

Stock Code : 4105



台灣東洋藥品工業股份有限公司  
TTY BIOPHARM COMPANY LIMITED

## 2023 Annual Report

Website for annual report disclosure: <http://www.tty.com.tw>

Website designated by the FSC for information reporting: <http://mops.twse.com.tw>

Printed on April 30, 2024

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**IX. Trading venues for overseas listed securities and methods for accessing information on these securities: None.**

**X. Company website: <http://www.tty.com.tw>**

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# I. Statement to Shareholders

**Dear Shareholders,**

Since its establishment in 1960, TTY Biopharm Company Limited has continuously adapted to changes in Taiwan's pharmaceutical environment, progressively refining its development focus in the biotechnology and pharmaceutical sectors. In recent years, under the goal of internationalization, the company has intensively developed its platform for complex generic drug technologies, enhanced its capability to produce new domestic drugs in-house, and actively introduced new drugs through licensing agreements, thoroughly implementing corporate social responsibility and realizing the vision of 'enhancing human life quality through technology and science.' These achievements have not only laid a solid foundation for the future development of TTY Biopharm Company Limited, but they have also marked a new chapter in the history of local enterprises striving for international transformation.

Under the leadership of President Hou Jing-Lan in recent years, TTY Biopharm Company Limited has actively outlined specific development goals and steps toward internationalization for the management team. The most crucial task at present is to strengthen the corporate culture of 'integrity,' 'team accountability,' 'professional competence,' and 'compliance with regulations,' using this as the foundation for development. Only by developing a foundation of excellent corporate culture can the company sustain its operations and avoid missteps in its developmental process. The Chairman's responsibility is to accompany the management team through the transition period, and to be confident that under the leadership of the President, the professional managers will continue to strive for excellence, expand their international perspective through their work, and thereby inspire a sense of mission in their roles.

## **2023 Business Results**

### **(I) Business Plan Implementation Outcomes**

In 2023, the company's consolidated net operating revenue was NT\$5,505,542 thousand, an increase of NT\$443,936 thousand, or 8.77%, from NT\$5,061,606 thousand in 2022, primarily due to a significant increase in overseas performance. Net profit attributable to the parent company for 2023 was NT\$1,128,509 thousand, an increase of NT\$34,118 thousand, or 3.12%, from NT\$1,094,391 thousand in 2022, mainly driven by an increase in operating revenue which boosted overall operating profit and net profit for the period.

(II) Budget Execution

For 2023, the company's individual net operating revenue was NT\$4,897,249 thousand and pre-tax net profit was NT\$1,417,553 thousand, achieving 111.47% of the annual budget target.

(III) Analysis of financial income, expenses and profitability

Item		Year	2023	2022
Financial income and expenditure	Interest revenue (NT\$ thousand)		2,671	1,182
	Interest expense (NT\$ thousand)		34,801	22,491
Profitability analysis	Return on Assets (%)		12.79	12.81
	Return on Shareholders' Equity (%)		19.46	20.22
	Net profit margin %		23.04	24.36
	Earnings per share (NTD)		4.54	4.40

(IV) Research and development status

TTY Biopharm Company Limited has accumulated six decades of expertise in pharmaceutical development and manufacturing, providing comprehensive solutions for drug delivery systems; thus, it has the capacity for complete Contract Development and Manufacturing Organization (CDMO) services, offering a wide range of services of various types. The formulation development process includes formulation development, analytical method development, process development, animal testing, synthesis of functional excipients, clinical trials on humans, GMP production, and preparation of CMC documentation. The core philosophy is to meet patient needs, benefit more patients, and create greater value for shareholders.

In addition to ongoing research and development of long-acting microsphere products for treating acromegaly and functional gastrointestinal, pancreatic endocrine tumors, the company will begin clinical trials in 2024; it also collaborates with major international firms to develop two liposome products for the overseas market. One of these liposome products has already achieved regulatory approval in the United States this fiscal year and began shipments to penetrate the US market in 2023; besides the United States, the focus is also on markets in Europe, Central and South America, and Australia, with submissions planned for 2024 and sales expected to commence in 2025. Other products are also being actively discussed for introduction through international collaborations to swiftly enter overseas markets.

Looking forward, the company continues to focus on innovation as its core value, with a strategy centered on developing specialized drug delivery technology platforms and maintaining its leading competitive position to maximize the value for all stakeholders.

**Summary of business plan for 2024**



## (I) Business Policy

TTY Biopharm Company Limited, committed to excellence and sustainability, has undergone several significant strategic advancements since its inception, successfully transforming into an innovative international biotech pharmaceutical company focused on the development of specialized dosage forms and new drug research. Additionally, the company will actively represent original manufacturers' new drugs and vaccines, aiming for a comprehensive product line. Apart from deeply cultivating the Taiwanese market and key Asian markets such as South Korea, Vietnam, the Philippines, and Thailand, achieving stable growth in domestic and overseas performance, we are also progressively expanding into major global markets including the USA, Europe, Central and South America, and other emerging markets. Through direct operations or collaboration with strategic partners, we aim to expand the revenue and brand benefits of TTY Biopharm's self-developed products, tightly connecting with the international expert community to provide optimal pharmacoeconomic treatment solutions, aspiring to become a world-class biotech pharmaceutical company specialized in the development, marketing, and manufacturing of special formulations and biotechnological drugs. Furthermore, TTY Biopharm also focuses on fulfilling corporate social responsibility in environmental, social, educational, and corporate governance aspects, striving to uphold its responsibilities for sustainable operation.

## (II) Expected sales volume and basis

For the year of 2024, the Company expects to sell oral drugs of 427.41 million tablets and injectables of 6.36 million vials. Our expected sales volumes are based on IQVIA's statistical report as well as the considerations of the possible future demand/supply change in markets, development speed of new products, and national health insurance policy.

## (III) Important production and sales policies

In the new year, TTY Biopharm will continue its consistent strategies and goals, using past achievements as a foundation without complacency, tirelessly challenging itself to create new patterns and move toward the next milestone:

In terms of "marketing strategy," in addition to concentrating on the Taiwan market, we have also focused on Asian countries – South Korea, key countries in Southeast Asia – Vietnam, and global major markets in Europe, the United States, Oceania, Central and South America, and other emerging markets. We operate through partnerships to expand revenue and brand benefits of TTY products; in terms of "R&D strategy," we refine the development of high-obstacle special dosage form platforms, and manufacture generic drugs to shorten the R&D cycle to accelerate product launch and challenge the original patents. At the same time, balance the short/mid/long-term R&D needs, actively and

prudently find, select, license, introduce, and develop the subject to improve the product portfolio of each business group of the Company, including new cancer drugs, vaccines, market demand; with respect to the “production strategy,” we will continue to maintain pharmaceutical manufacturing bases that meet international quality requirements, expand and upgrade production equipment in accordance with strategy and regulatory requirements, and optimize supply chain management to reduce costs, increase efficiency, and improve The bank maintains inventory turnover rate to ensure costs and maintain international competitive advantages.

### **Future development strategies of the Company**

Corporate Vision: “Enhancing human life quality through technology and science.”

Corporate Mission and Strategy: “Committed to the development and manufacturing of special dosage form drugs (patentable or high-barrier characteristics), biologics, new medical technologies, and new drugs, completing the TTY Biopharm product portfolio; continuously strengthening the research and development of high-barrier dosage form drug platforms, extending their therapeutic benefits across various disease areas,” “Specializing in the fields of oncology, critical care, anti-infection, and the development and manufacturing of special dosage form drugs, deepening expertise and international development,” “Becoming one of the world’s most innovative biotech pharmaceutical companies,” and “Being the best partner for international biotech and pharmaceutical companies in drug development and international market marketing.”

For its future development, TTY Biopharm will not only continue to bring its research and development results to market, maximizing their benefits, but also expand international market channels and actively seek international collaborations through the following key strategies:

1. Balancing the development and investment in early, middle, and late-stage drugs and medical products, refining the product portfolio and competitive edge in targeted disease treatment areas (specialty drugs, biologics, new drugs), creating rapid short-term revenue growth while considering long-term organizational operational momentum and value chain integration.
2. Cooperating with international partners to accelerate the development of special dosage form generic drugs, new drugs, and drug delivery platforms that meet unmet medical needs, involve high barriers (technical, manufacturing), and have high pharmacoeconomic value, enhancing international visibility.
3. By leveraging competitively owned products, expanding agency representation, and co-developing distinctive pharmaceutical items, we focus on and continue to implement ‘localized optimization’ and ‘differentiated’ branding activities and lifecycle management in each target market.

4. Grasp the dynamics of international regulations, update and maintain pharmaceutical manufacturing facilities that meet the quality requirements of major international pharmaceutical regulatory authorities, creating a robust Contract Development and Manufacturing Organization (CDMO) business model, and solidifying the company's international business development, deepening the foundation for internationalization.
5. Through mergers, strategic alliances, or joint ventures and other key strategic activities, enhance manufacturing capacity and supply chain management, achieving optimal integration and management from research and development to manufacturing.
6. Continuously optimize production processes, improve capacity planning that combines flexibility and scale (capable of supplying international mass production scale management), and assess the cost-benefit of resource inputs in production processes to expand production capacity, ensuring cost advantages and international competitiveness.
7. Significantly recruit foreign talent to quickly gain foreign experience and resources, breaking old patterns to revitalize internally, creating a new atmosphere, and perfecting the balanced development of 'science, regulations, business management, and supply chain management' in product development and marketing across various disciplines.
8. Considering operational strategies and synergies, internal organizational adjustments are made to maximize benefits; standardize licensing contracts to speed up cooperation with international business partners, expanding domestic and international markets and maximizing corporate interests.
9. Carefully evaluate overseas marketing bases, streamline operations, strengthen existing partnerships' sales target management, focus on key overseas markets to develop own sales teams, creating the company's mid-to-long-term revenue growth potential and diverse international development.

### **Impacts of the external competitive environment, regulatory environment and overall economic environment**

Governments around the world are continuing to tighten their control over health policies and drug spending. The industry has weathered the COVID-19 pandemic. However, the post-COVID-19 war and the Russo-Ukrainian War have limited the supply of natural resources such as fossil fuels and coal mines. In addition, the war has also caused a shortage of natural mineral raw materials such as nickel, which has directly affected the profits of stainless steel manufacturers and indirectly affected the long lead time of pharmaceutical production equipment and soaring prices. In addition, under the influence of about 11 interest rate hikes by the U.S. Fed, the inflation of raw materials, supplies and equipment was fierce.

The Taiwanese pharmaceutical market lacks economies of scale, and the export market faces increasing obstacles due to the gradual addition of data requirements by various countries'

pharmaceutical regulations, making expansion difficult. Additionally, the domestic market is overly competitive, which hinders the growth of the pharmaceutical industry in Taiwan.

Furthermore, as manufacturing regulations and quality standards become increasingly stringent, the production and distribution costs continue to rise post-PIC/S and GDP implementations. The negotiation of hospital pricing and health insurance drug reimbursement rates have also been adjusted multiple times, leading to a gradual imbalance between investment and output in drug research and development, further compressing pharmaceutical companies' revenue and profits.

The operating environment for 2023 was full of challenges due to the post-pandemic impact, adverse factors of geopolitical tensions, the impact of US–China trade disputes, the Russia–Ukraine war, and the US Federal Reserve's interest rate hikes, all of which had significant effects on the global economy. Looking ahead to 2024, the global economic trends have yet to clear up, with major countries still struggling to emerge from economic downturns, further testing the adaptability and cost control efficiency of businesses. TTY Biopharm will continue to explore and develop suitable new products, carefully assessing domestic and international channels, and obtaining new drug approvals or additional indications to boost revenue momentum, not only strengthening performance momentum and expanding the corporate group's footprint, but also actively introducing foreign expertise and optimizing cost control to maximize shareholder equity.

TTY Biopharm Company Limited

Chairman: Chuan Lin

## II. Company Profile

### 1. Date of establishment: July 22, 1960.

### 2. Company history

Jul. 1960	Founding of TTY Biopharm Company Limited with registered capital of NTD 2 million.
August 1968	Set up a factory in Zhongli and cooperated with TOYO JOZO Brewing Co., Ltd. of Japan in technology.
May 1969	The Chinese name of the registered company is “台灣東洋藥品工業股份有限公司” and the English name is “Taiwan Tung Yang Chemical Industries Co., Ltd.”
February 1988	Approved by the Good Manufacturing Practice For Medicinal Products Group, Ministry of Economic Affairs, as a factory that has implemented GMP.
January 1993	Established a joint venture with Shanghai Xudong Haipu Pharmaceutical Industry Limited.
October 1997	Merger with Tong Xing Pharmaceutical Co., Ltd. increasing the total capital to NT\$180 million after the capital increase from the merger.
Jul. 1998	The Securities and Futures Bureau approved the public issuance of shares, raising NT\$40 million through a cash capital increase. After the increase, the total capital is NT\$239.9 million.
September 1998	Obtained the drug license for ‘Lipo-Dox,’ becoming the third pharmaceutical company in the world to have liposomal manufacturing technology.
November 1998	For sustained-release formulations, successfully developed ‘Isochrolong Extended-Release Cough Tablets’ and obtained Taiwan’s first drug license for extended-release cough medication.
March 2000	In response to the Company’s development and transformation, the English name of the Company was officially changed to “TTY Biopharm Co., Ltd.”
Apr. 2000	The first domestically produced anti-tumor drug, UFUR, received a new drug license from the Department of Health (under Announcement No. 77).
Jul. 2000	Passed the GMP inspection for Shanghai Xudong Haipu Pharmaceutical Factory.
September 2001	Listed on TPEx on September 27.
December 2001	Issued secured ordinary corporate bonds of NTD 300 million.
May 2002	Obtained new drug license and launched Thado on the market.
June 2002	Listed the first domestic unsecured convertible bonds on the TPEx.
September 2002	Awarded the Industrial Technology Advancement Award – Excellence Award from the Ministry of Economic Affairs.
December 2002	Lipo-Dox® received the Silver Award for Drug Technology Research and Development from the Ministry of Economic Affairs and the Department of Health in 2002.
March 2003	Obtained Folina’s Singapore license.
October 2003	Obtained patent for new indication of thalidomide in China.
November 2003	Method for preparing sterilized Oxaliplatinum injection – Oxaliplatinum was patented in Taiwan.
June 2004	Listed the second domestic unsecured convertible bonds on the TPEx.
December 2004	Obtained exclusive new drug development rights in Taiwan for the anti-cancer drug S-1 licensed by Taiho Pharmaceutical in Japan.
October 2005	Received the ‘Outstanding Innovation Enterprise Award’ in the 13th ‘Ministry of Economic Affairs Industry Science and Technology Development Award.’
March 2006	Obtained a Taiwan patent for Lipo-Dox®, a liposomal injection, for the manufacturing method of liposomal suspensions and the product containing the liposomal suspension produced by this method.
March 2006	Obtained a New Zealand patent for Asadin® injection — poly-arsenic compounds and their use in tumor treatment.
April 2006	Obtained a Taiwan patent for Asadin® injection — a topical pharmaceutical composition for treating subcutaneous tumors.
Jul. 2006	Obtained a Taiwan patent for Thado® capsules — a pharmaceutical composition for

