Auditing of the Republic of China 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 6(e), the investments accounted for using the equity method of TTY Biopharm Company Limited and its subsidiaries amounting to \$508,027 thousand and \$446,069 thousand as of June 30, 2024 and 2023, respectively, and the related share of profit amounting to \$20,853 thousand, \$17,139 thousand, \$37,156 thousand and \$38,459 thousand for the three months and six months periods ended respectively, 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 June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023 and its consolidated cash flows for the six months ended June 30, 2024 and 2023, 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 amounted to \$864,296 thousand and \$838,137 thousand, constituting 8.43% and 8.70% of consolidated total assets as of June 30, 2024 and 2023, respectively, and the related share of profit of associates accounted for using the equity method amounted to \$28,597 thousand, \$13,520 thousand, \$43,307 thousand and \$28,169 thousand, constituting 8.18%, 3.44%, 6.04% and 4.10% of consolidated total profit before tax for the three months and six months ended June 30, 2024 and 2023.

The engagement partners on the reviews resulting in this independent auditors’ review report are Han, Yi-Lien and Chang, Stu-Ying.

KPMG

Taipei, Taiwan (Republic of China)  
August 8, 2024

## **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)

**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES****Consolidated Balance Sheets****June 30, 2024, December 31, 2023, and June 30, 2023****(Expressed in Thousands of New Taiwan Dollar)**

Assets		June 30, 2024		December 31, 2023		June 30, 2023		Liabilities and Equity		June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (notes 6(a), (f) and (t))	\$ 2,573,789	25	2,621,020	27	2,632,711	27	2100	Short-term borrowings (notes 6(k) and (t))	\$ 2,000,000	20	1,450,000	15	1,950,000	20
1120	Current financial assets at fair value through other comprehensive income (notes 6(b) and (t))	272,600	3	79,228	1	72,457	1	2130	Contract liabilities-current (note 6(q))	12,561	-	14,234	-	38,101	-
1150	Notes receivable, net (notes 6(c), (f) and (t))	32,502	-	33,441	-	33,247	-	2150	Notes payable (notes 6(f) and (t))	72,647	1	56,134	1	56,424	1
1170	Accounts receivable, net (notes 6(c), (f) and (t))	1,228,406	12	1,269,462	13	1,024,721	11	2170	Accounts payable (notes 6(f) and (t))	135,147	1	238,530	2	214,132	2
1180	Accounts receivable due from related parties, net (notes 6(c), (t) and 7)	22,677	-	40,830	-	37,863	-	2216	Dividends payable (note 6(t))	21,390	-	-	-	26,738	-
1200	Other receivables, net (notes 6(t) and 7)	66,878	1	28,809	-	73,940	1	2219	Other payables (notes 6(f), (r) and (t))	533,858	5	645,748	7	425,590	5
130X	Inventories (notes 6(d), (f) and 9)	1,116,122	11	1,095,956	11	1,049,027	11	2230	Current tax liabilities (note 6(f))	172,361	2	156,965	2	150,797	2
1410	Prepayments	74,113	1	79,015	1	48,085	1	2280	Current lease liabilities (notes 6(f) and (t))	6,699	-	5,863	-	5,469	-
1476	Other current financial assets (notes 6(f), (j) and (t))	127,000	1	116,309	1	116,291	1	2300	Other current liabilities (note 6(f))	29,554	-	16,271	-	25,362	-
1470	Other current assets (note 6(j))	19,503	-	6,364	-	18,711	-	2320	Long-term liabilities, current portion (notes 6(l) and (t))	-	-	-	-	419,080	4
		<u>5,533,590</u>	<u>54</u>	<u>5,370,434</u>	<u>54</u>	<u>5,107,053</u>	<u>53</u>			<u>2,984,217</u>	<u>29</u>	<u>2,583,745</u>	<u>27</u>	<u>3,311,693</u>	<u>34</u>
<b>Non-current assets:</b>								<b>Non-current liabilities:</b>							
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(b) and (t))	194,436	2	194,467	2	200,101	2	2540	Long-term borrowings (notes 6(l) and (t))	400,000	4	400,000	4	-	-
1550	Investments accounted for using the equity method, net (note (e))	1,372,323	14	1,355,738	14	1,284,206	13	2570	Deferred tax liabilities	318,745	3	318,745	3	305,443	3
1600	Property, plant and equipment (notes 6(f), (h) and 9)	2,268,189	22	2,278,114	24	2,365,981	25	2580	Non-current lease liabilities (notes 6(f) and (t))	2,121	-	3,047	-	5,230	-
1755	Right-of-use assets (note 6(f))	8,822	-	8,824	-	10,630	-	2640	Net defined benefit liability, non-current	27,031	-	27,402	-	2,504	-
1760	Investment property, net	132,727	1	132,843	1	133,301	1	2645	Guarantee deposits received (note 6(t))	2,438	-	2,428	-	2,427	-
1780	Intangible assets (notes 6(f), (i) and 9)	397,963	4	164,009	2	232,648	3	2670	Other non-current liabilities (note 6(t))	5,800	-	33,400	-	61,000	1
1840	Deferred tax assets	48,708	-	48,709	-	47,109	-			<u>756,135</u>	<u>7</u>	<u>785,022</u>	<u>7</u>	<u>376,604</u>	<u>4</u>
1915	Prepayments for business facilities	5,600	-	18,734	-	16,554	-	<b>Total liabilities</b>		<u>3,740,352</u>	<u>36</u>	<u>3,368,767</u>	<u>34</u>	<u>3,688,297</u>	<u>38</u>
1920	Refundable deposits paid (note 6(t))	34,250	-	47,770	-	25,840	-	<b>Equity attributable to owners of parent (note 6(o)):</b>							
1984	Other non-current financial assets (notes 6(j), (t) and 8)	177,064	2	177,056	2	150,407	2	3100	Share capital	2,486,500	24	2,486,500	25	2,486,500	26
1990	Other non-current assets (notes 6(f), (j) and 9)	76,208	1	78,211	1	61,482	1	3200	Capital surplus (note 6(e))	316,969	3	316,618	3	312,781	3
		<u>4,716,290</u>	<u>46</u>	<u>4,504,475</u>	<u>46</u>	<u>4,528,259</u>	<u>47</u>	3310	Legal reserve	1,499,516	15	1,389,227	14	1,389,227	14
								3320	Special reserve	198,071	2	198,071	2	198,071	2
								3350	Unappropriated retained earnings	1,156,627	11	1,594,709	16	1,042,432	11
								3400	Other equity interest	148,528	2	(43,785)	-	(44,264)	-
									Equity attributable to owners of parent:	5,806,211	57	5,941,340	60	5,384,747	56
								36XX	Non-controlling interests (notes 6(g) and (o))	703,317	7	564,802	6	562,268	6
								<b>Total equity</b>		<u>6,509,528</u>	<u>64</u>	<u>6,506,142</u>	<u>66</u>	<u>5,947,015</u>	<u>62</u>
<b>Total assets</b>		<u>\$ 10,249,880</u>	<u>100</u>	<u>9,874,909</u>	<u>100</u>	<u>9,635,312</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 10,249,880</u>	<u>100</u>	<u>9,874,909</u>	<u>100</u>	<u>9,635,312</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months and six months ended June 30, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Share)**

	For the three months ended June 30				For the six months ended June 30				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenue (notes 6(q) and 7)</b>								
	\$	1,374,651	100	1,261,563	100	2,648,256	100	2,427,895	100
5000	<b>Operating costs (notes 6(d), (m) and 12)</b>								
		566,871	41	502,090	40	1,067,617	40	958,067	39
	<b>Gross profit</b>								
		807,780	59	759,473	60	1,580,639	60	1,469,828	61
5910	Less: Unrealized profit (loss) from sales								
		(2,632)	-	4,300	-	12,797	1	11,225	-
5920	Add: Realized profit (loss) from sales								
		-	-	-	-	13,490	1	8,544	-
	<b>Gross profit, net</b>								
		810,412	59	755,173	60	1,581,332	60	1,467,147	61
6000	<b>Operating expenses (notes 6(m), (r) and 12):</b>								
6100	Selling expenses								
		305,563	22	259,015	20	576,673	22	547,943	23
6200	Administrative expenses								
		136,977	10	100,638	8	241,435	9	213,288	9
6300	Research and development expenses								
		84,163	6	62,939	5	169,043	6	128,426	5
6450	Expected (reversal of) credit losses (note 6(c))								
		818	-	(1,402)	-	1,389	-	(1,892)	-
	<b>Total operating expenses</b>								
		527,521	38	421,190	33	988,540	37	887,765	37
	<b>Net operating income</b>								
		282,891	21	333,983	27	592,792	23	579,382	24
	<b>Non-operating income and expenses (note 6(s)):</b>								
7100	Interest income								
		23,593	2	21,769	2	43,135	2	38,126	2
7010	Other income								
		3,056	-	2,686	-	5,696	-	5,390	-
7020	Other gains and losses, net (note 7)								
		646	-	13,646	1	12,968	1	13,642	1
7050	Finance costs, net								
		(10,120)	(1)	(9,355)	(1)	(17,484)	(1)	(16,438)	(1)
7060	Share of profit of associates accounted for using the equity method, net (note 6(e))								
		49,450	4	30,659	2	80,463	3	66,628	3
7055	<b>Total non-operating income and expenses</b>								
		66,625	5	59,405	4	124,778	5	107,348	5
	<b>Profit before tax</b>								
		349,516	26	393,388	31	717,570	28	686,730	29
7950	<b>Less: Income tax expenses (note 6(n))</b>								
		77,539	6	81,593	6	150,867	6	140,394	6
	<b>Profit for the period</b>								
		271,977	20	311,795	25	566,703	22	546,336	23
8300	<b>Other comprehensive income:</b>								
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>								
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income								
		65,330	4	24,692	2	193,341	7	34,925	1
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss								
		(3,984)	-	(5,519)	-	(2,251)	-	(5,519)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss								
		-	-	-	-	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss								
		61,346	4	19,173	2	191,090	7	29,406	1
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>								
8361	Exchange differences on translation								
		25,180	2	18,510	1	85,431	3	9,506	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss								
		-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss								
		25,180	2	18,510	1	85,431	3	9,506	-
8300	<b>Other comprehensive income</b>								
		86,526	6	37,683	3	276,521	10	38,912	1
	<b>Total comprehensive income for the period</b>								
		\$ 358,503	26	\$ 349,478	28	\$ 843,224	32	\$ 585,248	24
	<b>Profit attributable to:</b>								
8610	Owners of parent								
		\$ 261,711	19	308,694	25	542,482	21	547,374	23
8620	Non-controlling interests								
		10,266	1	3,101	-	24,221	1	(1,038)	-
		\$ 271,977	20	\$ 311,795	25	\$ 566,703	22	\$ 546,336	23
	<b>Comprehensive income attributable to:</b>								
		\$ 319,776	23	335,663	27	734,795	28	571,132	24
		38,727	3	13,815	1	108,429	4	14,116	-
		\$ 358,503	26	\$ 349,478	28	\$ 843,224	32	\$ 585,248	24
	<b>Earnings per share, net of tax (note 6(p))</b>								
9750	Basic earnings per share								
		\$ 1.05		\$ 1.24		\$ 2.18		\$ 2.20	
9850	Diluted earnings per share								
		\$ 1.05		\$ 1.24		\$ 2.18		\$ 2.20	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES****Consolidated Statements of Changes in Equity****For the six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	Equity attributable to owners of parent											
	Share capital		Retained earnings			Total other equity interest					Non-controlling interests	Total equity
	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			
<b>Balance at January 1, 2023</b>	\$ 2,486,500	312,180	1,278,935	198,071	1,447,515	(83,359)	18,582	(64,777)	5,658,424	574,857	6,233,281	
Net income	-	-	-	-	547,374	-	-	-	547,374	(1,038)	546,336	
Other comprehensive income	-	-	-	-	-	9,551	14,207	23,758	23,758	15,154	38,912	
Total comprehensive income	-	-	-	-	547,374	9,551	14,207	23,758	571,132	14,116	585,248	
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	110,292	-	(110,292)	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(845,410)	-	-	-	(845,410)	-	(845,410)	
Other changes in capital surplus:												
Changes in equity of investments accounted for using the equity method	-	449	-	-	-	-	-	-	449	-	449	
Other changes in capital surplus	-	109	-	-	-	-	-	-	109	-	109	
Changes in ownership interests in subsidiaries	-	43	-	-	-	-	-	-	43	33	76	
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	3,245	-	(3,245)	(3,245)	-	-	-	
Distribution of dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(26,738)	(26,738)	
<b>Balance at June 30, 2023</b>	\$ 2,486,500	312,781	1,389,227	198,071	1,042,432	(73,808)	29,544	(44,264)	5,384,747	562,268	5,947,015	
<b>Balance at January 1, 2024</b>	\$ 2,486,500	316,618	1,389,227	198,071	1,594,709	(75,492)	31,707	(43,785)	5,941,340	564,802	6,506,142	
Net income	-	-	-	-	542,482	-	-	-	542,482	24,221	566,703	
Other comprehensive income	-	-	-	-	-	85,365	106,948	192,313	192,313	84,208	276,521	
Total comprehensive income	-	-	-	-	542,482	85,365	106,948	192,313	734,795	108,429	843,224	
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	110,289	-	(110,289)	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(870,275)	-	-	-	(870,275)	-	(870,275)	
Other changes in capital surplus:												
Changes in equity of investments accounted for using the equity method	-	186	-	-	-	-	-	-	186	-	186	
Other changes in capital surplus	-	134	-	-	-	-	-	-	134	-	134	
Changes in ownership interests in subsidiaries	-	31	-	-	-	-	-	-	31	23	54	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	51,453	51,453	
Distribution of dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(21,390)	(21,390)	
<b>Balance at June 30, 2024</b>	\$ 2,486,500	316,969	1,499,516	198,071	1,156,627	9,873	138,655	148,528	5,806,211	703,317	6,509,528	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar)