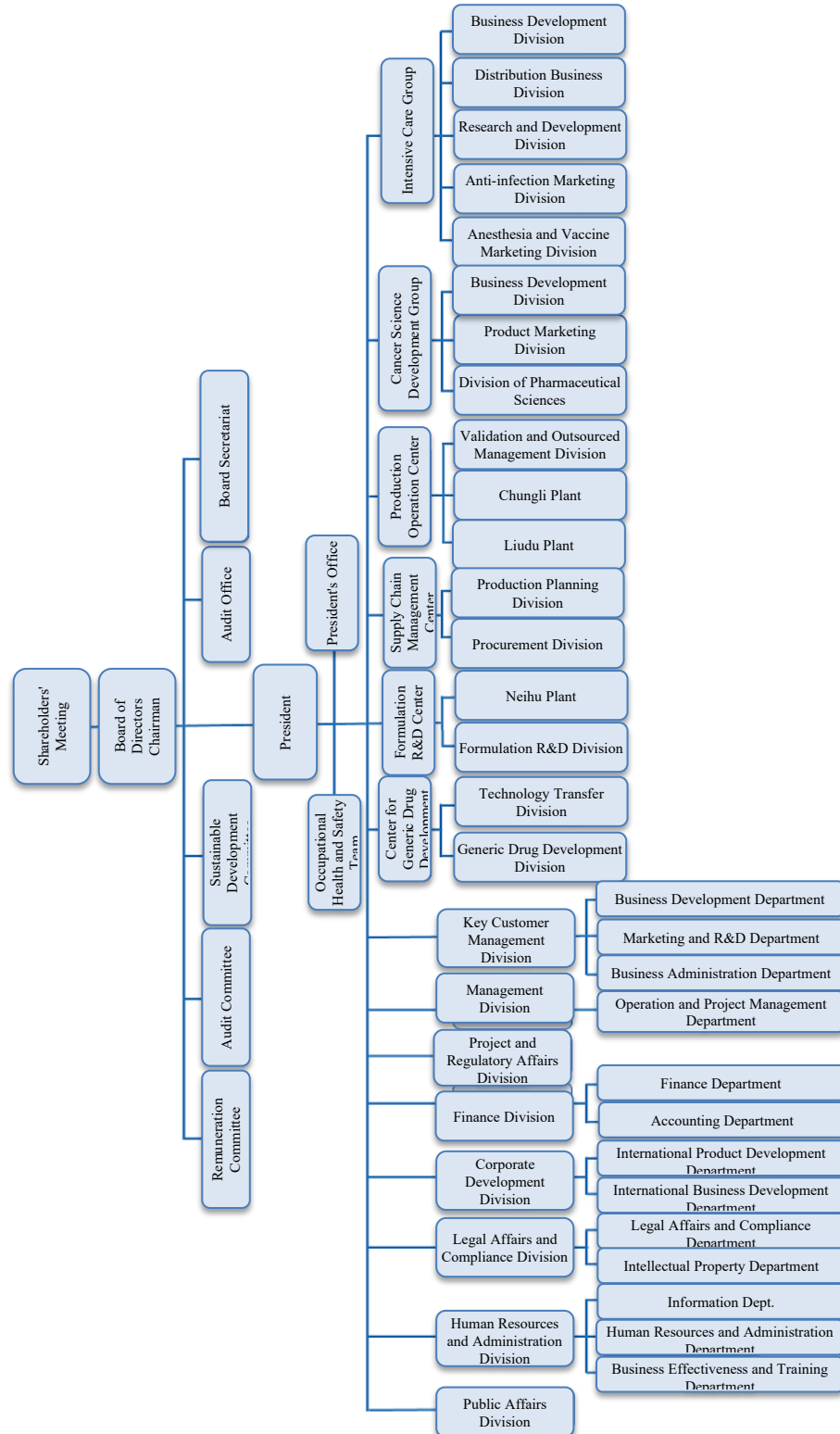
	treating hepatocellular carcinoma.
February 2007	Passed the inspection for clinical trial injectables in Europe.
November 2007	Completed and launched a specialized cancer formulation plant built according to PIC/S GMP standards.
June 2008	The injection plant for cancer passed the EU factory inspection and certification.
March 2009	Passed EU factory inspection for all dosage forms for cancer.
Jul. 2009	The Cancer Translational Center obtained ISO 17025 certification.
Aug. 2009	The Company and to-BBB Pharmaceuticals from the Netherlands announced the joint development of liposomal doxorubicin, a targeted brain cancer drug.
September 2009	Obtained a generic drug license for the anti-cancer drug Taxotere (Paclitaxel) in Europe.
November 2009	The Zhongli plant successfully passed the domestic PIC/S GMP inspection.
Apr. 2010	Established Dongyuan Biopharmaceutical Technology (Shanghai) Co., Ltd. in China.
June 2010	Acquired the Liudu plant of Shionogi & Co., Ltd. in Taiwan.
July 2010	TOT PHARMACEUTICAL CO., LTD. was established in the People's Republic of China.
August 2010	Obtained the drug license for TS-1® Capsules.
September 2010	Spin-off of TSH Biopharm Co., Ltd.
January 2011	Office was established in Hanoi, Vietnam.
September 2011	Lipo-Dox won first place in the '2011 Taipei Biotech Awards' – Technology Commercialization Award. Lipo-Dox won the silver medal of the "2011 National Invention Awards."
October 2011	The 7th Nanotechnology Industry Award of the Ministry of Economic Affairs.
December 2011	Invested in Chuangyi Biotechnology Co., Ltd.
April 2012	Obtained the Taiwan drug license for "Temazu Capsules."
June 2012	Obtained the Taiwan drug license for "Tynen Injection."
November 2012	The new Suzhou anti-cancer drug manufacturing plant of TOT PHARMACEUTICAL CO., LTD. was completed and operational.
December 2012	Acquired 100% equity of Shuyu Pharmaceutical Co., Ltd. in Chengdu, China.
January 2013	Disposal of 60% stake in NEW TUNGYANG INTERNATIONAL CO., LTD.
August 2013	Received the Gold Award for Outstanding Biotechnology Industry.
August 2013	The Liudu plant successfully passed the domestic PIC/S GMP inspection.
February 2013	Obtained the Taiwan drug license for "Brosym® for Injection."
September 2014	The Neihu Plant passed the Taiwan TFDA inspection.
April 2015	The Neihu Factory passed the Taiwan TFDA PIC/S GMP inspection.
July 2015	The Chungli Factory passed the Taiwan TFDA PIC/S GMP inspection.
December 2015	To adjust its investment portfolio, the company sold all its shares in NEW TUNGYANG INTERNATIONAL CO., LTD. and TOT BIOPHARM COMPANY LIMITED.
June 2016	An Audit Committee was established to replace supervisors.
July 2016	The Liu-Du plant passed the TFDA PIC/S GMP inspection in Taiwan, obtaining certifications for lyophilized formulations, sterile preparations, and terminal sterilization.
July 2016	Collaborated with a major international company to develop the overseas market for liposomal products.
December 2016	The Company passed the "Taiwan Intellectual Property Management System" Grade A certification.
April 2017	Ranking in the top 5% of all Listed TPEX-Listed Companies in the 3rd Corporate Governance Evaluation.
April 2017	Jointly established EnhancX Biopharm Inc. with 2-BBB MEDICINES BV.
May 2018	Ranking in the top 5% of all Listed TPEX-Listed Companies in the 4th Corporate Governance Evaluation.
July 2018	Collaborated with a major international company to develop the generic drug Arsenic Trioxide for the European and American markets.
March 2019	Appointment of Corporate Governance Officer.
May 2019	Ranking in the top 5% of all Listed TPEX-Listed Companies in the 5th Corporate

	Governance Evaluation.
June 2019	Collaborated with a major international company to develop the long-acting microsphere generic drug ‘Octreotide LAR’ for overseas markets.
October 2019	Establishment of the Sustainable Development Committee.
May 2020	Achieved top 5% in the sixth corporate governance evaluation for all TPEX-listed companies and top 10% for non-financial electronics companies with a market value of over NT\$10 billion.
July 2020	Won the 2020 HR Asia--Best Companies to Work for in Asia Award
November 2020	The Company passed the “Taiwan Intellectual Property Management System” Grade A certification.
December 2020	Obtained license for cancer drug by the subsidiary in Mexico.
May 2021	Achieved top 5% in the 7th corporate governance evaluation for all TPEX-listed companies and top 10% for non-financial electronics companies with a market value of over NT\$10 billion.
October 2021	The company’s generic drug ‘Arsenic Trioxide’ has obtained U.S. FDA approval.
April 2022	Ms. Ching-Lan Hou was appointed as the President of the Company.
April 2022	Ranked in the top 5% of all TPEX-listed companies and in the top 11%–20% of non-financial electronics industries with a market value over NTD 10 billion in the 8th Corporate Governance Evaluation.
August 2022	Won the 2022 HR Asia – Best Companies to Work for in Asia Award.
November 2022	The company’s generic liposomal amphotericin B drug for treating systemic invasive fungal infections, Amphotericin B (Lipo-AB), has been approved by the U.S. FDA and has obtained a drug license.
December 2022	The Company passed the “Taiwan Intellectual Property Management System” Grade A certification.
January 2023	The generic liposomal amphotericin B drug, Amphotericin B (Lipo-AB), was shipped to the United States.
April 2023	Ranking in the top 5% of all TPEX-listed companies and in the top 11%–20% of non-financial electronics industries with a market value over NTD 10 billion in the 9th Corporate Governance Appraisal.

# III. Corporate Governance Report

## 1. Organizational system

### (I) Organizational structure of the Company





## (II) Businesses of each department

Main department	Main Business
Board Secretariat	Handling the preparation, documentation, general affairs, stock affairs processing, liaison, and planning and establishment of share management operations for the Board of Directors and shareholders' meetings. Assisting Board members with onboarding, continuous learning, and legal compliance; providing information required for business execution; and carrying out matters assigned by the Board of Directors.
Audit Office	Responsible for auditing and inspecting each unit's implementation of the internal control system, providing recommendations for improvement, tracking deficiencies, and conducting follow-up reviews.
President's Office	Assisting the President in implementing the company's short-term and long-term strategic objectives under the operating model.
Occupational Health and Safety Team	Planning and executing the company's environmental, safety and health management; improving workplaces, safety protection equipment, and factory cleanliness; conducting occupational safety risk and hazard assessments to reduce or control potential hazards in the workplace.
Cancer Science Development Group	According to the company's disease category development, evaluating and efficiently developing cancer products that align with the company's strategic direction, as well as executing pre-and post-launch marketing planning and business promotion for the products.
Intensive Care Group	Based on the company's disease treatment category development strategy, carrying out strategic planning, product development, marketing planning, and sales promotion for anti-infection drugs, vaccines, and anesthetics.
Key Customer Management Division	<ul style="list-style-type: none"> <li>● Responsible for hospital tenders, order shipments, sales commission management, and other operations to support achieving sales targets.</li> <li>● According to the company's disease category development strategy, developing products in the areas of preventive healthcare and chronic disease treatment, as well as executing pre-and post-launch marketing planning and business promotion for the products.</li> </ul>
Formulation R&D Center	Focusing on the research, development, and process design of specialty drug formulations, integrating key technologies to create specialty formulation platforms, accelerating product development timelines, and supporting the needs of domestic business units.
Center for Generic Drug Development	Responsible for the development and process design of conventional dosage form drugs, accelerating product development timelines, and supporting the needs of domestic and international business units.
Production Operation Center	Establishing and maintaining the PIC/S GMP management system, and manufacturing parenteral, oral, and biological drug products that meet international quality standards.
Supply Chain Management Center	Responsible for the procurement of raw materials, inventory management of raw materials and finished products, production scheduling management, developing high-quality suppliers and contract manufacturers, controlling procurement costs, and ensuring the competitiveness of procurement quality and costs. Through coordinated procurement and contract manufacturing management, ensuring timely and stable material supply and production scheduling control, and establishing a safe and stable pharmaceutical supply chain.
Management Division	Assisting with the company's annual operational objectives, mid-to-long-term development strategy planning and management, major project management, operational decision analysis, and strengthening the company's mid-to-long-term development preparedness.

Main department	Main Business
Finance Division	Responsible for financial fund allocation and management, investment and merger and acquisition planning, accounting and tax matters, budget management, management of invested companies, and investor relations management.
Corporate Development Division	Responsible for sales operations of overseas companies, overseas market development and assisting in domestic market development, introduction of new product licensing, strategic alliances, external collaborations, and planning and execution of domestic and international mergers and acquisitions.
Legal Affairs and Compliance Division	<ul style="list-style-type: none"> <li>● Responsible for formulating and evaluating the company's legal risk prevention system, including contract review, legal advice consultation, intellectual property litigation, and other domestic and international litigation and non-litigation cases and projects. Overseeing compliance affairs; responsible for collecting and analyzing the legality of regulations related to the company's business operations; planning, managing, and executing the compliance system; handling the review of internal rules; receiving internal whistleblowing cases; and supervising compliance with laws and regulations pertaining to the company's industry.</li> <li>● Responsible for the company's intellectual property management and intelligence center, assessing intellectual property risks and removing obstacles for product launches, assisting in enhancing the company's product development speed and success rate, and reducing launch risks.</li> </ul>
Human Resources and Administration Division	<ul style="list-style-type: none"> <li>● Responsible for the company's personnel recruitment, training, planning and establishing performance evaluation policies and systems; designing and implementing compensation and incentive systems.</li> <li>● Aligning with product market strategies, maximizing the efficiency and productivity of the sales team through sales guidance, on-site training, and business incentive planning and calculation.</li> <li>● Executing general asset management, general affairs procurement, and other administrative operations.</li> <li>● Executing the planning and implementation of information technology systems and infrastructure required for the company's development, as well as planning, monitoring, and managing information security systems, while supporting future digital transformation initiatives.</li> </ul>
Public Affairs Division	Enhancing and promoting the corporate brand image, establishing and maintaining public relations, participating in industry policy and regulatory planning and implementation to create a favorable operating environment for the company.
Project and Regulatory Affairs Division	Understanding pharmaceutical regulations in global target markets, leveraging strategic regulatory and project management capabilities, planning drug registration strategies and timelines to accelerate product launches in domestic and international markets.

## 2. Information on Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

### (I) Profiles of Directors

#### 1. Profiles of Directors

April 30, 2024 Unit: shares; %

Job Title	Nationality or place of registration	Name	Gender Age	Date of Election (Inauguration)	Term of office	Date of initial election	Shareholding at the time of appointment		Number of shares held (Note 1)		Shares held by spouse and underage children (Note 1)		Shares held in someone else's name (Note 1)		Major career (academic) experience	Positions in the Company and other companies	Other supervisors or directors who are spouses or relatives within 2nd degree kinship			Notes	
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship		
Chairman	Republic of China	Lin Chuan	Male Age 71   Age 80	August 25, 2021	3 years	November 22, 2018	120,000	0.05	120,000	0.05	80,000	0.03	0	0	Ph.D., Economics, University of Illinois, Urbana-Champaign, USA	TSH Biopharm Co., Ltd. Pegatron Corporation	Chairman Independent Director	N/A	N/A	N/A	N/A
Vice Chairman	Republic of China	Chang Wen-Hua	Female Age 61   Age 70	August 25, 2021	3 years	July 24, 1995	4,409,800	1.77	4,409,800	1.77	0	0	0	0	Masters of Business Administration, University of Memphis Bachelor of Accounting, Soochow University	Arich Investment Co., Ltd. Xudong Haipu Pharmaceutical Co Ltd American Taiwan Biopharma Philippines Inc. Rongkang International Co., Ltd. TTY Biopharm Korea Co., Ltd. TTY Biopharm Mexico S.A DE C.V.	Director Director Director Director Director	N/A	N/A	N/A	N/A
Director	Republic of China	Da Wan Technology Co., Ltd.		August 25, 2021	3 years	July 24, 1995	22,590,732	9.09	23,526,732	9.46	0	0	0	0	PharmD, College of Pharmacy, University of the Pacific MBA, College of Business, University of the Pacific, USA	TSH Biopharm Co., Ltd. American Taiwan Biopharm Co., Ltd. Chuanyi Biotechnology Co., Ltd. Da Wan Technology Co., Ltd.	Director Director Director Director	N/A	N/A	N/A	N/A
	USA	Representative : Chia-Pin Hsiao	Male Age 31   Age 40			March 26, 2019	881,712	0.35	881,712	0.35	0	0	0	0							
Director	Republic of China	Yang Tzu-Chiang	Male Age 61   Age 70	August 25, 2021	3 years	June 24, 2016	0	0	0	0	0	0	260,000	0.10	MBA, University of Illinois at Urbana-Champaign, USA Doctor of Business Administration, National Chengchi University	Huihong Consulting Co., Ltd. Hui Yang Venture Capital Co., Ltd.  Chien Kuo Construction Co., Ltd. Airiti Inc. HonYang Healthcare Co., Ltd. Pegatron Corporation ASUSTEK Computer Inc. Hua Cheng Capital Co., Ltd. Huicheng Capital Co., Ltd. Happy Read Publication Company Limited FINLEA	Chairman Director and President Director Director Director Director Director Director Supervisor Chairman of the Board	N/A	N/A	N/A	N/A

Job Title	Nationality or place of registration	Name	Gender	Age	Date of Election (Inauguration)	Term of office	Date of initial election	Shareholding at the time of appointment		Number of shares held (Note 1)		Shares held by spouse and underage children (Note 1)		Shares held in someone else's name (Note 1)		Major career (academic) experience	Positions in the Company and other companies	Other supervisors or directors who are spouses or relatives within 2nd degree kinship			Notes
								Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
Director	Republic of China	Chang Hsiu-Chi	Male	Age 61   Age 70	August 25, 2021	3 years	June 24, 2016	1,943,686	0.78	1,942,686	0.78	2,772,062	1.11	0	0	Masters of Business Administration, National Taiwan University School of Pharmacy, Taipei Medical University	Xudong Haipu Pharmaceutical Co Ltd Director Rongkang International Co., Ltd. Director Yuan Hung Investment Co., Ltd. Chairman Reber Genetics Co., Ltd. Director Prosper Intelligence CO., LTD. Chairman	N/A	N/A	N/A	N/A
Director	Republic of China	Liao Ying-Ying	Female	Age 61   Age 70	August 25, 2021	3 years	June 24, 2016	0	0	0	0	0	0	0	0	MBA, University of Missouri	ANUE Securities Investment Consulting Co., Ltd. Director Acer Gaming Inc. Independent Director TA TUNG CHINAWARE CO., LTD. Director	N/A	N/A	N/A	N/A
Independent Director	Republic of China	Tsai Tui	Male	Age 71   Age 80	August 25, 2021	3 years	June 24, 2016	0	0	0	0	0	0	0	0	PhD, Department of Electrical Engineering, National Taiwan University	Compal Electronics Inc. Independent Director Taiwan High Speed Rail Corporation Director STARLUX AIRLINES CO., LTD. Non-Profit Independent Director DA AI SATELLITE CO., LTD. Director	N/A	N/A	N/A	N/A
Independent Director	Republic of China	Hsueh Ming-Ling	Male	Age 61   Age 70	August 25, 2021	3 years	June 24, 2016	0	0	0	0	0	0	0	0	MBA, Bloomsburg University, Pennsylvania, USA Master of Accounting, Soochow University	Lite-On Technology Corporation Independent Director Walsin Lihwa Corporation Independent Director Yuanta Financial Holding Co., Ltd. Independent Director Yuanta Commercial Bank Co., Ltd. Independent Director Taiwan Tung Hwa Books Co., Ltd. Director	N/A	N/A	N/A	Note 2
Independent Director	Republic of China	Lin Tien-Fu	Male	Age 71   Age 80	August 25, 2021	3 years	June 24, 2016	0	0	0	0	0	0	0	0	Completion of the ordinary and intermediate accounting courses at the Public and Business Administration Education Center of National Chengchi University.	Yuanta Futures Co., Ltd. Chairman Yuanta Securities Co., Ltd. Director Taipei Exchange Supervisor	N/A	N/A	N/A	N/A

Note:

- Note: Information regarding the Director's own, spouse's, and minor children's shares, and those held in others' names, as of April 1, 2024 (the record date for the 2024 Annual General Shareholders Meeting).
- According to Article 4, Paragraph 2 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," "Where the independent directors of a financial holding company or a listed investment holding company concurrently serve as independent directors of a 100%-owned publicly issued subsidiary of said company, and the number of such concurrent positions exceeds one, the excess number shall be counted toward the restriction set forth in the preceding paragraph." Independent Director Hsueh, Ming-Ling was appointed as Independent Director of Yuanta Commercial Bank Co., Ltd. by Yuanta Financial Holding Co., Ltd., which does not count toward the number of concurrent independent director positions at "other" public companies as stipulated in Article 4, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

## 2. Major shareholders of the corporate shareholders

April 30, 2024

Corporate Shareholder	Major shareholders of the corporate shareholders
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Names	
DA WAN TECHNOLOGY CO., LTD.	Hsiao Yu-Pin (36.98%), Hsiao Ying-Chun (28.69%), Li Yuan Welfare Foundation Account of Public Welfare Trust (11.02%), Wu Yung-Liang (7.34%), Hsu Mei-Chin (7.97%), Hsiao Jia-Yu (3.11%), Hsiao Jia-Pin (2.56%)

3. If the major shareholder is a legal entity, its principal shareholders: None.
4. Directors' professional knowledge, board diversity policy, and independence

(1) Information on directors' professional qualifications and independence of independent directors

Name	Condition	Professional qualifications and experience	Independence of Independent Directors	Number of other publicly traded companies where the person serves as an independent director.
Chairman , Lin Chuan		Chairman Lin Chuan received a doctorate in economics from the University of Illinois, USA, and is familiar with economics, taxation, and public finance. He has served as the CEO of research institutions, a university professor, and is the chairman, director, and independent director of multiple TPEX listed companies such as Vanguard International Semiconductor Corporation, Mayer Insurance & Insurance, Pegatron Corporation, Kaisheng Group, Inotera Memories Inc., etc., with rich and complete qualifications in industry, government, and academia. Combining theory with practical experience, Chairman Lin served as a director of TTY Biopharm Company Limited from 2011. With what he has learned and his strengths, he contributed to Taiwan's biotechnology industry. In 2015, he served as a director of Pharmaengine Inc., a new drug development company in Taiwan. Chairman Lin has many years of experience in the biotechnology industry, including pharmaceutical research and development, innovation, manufacturing, and marketing. With his broad international perspective and proficiency in corporate governance concepts, he has led TTY Biopharm to	Not applicable	1

Name	Condition	Professional qualifications and experience	Independence of Independent Directors	Number of other publicly traded companies where the person serves as an independent director.
Vice Chairman, Chang Wen-Hua		<p>Vice Chairman Chang Wen-Hua has served as a director of Taiwan TTY Biopharm since 1995, and previously held the position of Deputy General Manager at Arich Enterprise Co., Ltd. He is well-versed in the biotechnology industry, including logistics, business negotiations, financial operations, and risk management. With his extensive background in financial accounting, he has led Taiwan TTY Biopharm towards more robust financial capabilities and towards becoming an international corporation.</p> <p>Vice Chairman Chang Wen-Hua does not meet any of the circumstances listed under Article 30 of the Company Act.</p>	Not applicable	0
Representative of Tai Wan Technology Co., Ltd.: Director Chia-Pin Hsiao		<p>Director Chia-Pin Hsiao prior to serving as a director of TTY in 2018, had long been employed at the large international chain pharmacy, CVS Health Pharmacy. He possesses professional skills in prescription management, clinical services, disease management programs, and retail pharmacy management services. Additionally, he is well-versed in the operational models of international enterprises, such as marketing, logistics, and inventory management, which will assist TTY in aligning with international standards.</p> <p>Director Hsiao, Chia-Pin does not meet any of the circumstances listed under Article 30 of the Company Act.</p>	Not applicable	0

Name	Condition	Professional qualifications and experience	Independence of Independent Directors	Number of other publicly traded companies where the person serves as an independent director.
Director, Yang, Tzu-Chiang		<p>Mr. Yang, Tzu-Chiang has been a Director of TTY Biopharm Company Limited since 2016 and has served in public office, as President of CDIB, Director and as Independent Director of several TWSE/TPEX Listed Companies. He is an MBA Professor at Kuang Hwa School of Management and National Chengchi University. He specializes in investment and financial operations .</p> <p>Director Yang is well acquainted with the operation of Taiwan and international capital markets, and has extensive knowledge of risk management. He can lead TTY in understanding and managing risks in the face of an uncertain business environment to create stakeholder value.</p> <p>Director Yang Tzu-Chiang does not meet any of the circumstances listed under Article 30 of the Company Act.</p>	Not applicable	0
Director, Hsiu-Chi Chang		<p>Mr. Hsiu-Chi Chang has served as a supervisor and director of TTY for a long time. He was the President of PURZER PHARMACEUTICAL CO., LTD. and a Director of Reber Genetics. He has experience in the biotechnology industry in production, sales, human resources, R&amp;D, and accounting.</p> <p>In this regard, the Director can provide practical and effective strategies to enrich the product lines of TTY Biopharm in the development of new products and related stages, so as to enrich the product lines of TTY Biopharm Company Limited to benefit the well-being of patients.</p> <p>Director Hsiu-Chi Chang does not meet any of the circumstances listed under Article 30 of the Company Act.</p>	Not applicable	0

Name	Condition	Professional qualifications and experience	Independence of Independent Directors	Number of other publicly traded companies where the person serves as an independent director.
Director, Ying-Ying Liao		<p>Ms. Ying-Ying Liao has been a Supervisor and Director of TTY since 2014. She previously held positions such as the Manager of the Underwriting Department at Fubon Securities, Senior Assistant Manager in the International Department, and director at Anue.net. Committed to the international capital markets for a long period, she is well-experienced in the issuance of corporate equity and debt, optimization of capital structure, and transnational financial operations and risk management.</p> <p>Director Liao deeply understands the importance and support of domestic and foreign institutional investors for corporate sustainable development, and can provide insightful perspectives on TTY Biopharm's environmental, social, and governance aspects of sustainability, enabling TTY Biopharm to better implement sustainability issues and become an outstanding corporate citizen.</p> <p>Director Liao Ying-Ying does not meet any of the circumstances listed under Article 30 of the Company Act.</p>	Not applicable	1



Name	Condition	Professional qualifications and experience	Independence of Independent Directors	Number of other publicly traded companies where the person serves as an independent director.
Independent Director, Tsai Tui		<p>Mr. Tsai, Tui, has been an Independent Director of TTY Biopharm since 2016, where he is also the convener of the Remuneration Committee . His previous government positions include Minister of Transportation, Director-General of the Civil Aeronautics Administration, and Deputy Director-General of the Telecommunications Administration, and he has served or is currently serving as an independent director of several listed companies (such as Compal Electronics, Taiwan High Speed Rail, Taiwan Taxi Company, StarLux Airlines, and Getac Technology Corp), bringing a wealth of management experience across industry, government, and academia.</p> <p>Director Tsai, who is deeply involved in the field of information technology, can lead the transformation of enterprises, and combine information and medical care to enable enterprises to enter a new era.</p> <p>Independent Director Tsai Tui does not meet any of the circumstances listed under Article 30 of the Company Act.</p>	<p>Independent Director Tsai Tui complies with the independence requirements in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p> <p>Other explanations are as follows:</p> <ol style="list-style-type: none"> <li>1. Independent Director Tsai does not hold any shares of the Company. In addition to being an Independent Director of TTY Biopharm, he also serves as an Independent Director of Compal Electronics, Taiwan High Speed Rail Corporation, Starlux Airlines, and as a Director of Da-ai Satellite Television Co., Ltd. None of the four companies has any relation with the Company.</li> <li>2. The spouse and relatives within the second degree of consanguinity, and direct blood relatives within the third degree of consanguinity of Independent Director Tsai, do not serve as directors, supervisors, or managers in the company or its related enterprises, nor do they hold more than 1% of the company's issued shares or rank among the top ten shareholders.</li> <li>3. Independent Director Tsai has signed a declaration that he has complied with the eligibility requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act.</li> </ol>	3

Name	Condition	Professional qualifications and experience	Independence of Independent Directors	Number of other publicly traded companies where the person serves as an independent director.
Independent Director, Hsueh Ming-Ling		<p>Ming-Ling Hsueh has been Independent Director of TTY Biopharm since 2016, and is also the Convener of the Audit Committee and Sustainable Development Committee. Independent Director Hsueh is a certified public accountant of the Republic of China. He previously served as the Managing Partner of PricewaterhouseCoopers Taiwan and as an adjunct professor at the College of Management, National Taiwan University of Science and Technology. His expertise lies in corporate governance, business practices, financial information analysis and application, and he has extensive experience in financial accounting, risk management, and corporate governance. Executive Director of Taiwan Corporate Governance Association, Independent Director of Yuanta Financial Holding and Bank, Lite-On Technology, Walsin Lihwa, and Director of Tung Hua Book Co., Ltd.</p> <p>Director Hsueh Ming-Ling does not meet any of the circumstances listed under Article 30 of the Company Act.</p>	<p>Independent Director Hsueh Ming-Ling complies with the independence requirements in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Other explanations are as follows:</p> <ol style="list-style-type: none"> <li>1. Independent Director Hsueh holds no shares of the Company. In addition to being an Independent Director of TTY, he is also an Executive Director of Taiwan Corporate Governance Association, an Independent Director of Yuanta Financial Holding and Yuanta Bank, Lite-On Technology, Walsin Lihwa, and a Director of, Taiwan Tunghua Books Co., Ltd. TTY Biopharm Co., Ltd does not have any relationship with the aforementioned companies except that it commissioned the Corporate Governance Association of Taiwan to execute the performance evaluation of the board of directors and functional committees in 2021 for a service fee of NTD 160,000.</li> <li>2. The spouse and relatives within the second degree of consanguinity, and direct blood relatives within the third degree of consanguinity of Independent Director Hsueh, do not serve as directors, supervisors, or managers in the company or its related enterprises, nor do they hold more than 1% of the company's issued shares or rank among the top ten shareholders.</li> <li>3. Independent Director Hsueh has signed a declaration that he has complied with the eligibility requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act.</li> </ol>	4 (Note)

Name	Condition	Professional qualifications and experience	Independence of Independent Directors	Number of other publicly traded companies where the person serves as an independent director.
Independent Director, Lin Tien-Fu		<p>Mr. Lin, Tien-Fu, has been an Independent Director of TTY Biopharm Company Limited since 2016. Independent Director Lin has more than 25 years of experience in the securities-related industry and is the Chairman of Yuanta Futures Co., Ltd. He previously served as President of Yuanta Securities, Director of Yuanta Financial Holding Co., Limited, Vice President of Yuanta Securities Finance, Director and President of Fuh Hwa Securities, Director and Executive Vice President of Yuanta Securities Finance, and Chairman of Dingfu Securities. Director Lin is well-versed in domestic and international economic situations, leading the company to utilize resources at home and abroad, expand into international markets, and broaden the company's operational reach.</p> <p>Independent Director Lin, Tien-Fu does not meet any of the circumstances listed under Article 30 of the Company Act.</p>	<p>Independent Director Lin Tien-Fu complies with the independence requirements in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p> <p>Other explanations are as follows:</p> <ol style="list-style-type: none"> <li>1. Independent Director Lin does not hold company stock and currently serves as an Independent Director at Taiwan TTY Biopharm, as well as Chairman of Yuanta Futures, a Director at Yuanta Securities, and a Supervisor at the Taipei Exchange. Yuanta Futures and Yuanta Securities are not affiliated with the Company; Taipei Exchange is the competent authority overseeing companies listed on the Taipei Exchange.</li> <li>2. The spouse and relatives within the second degree of consanguinity, and direct blood relatives within the third degree of consanguinity of Independent Director Lin, do not serve as directors, supervisors, or managers in the company or its related enterprises, nor do they hold more than 1% of the company's issued shares or rank among the top ten shareholders.</li> <li>3. Independent Director Lin has signed a declaration that he has complied with the eligibility requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act.</li> </ol>	0

Note: According to Article 4, Paragraph 2 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," "Where the independent directors of a financial holding company or a listed investment holding company concurrently serve as independent directors of a 100%-owned publicly issued subsidiary of said company, and the number of such concurrent positions exceeds one, the excess number shall be counted toward the restriction set forth in the preceding paragraph." Independent Director Hsueh, Ming-Ling was appointed as Independent Director of Yuanta Commercial Bank Co., Ltd. by Yuanta Financial Holding Co., Ltd., which does not count toward the number of concurrent independent director positions at "other" public companies as stipulated in Article 4, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

(2) Diversity and independence of the Board of Directors:

● Board diversification:

The Company has stipulated the diversity policy of the Board of Directors in Chapter 3 "Enhancing the Functions of the Board of Directors" of the "Corporate Governance Best Practice Principles." Board members are generally required to possess the necessary knowledge, skills, and qualifications to execute their duties. In order to achieve the ideal goal of corporate governance, the board of directors as a whole should have the ability to make operational judgments, accounting and financial analysis, business management, crisis management, industry knowledge, international market outlook, leadership and decision-making ability.

In accordance with the Company's Articles of Incorporation, the appointment of directors adopts a comprehensive candidate nomination system, evaluating the qualifications of each candidate based on their academic and professional qualifications, and complying with the "Director Election Regulations" and "Corporate Governance Guidelines" to ensure the diversity and independence of board members.

The Company's board of directors is currently composed of nine directors, including two female directors, accounting for 22.22% of the board; and three independent directors, accounting for 33.33% of the board. The age distribution of the Board members is as follows: one person age 31 to 40 years, five persons age 51 to 70 years, and three persons over 71 years old.

The members of the Board of Directors of the Company possess diverse professional backgrounds covering: biotechnology industry, finance, banking, commerce, law, finance, and accounting, sufficient to undertake significant decisions involving business strategy and economic, environmental, and social themes, overseeing the management team and managing risks. The implementation status is as follows:

Diversified Core Items Title and name		Industry experience and professional ability					
		Operation and management	Leadership decision	Industry knowledge	Financial Accounting	Law	Environmental Protection
Chairman	Lin Chuan	✓	✓	✓	✓	✓	✓
Vice Chairman	Chang Wen-Hua	✓	✓	✓	✓	✓	
Director	Representative of Tai Wan Technology Co., Ltd.: Hsiao Chia-Pin	✓	✓	✓			
Director	Yang Tzu-Chiang	✓	✓		✓		
Director	Chang Hsiu-Chi	✓	✓	✓	✓		
Director	Liao Ying-Ying	✓	✓		✓		
Independent Director	Tsai Tui	✓	✓		✓	✓	✓
Independent Director	Hsueh Ming-Ling	✓	✓		✓	✓	
Independent Director	Lin Tien-Fu	✓	✓		✓		✓

● Independence of the Board of Directors:

Our company has three independent directors, constituting 33.33% of the Board's membership, all of whom have been serving as independent directors since June 2016, currently in their third term, with a tenure of eight years. At the time of nomination, the members of our Board of Directors were verified through the relevant documents to have no conditions specified under Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. Furthermore, there are no spousal or first-degree relative relationships between any directors and independent directors. In summary, the Board of Directors of the Company is independent.