	For the six months ended June 30	
	2024	2023
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 717,570	686,730
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	76,221	76,987
Amortization expenses	17,067	27,623
Expected (reversal of) credit losses	1,389	(1,892)
Interest expenses	17,484	16,438
Interest income	(43,135)	(38,126)
Shares of profit of investments accounted for using the equity method	(80,463)	(66,628)
(Gain) losses on disposal of property, plant and equipment	(138)	54
Reversal of impairment loss on non-financial assets	(2,000)	-
Unrealized profit from sales	12,797	11,225
Realized profit from sales	(13,490)	(8,544)
Other	(41)	-
<b>Total adjustments to reconcile profit</b>	<b>(14,309)</b>	<b>17,137</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Notes receivable	5,546	1,448
Accounts receivable	114,340	131,759
Other receivables	(1,691)	1,566
Inventories	(7,403)	(9,811)
Prepayments and other current assets	(4,611)	(11,184)
<b>Total changes in operating assets</b>	<b>106,181</b>	<b>113,778</b>
<b>Changes in operating liabilities:</b>		
Contract liabilities	(1,673)	4,983
Notes payable	(12,601)	(34,154)
Accounts payable	(150,492)	(12,667)
Other payable	(120,659)	(194,126)
Other current liabilities	12,843	(8,049)
Net defined benefit liability	(371)	(38,310)
<b>Total changes in operating liabilities</b>	<b>(272,953)</b>	<b>(282,323)</b>
<b>Total changes in operating assets and liabilities</b>	<b>(166,772)</b>	<b>(168,545)</b>
<b>Total adjustments</b>	<b>(181,081)</b>	<b>(151,408)</b>
Cash inflow generated from operations	536,489	535,322
Interest received	45,853	44,298
Dividends received	23,369	20,283
Interest paid	(17,247)	(16,104)
Income taxes paid	(142,015)	(139,081)
<b>Net cash flows from operating activities</b>	<b>446,449</b>	<b>444,718</b>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	7,740
Net cash outflow from acquisition of subsidiaries	(242,870)	-
Acquisition of property, plant and equipment	(41,397)	(17,738)
Proceeds from disposal of property, plant and equipment	2,276	7,013
Decrease in refundable deposits paid	16,501	3,752
Acquisition of intangible assets	(2,350)	(9,233)
Decrease in other financial assets	14,301	159,148
Increase in prepayments for business facilities	(1,843)	(13,146)
Decrease (increase) in other non-current assets	2,003	(43,636)
<b>Net cash flows (used in) from investing activities</b>	<b>(253,379)</b>	<b>93,900</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	4,650,000	5,350,000
Decrease in short-term loans	(4,100,000)	(4,770,000)
Repayments of long-term borrowings	-	(9,367)
Increase in guarantee deposits received	6	-
Payment of lease liabilities	(4,855)	(2,841)
Cash dividends paid	(870,275)	(845,410)
Dividends unclaimed by shareholders	188	184
<b>Net cash flows used in financing activities</b>	<b>(324,936)</b>	<b>(277,434)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>84,635</b>	<b>14,203</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(47,231)</b>	<b>275,387</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,621,020</b>	<b>2,357,324</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,573,789</b>	<b>2,632,711</b>

See accompanying notes to financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**June 30, 2024 and 2023**

**(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 August 8, 2024.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the IFRS Accounting Standards 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, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

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

- (c) 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:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

(Continued)

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

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

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to 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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

**(4) Summary of material accounting policies:**

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with 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 IFRSs, IASs, 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 the following accounting policies, the significant policies adopted in the consolidated financial statements are consistent with Note 4 in the consolidated financial statement for the year ended December 31, 2023.

**(b) Basis of consolidation**

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

<b>Investor</b>	<b>Subsidiary</b>	<b>Nature of business</b>	<b>Shareholding</b>			<b>Notes</b>
			<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>	
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.(ATBP)	Selling medicine	87.00 %	87.00 %	87.00 %	
The Company	TSH Biopharm Co., Ltd.(TSH)	Selling medicine	56.48 %	56.48 %	56.48 %	
The Company	EnhanX Biopharm Inc.(EnhanX)	Developing medicine	20.83 %	20.83 %	20.83 %	

(Continued)

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

Investor	Subsidiary	Nature of business	Shareholding			Notes
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Chuang Yi Biotech Co., Ltd.(CYB)	Selling functional food	23.12 %	23.12 %	49.05 %	(Note 2)
The Company	TTY Biopharm Turkey Saglik Urunleri Sanayi ve Ticaret Limited Sirketi(TTY-Turkey)	Selling medicine	- <sup>9</sup>	-	%	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.(TTY-Mexico)	Selling medicine	50.00 %	50.00 %	50.00 %	
Xudong Haipu International Co., Ltd.	EnhanX Biopharm Inc.(EnhanX)	Developing medicine	29.17 %	29.17 %	29.17 %	
Xudong Haipu International Co., Ltd.	TTY Biopharm Korea Co., Ltd. (TTY-Korea)	Selling medicine	100.00 %	100.00 %	100.00 %	
Xudong Haipu International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.(TTY-Mexico)	Selling medicine	50.00 %	50.00 %	50.00 %	
EnhanX Biopharm Inc.	EnhanX Biopharm B.V.	Developing medicine	100.00 %	100.00 %	100.00 %	(Note 3)
TSH Biopharm Co., Ltd.	Chuang Yi Biotech Co., Ltd.(CYB)	Selling functional food	51.60 %	51.60 %	3.89 %	(Note 2)
TSH Biopharm Co., Ltd.	TOP Pharm Medicalware Co., Ltd.(TOP PM)	Selling medicine	51.00 %	-	%	(Note 4)
TSH Biopharm Co., Ltd.	TOP Biological Technology Co., Ltd.(TOP BT)	Selling medicine	51.00 %	-	%	(Note 4)
Chuang Yi Biotech Co., Ltd.	Immortal Fame Global Ltd.	Import and export trading and investment activities	100.00 %	100.00 %	100.00 %	
Immortal Fame Global Ltd.	Chuang Yi (Shanghai) Trading Co., Ltd.	Selling functional food	100.00 %	100.00 %	100.00 %	

(Note 1) TTY Turkey had been liquidated on October 27, 2023 based on a resolution approved during the Company's board meeting held on November 4, 2022.

(Note 2) Due to the organizational restructuring of the Group, TSH participated in the capital increase of CYB, wherein the Company failed to do so, resulting in the shareholding percentages of TSH and the Company to increase and decrease to 51.60% and 23.12%, respectively, based on the resolution approved during the board meeting held on November 2, 2023. The above transaction did not have any impact on the consolidated financial report.

(Continued)

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

(Note 3) In order to reduce the operating costs of the Group, a resolution was decided during the board meeting of EnhanX held on December 28, 2023 to liquidate EnhanX B.V.. The liquidation procedures are still in progress.

(Note4) TSH acquired 51% ordinary shares outstanding of each TOP Pharm Medicalware Co., Ltd. (TOP PM) and TOP Biological Technology Co., Ltd. (TOP BT) on April 9, 2024, resulting in both subsidiaries to be included in the Group's consolidated financial report.

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

(c) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as noncurrent.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as noncurrent.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(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**

(e) 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.

(f) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

**(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 IFRS Accounting Standards (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.

Except for the following, 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, 2023. For related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2023:

(Continued)

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

(a) Acquisitions of subsidiaries

The fair value of the Group acquisition of the subsidiary intangible assets has been measured provisionally pending completion of an independent valuation. The fair value recognized by the Group is based on the Group interpretation of the underlying contract, consideration of the possible adjudication results of the request, and independent legal advice. If new information obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts or any additional provisions that existed at the acquisition date, then the accounting for the acquisition will be revised. Refer to note 6(f) for further description of the acquisitions of subsidiaries.