(II) Information on Presidents, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

April 30, 2024 Unit: shares; %

Job Title	Nationality	Name	Gender	Date of Election (Inauguration)	Number of shares held (Note)		Shares held by spouse and underage children (Note)		Shares held in someone else's name (Note)		Major career (academic) experience	Currently holds positions in other companies.	Managers who are a spouse or a relative within the second degree of kinship			Notes
					Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
General Manager	Republic of China	Sara Hou	Female	April 18, 2022	0	0	0	0	0	0	Master of Pharmacy, National Taiwan University	American Taiwan Biopharma Chairman Philippines Inc. American Taiwan Biopharma Director Co., Ltd. TTY Biopharm Korea Co., Ltd Chairman TTY Biopharm Mexico S.A. DE Director C.V.	N/A	N/A	N/A	N/A
Cancer Science Development Group and Corporate Development Division Senior Vice President	Republic of China	Yu-Wen Wang	Male	September 18, 2023	0	0	0	0	0	0	MBA, National Sun Yat-sen University Bachelor of Business Administration National Taiwan University	TTY Biopharm Korea Co., Ltd Director	N/A	N/A	N/A	N/A
Formulation R&D Center Vice President	Republic of China	Cheng-yi Peng	Male	February 1, 2024	0	0	0	0	0	0	Doctor of Pharmacy, University of Iowa Institute of Medicinal Chemistry, China Medical University School of Pharmacy, China Medical University	N/A	N/A	N/A	N/A	N/A
Production Operation Center Senior Assistant Vice President	Republic of China	Shi-Chuan Lin	Female	August 4, 2020	0	0	0	0	0	0	Department of Soil and Environmental Sciences, National Chung Hsing University	N/A	N/A	N/A	N/A	N/A
Supply Chain Management Center Senior Assistant Vice President	Republic of China	Yu-Chin Hsu	Female	October 2, 2023	0	0	0	0	0	0	Department of Business Administration, Ming Chuan University	N/A	N/A	N/A	N/A	N/A
Key Customer Management Division Senior Assistant Vice President	Republic of China	Chih-Wen Wang	Female	January 8, 2024	0	0	0	0	0	0	Cardinal Tien Junior College of Healthcare and Management	N/A	N/A	N/A	N/A	N/A
Human Resources and Administration Division Senior Assistant Vice President	Republic of China	Chien-Hung, Chen	Male	November 1, 2023	0	0	0	0	0	0	EMBA, University of Texas at Arlington Department of Pharmacology, Taipei Medical University College of Medical Science and Technology, Chung Shan Medical	N/A	N/A	N/A	N/A	N/A

Job Title	Nationality	Name	Gender	Date of Election (Inauguration)	Number of shares held (Note)		Shares held by spouse and underage children (Note)		Shares held in someone else's name (Note)		Major career (academic) experience	Currently holds positions in other companies.	Managers who are a spouse or a relative within the second degree of kinship			Notes
					Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
											University					
Board Secretariat Senior Assistant Manager and Director of Corporate Governance.	Republic of China	Kuo- Chiang Chang	Male	December 31, 2015	0	0	0	0	0	0	Masters of Business Administration, National Taiwan University	Chuanyi Biotechnology Co., Ltd. Supervisor TTY Biopharm Korea Co., Ltd Supervisor TTY Biopharm Mexico SA de CV Supervisor	N/A	N/A	N/A	N/A
Chief of Legal Affairs and Compliance	Republic of China	Shu- Fen Huang	Female	April 18, 2022	0	0	0	0	0	0	Doctor of Law from West Virginia University, USA.	N/A	N/A	N/A	N/A	N/A
Chief Financial Officer and Finance/Accounting Officer	Republic of China	Chiang Yung- Min	Male	November 7, 2022	0	0	0	0	0	0	Master of Accounting, Soochow University Master of Law, Soochow University	N/A	N/A	N/A	N/A	N/A
Audit officer	Republic of China	Chih- Yen Hsu	Female	March 8, 2024	0	0	0	0	0	0	Department of Accounting, Shih Chien University	N/A	N/A	N/A	N/A	N/A

Note: Information regarding the manager's own, spouse's, and minor children's shares, and those held in others' names, as of April 1, 2024 (the record date for the 2024 Annual General Shareholders Meeting).

### 3. Remuneration paid to directors, supervisors, presidents and vice presidents in the most recent year

#### (I) Remuneration of general directors and independent directors

Unit: in NTD 1,000

Job Title	Name	Remuneration to directors								The sum of A, B, C, and D as a percentage of net income (%)		Remuneration for concurrently serving as an employee								The sum of A, B, C, D, E, F and G as a percentage of net income after tax (%)		Received compensation from invested businesses other than subsidiaries or the parent company		
		Remuneration (A)		Severance pay and pension (B)		Salary of directors (C)		Business execution expenses (D)				Salaries, bonuses and allowances (E)		Severance pay and pension (F)		Remuneration to employees (G)								
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	Cash amount	Amount of shares	Cash amount	Amount of shares	The Company	All companies included in the financial report			
General Director	Chairman	Lin Chuan	8,362	9,112	0	0	3,450	3,450	35	67	11,847	12,629	401	401	0	0	0	0	0	0	12,248	13,030	N/A	
	Vice Chairman	Chang Wen-Hua	240	240	0	0	2,300	2,300	55	55	2,595	2,595	540	540	0	0	0	0	0	0	3,135	3,135	N/A	
	Director	Da Wan Technology Co., Ltd.	0	0	0	0	2,300	2,300	0	0	2,300	2,300	0	0	0	0	0	0	0	0	0	2,300	2,300	N/A
		Representative: Chia-Pin Hsiao	0	0	0	0	0	0	55	87	55	87	401	401	0	0	0	0	0	0	0	456	488	N/A
	Director	Yang Tzu-Chiang	0	0	0	0	2,300	2,300	35	35	2,335	2,335	0	0	0	0	0	0	0	0	0	2,335	2,335	N/A
	Director	Chang Hsiu-Chi	0	0	0	0	2,300	2,300	35	35	2,335	2,335	0	0	0	0	0	0	0	0	0	2,335	2,335	N/A
Director	Liao Ying-Ying	0	0	0	0	2,300	2,300	35	35	2,335	2,335	0	0	0	0	0	0	0	0	0	2,335	2,335	N/A	
Independent Director	Independent Director	Tsai Tui	2,340	2,340	0	0	0	0	100	100	2,440	2,440	0	0	0	0	0	0	0	0	2,440	2,440	N/A	
	Independent Director	Hsueh Ming-Ling	2,340	2,340	0	0	0	0	100	100	2,440	2,440	0	0	0	0	0	0	0	0	2,440	2,440	N/A	
	Independent Director	Lin Tien-Fu	2,340	2,340	0	0	0	0	100	100	2,440	2,440	0	0	0	0	0	0	0	0	2,440	2,440	N/A	

1. Please describe the remuneration policy, system, standards, and structure for independent directors, detailing the relationship between remuneration amounts and factors such as responsibilities, risks, and time invested:

The compensation for the company's independent directors is paid in accordance with the "Directors' Compensation Distribution Guidelines" as a monthly remuneration, and they do not participate in the annual distribution of directors' compensation. Their compensation is determined by the Remuneration Committee and the Board of Directors, taking into account industry standards and their level of participation and contribution to the company's operations.

2. Apart from the above disclosure, no compensation was received by any director for services provided to any company within the financial report (such as serving as a consultant to the parent company/any company within the financial report/investment businesses not as an employee) in the most recent fiscal year.



## Range of Directors' Remuneration

Unit: in NTD 1,000

Breakdown of remuneration to directors of the Company	Name of Director			
	Sum of the first four remunerations (A+B+C+D)		Sum of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial report	The Company	All companies included in the financial report
Less than NT\$ 1,000,000	Representative of Tai Wan Technology Co., Ltd.: Hsiao Chia-Pin	Representative of Tai Wan Technology Co., Ltd.: Hsiao Chia-Pin	Representative of Tai Wan Technology Co., Ltd.: Hsiao Chia-Pin	Representative of Tai Wan Technology Co., Ltd.: Hsiao Chia-Pin
NT\$ 1,000,000 (inclusive) - NT\$ 2,000,000 (exclusive)	N/A	N/A	N/A	N/A
NT\$ 2,000,000 (inclusive) - NT\$ 3,500,000 (exclusive)	Chang Wen-Hua/Tai Wan Technology Co., Ltd./Yang Tzu-Chiang/Chang Hsiu-Chi/Liao Ying-Ying/Tsai Tui/Hsueh Ming-Ling/Lin Tien-Fu	Chang Wen-Hua/Tai Wan Technology Co., Ltd./Yang Tzu-Chiang/Chang Hsiu-Chi/Liao Ying-Ying/Tsai Tui/Hsueh Ming-Ling/Lin Tien-Fu	Chang Wen-Hua/Tai Wan Technology Co., Ltd./Yang Tzu-Chiang/Chang Hsiu-Chi/Liao Ying-Ying/Tsai Tui/Hsueh Ming-Ling/Lin Tien-Fu	Chang Wen-Hua/Tai Wan Technology Co., Ltd./Yang Tzu-Chiang/Chang Hsiu-Chi/Liao Ying-Ying/Tsai Tui/Hsueh Ming-Ling/Lin Tien-Fu
NT\$ 3,500,000 (inclusive) - NT\$ 5,000,000 (exclusive)	N/A	N/A	N/A	N/A
NT\$ 5,000,000 (inclusive) - NT\$ 10,000,000 (exclusive)	N/A	N/A	N/A	N/A
NT\$ 10,000,000 (inclusive) - NT\$ 15,000,000 (exclusive)	Lin Chuan	Lin Chuan	Lin Chuan	Lin Chuan
NT\$ 15,000,000 (inclusive) - NT\$ 30,000,000 (exclusive)	N/A	N/A	N/A	N/A
NT\$ 30,000,000 (inclusive) - NT\$ 50,000,000 (exclusive)	N/A	N/A	N/A	N/A
NT\$ 50,000,000 (inclusive) - NT\$ 100,000,000 (exclusive)	N/A	N/A	N/A	N/A
Over NT\$ 100,000,000	N/A	N/A	N/A	N/A
Total	10 persons	10 persons	10 persons	10 persons

Note: The compensation disclosed in this table differs from the income concept under the Income Tax Act; the purpose of this table is for information disclosure and not for taxation purposes.

(II) Remuneration to President and Vice Presidents

Unit: in NTD 1,000

Job Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)		Employees' remuneration (D)				The sum of A, B, C, and D as a percentage of net income		Received compensation from invested businesses other than subsidiaries or the parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Cash amount	Amount of shares	Cash amount	Amount of shares			
General Manager	Sara Hou	13,945	14,168	232	232	6,427	6,663	5,425	0	5,425	0	26,029 2.31%	26,488 2.37%	N/A
Senior Vice President	Wang Yu-Wen (Note)													
Senior Vice President	Hu Yu-Fang (Note)													
Vice President	Wu, Yung-Liang (Note)													

Note: Senior Vice President Min-Wen Wang was appointed by the Board of Directors' resolution on July 28, 2023; Senior Vice President Hu Yu-Fang resigned on September 27, 2023; Vice President Wu Yung-liang retired on January 31, 2023.

Table of General Managers and Deputy General Managers' remuneration levels.

Unit: NTD

Remuneration ranges for each of our company's Presidents and Vice Presidents	Names of President and Vice President	
	The Company	All companies included in the financial report
Less than NT\$ 1,000,000	Wu Yung-Liang	Wu Yung-Liang
NT\$ 1,000,000 (inclusive) - NT\$ 2,000,000 (exclusive)		
NT\$ 2,000,000 (inclusive) - NT\$ 3,500,000 (exclusive)		
NT\$ 3,500,000 (inclusive) - NT\$ 5,000,000 (exclusive)		
NT\$ 5,000,000 (inclusive) - NT\$ 10,000,000 (exclusive)	Yu-Wen Wang/Yu-Fang Hu	Yu-Wen Wang/Yu-Fang Hu
NT\$ 10,000,000 (inclusive) - NT\$ 15,000,000 (exclusive)	Sara Hou	Sara Hou
NT\$ 15,000,000 (inclusive) - NT\$ 30,000,000 (exclusive)		
NT\$ 30,000,000 (inclusive) - NT\$ 50,000,000 (exclusive)		
NT\$ 50,000,000 (inclusive) - NT\$ 100,000,000 (exclusive)		
Over NT\$ 100,000,000		
Total	4 persons	4 persons

Note: The compensation disclosed in this table differs from the income concept under the Income Tax Act; the purpose of this table is for information disclosure and not for taxation purposes.

(III) Names of managers distributing employee remuneration and the circumstances of distribution.

December 31, 2023; Unit: NT\$ thousands

	Job Title	Name	Amount of shares	Cash amount	Total	Total as a percentage of net income after tax (%)
	Managerial Officer	General Manager	Sara Hou	0	11,300	11,300
Senior Vice President		Yu-Wen Wang				
Senior Vice President		Yu-Fang Hu				
Vice President		Wu Yung-Liang				
Senior Assistant Vice President		Shi-Chuan Lin				
Senior Assistant Vice President		Yu-Chin Hsu				
Senior Assistant Vice President		Da-Cheng Feng				
Senior Assistant Vice President		Chien-Hung, Chen				
Senior Assistant Vice President		Liu, Nai-Wei				
Senior Assistant Vice President		Kuo-Chiang Chang				
Chief of Legal Affairs and Compliance		Shu-Fen Huang				
Chief of Human Resources		Chang, Ren-Yang				
Chief Financial Officer and Finance/Accounting Officer		Chiang Yung-Min				
Deputy General Manager		Hsiang-Ru Hong				
Accounting Supervisor	Shu-Wen Wang					

(IV) An analysis of the total compensation paid to the company's directors, general managers, and deputy general managers by the company and all companies included in the consolidated financial statements over the past two years as a percentage of the individual or separate financial report net income after tax, as well as an explanation of the compensation policy, standards, composition, determination procedures, and the correlation with operational performance and future risks.

1. Analysis of the total remuneration paid to directors, general manager, and deputy general managers as a proportion of the net profit after tax in the financial report.

Unit: in NTD 1,000

Item	The Company				All companies included in the consolidated financial statements			
	2022		2023		2022		2023	
	Total amount	As a percentage	Total amount	As a percentage	Total amount	As a percentage	Total amount	As a percentage

		of net income after tax		of net income after tax		of net income after tax		of net income after tax
Remuneration to directors	31,635	2.89%	32,464	2.88%	32,441	2.96%	33,278	2.95%
Remuneration to President and Vice Presidents	20,960	1.92%	26,029	2.31%	22,653	2.07%	26,488	2.35%
Net profit after tax	1,094,391	—	1,128,509	—	1,094,391	—	1,128,509	—

The total director compensation in 2023 was comparable to 2022. The directors' compensation ratio in 2023 was lower than in 2022, mainly due to the higher net profit after tax in 2023. The total compensation and ratio for the management team in 2023 increased compared to 2022, primarily due to personnel changes in the management team, resulting in differences in the salary structure.

1. The policies, standards, and components of remuneration, the procedures for determining remuneration, and their linkage to operating performance and future risks

- (I) The policy, standard and combination of remuneration

According to Article 31 of the Company's Articles of Incorporation, directors may be paid remuneration when performing their duties in the Company, regardless of the Company's operating profit or loss, and the Board of Directors is authorized to determine the remuneration based on their participation in the Company's operations and the value of their contributions, and by taking into account the general standards of the industry . In addition, if there is a profit for the year, in accordance with Article 28 of the Company's Articles of Incorporation, an amount not exceeding two percent shall be allocated for director's remuneration; remuneration for independent directors shall be assessed and recommended by the Remuneration Committee based on the "Director Remuneration Distribution Measures" of the Company, approved by the Board of Directors, and not involved in the distribution of director's remuneration. The Company regularly evaluates the remuneration of directors in accordance with the "Regulations Governing the Performance Evaluation of the Board of Directors and Functional Committees". The relevant performance evaluation and the reasonableness of the remuneration are recommended by the Remuneration Committee and submitted to the Board of Directors for approval.