**(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, 2023. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Cash on hand	\$ 2,277	3,149	3,171
Cash in banks	1,403,312	1,297,556	990,520
Time deposits	<u>1,168,200</u>	<u>1,320,315</u>	<u>1,639,020</u>
Total	<u><u>\$ 2,573,789</u></u>	<u><u>2,621,020</u></u>	<u><u>2,632,711</u></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, please refer to Note 6(j).
- (iii) Please refer to Note 6(t) 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

	<u>June 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>June 30,</u> <u>2023</u>
The equity investments at fair value through other comprehensive income:			
Domestic common stock—Lumosa Therapeutics Co., Ltd.	\$ 272,600	79,228	72,457
Domestic preferred stock—Fubon Financial Holding Co., Ltd. Preferred Shares B	149,000	149,750	149,750
Domestic preferred stock—Fubon Financial Holding Co., Ltd. Preferred Shares C	3,107	3,188	3,333
Domestic preferred stock—Union Bank of Taiwan Preferred Shares A	21,320	20,520	21,080
International unlisted stock—CellMax Ltd.	9,017	9,017	11,376
Domestic unlisted stock—ExoOne Bio. Co., Ltd.	11,992	11,992	14,562
	<u>\$ 467,036</u>	<u>273,695</u>	<u>272,558</u>

- (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 and not for trading purposes.
- (ii) For the year ended December 31, 2023, the Group did not participate in the capital increase of ExoOne Bio. Co., Ltd., resulting in its shareholding ratio to drop from 7.78% to 5.94%.
- (iii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the six months ended June 30, 2024. The Group sold its shares amounting to \$7,740 thousand resulting in a gain on disposal of \$5,745 thousand, of which attributable to the Group amounting \$3,245 thousand for the six months ended June 30, 2023. The gain on disposal of strategic investments has already been reclassified from other comprehensive income to retained earnings.
- (iv) Please refer to Note 6(t) for information on credit and market risk.
- (v) The above financial assets were not pledged as collateral.

(Continued)



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

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

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Notes receivable	\$ 32,603	33,441	33,261
Accounts receivable	1,232,041	1,271,809	1,029,041
Accounts receivable-related parties	22,677	40,830	37,863
Less: allowance for expected credit losses	<u>(3,736)</u>	<u>(2,347)</u>	<u>(4,334)</u>
	<b><u>\$ 1,283,585</u></b>	<b><u>1,343,733</u></b>	<b><u>1,095,831</u></b>

The Group applies the simplified approach to evaluating 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 that represent the customer's ability to pay all amounts due under the terms of the contract, and forward-looking information has been incorporated. Analysis of the expected credit losses on note and accounts receivable is as follows:

	<b>June 30, 2024</b>		
	<b>Face value of notes receivable and accounts receivable</b>	<b>Weighted average loss rate</b>	<b>Allowance for expected credit losses</b>
Not overdue	\$ 1,282,066	0%~1.82%	2,556
1 to 90 days overdue	3,255	1%~1.65%	51
91 to 180 days overdue	1,742	1%~50%	871
More than 181 days overdue	<u>258</u>	100%	<u>258</u>
	<b><u>\$ 1,287,321</u></b>		<b><u>3,736</u></b>
	<b>December 31, 2023</b>		
	<b>Face value of notes receivable and accounts receivable</b>	<b>Weighted average loss rate</b>	<b>Allowance for expected credit losses</b>
Not overdue	\$ 1,342,406	0%~1%	1,730
1 to 90 days overdue	3,358	1%~8.14%	315
91 to 180 days overdue	38	2%~21.78%	24
More than 181 days overdue	<u>278</u>	100%	<u>278</u>
	<b><u>\$ 1,346,080</u></b>		<b><u>2,347</u></b>

(Continued)

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

	<b>June 30, 2023</b>		
	<b>Face value of notes receivable and accounts receivable</b>	<b>Weighted average loss rate</b>	<b>Allowance for expected credit losses</b>
Not overdue	\$ 1,091,301	0.03%~1%	1,091
1 to 90 days overdue	5,743	1%~5.7%	320
91 to 180 days overdue	31	0%~1%	-
More than 181 days overdue	3,090	90%~100%	2,923
	<b>\$ 1,100,165</b>		<b>4,334</b>

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

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 2,347	6,221
Expected credit losses recognized	1,389	-
Reversal of expected credit losses	-	(1,892)
Effect of changes in foreign exchange rates	-	5
Balance at June 30	<b>\$ 3,736</b>	<b>4,334</b>

As of June 30, 2024, December 31, 2023 and June 30, 2023, the notes receivable and accounts receivable for the Group were not pledged as collateral.

(d) Inventories

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Merchandise	\$ 312,575	307,381	282,786
Finished goods	228,289	175,679	149,059
Work in process	250,654	281,116	273,325
Raw materials	238,930	225,498	277,973
Materials	72,175	63,375	75,626
Subtotal	1,102,623	1,053,049	1,058,769
Goods in transit	117,941	137,896	93,800
Total	1,220,564	1,190,945	1,152,569
Less: allowance for inventory market decline and obsolescence	(104,442)	(94,989)	(103,542)
Net amount	<b>\$ 1,116,122</b>	<b>1,095,956</b>	<b>1,049,027</b>

(Continued)

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

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

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Inventories have been sold	\$ 558,408	484,649	1,050,847	939,189
Cost of services	376	377	753	755
Write-off of inventories from cost to net realizable value and disposal of inventories	8,087	17,064	16,017	18,123
	<b>\$ 566,871</b>	<b>502,090</b>	<b>1,067,617</b>	<b>958,067</b>

- (ii) As of June 30, 2024, December 31, 2023 and June 30, 2023, the inventories were not pledged as collateral.

- (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:

	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
Associates	<b>\$ 1,372,323</b>	<b>1,355,738</b>	<b>1,284,206</b>

- 1) As of June 30, 2024, December 31, 2023 and June 30, 2023, the associate which the Group invested had a quoted market price was as follows:

	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
Carrying value	<b>\$ 864,296</b>	<b>859,603</b>	<b>838,137</b>
Fair value	<b>\$ 2,522,014</b>	<b>2,728,948</b>	<b>2,522,014</b>

- 2) For the six months ended June 30, 2024 and 2023, as PharmaEngine, Inc. amortized the compensation cost of employee stock options and the employee stock options expired, the Group's equity has changed and its capital reserve was credit by \$186 thousand and \$449 thousand, respectively.

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

<b>Associate</b>	<b>Nature of relationship</b>	<b>Country of registration</b>	<b>Equity ownership</b>		
			<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
PharmaEngine, Inc.	Research for new drugs and drug development especially for Asian diseases	Taiwan	18.00 %	18.00 %	18.00 %

(Continued)

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

The following was the summary of financial information about the Group's significant associates, adjusted for the amounts included in the Group's IFRS financial statements to reflect the fair value adjustments made upon acquisition of the shares in the associates and adjustments for differences in accounting policies:

- Summary financial information on PharmaEngine, Inc.

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Current assets	\$ 4,190,923	3,923,020	4,142,865
Non-current assets	25,749	30,899	35,044
Current liabilities	(320,632)	(83,863)	(421,612)
Non-current liabilities	(7,051)	(7,143)	(12,637)
Net assets	<u>\$ 3,888,989</u>	<u>3,862,913</u>	<u>3,743,660</u>
Net assets attributable to investee's owners	<u>\$ 3,888,989</u>	<u>3,862,913</u>	<u>3,743,660</u>

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Operating revenue	\$ 261,902	166,070	426,373	334,403
Profit from continuing operations	\$ 158,868	75,116	240,594	156,496
Other comprehensive loss	-	-	-	-
Total comprehensive income	<u>\$ 158,868</u>	<u>75,116</u>	<u>240,594</u>	<u>156,496</u>
Comprehensive income attributable to investee's owners	<u>\$ 158,868</u>	<u>75,116</u>	<u>240,594</u>	<u>156,496</u>

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Net assets attributable to the Group, January 1	\$ 695,325	696,974
Changes in capital surplus of associates	186	449
Comprehensive income attributable to the Group	43,307	28,169
Cash dividends received from associates	(38,800)	(51,733)
Net assets attributable to the Group, June 30	700,018	673,859
Add: Goodwill	164,278	164,278
Carrying amount of interest in associates, June 30	<u>\$ 864,296</u>	<u>838,137</u>

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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(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:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>	
Carrying amount of individually insignificant associates	<u>\$ 508,027</u>	<u>496,135</u>	<u>446,069</u>	
	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Attributable to the Group:				
Profit from continuing operations	\$ 20,853	17,139	37,156	38,459
Other comprehensive (loss) income	(1,199)	(9,946)	(2,588)	(9,383)
Total comprehensive income	<u>\$ 19,654</u>	<u>7,193</u>	<u>34,568</u>	<u>29,076</u>

(iv) Collateral

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group did not provide any investment accounted for using equity method as collateral.

(v) The unreviewed financial statements of investments accounted for using equity method

Except for PharmaEngine, Inc., the share of profit and other comprehensive income of the Group's investments accounted for using the equity method were calculated based on the financial statements that have not been reviewed by independent auditors.

(f) Business combination

On April 9, 2024 (the acquisition date), the Group acquired 51% ordinary shares outstanding of each TOP PM and TOP BT, both companies engaged in the manufacturing and sales of health supplements, for a consideration price of \$301,451 thousand, resulting in the Group to obtain control over them.

The acquisition of both subsidiaries will expand the Group's scale of business operations, improve its operating performance and increase its competitiveness.

(i) Consideration transferred

	<b>TOP PM</b>	<b>TOP BT</b>
Cash	<u>\$ 257,121</u>	<u>44,330</u>

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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- (ii) The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed at the acquisition date.

	<u>TOP PM</u>	<u>TOP BT</u>
Cash and cash equivalents	\$ 55,135	3,446
Notes and accounts receivable	49,520	11,255
Inventories	5,185	7,584
Other financial assets	25,000	-
Property, plant and equipment	215	4,967
Right-of-use assets	4,955	1,949
Intangible assets	318	-
Other non-current assets	2,894	3,640
Notes and accounts payable	(37,105)	(11,391)
Lease liabilities	(5,049)	(2,023)
Current tax liabilities	(5,356)	(1,182)
Other current liabilities	(8,397)	(554)
	<u>\$ 87,315</u>	<u>17,691</u>

The Group is reviewing the information above during the measurement period. If there is information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provision amounts, or any additional provisions as at the acquisition date, then the acquisition accounting will be revised.

- (iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows.

	<u>TOP PM</u>	<u>TOP BT</u>
Consideration transferred	\$ 257,121	44,330
Add: Non-controlling interest in the acquiree, if any (proportionate share of the fair value of the identifiable net assets)	42,784	8,669
Less: Fair value of identifiable net assets	(87,315)	(17,691)
Goodwill	<u>\$ 212,590</u>	<u>35,308</u>

- (iv) Pro forma information

From the acquisition date to April 9, 2024, both TOP PM and TOP BT contributed the revenue and net income of \$83,551 thousand and \$14,203 thousand to the Group's operating results.

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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If the acquisition had occurred on January 1, 2023, the management estimates that the consolidated revenue and consolidated net income would have been \$2,708,760 thousand, and \$573,005 thousand, respectively.