According to Article 28 of the company's Articles of Incorporation, if there is a profit in the fiscal year, between 0.5% and 10% should be allocated for employee remuneration. The remuneration for managers includes salaries and bonuses. Salaries are determined based on industry standards, job titles, academic and professional qualifications, professional competencies, and responsibilities, in accordance with the Company's "Salary Structure Table." Employee remuneration is evaluated based on the "Performance Development Plan and Performance Bonus Evaluation Procedures," considering managers' annual performance assessments, such as annual work goal achievement rates, core competency indicators (trust and result orientation, integrity and teamwork,

proactiveness and ambition, and customer orientation), management competency indicators, and deductions for significant external risk and crisis events (financial, reputational loss, etc.). The evaluation also considers the Company's annual operating profit and profitability. The Remuneration Committee recommends the amount, which is then submitted to the Board of Directors for approval.

The remuneration package of our company, as stipulated by the Remuneration Committee's organizational regulations, includes cash compensation, stock options, profit-sharing stock ownership, retirement benefits or severance payments, various allowances, and other substantial incentive measures. These are in line with the standards required to be disclosed in the annual reports of publicly listed companies.

## (II) Procedures for determining remuneration

The compensation for directors and executives shall be implemented in accordance with the above policy and standards. The determination of director's remuneration is based on the "Board of Directors and Functional Committee Performance Evaluation Measures" of the Company. An overall performance evaluation of the board of directors, directors, and functional committees is conducted, and includes assessment criteria such as: understanding of company goals and missions, awareness of directorial responsibilities, degree of participation in company operations, internal relationship management and communication, director's expertise and ongoing education, and internal controls. The remuneration of the chairman of the board is also assessed based on operational performance (such as operational results, corporate governance operations, etc.), and the annual salary adjustment range is recommended by the Remuneration Committee and submitted to the Board of Directors for approval. The remuneration of managers and employees is determined in accordance with the "Performance Development Plan and Performance Bonus Evaluation Measures" of the Company, considering the annual performance of managers. The recommendations of the Remuneration Committee are submitted to the Board of Directors for approval.

The results of the 2023 performance self-assessment of the Board of Directors, members of the Board of Directors, and functional committees showed that the Board of Directors and functional committees of the Company were operating well. In 2023, under the diligent and outstanding efforts of the Board and management team, revenue and profits grew significantly, achieving 111.47% of the annual budgeted net profit before tax.

The company's directors and managers' performance evaluations and reasonableness of remuneration are regularly assessed and reviewed annually by the Remuneration Committee and the Board of Directors. In addition to considering individual performance achievement rates and contributions to the company, the overall operational performance, future industry risks, and development trends are also taken into account to provide reasonable compensation in accordance with the company's remuneration policy. The actual amount of remuneration to directors and managers in 2022 was reviewed by the Remuneration Committee and reported to the Board of Directors for approval. The 2023

total remuneration of directors (including individual remuneration), remuneration to employees, and individual remuneration to managers were approved by the Remuneration Committee on March 8, 2024 and submitted to the Board of Directors for approval on March 8, 2024.

(III) Association with operational performance and future risks.

In reviewing the Company's remuneration policy standards and systems, the primary consideration is the overall operational status of the Company. The remuneration standards are determined based on the performance achievement rate and level of contribution, in order to enhance the overall organizational team effectiveness of the Board of Directors and the management team. Additionally, the Company refers to the common industry standards to ensure the competitiveness of its management remuneration in retaining outstanding management talent.

Our company's managerial performance targets are linked to significant external risk crisis events (financial, reputational damage levels) to ensure that potential risks within their responsibilities are managed and mitigated. Significant decisions by the management are made after balancing various risk factors, with the performance of these decisions reflected in the company's profitability, aiming for a balance between sustainable operation and risk management.

#### 4. The status of corporate governance operations

(I) Operations of the Board of Directors

The Board of Directors held 7 meetings in 2023, and the attendance of directors is as follows:

Job Title	Name	Actual attendance count	Attendance by proxy count	Actual attendance rate (%)	Notes
Chairman	Lin Chuan	7	0	100.00	
Vice Chairman	Chang Wen-Hua	7	0	100.00	
Director	Da Wan Technology Co., Ltd. Representative: Chia-Pin Hsiao	7	0	100.00	
Director	Yang Tzu-Chiang	7	0	100.00	
Director	Chang Hsiu-Chi	7	0	100.00	
Director	Liao Ying-Ying	7	0	100.00	
Independent Director	Tsai Tui	7	0	100.00	
Independent Director	Hsueh Ming-Ling	7	0	100.00	
Independent Director	Lin Tien-Fu	7	0	100.00	

Other matters to be recorded:

1. In cases where the operation of the Board of Directors includes any of the following situations, the date of the Board meeting, session number, content of the proposal, opinions of all independent directors, and the

company's handling of the independent directors' opinions should be clearly stated:

- (1) Under Article 14-3 of the Securities and Exchange Act: Our company has established an Audit Committee, regarding the matters listed under Article 14-5 of the Securities and Exchange Act, this item is not applicable.
  - (2) Apart from the aforementioned items, there are no other Board resolutions opposed or reserved by independent directors with recorded or written statements.
2. The execution of recusal by directors in conflicted interest matters should clearly state the name of the director, the content of the proposal, the reason for recusal due to conflicts of interest, and participation in the voting:

Date	Name	Proposal Content	Reason for recusal	Participation in voting
20230314	Lin Chuan Chang Wen-Hua Chia-Pin Hsiao Yang Tzu-Chiang Chang Hsiu-Chi Liao Ying-Ying	Proposal for the Company's 2022 distribution of remuneration to directors.	Distribution of remuneration to directors	The company's directors did not participate in the voting due to recusal for conflicts of interest.
	Lin Chuan Chia-Pin Hsiao	Approval for authorizing the subsidiary to promote the Company's medicines.	Directors of the Company are directors of subsidiaries	The company's directors did not participate in the voting due to recusal for conflicts of interest.
	Chia-Pin Hsiao	Proposal of the reinvestment company to entrust the Company to provide professional services in product operation and management.	The company's director is a director of an invested company.	The company's directors did not participate in the voting due to recusal for conflicts of interest.
	Tsai Tui Hsueh Ming-Ling Lin Tien-Fu	Discussion about the remuneration of independent directors of the Company.	Discussion of the remuneration of independent directors	The company's independent directors did not participate in the voting due to recusal for conflicts of interest.
	Lin Chuan	Discussion about fixed monthly remuneration for the Chairman of the Company.	Discussion of the Chairman's remuneration	The company's Chairman did not participate in the voting due to recusal for conflicts of interest.
20230810	Chia-Pin Hsiao	Change of the transfer price of the authorized investee to distribute the agency products.	The company's director is a director of an invested company.	The company's directors did not participate in the voting due to recusal for conflicts of interest.
	Lin Chuan Chang Wen-Hua Chia-Pin Hsiao	Remuneration for directors appointed to subsidiaries and investment companies representing the company in exercising directorial powers for the fiscal year 2023.	The company's director is a director of an invested company and subsidiary.	The company's directors did not participate in the voting due to recusal for conflicts of interest.
20231215	Lin Chuan Chia-Pin Hsiao	Proposal for the Company to continue to purchase professional medical information services from IQVIA Ltd. and share the service expense with IQVIA Ltd.	The company's director is a director of an invested company.	The company's directors did not participate in the voting due to recusal for conflicts of interest.

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

Implementation of the evaluation of the Board of Directors

Evaluation Cycle	Evaluation period	Scope of Assessment	Evaluation Method	Evaluation Content
Annually	2023.01.01   2023.12.31	Performance evaluations of the overall Board of Directors, individual members, and functional committees (including Audit Committee, Remuneration Committee, and Sustainable Development Committee)	Self-evaluation of the Board of Directors and functional committees, and self-evaluation of directors	<p>The company, considering its condition and needs, has set the performance evaluation metrics for the Board of Directors and functional committees to encompass the following five aspects:</p> <ol style="list-style-type: none"> <li>I. Participation in the operation of the company.</li> <li>II. Improve the quality of the Board's decision-making.</li> <li>III. Composition and structure of the Board of Directors.</li> <li>IV. Election and continuing education of directors.</li> <li>V. Internal control.</li> </ol> <p>The items measured in the performance evaluation of board members include the following six aspects:</p> <ol style="list-style-type: none"> <li>I. Alignment of the Company's goals and missions.</li> <li>II. Awareness of the duties of a director</li> <li>III. Participation in the operation of the company.</li> <li>IV. Internal relationship management and communication.</li> <li>V. Directors' fields of expertise and continuing education.</li> <li>VI. Internal control.</li> </ol> <p>The items measured in the performance evaluation of functional committees include the following five aspects:</p> <ol style="list-style-type: none"> <li>I. Participation in the operation of the company.</li> <li>II. Functional committee role awareness.</li> <li>III. Improve the quality of decision making by functional committees.</li> <li>IV. Composition of the functional committee and election of its members.</li> <li>V. Internal control.</li> </ol> <p>Please refer to the Company's website for the Regulations Governing the Performance Evaluation of the Board of Directors and functional committees and the evaluation results for 2023.</p>

Our company's self-evaluation of the Board and functional committees' performance for 2023 was reported to the Remuneration Committee and the Board on March 8, 2024, serving as a basis for review and improvement. The average score for the Board of Directors' performance evaluation was 4.95; the average score for the directors' performance evaluation was 4.97; the Audit Committee, Remuneration Committee, and Sustainable Development Committee all received full scores (a full score for the above evaluations is 5). According to the evaluations by each director, the company's Board of Directors and functional committees have operated effectively.



4. Enhancements to the functionality of the Board of Directors in the current year and the most recent year (e.g. establishment of an Audit Committee, enhancement of information transparency, etc.) and evaluation of their implementation:

- (1) The Company established the Audit Committee in June 24, 2016, and it is responsible for carrying out the functions and powers of supervisors as required by relevant laws and regulations.
- (2) In order to improve information transparency, in addition to releasing material information and monthly revenue announcements according to laws and regulations, the Company also voluntarily announces monthly self-consolidated profit and loss.
- (3) To implement corporate governance and enhance the functions of the Board of Directors, the "Board of Directors and Functional Committee Performance Evaluation Measures" were established on December 29, 2016, to set performance goals and strengthen the operational efficiency of the Board of Directors. Performance evaluations of the Board of Directors and functional committees are conducted, and the results are reported to the Board of Directors.
- (4) To enhance corporate governance capabilities and optimize corporate functions, besides arranging the mandatory director training hours as prescribed by the regulatory authorities, we also organize factory visits for directors and briefings on the company's main products and business operations to strengthen their expertise and skills.
- (5) On March 26, 2019, the Corporate Governance Officer was appointed to handle the matters requested by the directors to immediately and effectively assist the directors to perform their duties.
- (6) To implement corporate governance, develop a sustainable environment, and uphold public welfare, aligning with the philosophy of sustainable business operation and the practice of corporate social responsibility, the 'Sustainability Committee' was established on October 7, 2019, under the Board of Directors.
- (7) To manage risks that may threaten our corporate operations, a 'Risk Management Center' was established on December 28, 2020, under the Sustainable Development Committee.
- (8) Starting from the financial statement for the first quarter of 2021, quarterly financial statements have been discussed and reviewed by the Audit Committee and submitted to the Board of Directors for approval.
- (9) In order to strengthen the supervisory function of the Board of Directors, since December 2021, the operation status of the previous meetings of each functional committee (Sustainable Development Committee, Audit Committee and Remuneration Committee) have to be reported to the Board of Directors.
- (10) The Company's website has fully disclosed the information related to corporate governance.

#### (II) Operation of the Audit Committee

Our company's Audit Committee consists of three independent directors. For details on their professional qualifications and experience, please refer to pages 15 to 21 'Directors' Professional Knowledge, Board Diversity Policy, and Independence'.

The responsibilities of the Audit Committee include reviewing financial reports, internal controls, and internal audits, acquisition or disposal of major assets or derivative product transactions, lending of funds, endorsements or guarantees, capital raising or security issuance, regulatory compliance, related party transactions and potential conflicts of interest involving managers and directors, fraud investigation reports, corporate risk management, appointment, dismissal, or remuneration of certified public accountants, and the appointment or dismissal of finance, accounting, or internal audit supervisors.

The operation of the Audit Committee in 2023 is as follows:

#### 1. Attendance of Independent Directors in Auditing Committee Meeting

Five meetings were held in 2023, and the attendance of independent directors is as follows:

Job Title	Name	Actual attendance count	Attendance by proxy count	Actual attendance rate (%)	Notes
Independent Director (Convener)	Hsueh Ming-Ling	5	0	100.00	
Independent Director	Tsai Tui	5	0	100.00	
Independent Director	Lin Tien-Fu	5	0	100.00	

## 2. Matters reviewed by the Audit Committee

In 2023, a total of seven proposals were reviewed and 20 proposals were deliberated.

The main review matters are as follows:

- (1) Auditor's financial report audit plan report.
- (2) Audit Business Report
- (3) Risk management (including TCFD) operational status report

Major matters to be reviewed are as follows:

- (1) Matters involving the director's own interests.
- (2) Business report, earnings appropriation statement and quarterly financial reports
- (3) Appointment and remuneration of CPAs
- (4) Amendments to important rules and regulations
- (5) Revision of the internal control system
- (6) Evaluation of the effectiveness of the internal control system
- (7) Subsidiary management

## 3. Major tasks of the Audit Committee

### (1) Review of Financial Statements

The Board of Directors presented the 2023 business report, financial reports (including the consolidated financial reports) and earnings distribution proposal, etc. The financial reports (including the consolidated financial reports) have been audited by two CPAs of KPMG Taiwan, Yi-Lian Han and Shu-Ying Chang, with a review report issued accordingly. The Audit Committee has reviewed the aforementioned records and considers them to be compliant.

### (2) Evaluation of the effectiveness of the internal control system

The Audit Committee has assessed the effectiveness of the company's internal control system design and execution. Based on the self-inspection and evaluation results from each unit of the company, as well as the internal control deficiencies and abnormalities identified by the Audit Office and their improvement status, no material deficiencies were found. The overall conclusion is that the design and execution of the company's internal control system is effective.

### (3) Appointment of CPAs

- Establishment of the company's 'General Principles for Pre-Approval of Non-Assurance Services Policy.'

According to the revised regulations of the International Ethics Standards Board for Accountants (IESBA), when a certified public accountant firm provides non-assurance services to an audit client, its related entities, or entities directly or indirectly controlling the audit client, prior approval from the audit client's governance body (Audit Committee and Board of Directors) must be obtained to enable the governance body to monitor the independence of the certified public accountant firm. On December 23, 2022, our company's Audit Committee reviewed and the Board approved the 'General Principles for Pre-Approval of Non-Assurance Services Policy'.

- KPMG was appointed to provide perennial assurance services and non-assurance services for 2024

In accordance with the company's "General Principles of the Pre-Approval Policy for Non-Assurance Services," the Audit Committee on December 15, 2023, and the Board of Directors approved the appointment of KPMG Taiwan to provide audit-related assurance services, and in 2024, the same firm was appointed to provide non-assurance services.

- 2024 Appointment, independence and suitability assessment of CPAs

The Audit Committee, in accordance with Article 47 of the Certified Public Accountant Act and Statement on Auditing Standards No. 10 – Evaluation of Auditor's Independence and Qualifications, has reviewed the independence and qualifications of the certified public accountants, including the independence of the CPA firm and its members (encompassing commercial relationships with clients, CPA rotation policies, and policies and procedures for non-audit services). On December 15, 2023, the Audit Committee and the Board of Directors approved the appointment of CPAs Han Yi-Lien and Chang Shu-Ying of KPMG Taiwan to audit (review) the financial statements for fiscal year 2024, and CPA Chang Chih to audit the profit-seeking enterprise income tax for fiscal year 2023 and the value-added tax adjustment audit for fiscal years 2021 to 2023, as they meet the independence and qualification requirements.