(g) 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>Non-controlling interests and voting rights ratio</u>		
		<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
TSH Biopharm Co., Ltd.	Taiwan	43.52 %	43.52 %	43.52 %
Chuang Yi Biotech Co., Ltd.	Taiwan	25.28 %	25.28 %	47.06 %
TOP Pharm Medicalware Co., Ltd.	Taiwan	49.00 %	- %	- %

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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current assets	\$ 740,924	770,331	959,349
Non-current assets	696,806	407,416	249,951
Current liabilities	(130,894)	(70,147)	(145,007)
Non-current liabilities	(17)	-	(2,287)
Net assets	<u>\$ 1,306,819</u>	<u>1,107,600</u>	<u>1,062,006</u>
Net assets attributable to non-controlling interest	<u>\$ 568,599</u>	<u>481,812</u>	<u>461,960</u>

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Operating revenue	\$ <u>145,315</u>	<u>126,703</u>	<u>321,796</u>	<u>244,165</u>
Profit for the period	\$ 14,016	18,023	54,945	28,170
Other comprehensive income	65,339	24,688	193,370	34,922
Total comprehensive income	<u>\$ 79,355</u>	<u>42,711</u>	<u>248,315</u>	<u>63,092</u>
Profit attributable to non-controlling interest	<u>\$ 6,230</u>	<u>7,784</u>	<u>23,999</u>	<u>12,130</u>
Total comprehensive income attributable to non-controlling interest	<u>\$ 34,666</u>	<u>18,529</u>	<u>108,154</u>	<u>27,328</u>

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

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
Cash flows from operating activities	\$ 43,100	25,542
Cash flows (used in) from investing activities	(185,510)	156,055
Cash flows used in financing activities	(2,199)	(2,234)
Net (decrease) increase in cash	<b>\$ (144,609)</b>	<b>179,363</b>

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

	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
Current assets	\$ 296,231	343,428	144,850
Non-current assets	42,525	47,805	53,200
Current liabilities	(33,942)	(63,479)	(58,375)
Non-current liabilities	(50)	-	(1,390)
Net assets	<b>\$ 304,764</b>	<b>327,754</b>	<b>138,285</b>
Net assets attributable to non-controlling interests	<b>\$ 77,044</b>	<b>82,856</b>	<b>65,077</b>

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Operating revenue	<b>\$ 28,967</b>	<b>43,576</b>	<b>52,977</b>	<b>70,972</b>
Loss for the period	\$ (10,731)	(6,523)	(23,047)	(20,208)
Other comprehensive income	17	(77)	57	(65)
Total comprehensive loss	<b>\$ (10,714)</b>	<b>(6,600)</b>	<b>(22,990)</b>	<b>(20,273)</b>
Loss attributable to non-controlling interest	<b>\$ (2,713)</b>	<b>(3,070)</b>	<b>(5,826)</b>	<b>(9,510)</b>
Total comprehensive loss attributable to non-controlling interest	<b>\$ (2,709)</b>	<b>(3,106)</b>	<b>(5,812)</b>	<b>(9,541)</b>

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
Cash flows from operating activities	\$ 6,727	1,341
Cash flows used in investing activities	(101,972)	(27)
Cash flows used in financing activities	(1,407)	(30,760)
Effect of exchange rates changes on cash and cash equivalents	43	(49)
Net decrease in cash	<b>\$ (96,609)</b>	<b>(29,495)</b>

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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(iii) Summary financial information on TOP Pharm Medicalware Co., Ltd.

	<b>June 30, 2024</b>
Current assets	\$ 165,483
Non-current assets	220,837
Current liabilities	(72,850)
Non-current liabilities	(1,649)
Net assets	<u><u>\$ 311,821</u></u>
Net assets attributable to non-controlling interests	<u><u>\$ 48,623</u></u>
	<b>April 9- June 30, 2024</b>
Operating revenue	<u><u>\$ 83,563</u></u>
Profit for the period	11,916
Other comprehensive income	-
Total comprehensive income	<u><u>\$ 11,916</u></u>
Profit attributable to non-controlling interest	<u><u>\$ 5,838</u></u>
Cash flows from operating activities	\$ 18,638
Cash flows used in investing activities	(794)
Cash flows used in financing activities	(1,645)
Net increase in cash	<u><u>\$ 16,199</u></u>

(h) Property, plant and equipment

The details of the property, plant and equipment of the Group for the six months ended June 30, 2024 and 2023 were as follows:

	<b>Building and construction</b>							<b>Total</b>
	<b>Land</b>	<b>Building and construction</b>	<b>Machinery equipment</b>	<b>Transportation equipment</b>	<b>Office equipment</b>	<b>Other equipment</b>	<b>Construction in progress</b>	
<b>Cost:</b>								
Balance on January 1, 2024	\$ 902,897	1,461,122	836,063	5,085	570,870	19,806	8,945	3,804,788
Obtained from business combination	-	-	9,591	-	1,096	9,774	-	20,461
Additions	-	3,759	5,597	-	11,518	-	20,523	41,397
Disposals	-	-	(78,477)	(2,500)	(2,895)	(15)	-	(83,887)
Reclassifications	-	-	3,496	-	3,784	-	7,242	14,522
Adjustment for foreign currency translation	-	-	12	-	(2)	-	-	10
Balance on June 30, 2024	<u><u>\$ 902,897</u></u>	<u><u>1,464,881</u></u>	<u><u>776,282</u></u>	<u><u>2,585</u></u>	<u><u>584,371</u></u>	<u><u>29,565</u></u>	<u><u>36,710</u></u>	<u><u>3,797,291</u></u>

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

	<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>
Balance on January 1, 2023	\$ 902,897	1,431,841	830,568	5,085	552,816	29,428	77,086	3,829,721
Additions	-	3,902	6,168	-	5,225	11	2,432	17,738
Disposals	-	-	(3,751)	-	(33,838)	(9,635)	-	(47,224)
Reclassifications	-	7,470	3,083	-	122	-	(8,360)	2,315
Adjustment for foreign currency translation	-	-	(12)	-	25	3	-	16
Balance on June 30, 2023	<u>\$ 902,897</u>	<u>1,443,213</u>	<u>836,056</u>	<u>5,085</u>	<u>524,350</u>	<u>19,807</u>	<u>71,158</u>	<u>3,802,566</u>
<b>Depreciation and impairment:</b>								
Balance on January 1, 2024	\$ -	575,736	529,000	5,085	405,250	11,603	-	1,526,674
Obtained from business combination	-	-	5,580	-	938	8,761	-	15,279
Depreciation for the year	-	33,083	18,603	-	17,607	1,596	-	70,889
Reversal of impairment loss recognised in profit	-	-	(2,000)	-	-	-	-	(2,000)
Disposals	-	-	(76,477)	(2,500)	(2,761)	(11)	-	(81,749)
Adjustment for foreign currency translation	-	-	11	-	(2)	-	-	9
Balance on June 30, 2024	<u>\$ -</u>	<u>608,819</u>	<u>474,717</u>	<u>2,585</u>	<u>421,032</u>	<u>21,949</u>	<u>-</u>	<u>1,529,102</u>
Balance on January 1, 2023	\$ -	510,578	458,959	5,085	413,635	15,021	-	1,403,278
Depreciation for the year	-	32,565	23,954	-	15,742	1,186	-	73,447
Disposals	-	-	(3,484)	-	(30,776)	(5,897)	-	(40,157)
Adjustment for foreign currency translation	-	-	(12)	-	25	4	-	17
Balance on June 30, 2023	<u>\$ -</u>	<u>543,143</u>	<u>479,417</u>	<u>5,085</u>	<u>398,626</u>	<u>10,314</u>	<u>-</u>	<u>1,436,585</u>
<b>Carrying value:</b>								
Balance on January 1, 2024	<u>\$ 902,897</u>	<u>885,386</u>	<u>307,063</u>	<u>-</u>	<u>165,620</u>	<u>8,203</u>	<u>8,945</u>	<u>2,278,114</u>
Balance on June 30, 2024	<u>\$ 902,897</u>	<u>856,062</u>	<u>301,565</u>	<u>-</u>	<u>163,339</u>	<u>7,616</u>	<u>36,710</u>	<u>2,268,189</u>
Balance on January 1, 2023	<u>\$ 902,897</u>	<u>921,263</u>	<u>371,609</u>	<u>-</u>	<u>139,181</u>	<u>14,407</u>	<u>77,086</u>	<u>2,426,443</u>
Balance on June 30, 2023	<u>\$ 902,897</u>	<u>900,070</u>	<u>356,639</u>	<u>-</u>	<u>125,724</u>	<u>9,493</u>	<u>71,158</u>	<u>2,365,981</u>

As of June 30, 2024, December 31, 2023 and June 30, 2023, the property, plant and equipment were not pledged as collateral.

(i) Intangible assets

The cost, amortization, and impairment of the intangible assets of the Group for the six months ended June 30, 2024 and 2023, were as follows:

	<u>Computer software</u>	<u>Patent and franchise</u>	<u>Other Intangible assets</u>	<u>Goodwill</u>	<u>Total</u>
<b>Cost:</b>					
Balance on January 1, 2024	\$ 32,417	249,958	73,804	-	356,179
Obtained from business combination (refer to 6(f))	1,253	-	87	247,898	249,238
Additions	2,350	-	-	-	2,350
Disposals	(1,662)	(9,083)	-	-	(10,745)
Reclassifications	455	-	-	-	455
Balance on June 30, 2024	<u>\$ 34,813</u>	<u>240,875</u>	<u>73,891</u>	<u>247,898</u>	<u>597,477</u>

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	<b>Computer software</b>	<b>Patent and franchise</b>	<b>Other Intangible assets</b>	<b>Goodwill</b>	<b>Total</b>
Balance on January 1, 2023	\$ 27,108	268,984	74,226	-	370,318
Additions	1,465	7,768	-	-	9,233
Disposals	(1,273)	(22,355)	-	-	(23,628)
Reclassifications	711	-	(423)	-	288
Effect of changes in foreign exchange rate	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Balance on June 30, 2023	<u><u>\$ 28,012</u></u>	<u><u>254,397</u></u>	<u><u>73,803</u></u>	<u><u>-</u></u>	<u><u>356,212</u></u>
<b>Amortization and impairment loss:</b>					
Balance on January 1, 2024	\$ 13,712	157,385	21,073	-	192,170
Obtained from business combination	951	-	71	-	1,022
Amortization for the period	4,121	6,459	6,487	-	17,067
Disposals	<u>(1,662)</u>	<u>(9,083)</u>	<u>-</u>	<u>-</u>	<u>(10,745)</u>
Balance on June 30, 2024	<u><u>\$ 17,122</u></u>	<u><u>154,761</u></u>	<u><u>27,631</u></u>	<u><u>-</u></u>	<u><u>199,514</u></u>
Balance on January 1, 2023	\$ 8,459	106,968	4,142	-	119,569
Amortization for the period	3,241	11,461	12,921	-	27,623
Disposals	<u>(1,273)</u>	<u>(22,355)</u>	<u>-</u>	<u>-</u>	<u>(23,628)</u>
Balance on June 30, 2023	<u><u>\$ 10,427</u></u>	<u><u>96,074</u></u>	<u><u>17,063</u></u>	<u><u>-</u></u>	<u><u>123,564</u></u>
<b>Carrying value:</b>					
Balance on January 1, 2024	<u><u>\$ 18,705</u></u>	<u><u>92,573</u></u>	<u><u>52,731</u></u>	<u><u>-</u></u>	<u><u>164,009</u></u>
Balance on June 30, 2024	<u><u>\$ 17,691</u></u>	<u><u>86,114</u></u>	<u><u>46,260</u></u>	<u><u>247,898</u></u>	<u><u>397,963</u></u>
Balance on January 1, 2023	<u><u>\$ 18,649</u></u>	<u><u>162,016</u></u>	<u><u>70,084</u></u>	<u><u>-</u></u>	<u><u>250,749</u></u>
Balance on June 30, 2023	<u><u>\$ 17,585</u></u>	<u><u>158,323</u></u>	<u><u>56,740</u></u>	<u><u>-</u></u>	<u><u>232,648</u></u>

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group's aforementioned intangible assets were not pledged as collateral.

(j) Other financial assets and other assets

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Other current financial assets	\$ 127,000	116,309	116,291
Other non-current financial assets	177,064	177,056	150,407
Long-term prepayments	74,520	76,020	49,146
Other current and non-current assets	<u>21,191</u>	<u>8,555</u>	<u>31,047</u>
	<u><u>\$ 399,775</u></u>	<u><u>377,940</u></u>	<u><u>346,891</u></u>

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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- (i) Other current 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 relevant unrecognized contractual commitments.
- (iii) The Group assessed the other non-current financial assets possibly unrecoverable and recognized the allowance for losses amounting to \$26,950 as of June 30, 2024 and December 31, 2023. There was no expected credit loss after an assessment as of June 30, 2023.
- (iv) Please refer to Note 8 for the Group's information of collateral.
- (k) Short-term borrowings

The short-term borrowings were summarized as follows:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Unsecured bank loans	\$ <u>2,000,000</u>	<u>1,450,000</u>	<u>1,950,000</u>
Unused credit line	\$ <u>1,203,818</u>	<u>1,760,008</u>	<u>873,713</u>
Range of interest rates	<u>1.72%~1.81%</u>	<u>1.61%~1.68%</u>	<u>1.65%~1.778%</u>

- (i) For the six months ended June 30, 2024 and 2023, the Group had the additional short-term borrowings amounting to \$4,650,000 thousand with an interest rate of 1.72%~1.81% and \$5,350,000 thousand with an interest rate of 1.65%~1.778%, respectively; the repayment amounted to \$4,100,000 thousand and \$4,770,000 thousand, respectively. Please refer to Note 6(s) for disclosure of interest expense.
- (ii) Please refer to Note 6(t) for the exposure information of the Group's interest rate and liquidity risk.
- (l) Long-term borrowings

The long-term borrowings were summarized as follows:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Secured bank loans	\$ -	-	19,080
Unsecured bank loans	400,000	400,000	400,000
Less: Current portion	-	-	(419,080)
Total	\$ <u>400,000</u>	<u>400,000</u>	<u>-</u>
Unused long-term credit line	\$ <u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Range of interest rates	<u>1.98%</u>	<u>1.881%</u>	<u>1.98%~2.50%</u>

There were no significant issues, repurchases and repayments of long-term borrowings for the six months ended June 30, 2024 and 2023. Please refer to Note 6(s) for related disclosure of interest expense and Note 6(t) for related risk exposure information.

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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(m) 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, 2023 and 2022.

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Operating cost	\$ 39	39	77	78
Selling expenses	20	30	39	60
Administrative expenses	16	30	33	60
Research and development expenses	8	39	17	78
Total	<u>\$ 83</u>	<u>138</u>	<u>166</u>	<u>276</u>

(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		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Operating cost	\$ 3,522	3,360	6,721	6,565
Selling expenses	3,840	3,655	7,815	7,443
Administrative expenses	2,847	1,913	4,939	3,824
Research and development expenses	1,135	1,417	2,291	2,823
Total	<u>\$ 11,344</u>	<u>10,345</u>	<u>21,766</u>	<u>20,655</u>

(Continued)

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

(n) Income tax

(i) Income tax expense

The components of income tax for the six months ended June 30, 2024 and 2023 were as follows:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current tax expense				
Current period	\$ 77,334	81,593	150,820	140,394
Adjustment for prior periods	205	-	47	-
Income tax expense from continuing operations	<u>\$ 77,539</u>	<u>81,593</u>	<u>150,867</u>	<u>140,394</u>

(ii) Assessment of tax

The Company's income tax returns through 2021 have been assessed and approved by the Tax Authorities.

(o) Capital and other equity

There was no significant change in capital and other equity for the six months ended June 30, 2024 and 2023. For the related information, please refer to Note 6(o) of the consolidated financial statements for the year ended December 31, 2023.

(i) Capital surplus

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

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Share capital	\$ 484	484	484
Long-term investment	315,439	315,222	311,385
Other	1,046	912	912
	<u>\$ 316,969</u>	<u>316,618</u>	<u>312,781</u>

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.

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

(ii) Retained earnings

According to the Articles of Incorporation, the current year's earnings, if any, at the end of fiscal year, shall pay tax first and recover accumulated losses before contributing 10% for legal reserve. However, this shall not be applied if legal reserve hereto has already reached the amount of share capital. After residual amount from aforementioned calculation is added to unappropriated earnings from previous period, a contribution or reversal to special reserved shall then be conducted in accordance with regulations or competent authority's requirements. At the end of each fiscal year, the Board of Directors will propose an earnings distribution based on considerations of the Company's profits, capital and financial structure, future business needs, accumulated earnings and legal reserve, market competition conditions as well as shareholders' interests. The proposal hereto shall be submitted to Annual General Meeting for resolution before being executed accordingly.

The Company adopts principle of conservatism in its distribution of dividend. In the event of surplus from the Company's fiscal account, a contribution of not lower than 70% of the balance amount after tax payment, accumulated loss recovery, contribution of legal reserve and contribution or reversal of special earnings reserve as required by laws shall be made to serve as shareholder dividend. This can be conducted in cash or stocks. Percentage for cash dividend distribution shall not lower than 70% of the total dividend amount.

Based on the Company's principles of stability for financial structure and dividend balance, the Company may distribute all or part of reserve or retained earnings from previous period in accordance with laws or competent authority's requirements in the event that there is no surplus for distribution in current period, or there is surplus but surplus amount is obviously lower than the Company's surplus actually distributed in the previous year. In the event of disposal of real estate, equity investments or intangible assets in the current year, all or a portion of difference between disposal amount and acquisition cost, or income received from litigation or commercial dispute, can be retained accordingly. Restrictions on distribution percentage shall not apply.

The Company distributes dividends and bonuses or all or part of the statutory surplus reserve and capital reserve in cash by authorizing the Board of Directors to do so with the presence of at least two-thirds of the directors and with the consent of a majority of the directors present, and report to the shareholders' meeting.

1) Legal reserve

When the 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".

(Continued)

**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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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. When relevant assets are used, disposed or reclassified, the original proportion of the special reserve can be reversed to distribute surplus.

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.

As of June 30, 2024, December 31, 2023 and June 30, 2023, all of the special reserve amounted to \$198,071 thousand.

3) Earnings distribution

Earnings distribution for 2023 and 2022 was resolved in the special resolution of the Board of Directors on March 8, 2024 and March 14, 2023, respectively. The appropriation for dividends to ordinary shareholders is as follows:

	2023		2022	
	Amount per share (dollars)	Amount	Amount per share (dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 3.50	<u>870,275</u>	3.40	<u>845,410</u>

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

	Exchange differences on translation	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2024	\$ (75,492)	31,707	(43,785)
Exchange differences on foreign operations	85,365	-	85,365
Unrealized gain from financial assets measured at fair value through other comprehensive income	-	109,199	109,199
Unrealized losses from financial assets measured at fair value through other comprehensive income, associates accounted for using the equity method	-	(2,251)	(2,251)
Balance at June 30, 2024	<u>\$ 9,873</u>	<u>138,655</u>	<u>148,528</u>

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

	<b>Exchange differences on translation</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance at January 1, 2023	\$ (83,359)	18,582	(64,777)
Exchange differences on foreign operations	9,551	-	9,551
Unrealized gain from financial assets measured at fair value through other comprehensive income	-	19,726	19,726
Disposal of equity instrument measured at fair value through other comprehensive income which was transferred to retained earnings	-	(3,245)	(3,245)
Unrealized losses from financial assets measured at fair value through other comprehensive income, associates accounted for using the equity method	-	(5,519)	(5,519)
Balance at June 30, 2023	<u>\$ (73,808)</u>	<u>29,544</u>	<u>(44,264)</u>

(iv) Non-controlling interests

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 564,802	574,857
Attributable to non-controlling interests:		
Profit (losses) for the period	24,221	(1,038)
Exchange differences on translation in foreign operations	66	(45)
Unrealized gains on financial assets measured at fair value through other comprehensive income	84,142	15,199
Cash dividend distributed	(21,390)	(26,738)
Change in non-controlling interests	51,453	-
Changes in ownership interest in subsidiaries	<u>23</u>	<u>33</u>
Balance at June 30	<u>\$ 703,317</u>	<u>562,268</u>

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

(p) Earnings per share

For the six months ended June 30, 2024 and 2023, the Company's earnings per share were calculated as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ <u>261,711</u>	<u>308,694</u>	<u>542,482</u>	<u>547,374</u>
Weighted average number of ordinary shares	248,650	248,650	248,650	248,650
	<u>\$ 1.05</u>	<u>1.24</u>	<u>2.18</u>	<u>2.20</u>
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u>261,711</u>	<u>308,694</u>	<u>542,482</u>	<u>547,374</u>
Weighted average number of ordinary shares	248,650	248,650	248,650	248,650
Effect of employees' compensation	95	75	325	278
Weighted average number of ordinary shares (diluted)	<u>248,745</u>	<u>248,725</u>	<u>248,975</u>	<u>248,928</u>
	<u>\$ 1.05</u>	<u>1.24</u>	<u>2.18</u>	<u>2.20</u>

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30, 2024						
	Oncology Business Unit	Intensive Care Business Unit	HealthCare Business Unit	Export and CDMO Business Unit	Other Business Unit	Re-investment Business Unit	Total
Primary geographical markets:							
Taiwan	\$ 589,708	255,787	46,253	52,584	-	234,625	1,178,957
America	-	-	-	80,293	32,345	-	112,638
Other countries	-	-	-	81,247	-	1,809	83,056
	<u>\$ 589,708</u>	<u>255,787</u>	<u>46,253</u>	<u>214,124</u>	<u>32,345</u>	<u>236,434</u>	<u>1,374,651</u>
Major products/services lines:							
Medicine and functional food	\$ 589,708	255,787	45,901	186,100	-	226,156	1,303,652
Services	-	-	352	1,086	-	10,278	11,716
Royalty	-	-	-	26,938	32,345	-	59,283
	<u>\$ 589,708</u>	<u>255,787</u>	<u>46,253</u>	<u>214,124</u>	<u>32,345</u>	<u>236,434</u>	<u>1,374,651</u>