#### (4) 2023 Operation status

Audit Committee Date Term	Agenda content and follow-up handling	Matters listed in Article 14-5 of the Securities and Exchange Act	Resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors
March 14, 2023 3rd Term 10th session	1. The Company's 2022 business report and financial reports.	✓	
	2. 2022 earnings distribution proposal.	✓	
	3. Revision to the "Other Management Systems - Prevention of Insider Trading" section of the Company's internal control system.	✓	
	4. Proposal of the Company's 2022 "Internal Control System Statement".	✓	
	5. Amendment to the terms and conditions of the authorized subsidiary to be the distribution agent of the Company's health medicines.	✓	
	6. Authorization of a subsidiary to promote our company's pharmaceuticals.	✓	
	7. The reinvestment company entrusts the Company to provide professional services in product operation and management.	✓	
Dissenting opinions, reservations, or major suggestions from independent directors: None.			
Resolution of the Audit Committee: All attending members agreed to pass the resolution.			
The Company's handling of the Audit Committee's opinions (March 14, 2023): For items 1 to 5, all attending directors agreed to pass the resolutions. For item 6, except for Director Lin Chuan and Director Hsiao Chia-Pin, who recused themselves due to conflicts of interest, the other attending directors agreed to pass the resolution. For item 7, except for Director Hsiao Chia-Pin, who recused himself due to a conflict of interest, the other attending directors agreed to pass the resolution.			
May 5, 2023 3rd Term 11th session	1. 2023 Q1 consolidated financial reports.	✓	
	2. Proposal for the Company to update some of the transaction conditions for authorizing the subsidiary to distribute drugs.	✓	
	Dissenting opinions, reservations, or major suggestions from independent directors: None.		
Resolution of the Audit Committee: All attending members agreed to pass the resolution.			
The Company's handling of the Audit Committee's opinions (May 5, 2023): All directors attending the meeting agreed to pass.			
August 10, 2023 3rd Term 12th session	1. 2023 Q2 consolidated financial reports.	✓	
	2. Change of the transfer price of the Company's authorized investee to distribute the agency products.	✓	
	3. Approval of the cash capital increase of the subsidiary.	✓	
	4. Proposal to amend the Company's internal control system and internal audit system.	✓	
	Dissenting opinions, reservations, or major suggestions from independent directors: None.		
Resolution of the Audit Committee: All attending members agreed to pass the resolution.			
The Company's handling of the Audit Committee's opinions (August 10, 2023): All directors attending the meeting agreed to pass.			
November 3, 2023 3rd Term 13th session	1. 2023 Q3 consolidated financial reports.	✓	
	2. Proposal to formulate the "Procedures for Compilation and Verification of Sustainability Report".	✓	
	Dissenting opinions, reservations, or major suggestions from independent directors: None.		
	Resolution of the Audit Committee: All attending members agreed to pass the resolution.		
The Company's handling of the Audit Committee's opinions (November 3, 2023): All directors attending the meeting agreed to pass.			
December 15, 2023 3rd Term 14th session	1. Proposal for the Company to continue to purchase professional medical information services from IQVIA Ltd. and share the service expense with IQVIA Ltd.	✓	
	2. Approval for the Company's 2024 audit plan.	✓	
	3. Project to appoint KPMG to provide non-assurance services in 2024.	✓	
	4. 2024 CPA appointment, independence and suitability assessment, and fiscal and taxation audit fees.	✓	
	5. Proposal to amend the Company's "Procedures for Acquisition or Disposal of Assets".	✓	
	Dissenting opinions, reservations, or major suggestions from independent directors: None.		
Resolution of the Audit Committee: All attending members agreed to pass the resolution.			
Handling of the opinions of the Audit Committee (December 15, 2023): The first resolution, except for Director Lin Chuan and Director Hsiao Chia-Pin who abstained due to their own conflicts of interest, was agreed and passed by the other attending directors; the second to fifth resolutions were agreed and passed by all attending directors.			

Other matters to be recorded:

A. Matters listed in Article 14-5 of the Securities and Exchange Act and other matters resolved by more than two-thirds of all directors without being approved by the Audit Committee should state the date, period, content of the agenda, dissenting or reserved opinions of independent directors or major suggestions, the resolution results of the Audit Committee, and how the company has handled the Audit Committee's opinions: See the 2023 Audit Committee Operations.

B. The execution of recusal by independent directors in conflicted interest matters should clearly state the name

of the independent director, the content of the proposal, the reason for recusal due to conflicts of interest, and participation in voting: None.

C. Communication between independent directors and the internal audit manager and CPAs (should include significant issues, methods, and results of communications regarding the company's financial and operational status).

a. Communication between independent directors and the internal audit manager:

TTY TAIWAN has established the "Communication Process for the Audit Committee and Chief Internal Auditor," whereby the Chief Internal Auditor reports to the independent directors on audit operations, communicates audit findings, reports on the follow-up and effectiveness of implementations, and discusses the annual audit plan at least quarterly in the Audit Committee meetings. Additionally, an independent meeting between the independent directors and the Chief Internal Auditor is held annually to thoroughly communicate any issues of concern to the independent directors. The independent directors also evaluate the overall performance of the internal audit function annually and provide suggestions for the next year's audit focus. Furthermore, the two parties communicate as needed through email, telephone, and other means. Please refer to the company's website for detailed communication information.

b. Communication between independent directors and CPAs:

TTY Biopharm has established the "Communication Process between the Audit Committee and Certified Public Accountants." The certified public accountants attend the Audit Committee meetings every quarter to communicate the results of the financial statement review or audit, adjust entries or significant regulatory updates affecting the financial statements, and discuss internal control audit findings and independence-related matters with the independent directors. Before auditing the financial statements, the attesting CPA drafts an audit plan and submits it to the Audit Committee. A separate meeting is held each year between the independent directors and the CPA to discuss with the independent directors major issues of the audit and the response of the management or other important matters. Please refer to the company's website for detailed communication information.

### (III) Composition and operation of the Remuneration Committee

#### 1. Member information of the Remuneration Committee

December 31, 2023

Name		Condition	Professional qualifications and experience	Status of independence	Number of other publicly traded companies where the person serves as a member of the Compensation Committee.
Independent Director (Convener)	Tsai Tui		Please refer to "Directors' Professional Knowledge, Board Diversity Policy and Independence" on pages 15 - 21 of the annual report.		3
Independent Director	Hsueh Ming-Ling				4
Independent Director	Lin Tien-Fu				0
Others	Wen-Cheng Lin		Doctor of Industrial Relations and Human Resource Management from University of Michigan, USA, Associate Professor of Institute of Human Resource Management, National Central University, Adjunct Associate Professor of Department of Business Administration of National Taiwan University, Columnist of Manager Today, Director of Labor Research and Data Center Foundation. He is also a member of the "Social Dialogue Implementation Team" of the Council of Labor Affairs, Executive Yuan, and has won the "Outstanding Human Resources Education Elite Award" of China Human Resources, the National Central University	Committee member Lin, Wen-Cheng complies with the independence requirements stipulated in Article 6 of the 'Regulations Governing the Establishment and Exercise of Powers of the Remuneration Committee for Companies Listed on the Stock Exchange or OTC Markets.' Additional clarifications are as follows: (1) Committee member Lin does not hold shares in the Company. In addition to serving as a member of the Remuneration Committee of TTY, he is also an associate professor of the Institute of Human Resource Management, National Central University, a member of	3

Name	Identity Category	Condition	Professional qualifications and experience	Status of independence	Number of other publicly traded companies where the person serves as a member of the Compensation Committee.
			Teaching Excellence Award, and "EMBA Most Popular Teacher" by "Cheers Career Magazine." He used to be the Director of the Institute of Human Resource Management, National Central University, the EMBA Executive Officer of the School of Management, and the Vice Chairman of the CHRMA. Areas of expertise include compensation management, international human resource management, talent management, training and development, team building and leadership. He is the author of the textbooks "Compensation System and Management" and "International Human Resource Management".	the remuneration committee of Amed advanced medication Co., Ltd., Independent director, member of Audit and Remuneration Committee of YoungQin International Co., Ltd., MAYO Human Capital Inc. The aforementioned companies and institutions do not have any relationship with the Company. (2) The spouse and relatives within the second degree of consanguinity, and direct blood relatives within the third degree of consanguinity of Committee Member Lin, do not serve as directors, supervisors, or managers in the company or its related enterprises, nor do they hold more than 1% of the company's issued shares or rank among the top ten shareholders.	

### 1. Information on the operation of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of four members.
- (2) The term of office of the current members: August 25, 2021 to August 24, 2024. The Remuneration Committee held two meetings in the most recent year, and the qualifications and attendance of members are as follows:

Job Title	Name	Actual attendance count	Attendance by proxy count	Actual attendance rate (%)	Notes
Convener	Tsai Tui	2	0	100.00	
Committee members	Hsueh Ming-Ling	2	0	100.00	
Committee members	Lin Tien-Fu	2	0	100.00	
Committee members	Wen-Cheng Lin	2	0	100.00	

### (3) Duties of the Remuneration Committee

The Remuneration Committee of the Company shall meet at least twice a year to convene the Company's directors and managers' remuneration policy, system and evaluation from a professional and objective perspective, and may convene a meeting at any time necessary to make recommendations to the Board of Directors for discussion as a reference for decision-making.

- Duties of the Remuneration Committee:
  - ① Formulate and regularly review the policies, systems, standards and structures for the performance evaluation and remuneration of directors and managers.
  - ② Assess and determine the remuneration to directors and managers on a regular basis.
  - ③ Regular review of organizational procedures and provision of amendments to the Board of Directors.
- The Remuneration Committee performs its duties according to the following principles:
  - ① The performance evaluation and remuneration of directors and managers should reference the prevailing standards in the industry, taking into account the rationality of links to individual performance, company operational performance, and future risks.
  - ② Directors and managers should not be induced to engage in behaviors that exceed the Company's risk appetite in order to seek remuneration.
  - ③ The proportion of short-term performance compensation for directors and managers and the timing of payment for variable remuneration should be determined based on industry characteristics and the nature of the company's business.
  - ④ Ensure that the Company's salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.
  - ⑤ The content and amount of remuneration to directors and managers should be reasonable, and should not be materially inconsistent with financial performance.
  - ⑥ Committee members may not discuss or vote on their own remuneration.

(4) The most recent meeting date, session, content, resolution results, and the company's handling of the Remuneration Committee's opinions in the last year.

Remuneration Committee	Agenda content and follow-up handling	Resolution Result	The Company's remuneration policies Handling of the Committee's Opinions
March 14, 2023 5th Term 5th session	1. The Company's 2022 distribution of remuneration to employees.	All committee members agreed to pass the resolution.	Submitted to the Board of Directors on March 14, 2023, and agreed upon by all attending directors.
	2. Proposal for the Company's 2022 distribution of remuneration to directors.	All committee members agreed to pass the resolution.	Proposed to the Board meeting on March 14, 2023. Except for Chairman Lin Chuan, Vice Chairman Chang Wen-Hua and Directors Hsiao Chia-Pin, Tzu-Chiang Chang, Hsiu-Chi Chang, and Ying-Ying Liao who recused themselves due to conflicts of interest, the other attending directors agreed and approved the

Remuneration Committee	Agenda content and follow-up handling	Resolution Result	The Company's remuneration policies Handling of the Committee's Opinions
			proceedings. The remuneration distribution has been reported to the competent authority within the deadline, and has been reported to the 2023 general shareholders' meeting.
	3. The Company's salary adjustment strategy for 2023.	Suggested by all attending members, the salary increase in 2023 was adjusted to 4%, and submitted to the board of directors for approval.	Submitted to the Board of Directors on March 14, 2023, and agreed upon by all attending directors.
	4. Discussion about the remuneration of independent directors of the Company.	<p>(1) "Remuneration to independent director Tsai Tui of the Company", all other attending committee members approved the proposal, except for Tsai Tui, who recused himself due to conflicts of interest.</p> <p>(2) "Remuneration to independent director Hsueh Ming-Ling of the Company", all other attending committee members approved the proposal, except for Hsueh Ming-Ling, who recused herself due to conflicts of interest.</p> <p>(3) "Remuneration to independent director Lin Tien-fu of the Company", all other attending committee members approved the proposal, except for Lin Tien-fu, who recused himself due to conflicts of interest.</p>	Proposed to the Board meeting on March 14, 2023. Except for Independent Directors Tsai Tui, Hsueh Ming-Ling, and Lin Tien-fu who recused themselves due to conflicts of interest, the other attending directors agreed and approved the proceedings.



Remuneration Committee	Agenda content and follow-up handling	Resolution Result	The Company's remuneration policies Handling of the Committee's Opinions
	5. Discussion about fixed monthly remuneration for the Chairman of the Company.	All committee members agreed to pass the resolution.	Proposed to the Board meeting on March 14, 2023. Except for Chairman Lin Chuan who recused himself due to conflicts of interest, the other attending directors agreed and approved the proceedings.
	6. Discussion about fixed monthly remuneration for the General Manager of the Company.	All committee members agreed to pass the resolution.	Submitted to the Board of Directors on March 14, 2023, and agreed upon by all attending directors.
August 10, 2023 5th Term 6th session	1. Proposal to distribute the remuneration for the directors appointed by the Company in reinvested companies to exercise director functions and powers on behalf of the People's Republic of China in 2022.	All committee members agreed to pass the resolution.	Proposed to the Board meeting on August 10, 2023. Except for Chairman Lin Chuan, Vice Chairman Chang Wen-Hua and Director Hsiao Chia-Pin, who recused themselves due to conflicts of interest, the other attending directors agreed and approved the proceedings.
	2. Discussion about distribution of remuneration to managers in 2022.	The amendments were approved by all Committee members.	Submitted to the Board of Directors on August 10, 2023, and agreed upon by all attending directors.

Other matters to be recorded:

- A. If the Board of Directors does not adopt or amend the suggestions of the Remuneration Committee, the date and term of the Board meeting, the contents of the motion, the resolutions of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions shall be disclosed (if the compensation approved by the Board of Directors is better than the recommendations of the Remuneration Committee, the differences and reasons should be stated): None.
- B. For items resolved by the Remuneration Committee, if any member has dissenting or reserved opinions with documented records or written statements, details such as the date of the Remuneration Committee meeting, session number, content of the proposal, opinions of all members, and the handling of these opinions should be clearly stated: None.

(IV) The composition and operation of the Sustainable Development Committee

To implement corporate governance, develop a sustainable environment, and maintain social welfare, as well as to uphold the philosophy of corporate sustainability and fulfill corporate social responsibility, the Company established the Sustainable Development Committee under the Board of Directors on October 7, 2019, in accordance with the "Corporate Social Responsibility Best Practice Principles" (revised to the "Sustainable Development Best Practice Principles" on December 24, 2021).

## 1. Sustainable Development Committee composition and duties

The Company's Sustainable Development Committee consists of five directors, including three independent directors, namely Hsueh Ming-Ling, Tsai Tui, and Lin Tien-fu; Vice Chairman Chang Wen-Hua and Director Hsiao Chia-Pin . Committee Chairperson Hsueh Ming-Ling, an Independent Director, specializes in financial accounting, risk management, and corporate governance, aligning with the professional capabilities required by this committee.

The duties and responsibilities of the Sustainable Development Committee are as follows:

- (1) The formulation of the company's sustainable development policies, goals, strategies and implementation plans. The sustainable development of a company includes environmental (E), social (S), and governance (G) aspects.
- (2) Review of the implementation and effectiveness of sustainable development, revision of strategic goals, and related regulations and systems, with regular reporting to the Board of Directors.
- (3) Other matters that the Board of Directors has resolved to direct the Committee to handle.

## 2. Operation of the Sustainable Development Committee

- (1) The current term of office of the members is from August 25, 2021 to August 24, 2024.

A total of 4 meetings were held in 2023. The attendance of the members is as follows:

Job Title	Name	Actual attendance count	Attendance by proxy count	Actual attendance rate (%)	Notes
Convener	Hsueh Ming-Ling	4	0	100.00	
Committee members	Tsai Tui	4	0	100.00	
Committee members	Lin Tien-Fu	4	0	100.00	
Committee members	Chang Wen-Hua	4	0	100.00	
Committee members	Chia-Pin Hsiao	4	0	100.00	

For the professional qualifications and experience of the members, please refer to "Directors' Professional Knowledge, Board Diversity Policy and Independence" on pages 15 - 21 of the annual report.

- (2) The Company's Sustainable Development Committee meeting dates, sessions, proposal contents, resolutions, and the Company's handling of the Sustainable Development Committee's opinions in the most recent year.

Sustainable Development Committee	Agenda content and follow-up handling	Resolution Result	The Company's commitment to sustainable development Handling of the Committee's Opinions
2nd Term 10th session March 14, 2023	Formulate the subsidiary's "Greenhouse Gas Inventory and Verification Schedule" and report the implementation progress of the Company.	All committee members agreed to pass the resolution.	Submitted to the Board of Directors' Report on March 14, 2023.
2nd Term 11th session May 5, 2023	Reported Matters.	Fully Understood.	N/A.
2nd Term 12th session August 10, 2023	Proposal to amend the Company's "Corporate Governance Best Practice Principles".	All committee members agreed to pass the resolution.	Submitted to the Report of the Board of Directors on August 10, 2023
2nd Term 13th session November 3, 2023	1. Approval for the 2024 work plan of the Company's Sustainable Development Committee. 2. Proposal to formulate the "Procedures for Compilation and Verification of Sustainability Report".	All committee members agreed to pass the resolution.	1. Submitted to the Board of Directors' Report on November 3, 2023. 2. Submitted to the Board of Directors on November 3, 2023, and agreed upon by all attending directors.