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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For the three months ended June 30, 2023							
	Oncology Business Unit	Intensive Care Business Unit	HealthCare Business Unit	Export and CDMO Business Unit	Other Business Unit	Re-investment Business Unit	Total
Primary geographical markets:							
Taiwan	\$ 601,091	243,619	50,771	45,701	2,036	167,572	1,110,790
America	-	-	-	39,976	7,109	-	47,085
Other countries	-	-	-	91,606	8,322	3,760	103,688
	<u>\$ 601,091</u>	<u>243,619</u>	<u>50,771</u>	<u>177,283</u>	<u>17,467</u>	<u>171,332</u>	<u>1,261,563</u>
Major products/services lines:							
Medicine and functional food	\$ 601,091	243,619	50,391	177,079	-	164,387	1,236,567
Services	-	-	380	204	10,358	6,945	17,887
Royalty	-	-	-	-	7,109	-	7,109
	<u>\$ 601,091</u>	<u>243,619</u>	<u>50,771</u>	<u>177,283</u>	<u>17,467</u>	<u>171,332</u>	<u>1,261,563</u>
For the six months ended June 30, 2024							
	Oncology Business Unit	Intensive Care Business Unit	HealthCare Business Unit	Export and CDMO Business Unit	Other Business Unit	Re-investment Business Unit	Total
Primary geographical markets:							
Taiwan	\$ 1,123,340	521,210	92,396	103,979	-	431,705	2,272,630
America	-	-	-	134,181	32,345	-	166,526
Other countries	-	-	-	203,868	-	5,232	209,100
	<u>\$ 1,123,340</u>	<u>521,210</u>	<u>92,396</u>	<u>442,028</u>	<u>32,345</u>	<u>436,937</u>	<u>2,648,256</u>
Major products/services lines:							
Medicine and functional food	\$ 1,123,340	521,210	91,845	391,350	-	376,987	2,504,732
Services	-	-	551	1,461	-	59,950	61,962
Royalty	-	-	-	49,217	32,345	-	81,562
	<u>\$ 1,123,340</u>	<u>521,210</u>	<u>92,396</u>	<u>442,028</u>	<u>32,345</u>	<u>436,937</u>	<u>2,648,256</u>
For the six months ended June 30, 2023							
	Oncology Business Unit	Intensive Care Business Unit	HealthCare Business Unit	Export and CDMO Business Unit	Other Business Unit	Re-investment Business Unit	Total
Primary geographical markets:							
Taiwan	\$ 1,159,243	497,060	99,094	91,558	2,686	309,675	2,159,316
America	-	-	-	67,066	7,109	-	74,175
Other countries	-	-	-	178,360	9,414	6,630	194,404
	<u>\$ 1,159,243</u>	<u>497,060</u>	<u>99,094</u>	<u>336,984</u>	<u>19,209</u>	<u>316,305</u>	<u>2,427,895</u>
Major products/services lines:							
Medicine and functional food	\$ 1,159,243	497,060	98,393	336,780	-	304,518	2,395,994
Services	-	-	701	204	12,100	11,787	24,792
Royalty	-	-	-	-	7,109	-	7,109
	<u>\$ 1,159,243</u>	<u>497,060</u>	<u>99,094</u>	<u>336,984</u>	<u>19,209</u>	<u>316,305</u>	<u>2,427,895</u>

## (ii) Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023
Contract liability	<u>\$ 12,561</u>	<u>14,234</u>	<u>38,101</u>

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

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

The amount of revenue recognized for the six months ended June 30, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$7,071 thousand and \$13,475 thousand, respectively.

(r) 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 June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023, the Company estimated its employee remuneration at \$7,209 thousand, \$5,896 thousand, \$14,417 thousand and \$11,792 thousand, respectively, and directors' remuneration at \$3,738 thousand, \$3,738 thousand, \$7,475 thousand and \$7,475 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 difference between accrued amount and the actual distributed amount in the following year, the difference 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, 2023 and 2022, the Company accrued and recognized its employee compensation amounting to \$29,189 thousand and \$24,328 thousand, respectively, 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.

(s) Non-operating income and expenses

(i) Interest income

The details of total interest income for the three months and six months ended June 30, 2024 and 2023 were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest income from bank deposits	<b>\$ 23,593</b>	<b>21,769</b>	<b>43,135</b>	<b>38,126</b>

(ii) Other income

The details of other income for the three months and six months ended June 30, 2024 and 2023 were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Rent revenue	\$ 2,750	2,686	5,390	5,390
Others	306	-	306	-
	<b>\$ 3,056</b>	<b>2,686</b>	<b>5,696</b>	<b>5,390</b>

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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(iii) Other gains and losses

The details of other gains and losses for the three months and six months ended June 30, 2024 and 2023 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
(Losses) gains on disposal of property, plant and equipment	\$ (112)	(31)	138	(54)
Foreign exchange gains	6,629	9,472	16,391	5,335
Reversal of impairment losses of non-financial assets	-	-	2,000	-
Other gains and losses	(5,871)	4,205	(5,561)	8,361
	<u>\$ 646</u>	<u>13,646</u>	<u>12,968</u>	<u>13,642</u>

(iv) Finance costs

The details of finance costs for the three months and six months ended June 30, 2024 and 2023 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest expense	\$ 9,984	9,334	17,298	16,346
Other finance costs	136	21	186	92
	<u>\$ 10,120</u>	<u>9,355</u>	<u>17,484</u>	<u>16,438</u>

(t) 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, 2023.

(i) Credit risk of receivables

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

All other financial assets measured at amortized cost include other receivables, time deposits, refundable deposit paid and other financial assets. 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, 2023. Please refer to Note 6(j) for information of credit risk.

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**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 value</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>
<b>June 30, 2024</b>					
Non-derivative financial liabilities					
Bank loans	\$ 2,400,000	2,415,754	2,014,302	401,452	-
Non-interest-bearing liabilities (including related parties)	768,842	768,842	763,042	5,800	-
Lease liabilities (current and non-current)	8,820	8,936	6,814	2,122	-
Guarantee deposits received	<u>2,438</u>	<u>2,438</u>	<u>2,438</u>	<u>-</u>	<u>-</u>
	<u><b>\$ 3,180,100</b></u>	<u><b>3,195,970</b></u>	<u><b>2,786,596</b></u>	<u><b>409,374</b></u>	<u><b>-</b></u>
<b>December 31, 2023</b>					
Non-derivative financial liabilities					
Bank loans	\$ 1,850,000	1,866,059	1,460,926	405,133	-
Non-interest-bearing liabilities (including related parties)	973,812	973,812	940,412	33,400	-
Lease liabilities (current and non-current)	8,910	9,062	5,978	3,084	-
Guarantee deposits received	<u>2,428</u>	<u>2,428</u>	<u>2,428</u>	<u>-</u>	<u>-</u>
	<u><b>\$ 2,835,150</b></u>	<u><b>2,851,361</b></u>	<u><b>2,409,744</b></u>	<u><b>441,617</b></u>	<u><b>-</b></u>
<b>June 30, 2023</b>					
Non-derivative financial liabilities					
Bank loans	\$ 2,369,080	2,376,277	2,376,277	-	-
Non-interest-bearing liabilities (including related parties)	783,884	783,884	722,884	61,000	-
Lease liabilities (current and non-current)	10,699	10,917	5,580	5,337	-
Guarantee deposits received	<u>2,427</u>	<u>2,427</u>	<u>2,427</u>	<u>-</u>	<u>-</u>
	<u><b>\$ 3,166,090</b></u>	<u><b>3,173,505</b></u>	<u><b>3,107,168</b></u>	<u><b>66,337</b></u>	<u><b>-</b></u>

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

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**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:

	June 30, 2024			December 31, 2023			June 30, 2023		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 12,830	32.4500	416,319	9,019	30.7050	276,940	11,396	31.1400	354,861
CNY	74	4.4450	327	2,432	4.3270	10,523	2,429	4.2820	10,400
JPY	150,255	0.2017	30,306	65,083	0.2172	14,136	50,988	0.2150	10,962
EUR	14	34.7100	479	310	33.9800	10,539	273	33.8100	9,214
<u>Non-monetary items</u>									
USD	51,112	32.4500	1,658,589	50,123	30.7050	1,539,016	49,175	31.1400	1,531,323
CNY	30,372	4.4450	135,003	30,313	4.3270	131,166	49,447	4.2820	211,731
THB	439,906	0.8867	390,065	428,699	0.9017	386,558	399,263	0.8816	351,991
EUR	15	34.7100	507	33	33.9800	1,108	40	33.8100	1,360
TRY	-	-	-	-	-	-	7,034	1.1950	8,406
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	1,936	32.4500	62,819	600	30.7050	18,421	833	31.1400	25,915
JPY	20,828	0.2017	4,201	50,352	0.2172	10,936	15,300	0.2150	3,290

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.

For the six months ended June 30, 2024 and 2023, a strengthening (weakening) of 1% of the NTD against the USD, CNY, JPY and EUR as of would have increased (decreased) the net profit after tax by \$3,043 thousand and \$2,850 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 gains (losses) on monetary items is disclosed by total amount. For the six months ended June 30, 2024 and 2023, the foreign exchange gains (including realized and unrealized portions) amounted gains \$16,391 thousand and losses \$5,335 thousand, respectively.

(iv) Interest rate analysis

The exposure to interest rate risk on financial assets and liabilities is disclosed in the note on liquidity risk management.

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.

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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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 \$1,677 thousand and \$844 thousand for the six months ended June 30, 2024 and 2023, respectively with all other variable factors remaining constant.

(v) Other market price risk

For the six months ended June 30, 2024 and 2023, 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:

<b>Prices of securities at the reporting date</b>	<b>For the six months ended June 30,</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Other Comprehensive income after tax</b>	<b>Net income</b>	<b>Other Comprehensive income after tax</b>	<b>Net income</b>
Increasing 10%	\$ <b>46,704</b>	-	<b>27,256</b>	-
Decreasing 10%	\$ <b>(46,704)</b>	-	<b>(27,256)</b>	-

(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:

	<b>June 30, 2024</b>				
	<b>Carrying Value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through other comprehensive income					
Domestic stock in listed company at Stock Exchange	\$ 173,427	173,427	-	-	173,427
Domestic stock in listed company at Taipei Exchange	272,600	272,600	-	-	272,600
Domestic unlisted stock	11,992	-	-	11,992	11,992
International stock	9,017	-	-	9,017	9,017
Subtotal	467,036	446,027	-	21,009	467,036

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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	June 30, 2024				
	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,573,789	-	-	-	-
Notes and accounts receivable (including related party)	1,283,585	-	-	-	-
Other receivables (including related party)	66,878	-	-	-	-
Other financial assets (current and non-current)	304,064	-	-	-	-
Refundable deposits paid	34,250	-	-	-	-
Subtotal	4,262,566	-	-	-	-
Total	<b>\$ 4,729,602</b>	<b>446,027</b>	<b>-</b>	<b>21,009</b>	<b>467,036</b>
Financial liabilities measured at amortized cost					
Bank loans	\$ 2,400,000	-	-	-	-
Notes and accounts payable (including related party)	207,794	-	-	-	-
Dividends payable	21,390	-	-	-	-
Other payables (including related party)	533,858	-	-	-	-
Lease liabilities (current and non-current)	8,820	-	-	-	-
Guarantee deposit received	2,438	-	-	-	-
Other non-current liabilities	5,800	-	-	-	-
Total	<b>\$ 3,180,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	December 31, 2023				
	Carrying 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	\$ 173,458	173,458	-	-	173,458
Domestic stock in listed company at Taipei Exchange	79,228	79,228	-	-	79,228
Domestic unlisted stock	11,992	-	-	11,992	11,992
International stock	9,017	-	-	9,017	9,017
Subtotal	273,695	252,686	-	21,009	273,695

(Continued)

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

	<b>December 31, 2023</b>				
	<b>Carrying Value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,621,020	-	-	-	-
Notes receivable and accounts receivable (including related party)	1,343,733	-	-	-	-
Other receivables (including related party)	28,809	-	-	-	-
Other financial assets (current and non-current)	293,365	-	-	-	-
Refundable deposits paid	47,770	-	-	-	-
Subtotal	<u>4,334,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ 4,608,392</u></u>	<u><u>252,686</u></u>	<u><u>-</u></u>	<u><u>21,009</u></u>	<u><u>273,695</u></u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 1,850,000	-	-	-	-
Notes payable and accounts payable (including related party)	294,664	-	-	-	-
Other payables (including related party)	645,748	-	-	-	-
Lease liabilities (current and non-current)	8,910	-	-	-	-
Guarantee deposit received	2,428	-	-	-	-
Other non-current liabilities	33,400	-	-	-	-
Total	<u><u>\$ 2,835,150</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
	<b>June 30, 2023</b>				
	<b>Carrying Value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through other comprehensive income					
Domestic stock in listed company at Stock Exchange	\$ 174,163	174,163	-	-	174,163
Domestic stock in listed company at Taipei Exchange	72,457	72,457	-	-	72,457
Domestic unlisted stock	14,562	-	-	14,562	14,562
International stock	11,376	-	-	11,376	11,376
Subtotal	<u>272,558</u>	<u>246,620</u>	<u>-</u>	<u>25,938</u>	<u>272,558</u>

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

	June 30, 2023				
	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,632,711	-	-	-	-
Notes and accounts receivable (including related party)	1,095,831	-	-	-	-
Other receivables (including related party)	73,940	-	-	-	-
Other financial assets (current and non-current)	266,698	-	-	-	-
Refundable deposits paid	25,840	-	-	-	-
Subtotal	<u>4,095,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,367,578</u>	<u>246,620</u>	<u>-</u>	<u>25,938</u>	<u>272,558</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 2,369,080	-	-	-	-
Notes and accounts payable (including related party)	270,556	-	-	-	-
Dividends payable	26,738	-	-	-	-
Other payables (including related party)	425,590	-	-	-	-
Lease liabilities (current and non- current)	10,699	-	-	-	-
Guarantee deposit received	2,427	-	-	-	-
Other non-current liabilities	61,000	-	-	-	-
Total	<u>\$ 3,166,090</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).

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

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

The Group's valuation techniques and assumptions 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.

4) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

The fair value of financial instruments traded in an active market is based on the quoted market prices. The quotations, which are published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, are included in the fair value of the listed securities instruments and the debt instruments in active market with open bid.

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.

For financial instruments traded in active markets under standard terms and conditions, their fair values are based on quoted market prices.

For financial instruments not traded in active markets, their fair values are listed below by types and attributes:

- 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 six months ended June 30, 2024 and 2023, so there was no transfer between levels.

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

6) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance at January 1, 2024	\$ 21,009
Balance at June 30, 2024	<b>\$ 21,009</b>
Balance at January 1, 2023	\$ 25,938
Balance at June 30, 2023	<b>\$ 25,938</b>

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:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income - equity investments without an active market	Comparable companies method	·Discount for lack of market liquidity (On June 30, 2024, December 31, 2023 and June 30, 2023 all of 27.3%~30% )  ·Expected volatility (On June 30, 2023 was 58.78%)	·The higher the discount for lack of market liquidity, the lower the fair value.  ·The higher the volatility, 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:

June 30, 2024			Other comprehensive income	
	Input	Change	Favorable	Unfavorable
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	255	(255)

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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	<u>Input</u>	<u>Change</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
<b>December 31, 2023</b>				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	255	(255)
<b>June 30, 2023</b>				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	314	(314)
	Expected volatility	1%	39	(39)

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.

(u) 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, 2023.

(v) 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, 2023. Also, there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2023 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 (ATB)	An associate
PharmaEngine, Inc.	An associate
Shangta Pharmaceutical Co., Ltd.	Other related party (Note)

(Note) Shangta Pharmaceutical Co., Ltd. was no longer a related party since January 2024.

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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(b) Significant transactions with related parties

(i) Sales revenue

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

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Associates	\$ 22,581	35,949	58,544	66,263
Other related parties	-	128	-	226
	<b><u>\$ 22,581</u></b>	<b><u>36,077</u></b>	<b><u>58,544</u></b>	<b><u>66,489</u></b>

The selling prices with associates were marked up by 100% of the cost of goods sold. 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:

<b>Recognized item</b>	<b>Category</b>	<b>For the three months ended</b>		<b>For the six months ended</b>	
		<b>June 30,</b>		<b>June 30,</b>	
		<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Other gains	Associate-ATB	<b><u>\$ 3,039</u></b>	<b><u>3,104</u></b>	<b><u>6,247</u></b>	<b><u>6,204</u></b>

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.

(c) Assets and liabilities with related parties

<b>Recognized item</b>	<b>Category</b>	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
		<b>2024</b>	<b>2023</b>	<b>2023</b>
Accounts receivable	Associates	\$ 22,677	40,716	37,730
	Other related parties	-	114	133
		<b><u>\$ 22,677</u></b>	<b><u>40,830</u></b>	<b><u>37,863</u></b>
Other receivables	Associate-ATB	\$ 3,832	3,341	3,170
	Associate-PharmaEngine, Inc.	38,800	-	51,734
		<b><u>\$ 42,632</u></b>	<b><u>3,341</u></b>	<b><u>54,904</u></b>

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

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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(d) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Salaries and other short-term employee benefits	\$ 16,545	14,541	38,561	33,073
Post-employment benefits	313	306	608	516
	<b>\$ 16,858</b>	<b>14,847</b>	<b>39,169</b>	<b>33,589</b>

(8) Assets pledged as security:

The carrying amounts of pledged assets were as follows:

<b>Pledged asset</b>	<b>Object</b>	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
		<b>2024</b>	<b>2023</b>	<b>2023</b>
Other financial assets-non-current	Guarantee for provision attachment	\$ <u>149,380</u>	<u>149,380</u>	<u>149,380</u>

(9) Significant commitments and contingencies:

(a) The Group's unfinished contracts as of June 30, 2024, December 31, 2023 and June 30, 2023 were as follows:

	<b>June 30,</b>	<b>December 31,</b>	<b>June 30,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
<u>Total price of unfinished contracts</u>			
Purchase of equipment and construction engineering	\$ <u>54,381</u>	<u>55,220</u>	<u>64,259</u>
Acquisition of intangible assets	\$ <u>407,668</u>	<u>393,122</u>	<u>418,155</u>
Research and development service	\$ <u>89,264</u>	<u>118,745</u>	<u>118,745</u>
Purchase of raw materials	\$ <u>109,647</u>	<u>103,011</u>	<u>103,419</u>
<u>Unpaid amount</u>			
Purchase of equipment and construction engineering	\$ <u>20,592</u>	<u>39,366</u>	<u>39,280</u>
Acquisition of intangible assets	\$ <u>330,030</u>	<u>315,588</u>	<u>354,262</u>
Research and development service	\$ <u>21,985</u>	<u>43,505</u>	<u>43,739</u>
Purchase of raw materials	\$ <u>30,422</u>	<u>28,786</u>	<u>29,194</u>

(b) As of June 30, 2024, December 31, 2023, and June 30, 2023, the financial institutions provided guarantee for the import and sale of medicine amounted to \$47,395 thousand, \$91,205 thousand and \$77,501 thousand, respectively.

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

- (c) On May 8, 2017, the Group signed a joint venture contract with 2-BBB MEDICINES BV (2-BBB ) to jointly establish EnhanceX. However, a dispute arose between the two parties, wherein 2-BBB claimed that the Group has breached the contract, hence, filed an arbitration request for compensation to the Chinese Arbitration Association, Taipei on May 23, 2024. This case is still in progress.
- (d) After being notified of certain improper activities of Huan-Lei Biotechnology Ltd. (“Huan-Lei”), the Company’s distribution partner, the Company voluntarily informed the Criminal Investigation Bureau (CIB) about the matter for further investigation. During the investigation, Taiwan Shilin District Prosecutors Office found that TTY’s payments totaling NTD\$53,900 thousand to third parties, made out of Huan-Lei’s request, should be considered Huan-Lei’s illegal gains and therefore issued a letter to the Company on December 25, 2023, requesting return of said illegal gains. After consultation with external lawyers explaining about the complexity of the dispute that has yet to be tried, the Company evaluated the probability of filing claims for return of the sum, claims against wrongdoers and relief, and set aside a reserve for the partial loss in December 2023. On April 18, 2024, Taiwan Shilin District Prosecutors Office charged Shih, Chun Liang and other parties who are involved in the case. This case is currently under trial at Taiwan Shilin District Court.

**(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	For the three months ended June 30,					
	2024			2023		
	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	\$ 63,734	197,209	260,943	62,520	155,490	218,010
Health and labor insurance	6,504	13,529	20,033	6,496	12,627	19,123
Pension	3,561	7,866	11,427	3,399	7,084	10,483
Others	3,392	19,751	23,143	2,436	17,198	19,634
Depreciation expense	29,877	9,224	39,101	29,733	8,894	38,627
Amortization expense	309	4,828	5,137	8,969	7,031	16,000

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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By function  By item	For the six months ended June 30,					
	2024			2023		
	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	\$ 124,394	367,671	492,065	124,161	343,600	467,761
Health and labor insurance	12,123	26,520	38,643	12,368	25,624	37,992
Pension	6,798	15,136	21,934	6,643	14,288	20,931
Others	5,812	33,717	39,529	4,916	29,705	34,621
Depreciation expense	59,487	16,734	76,221	59,220	17,767	76,987
Amortization expense	7,084	9,983	17,067	13,276	14,347	27,623

- (b) The Group donated \$115,222 thousand and \$61,990 thousand to related medical foundations and associations to support non-profit organizations developing drugs and promoting disease prevention and correct dosage for the six months ended June 30, 2024 and 2023, respectively.
- (c) With regard to the ex-chairman of the Company, Rong-Jin Lin (Mr. Lin), for his offense of aggravated breach of trust under the Securities and Exchange Act that has been put on trial several times, on December 23, 2021, the Supreme Court handed his case back to the Taiwan High Court for retrial, wherein it was still in progress as of the reporting date. On the other hand, on September 6, 2017, the relevant incidental civil action was later transferred to the civil court for further trial as a different case.
- (d) On May 31, 2016, the Company filed a claim against Inopha AG (Inopha) in the Cantonal Court of Zug, Switzerland, requesting that all 13 license agreements between the Company and Inopha be declared null and void, and further requesting that Inopha return all benefits received from the 13 agreements. The case is still in progress at Cantonal Court of Zug in Switzerland.
- (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 June 30, 2024, the monies incurred from the agreement in dispute in the amount of \$21,456 thousand euros have been deposited into the escrow account by Janssen.
- (f) With regards to the dispute on the Risperidone Development Contract entered into between the Company and Center Laboratories, Inc. (referred to as the CLI), the Company considered that the signing of the said contract did not comply with the relevant procedures and legal requirements, and should therefore be deemed invalid. However, CLI disagreed with the Company's viewpoint and filed a civil lawsuit against the Company in the Taipei District Court on July 1, 2016, seeking for declaratory judgment of the said contract. The case has been appealed for several times, and on May 18, 2023, the Supreme Court had reversed the High Court's ruling and remanded the case to Taiwan High Court.

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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- (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. The case is still in progress at Labor Court Dresden of Germany.
- (h) On May 14, 2021, the Company was penalized by the Fair Trade Commission for concerted action due to the agreement it entered into with Lotus Pharmaceutical Co., Ltd. on February 4, 2009 regarding the exclusive right to sell “Furil Capsules”. On July 12, 2021, the Company filed a complaint with the Taipei High Administrative Court to revoke the above penalty. The case is being heard by the Taipei High Administrative Court.