(V) The implementation of corporate governance and the deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance best-practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		Our company has established 'Corporate Governance Guidelines', which are disclosed on the 'Investor Relations/Corporate Governance/Company Regulations' section of our company's website (Website: <a href="http://www.tty.com.tw">http://www.tty.com.tw</a> ).	No difference
II. II. The Company's shareholding structure and shareholders' rights and interests	✓		(I) Our company has established 'Internal Significant Information Management and Insider Trading Prevention Procedures' and has designated spokespersons, deputy spokespersons, investor relations, and stock affairs units, capable of promptly and effectively addressing shareholder suggestions or disputes.  (II) The Company has dedicated personnel for investor relations and shareholder affairs, managing relevant information. A securities firm is also appointed to assist in handling shareholder-related matters. The Company applies for a list of shareholders holding 5% or more from the Taiwan Depository & Clearing Corporation every quarter, and reports the shareholdings of directors and managers monthly to keep track of the major shareholders and their ultimate controllers, maintaining good	No difference
(I) Has the Company established internal operating procedures to handle shareholders' suggestions, doubts, disputes, and litigation matters, and has it implemented such procedures?	✓			No difference
(II) Does the Company have a list of the Company's major shareholders and the ultimate controllers of such major shareholders?	✓			No difference
(III) Has the Company established and implemented risk control and firewall mechanisms with its				No difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>affiliates?</p> <p>(IV) Has the Company established internal regulations to prohibit insiders from trading securities using undisclosed information in the market?</p>	✓		<p>interactions with major shareholders.</p> <p>(III) Our company has established 'Related Party Transactions Procedures' to ensure sound financial transactions with related entities and prevent irregular transactions or improper benefits transfer. Investments are handled in accordance with the "Regulations Governing the Management of Subsidiaries," "Internal Control System," "Internal Audit System," and relevant laws and regulations. Significant related party transactions are submitted to the Audit Committee for review.</p> <p>(IV) The Company has established the "Internal Material Information Processing and Insider Trading Prevention Operations" and the "Ethical Corporate Management Best Practice Principles and Code of Conduct" in accordance with current laws and practical management needs. These clearly prohibit insiders from trading securities using undisclosed material information that may affect the Company's stock price. Online training courses (twice a year) and in-person courses (irregularly) are conducted to educate employees, and monthly email reminders are sent to insiders regarding the importance and precautions of internal material information and insider trading prevention. The company's 'Internal Significant Information Management and Insider Trading Prevention Procedures' and 'Integrity Operation Procedures and</p>	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			Conduct Guidelines' are disclosed on the 'Investor Relations/Corporate Governance/Company Regulations' section of our website.	
III. Composition and duties of the Board of Directors (I) Has the board of directors established a diversity policy, set specific management goals, and implemented them accordingly?	✓		(I) The Company has stipulated the diversity policy of the Board of Directors in Chapter 3 "Enhancing the Functions of the Board of Directors" of the "Corporate Governance Best Practice Principles." In accordance with the Company's Articles of Incorporation, the appointment of directors adopts a comprehensive candidate nomination system, evaluating the qualifications of each candidate based on their academic and professional qualifications, and complying with the "Director Election Regulations" and "Corporate Governance Guidelines" to ensure the diversity and independence of board members.  In accordance with our established diversity policy, the composition goals for the Board of Directors require members to possess professional capabilities and experience in industry, finance, business, and investment. Additionally, each gender should hold at least two seats on the board, and independent directors should comprise no less than one-third of the board seats.  The current Board of Directors of our company consists of nine directors, including two female directors, who constitute 22% of the board's membership. There are three	No difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(II) In addition to establishing the Remuneration Committee and the Audit Committee as required by law, has the Company established other functional committees voluntarily?	✓		independent directors, making up one-third of the board seats. All independent directors have served no more than three consecutive terms, fulfilling our company's diversity policy objectives.	No difference
(III) Does the company establish a method for evaluating the performance of the Board of Directors, conduct regular performance evaluations annually, report the results to the Board of Directors, and use them as a basis for individual director compensation and nomination for reappointment?	✓		The board members have professional experience in business, finance, accounting, and industry sectors: Lin Chuan, the Chairman, has extensive experience across academia, industry, government, and international spheres; Chang Wen-Hua, the Vice Chairman, is well-versed in the financial operations and risk management of the biotechnology industry; Hsiao Chia-Pin, a Director, has long served at CVS Health Pharmacy, a large international chain retail pharmacy, with expertise in pharmaceutical prescription management, clinical services, disease management programs, and retail pharmacy management services; Yang Tzu-Chiang, a Director, has served as General Manager of China Development and as a professor at the Kuang Hua Management College and National Chengchi University's MBA program, with expertise in investment and financial operations; Chang Hsiu-Chi, a Director, has experience in the biotech industry's marketing and financial management; Liao Ying-Ying, a Director, is dedicated to international capital markets, and proficient in financial operations and risk management; Tsai Tui, an	No difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
	✓		<p>Independent Director, also serves as chairman of the company's Audit Committee, Sustainable Development Committee, and Remuneration Committee, bringing experience in management and academia-industry-government sectors; Hsueh Ming-ling, an Independent Director, chairs the company's Audit Committee and Sustainable Development Committee, and is a member of the Remuneration Committee, formerly the director of PricewaterhouseCoopers and currently a standing director of the Taiwan Corporate Governance Association, specializing in financial accounting, risk control, and corporate governance; Lin T'ien-fu, an Independent Director, serves on the company's Audit Committee, Sustainable Development Committee, and Remuneration Committee, with over 25 years of experience in the securities industry.</p> <p>The Company's policy on composition diversity of the Board of Directors is disclosed on the Company's website and MOPS.</p> <p>(II) To implement corporate governance, develop a sustainable environment, and uphold public welfare, aligning with the philosophy of sustainable business operation and the practice of corporate social responsibility, the 'Sustainable Development Committee' was established on October 7, 2019.</p>	No difference



Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Does the Company regularly assess the independence of the CPAs?			<p>(III) On December 29, 2016, the Company established the "Performance Evaluation Measures for the Board of Directors and Functional Committees," stipulating that performance evaluations of the Board of Directors and functional committees should be conducted at least once a year. The evaluation period is at the end of each year, and the performance evaluation for that year is conducted in accordance with the measures. The evaluation results are reported to the Board of Directors in the first quarter of the following year and serve as a reference for the selection or nomination of directors. Additionally, the individual director performance evaluation results serve as a reference for determining their individual compensation and remuneration. An external performance evaluation of the Board of Directors is conducted at least once every three years by an external professional independent institution or team of external experts and scholars.</p> <p>The Company commissioned the Taiwan Corporate Governance Association to perform an external performance evaluation of the Board of Directors in September 2021, and the general evaluation was:</p> <ol style="list-style-type: none"> <li>1. The Chairman values the expertise of the directors, specifically consulting independent directors for third-party opinions during meetings to enhance the</li> </ol>	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>effectiveness of decision-making on proposals. The three independent directors are also actively involved, fostering a positive culture of Board proceedings.</p> <p>2. TTY Biopharm has established a Sustainability Committee under the Board of Directors, which reports at the end of each year on the implementation of the work plan and the plan for the following year, effectively enhancing the communication and execution synergy between various units regarding corporate sustainability and social responsibility strategies and actions.</p> <p>3. TTY Biopharm periodically organizes board meetings and dinners or invites board members to factory visits, facilitating close interaction between the management team and the board, which benefits the full execution of the independent directors' functions.</p> <p>The Company collects the self-assessment questionnaires in January of each year, and the assessment operations are carried out by all functional committee members. In January 2024, the 2023 performance evaluation of the Board of Directors and functional committees was completed, and the evaluation results were submitted to the Remuneration Committee for review and report to the Board of Directors on March 8, 2024. The average score for the Board of Directors' performance evaluation was</p>	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>4.95; the average score for the directors' performance evaluation was 4.97; the Audit Committee, Remuneration Committee, and Sustainable Development Committee all received full scores (a full score for the above evaluations is 5). According to the evaluations by each director, the company's Board of Directors and functional committees have operated effectively.</p> <p>For detailed performance evaluations of the Board of Directors and functional committees, please refer to the annual report section 'III. Corporate Governance/3. Operation of Corporate Governance/Board Evaluation' and the 'Investor Relations/Corporate Governance Operation' section on the company website.</p> <p>(IV) In accordance with the "Appointment Review Procedures for Certified Public Accountants" formulated by the Company, the independence and suitability of certified public accountants are evaluated at least once a year, and the results of the qualification review were submitted to the Audit Committee for deliberation and approval by the Board of Directors on December 15, 2023. KPMG Taiwan CPAs Han Yi-Lien and Chang Shu-Ying audited (reviewed) the financial statements for each quarter of 2024, and CPA Chang Chih audited the profit-seeking enterprise income tax and conducted the value-added tax adjustment audit for 2021 to 2023. After the Company's</p>	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			selection and review process [details in Appendix (I)], their independence and qualifications meet the Company's requirements. The Company has also obtained the Audit Quality Indicators (AQIs) information provided by the CPA firm and evaluated the audit quality of the CPA firm and the audit team based on the "Audit Committee Guidelines for Interpreting Audit Quality Indicators (AQIs)" issued by the competent authority. The three certified public accountants also issued a statement stating that their audit work complied with the independence requirements of the CPA Professional Ethics Code.	
IV. Does the TWSE/TPEX listed company allocate appropriate and sufficient corporate governance personnel, and appoint a corporate governance officer to handle corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required for business execution, assisting directors and supervisors in legal compliance, handling board of directors and shareholders' meeting affairs in accordance with regulations, preparing board of directors and shareholders' meeting minutes, etc.)?	✓		On March 26, 2019, the Board of Directors resolved to appoint Senior Assistant Vice President Kuo-Chiang Chang as Corporate Governance Officer. Possesses many years of comprehensive qualifications in public company accounting practices, financial operations, shareholder services, and related meeting management. The primary responsibility of corporate governance is to provide directors with the necessary information for executing business; legally conduct meetings of the Board of Directors, Audit Committee, Sustainability Committee, and Shareholders' Meetings; and assist directors in complying with legal requirements and managing corporate registration changes. Business implementation in 2023 is as follows:	No difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>1. Assist independent directors and general directors in carrying out their duties, provide required information, and arrange directors for continuing education:</p> <p>(1) Immediately after the announcement of the Company's material information, directors will be notified via e-mail to ensure that they are informed of the Company's material information in a timely manner.</p> <p>(2) A Board of Directors group chat has been established to provide directors with the latest amendments to laws and regulations related to biotechnology, healthcare, macroeconomics, and corporate governance, as well as relevant industry information and company news for reference.</p> <p>(3) In accordance with the Company's system document management regulations, reviewing the level of information confidentiality, providing directors with the company information they need, and assisting in maintaining smooth communication and exchange between management levels and directors.</p> <p>(4) In addition to providing directors with ad hoc advanced training courses for reference and assisting with registration, the company also conducts 'in-home' training courses, with two sessions totaling six hours held in 2023.</p> <p>(5) Every year, we schedule private communications</p>	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>between the internal audit manager, the certifying accountant, and the independent directors during the Audit Committee meeting (held on December 15, 2023). Additionally, we facilitate communication and liaison needs of independent directors at other times as required.</p> <p>2. Assist the Board of Directors, Audit Committee, Sustainable Development Committee and Shareholders' Meeting with procedures and resolutions on compliance matters:</p> <p>(1) On May 2, 2023, the Board of Directors reported the results of the 2022 corporate governance evaluation and reviewed the unexecuted corporate governance items in order to further improve the level of corporate governance and strengthen the sustainable development of the Company.</p> <p>(2) Integration and drafting of corporate sustainability strategies and the 2024 sustainability development plan were reported to the Sustainable Development Committee and the Board of Directors on November 3, 2023.</p> <p>(3) Confirm that the meetings of the Board of Directors, Audit Committee, Sustainable Development Committee, and Shareholders' Meeting are all conducted in accordance with relevant laws and corporate governance guidelines.</p>	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>(4) Assist and remind directors to comply with relevant regulations when executing business or making formal resolutions at Board or Audit Committee meetings, and provide recommendations when there is a risk of illegal decisions being made.</p> <p>(5) Assist all units in making proposals to the Board of Directors.</p> <p>(6) Propose the agenda of the Board of Directors, Audit Committee and Sustainable Development Committee; notify directors to convene the meeting within the statutory deadline, provide meeting materials and send the minutes of the meeting; and remind directors in advance if they need to avoid a conflict of interest or may be at risk of being involved in insider trading.</p> <p>(7) Directors and managers are notified via email 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report, prohibiting them from trading company shares during the closed period.</p> <p>(8) Handling pre-registration of shareholders' meeting dates and various announcement declarations in accordance with the law, and sending meeting notices to shareholders within the statutory deadlines.</p> <p>(9) Assisting the Chair in conducting meetings of the Board of Directors, Audit Committee, Sustainable</p>	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>Development Committee, and Shareholders' Meeting to ensure smooth proceedings.</p> <p>(10) Significant announcements following the Board of Directors and Shareholders' Meetings ensure the legality and accuracy of the information, safeguarding the symmetry of transaction information for investors.</p> <p>3. Maintenance of investor relations:</p> <p>(1) Proactively notify institutional investors of relevant information after the Company's financial information is announced.</p> <p>(2) Maintaining communication with both existing and potential shareholders, including domestic and international institutional investors, listening to their suggestions, and providing feedback to the management to safeguard shareholder rights.</p> <p>(3) Participated in domestic and international corporate briefings and investment forums (a total of 4 times in 2023), reporting the company's financial and operational performance to investors for a deeper understanding of the company's operations.</p> <p>4. Handling company registration changes. Please refer to Attachment (2) for the continuing education of the Corporate Governance Officer.</p>	



Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
V. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to important corporate social responsibility issues of concern to stakeholders?	✓		In accordance with the nature of its business, the Company has diverse communication channels. The "Stakeholders" section on the "Sustainable Development" area of the company website lists the topics of concern, communication channels, and communication frequency for each stakeholder category. The contact section provides dedicated email addresses and telephone numbers for investor contacts, plant contacts, and adverse drug reaction reporting to handle stakeholder matters and maintain good communication with stakeholders.  The Sustainable Development Promotion Center of the company reports communication with stakeholders to the Sustainable Development Committee and the Board of Directors annually. Communication with stakeholders in 2022 was reported to the Sustainable Development Committee and the Board of Directors on March 8, 2024. Please refer to the "Sustainable Development/Stakeholders" section on the company's website for details.	No difference
VI. Does the Company appoint a professional shareholder service agency to handle shareholders' meeting affairs?	✓		Our company has entrusted Capital Securities Corp.'s Shareholder Services Department to handle shareholders' meeting affairs.	No difference
VII. Information Disclosure (I) Has the Company set up a website to disclose financial, business and corporate governance information?	✓ ✓		(I) The Company has established a website to disclose important regulations and information related to finance, business, and corporate governance, as well as the	No difference No difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>(II) Has the Company adopted other means of information disclosure (e.g. setting up an English website, appointing dedicated personnel to collect and disclose information on the Company, implementing a spokesperson system, posting the process of investor conferences on the Company's website)?</p> <p>(III) Does the company announce and file its annual financial report within two months after the end of the fiscal year, and does it announce and file the financial reports for the first, second, and third quarters, as well as monthly operational data, ahead of the prescribed deadlines?</p>	✓		<p>implementation status.</p> <p>(II) Our company has established an English website and appointed spokespersons and deputy spokespersons, with dedicated personnel responsible for the collection and disclosure of company information. Information related to corporate presentations and briefing materials is announced on the company website for investor reference.</p> <p>(III) The Company has declared its financial statements and the operating status of each month in accordance with the "List of Required Matters for OTC Companies"; however, the Company has not yet announced and declared its annual financial statements within two months after the end of a fiscal year, but has announced and declared it before the prescribed deadline. In addition, the Company will announce and report the financial statements of Q1, Q2, and Q3 and the operating status of each month in advance within the prescribed time limit.</p>	No significant difference
VIII. Does the Company have other important information that is helpful to understand the implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing education of directors and supervisors,	✓		<p>(I) Employee Rights and Welfare Our company has established a Staff Welfare Committee, implemented a pension system, provided equal employment opportunities, conducted various employee training programs and group insurance, and arranged regular health check-ups, with most benefits exceeding those stipulated by the Labor Standards Act. Furthermore, to enhance employees' professional skills and cultivate</p>	No difference