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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**(13) Other disclosures:**

(a) Information on significant transactions:

The following is the information on the Group significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the six months ended June 30, 2024:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of June 30, 2024 (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	
The Company	ExoOne Bio. Co., Ltd. Common Stock	-	Financial assets measured at fair value through other comprehensive income–non-current	700	11,992	5.94 %	11,992	
TSH Biopharm Co., Ltd.	Lumosa Therapeutics Co., Ltd. Common Stock	-	Financial assets measured at fair value through other comprehensive income– current	1,160	272,600	0.70 %	272,600	
"	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets measured at fair value through other comprehensive income–non-current	2,500	149,000	0.38 %	149,000	
"	Union Bank of Taiwan Preferred Shares A	-	"	400	21,320	0.20 %	21,320	
"	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	"	58	3,107	0.02 %	3,107	
"	CellMax Ltd. Common Stock	-	"	1,593	9,017	- %	9,017	

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital:

(In Thousands of New Taiwan Dollar)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
TSH Biopharm Co., Ltd.	TOP Pharm Medicalware Co., Ltd.	Investments accounted for using the equity method, net	Kao Tuan International Consultanting Co., Ltd. and 13 other parties	-	-	-	2,157	257,121	-	-	-	-	2,157	261,507
"	TOP Biological Technology Company Limited	Investments accounted for using the equity method, net	Kao Tuan International Consultanting Co., Ltd. and 6 other parties	-	-	-	510	44,330	-	-	-	-	510	45,503

Note: Both subsidiaries were eliminated when preparing the consolidated financial statements.

- (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	Worldco International Co., Ltd.	1	Royalty revenue	20,321	By contract	0.77%
0	"	TSH Biopharm Co., Ltd.	1	Accounts receivable	6,266	"	0.06%
0	"	"	1	Other receivables	29,715	"	0.29%
0	"	"	1	Sales revenue	39,762	"	1.50%
0	"	"	1	Other income	2,298	"	0.09%
0	"	"	1	Other gains and losses	2,573	"	0.10%
0	"	"	1	Commission expense	2,081	"	0.08%
0	"	American Taiwan Biopharma Phils Inc.	1	Accounts receivable	3,291	"	0.03%
0	"	"	1	Other receivables	5,026	"	0.05%
0	"	"	1	Sale revenue	1,780	"	0.07%
0	"	Chuang Yi Biotech Co., Ltd.	1	Accounts receivable	20,216	"	0.20%
0	"	"	1	Sales revenue	41,355	"	1.56%
0	"	"	1	Other gains and losses	3,265	"	0.12%
1	TSH Biopharm Co., Ltd.	TOP Pharm Medicalware Co., Ltd.	3	Sales revenue	22,234	"	0.84%
1	TSH Biopharm Co., Ltd.	"	3	Accounts receivable	17,467	"	0.17%
2	TOP Biological Technology Co., Ltd.	"	3	Sales revenue	15,963	"	0.60%
2	"	"	3	Accounts receivable	14,024	"	0.14%

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.

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2024 (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 June 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2024	December 31, 2023	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 %	1,540,353	29,543	29,543	Subsidiary
The Company	Worldco International Co., Ltd.	Hong Kong	Selling chemical medicine	15,825	15,825	3,960	100.00 %	132,970	119	119	Subsidiary
The Company	American Taiwan Biopharma Philippines	Philippines	Selling chemical medicine	32,904	32,904	481	87.00 %	(5,286)	(371)	(323)	Subsidiary
The Company	TSH Biopharm Co., Ltd.	Taiwan	Selling chemical medicine	227,449	227,449	21,687	56.48 %	732,343	54,945	31,146	Subsidiary
The Company	EnhanX Biopharm Inc.	Taiwan	Developing chemical medicine	50,000	50,000	5,000	20.83 %	182	(1,738)	(362)	Subsidiary
The Company	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	250,951	250,951	7,432	23.12 %	19,622	(23,047)	(5,328)	Subsidiary
The Company	PharmaEngine, Inc.	Taiwan	Developing chemical medicine	536,559	536,559	25,867	18.00 %	864,296	240,594	43,307	Investments accounted for using equity method
The Company	American Taiwan Biopharm	Thailand	Selling chemical medicine	2,966	2,966	380	40.00 %	390,065	67,050	26,820	Investments accounted for using equity method
The Company	Gligio International Limited	Hong Kong	Selling chemical medicine	2,685	2,685	620	40.00 %	118,236	25,839	10,336	Investments accounted for using equity method
Xudong Haipu International Co., Ltd.	EnhanX Biopharm Inc.	Taiwan	Developing chemical medicine	70,000	70,000	7,000	29.17 %	12,396	(1,738)	(507)	Subsidiary
Xudong Haipu International Co., Ltd.	TTY Biopharm Korea Co., Ltd.	Korea	Selling chemical medicine	59,404	59,404	449	100.00 %	6,989	(4,194)	(4,194)	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 %	-	(2,946)	(1,473)	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 %	-	(2,946)	(1,473)	Subsidiary
EnhanX Biopharm Inc.	EnhanX Biopharm B.V.	Netherlands	Developing chemical medicine	3,538	3,538	100	100.00 %	507	(620)	(620)	Subsidiary
TSH Biopharm Co., Ltd.	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	200,262	200,262	16,590	51.60 %	157,259	(23,047)	(11,892)	Subsidiary
TSH Biopharm Co., Ltd.	TOP Pharm Medicalware Co., Ltd.	Taiwan	Selling chemical medicine	257,121	-	2,157	51.00 %	261,507	15,152	6,077	Subsidiary

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**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 June 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
TSH Biopharm Co., Ltd.	TOP Biological Technology Co., Ltd.	Taiwan	Selling chemical medicine	44,330	-	510	51.00 %	45,503	3,207	1,173	Subsidiary
Chuang Yi Biotech Co., Ltd.	Immortal Fame Global Ltd.	Samoa	Import and export trading and investment activities	16,820	16,820	568	100.00 %	2,074	(145)	(145)	Subsidiary

(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)

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, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2024	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	52,896	( 2 )	89,478	-	-	89,478	387	100 %	387	51,712	-
		CNY 11,900		CNY 20,130			CNY 20,130	CNY 88		CNY 88	CNY 11,634	
Chuang Yi (Shanghai) Trading Co., Ltd.	Selling functional food	16,225	( 2 )	16,225	-	-	16,225	(150)	100 %	(150)	2,033	-
		USD 500		USD 500			USD 500	CNY (34)		CNY (34)	CNY 457	

The exchange rate of USD to NTD as of the reporting date was 1:32.4500, and the average exchange rate of USD to NTD for the reporting period was 1:31.8988.

The exchange rate of CNY to NTD as of the reporting date was 1:4.4450, and the average exchange rate of CNY to NTD for the reporting period was 1:4.4123.

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**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 June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 105,703	NTD 1,532,549 (USD 47,228 )	NTD 3,483,726

(iii) Significant transactions: None

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**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, Intensive Care Business Unit, Healthcare Business Unit, Export and CDMO Business Unit, and Re-investment Business Unit, etc. The Group has other operating segments that are below the quantitative criteria located in the Logistics business Unit.

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 June 30, 2024	Oncology Business Unit	Intensive Care Business Unit	Healthcare Business Unit	Export and CDMO Business Unit	Other Business Unit	Re-investment Business Unit	Adjustment and elimination	Total
Revenue:								
Revenue from external customers	\$ 589,708	255,787	46,253	214,124	32,345	236,434	-	1,374,651
Intersegment revenues	20,321	-	22,207	21,411	-	39,141	(103,080)	-
Total revenue	<u>\$ 610,029</u>	<u>255,787</u>	<u>68,460</u>	<u>235,535</u>	<u>32,345</u>	<u>275,575</u>	<u>(103,080)</u>	<u>1,374,651</u>
Reportable segment profit or loss	<u>\$ 232,161</u>	<u>76,153</u>	<u>37,453</u>	<u>37,325</u>	<u>(48,059)</u>	<u>30,865</u>	<u>(16,381)</u>	<u>349,517</u>
<b>For the three months ended June 30, 2023</b>								
Revenue:								
Revenue from external customers	\$ 601,091	243,619	50,771	177,079	17,671	171,332	-	1,261,563
Intersegment revenues	27,525	-	15,949	20,690	400	480	(65,044)	-
Total revenue	<u>\$ 628,616</u>	<u>243,619</u>	<u>66,720</u>	<u>197,769</u>	<u>18,071</u>	<u>171,812</u>	<u>(65,044)</u>	<u>1,261,563</u>
Reportable segment profit or loss	<u>\$ 315,247</u>	<u>71,775</u>	<u>34,285</u>	<u>25,604</u>	<u>(61,120)</u>	<u>28,657</u>	<u>(21,060)</u>	<u>393,388</u>
<b>For the six months ended June 30, 2024</b>								
Revenue:								
Revenue from external customers	\$ 1,123,340	521,210	92,396	442,028	32,345	436,937	-	2,648,256
Intersegment revenues	20,321	563	40,792	41,839	-	40,290	(143,805)	-
Total revenue	<u>\$ 1,143,661</u>	<u>521,773</u>	<u>133,188</u>	<u>483,867</u>	<u>32,345</u>	<u>477,227</u>	<u>(143,805)</u>	<u>2,648,256</u>
Reportable segment profit or loss	<u>\$ 473,922</u>	<u>175,948</u>	<u>71,639</u>	<u>107,092</u>	<u>(149,873)</u>	<u>78,773</u>	<u>(39,931)</u>	<u>717,570</u>

(Continued)

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

<b>For the six months ended June 30, 2023</b>	<b>Oncology Business Unit</b>	<b>Intensive Care Business Unit</b>	<b>HealthCare Business Unit</b>	<b>Export and CDMO Business Unit</b>	<b>Other Business Unit</b>	<b>Re-investment Business Unit</b>	<b>Adjustment and elimination</b>	<b>Total</b>
<b>Revenue:</b>								
Revenue from external customers	\$ 1,159,243	497,060	99,094	336,984	19,209	316,305	-	2,427,895
Intersegment revenues	<u>27,525</u>	<u>-</u>	<u>27,686</u>	<u>41,947</u>	<u>400</u>	<u>1,076</u>	<u>(98,634)</u>	<u>-</u>
Total revenue	<u>\$ 1,186,768</u>	<u>497,060</u>	<u>126,780</u>	<u>378,931</u>	<u>19,609</u>	<u>317,381</u>	<u>(98,634)</u>	<u>2,427,895</u>
Reportable segment profit or loss	<u>\$ 574,677</u>	<u>170,174</u>	<u>71,524</u>	<u>30,225</u>	<u>(166,465)</u>	<u>28,277</u>	<u>(21,682)</u>	<u>686,730</u>
<b>Reportable segment assets</b>								
Balance on June 30, 2024	<u>\$ 1,197,251</u>	<u>460,509</u>	<u>611,985</u>	<u>1,781,775</u>	<u>5,327,043</u>	<u>3,418,464</u>	<u>(2,547,147)</u>	<u>10,249,880</u>
Balance on December 31, 2023	<u>\$ 1,390,277</u>	<u>425,485</u>	<u>603,057</u>	<u>1,765,255</u>	<u>5,052,413</u>	<u>2,958,023</u>	<u>(2,319,601)</u>	<u>9,874,909</u>
Balance on June 30, 2023	<u>\$ 1,276,243</u>	<u>377,127</u>	<u>542,185</u>	<u>1,673,520</u>	<u>5,066,886</u>	<u>3,135,421</u>	<u>(2,436,070)</u>	<u>9,635,312</u>