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
implementation of risk management policies and risk measurement standards, implementation of customer policies, liability insurance for directors and supervisors purchased by the company, etc.)?			<p>them into outstanding international talent, the Company arranges diverse educational training courses for employees, including new employee training, on-the-job training courses, professional courses, public safety courses, and various job-related training courses to nurture outstanding talent with professional skills. For detailed information on employee rights and care, please refer to Operational Overview No. 5 Labor-Management Relations.</p> <p>(II) Investor relations After the announcement of financial information, proactive notifications are sent to institutional investors with relevant information, maintaining communication with both existing and potential shareholders, including domestic and international institutional investors, listening to their suggestions, and providing feedback to the management to safeguard shareholder rights. In addition, the Company participated in domestic and international corporate briefings and investment forums, reporting the company's financial and operational performance to investors for a deeper understanding of the company's operations. To implement shareholder activism, we provide shareholders with electronic means of voting during the general shareholders' meeting, and strive to avoid extemporaneous motions to protect the rights of shareholders who use electronic communication to</p>	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>vote.</p> <p>(III) Supplier relations To meet the DMF and PIC/S GMP requirements for active pharmaceutical ingredients, the company actively seeks second and even third sources of raw material suppliers. In accordance with the company's procurement management regulations, the procurement of raw materials is conducted to provide the required quantity, quality, and timeliness at reasonable prices to achieve the expected goals.</p> <p>(IV) Stakeholders' rights Respecting the rights and interests of stakeholders, understanding their reasonable expectations and needs through appropriate communication methods, and appropriately responding to the needs of stakeholders and their expectations of the company as a reference for company decision-making, expecting to create and share sustainable business results with all stakeholders.</p> <p>(V) Directors' continuing education The Company's directors participate in further education courses relevant to their professional needs. Please refer to Table (3) for information on directors' continuing education in 2023.</p> <p>(VI) Implementation of risk management policies and measurement standards The Company has established the Risk Management</p>	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>Center, which is under the authority of the Sustainable Development Committee. It is responsible for formulating the "Risk Management Policy and Procedures" and executing the Company's risk management. The Company's risk management operation is detailed in the "Corporate Governance/Corporate Governance Operation Status" section of the Company's website.</p> <p>(VII) Enforcement of customer policies Our company has set up a customer service hotline and an email address for reporting adverse drug reactions to provide consumers with inquiry or complaint channels, with customer service personnel available to provide assistance and address related issues.</p> <p>(VIII) The company purchases liability insurance for directors and managers. To reduce and diversify the risk of significant damages to the Company and its shareholders due to misconduct or negligence by directors and managers, the Company regularly takes out directors and officers liability insurance annually. The insurance expired on January 13, 2023, and was renewed for one year with AIG Taiwan. The insured period is from January 13, 2023, to January 13, 2024, with an insured amount of USD 8 million. The insurance renewal was reported to the Board of Directors on December 15, 2023.</p> <p>(IX) Details regarding the acquisition of licenses specified by</p>	

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			the regulatory authority by our company's personnel involved in financial information transparency can be found in Appendix (IV).	
<p>IX. Please describe the improvements made based on the recent annual corporate governance evaluation results issued by the Taiwan Stock Exchange Corporation's Governance Center, and outline priority areas and measures for those aspects not yet improved.</p> <p>1. Status of improvements</p> <p>(1) The annual report of the shareholders' meeting voluntarily discloses the remuneration to individual directors.</p> <p>(2) Obtained external certification of greenhouse gas inventory in May 2023.</p> <p>2. Planned Improvements</p> <p>(1) The remunerations received by directors, including the remuneration policy, details and amounts of individual remunerations, are reported at the general shareholders' meeting.</p> <p>(2) The Company has prepared the Sustainability Report and submitted it to the Board of Directors.</p>				

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

Appendix (1)

CPA independence and suitability review items

**Independence**

- I. Any of the following in the last two years:
  1. Not an employee of the Company or any of its affiliated companies.
  2. Not a director or supervisor of the Company or any of its affiliated companies. However, independent directors or those who have been dismissed from subsidiaries where the company or its parent company directly or indirectly holds more than fifty percent of the voting rights are not subject to this limitation.
  3. Individuals who are not the person themselves, their spouses, their minor children, or holding shares in the name of others, owning more than one percent of the company's issued shares or among the top ten natural person shareholders.
  4. Spouses and relatives within the second degree of consanguinity, or direct blood relatives within the third degree, not included in the first three categories.
  5. Not a director, supervisor, or employee of a corporate shareholder that directly holds more than five percent of the company's issued shares, nor of the top five corporate shareholders.
  6. Individuals who do not have financial or business transactions with our company, and who have served as independent directors but are no longer in office—such as directors (trustees), supervisors (auditors), managers, or shareholders owning more than 5% of the shares of specific companies or institutions—are not subject to this restriction.
- II. Compliance with Article 8 of the Professional Ethics Proclamation No. 10 'Integrity, Fairness, Objectivity, and Independence' as prescribed by the Association of Certified Public Accountants:
  1. No direct or significant indirect financial interest with our company.
  2. No financing or guarantee transactions between the company and its directors.
  3. Not considering the possibility of customer attrition.
  4. No close commercial relationships with our company.
  5. No potential employment relationship with our company.

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

<p>6. No contingent fees related to the audit cases.</p> <p>III. Whether the CPA independence declaration has been obtained:</p> <p><b>Suitability</b></p> <ol style="list-style-type: none"> <li>Whether the CPA firm's personnel have knowledge in the industry or field related to the Company's business.</li> <li>Whether the CPA firm's personnel understand the laws and regulations related to the Company's business or have the necessary skills and knowledge.</li> <li>Whether the CPA firm has sufficient professionals required for auditing the Company.</li> <li>Whether the CPA firm is able to complete the case within the agreed time limit.</li> <li>Whether the upcoming major event of the Company in the current year and the future year affects the suitability of the accounting firm.</li> <li>Does the CPA firm have any potential conflict of interest with the Company?</li> </ol>
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Appendix (2)

Director of Corporate Governance's professional development in fiscal year 2023

Date of continuing education		Organizer	Course name	Duration of Advanced Studies	Total hours of continued study in the current year
Started from	Ended at				
2023.04.27	2023.04.27	Taipei Exchange	Promotional conference for sustainability action plans of TWSE/TPEX-listed Companies	3.0	15
2023.06.07	2023.06.07	Taipei Exchange	2023 OTC Market ESG Elite Exchange Seminar	3.0	
2023.07.11	2023.07.11	Taiwan Corporate Governance	Risks are omnipresent, how to manage them	3.0	



Evaluation Items			Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
			Yes	No	Summary description	
		Association			effectively.	
2023.10.13	2023.10.13	Taiwan Corporate Governance Association			Trends in digital technology and artificial intelligence, and risk management	3.0
2023.11.24	2023.11.24	Taiwan Corporate Governance Association			Legal matters that the Board of Directors should guide the company to understand: Be cautious of inadvertently crossing the red line of concerted actions.	3.0

Appendix (3)

Directors' continuing education in 2023

Job Title	Name	Organizer	Course name	Duration of Advanced Studies
Chairman	Lin Chuan	Taiwan Corporate Governance Association	Current status of global carbon rights development and carbon trading	3.0
		Taiwan Corporate Governance Association	Discussing cross-strait and climate concerns from a risk management perspective	3.0
		Taiwan Corporate Governance Association	Legal matters that the Board of Directors should guide the company to understand: Be cautious of inadvertently crossing the red line of concerted actions.	3.0
		Taiwan Corporate Governance Association	Trends in digital technology and artificial intelligence, and risk management	3.0
Vice Chairman	Chang Wen-Hua	Securities and Futures Institute	Analysis of the Key Points of Corporate Governance Evaluation for Directors and Supervisors	3.0
		Taiwan Corporate Governance Association	Emerging money laundering models and regulatory trends	3.0

Evaluation Items			Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
			Yes	No	Summary description	
Director	Chia-Pin Hsiao	Securities and Futures Institute			Case Study of Corporate Financial Statement Fraud	3.0
		Taiwan Corporate Governance Association			Legal matters that the Board of Directors should guide the company to understand: Be cautious of inadvertently crossing the red line of concerted actions.	3.0
Director	Yang Tzu-Chiang	Taiwan Corporate Governance Association			Impacts and opportunities of AI on the industry	3.0
		Taiwan Corporate Governance Association			Discussing cross-strait and climate concerns from a risk management perspective	3.0
Director	Chang Hsiu-Chi	Taiwan Corporate Governance Association			Legal matters that the Board of Directors should guide the company to understand: Be cautious of inadvertently crossing the red line of concerted actions.	3.0
		Taiwan Corporate Governance Association			Trends in digital technology and artificial intelligence, and risk management	3.0
Director	Liao Ying-Ying	Taiwan Corporate Governance Association			Legal matters that the Board of Directors should guide the company to understand: Be cautious of inadvertently crossing the red line of concerted actions.	3.0
		Taiwan Corporate Governance Association			Trends in digital technology and artificial intelligence, and risk management	3.0
Independent Director	Tsai Tui	Taiwan Institute of Directors			Opportunities and challenges under the net-zero trend	3.0
		Securities and Futures Institute			Doing Good, Doing Right, Doing Well is Good Business (ESG/SROI)	3.0

Evaluation Items		Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
		Yes	No	Summary description	
Job Title	Name	Organizer	Course name		Duration of Advanced Studies
Independent Director	Tsai Tui	Taiwan Institute of Directors	Opportunities and challenges under the net-zero trend		3.0
		Securities and Futures Institute	Doing Good, Doing Right, Doing Well is Good Business (ESG/SROI)		3.0
		Securities and Futures Institute	Global Future Risks and Opportunities for Sustainable Transformation		3.0
		Taiwan Corporate Governance Association	Legal matters that the Board of Directors should guide the company to understand: Be cautious of inadvertently crossing the red line of concerted actions.		3.0
		Taiwan Corporate Governance Association	Trends in digital technology and artificial intelligence, and risk management		3.0
Independent Director	Hsueh Ming-Ling	Taiwan Corporate Governance Association	The strange situation of the global economy in 2023		1.0
		Center for Financial Legality and Crime Prevention	Anti-money laundering and counter-terrorism financing practices and the legal obligations and responsibilities of directors in this context.		3.0
		Taiwan Securities Association	Financial Consumer Protection Act and Fair Customer Treatment		3.0
		Taiwan Corporate Governance Association	Sharing case studies from the Board's enhancement of the linkage between senior executive compensation and ESG performance to drive ESG.		1.0
		Taiwan Corporate Governance Association	The role of financial decision making in business operations		1.0
		Taiwan Corporate Governance Association	Impact of Chat GPT on the industry and countermeasures		1.0
		Taiwan Corporate Governance Association	Utilizing a profit-oriented mindset to maximize the professional functions of independent directors.		1.0
		Taiwan Securities Association	The assistance and impact of emerging cybersecurity technologies on financial digital innovation		3.0
		Taiwan Corporate Governance Association	Trends in digital technology and artificial intelligence, and risk management		3.0
		Taiwan Corporate Governance Association	O-Bank Accounting and Corporate Governance		1.0
		Taiwan Corporate Governance Association	Matters needing attention in corporate mergers and acquisitions		3.0
		Taiwan Corporate Governance Association	Trends in digital technology and artificial intelligence, and risk management		3.0

Evaluation Items			Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies
			Yes	No	Summary description	
Independent Director	Lin Tien-Fu	Taiwan Securities Association			The New Era of AI: Taiwan's Opportunities and Challenges	3.0
		Taiwan Securities Association			ESG investment principles and strategies	3.0
		Taiwan Securities Association			The assistance and impact of emerging cybersecurity technologies on financial digital innovation	3.0
		Taiwan Securities Association			Domestic and international laws and regulations on anti-money laundering and counter-terrorism financing, along with trends and patterns in risk.	3.0
Job Title	Name	Organizer			Course name	Duration of Advanced Studies
Independent Director	Lin Tien-Fu	Taiwan Securities Association			Net Zero Emissions and Corporate Governance	3.0
		Taiwan Academy of Banking and Finance			Discussing the principles of fair treatment, the principles of friendly service, and financial exploitation.	3.0

Appendix (4)

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Governance Best Practice Principles for TWSE/TPEX Listed Companies															
	Yes	No	Summary description																
<p>Details regarding the acquisition of licenses specified by the regulatory authority by our company's personnel involved in financial information transparency</p> <table border="1"> <thead> <tr> <th>Job Title</th> <th>Name</th> <th>Acquisition of licenses</th> </tr> </thead> <tbody> <tr> <td>Chief Financial Officer</td> <td>Chiang Yung-Min</td> <td>Qualified Internal Auditor</td> </tr> <tr> <td>Chief Financial Officer</td> <td>Chiang Yung-Min</td> <td>Passed the Certified Public Accountant Examination in the Republic of China</td> </tr> <tr> <td>Senior Manager</td> <td>Yeh-Han Wang</td> <td>Passed the Certified Public Accountant Examination in the Republic of China</td> </tr> <tr> <td>Assistant Manager</td> <td>Ru-Yi Chen</td> <td>Passed the Certified Public Accountant Examination in the Republic of China</td> </tr> </tbody> </table>					Job Title	Name	Acquisition of licenses	Chief Financial Officer	Chiang Yung-Min	Qualified Internal Auditor	Chief Financial Officer	Chiang Yung-Min	Passed the Certified Public Accountant Examination in the Republic of China	Senior Manager	Yeh-Han Wang	Passed the Certified Public Accountant Examination in the Republic of China	Assistant Manager	Ru-Yi Chen	Passed the Certified Public Accountant Examination in the Republic of China
Job Title	Name	Acquisition of licenses																	
Chief Financial Officer	Chiang Yung-Min	Qualified Internal Auditor																	
Chief Financial Officer	Chiang Yung-Min	Passed the Certified Public Accountant Examination in the Republic of China																	
Senior Manager	Yeh-Han Wang	Passed the Certified Public Accountant Examination in the Republic of China																	
Assistant Manager	Ru-Yi Chen	Passed the Certified Public Accountant Examination in the Republic of China																	

(VI) The implementation of sustainable development and deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the Company established a governance structure for the promotion of sustainable development, with dedicated (or part-time) units to promote sustainable development, with senior management authorized by the Board of Directors to handle it, and is it supervised by the Board of Directors?	✓		On October 7, 2019, the Company established the Sustainable Development Committee under the Board of Directors. The Sustainable Development Committee has established the Sustainable Development Promotion Center, the Risk Management Center, and the Ethical Corporate Management Promotion Center. The three functional centers are all convened by the President as authorized by the Board of Directors. The Finance Department of the Sustainability Promotion Center and the Risk Management Center are staffed by the Finance Department and are responsible for the promotion and management of related businesses; the administration of the Center for Ethical Corporate Management is the Finance Department. The department will be responsible for handling reporting incidents. The Sustainable Development Committee will assign supervisors to form an investigation team to investigate and prosecute. Please refer to Table "VIII. The Company's Implementation of Sustainable Development" for detailed operations.	No difference
II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and establish relevant risk management policies or strategies?	✓		The Company's Board of Directors resolved on December 28, 2020 to establish the "Risk Management Policy and Procedures" as the highest management policy for the Company's risk management, and the Risk Management Center identifies material risks of the Company through the identification and evaluation mechanism every year, formulates risk management strategies, and implements supervision and control of major risks in accordance with the strategies. For details of the implementation, please refer to Table "VIII. The Company's Implementation of Sustainable Development Promotion".	No difference

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	✓		<p>The Company has complied with the environmental management mechanism of the biotech and pharmaceutical industry. The Company's factories have passed official inspections in Taiwan, Europe, the United States, Japan and other places, and obtained the certification of PIC/S GMP in many countries. In addition, the Company promotes the global harmonization of chemicals system in all factory areas and hangs substance safety signs in the workplace to disclose the dangerous and harmful substances with which employees come into contact. The latest substance safety data sheet is also placed in the workplace to make it accessible to employees. The Company hopes to enhance operating performance by improving the internal environment of the Company and taking effective environmental protection measures.</p>	No difference
(II) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓		<p>For the treatment of air pollutants, the Company uses natural gas boilers to replace low-sulfur heavy oil consumption in accordance with the relevant domestic regulations and emission standards to effectively reduce the emission of nitrogen dioxide; for the treatment of waste water, a circulatory system is established, to collect water resources from cooling towers and recycle them for reuse, improve the cooling process, increase the heat recovery rate to reduce the demand for cooling water, and properly recycle the cleaning water; in terms of waste treatment, qualified waste treatment companies are entrusted to process waste in the factory, implement waste classification and increase the recycling rate.</p> <p>The Company introduced the ISO 14064-1 greenhouse gas inventory in 2022 and passed the certification in May 2023. In 2023, the Company will continue to introduce the ISO 14064-1 greenhouse gas inventory and is expected to pass the inspection in May 2024 . This serves as a guideline for our</p>	No difference

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			management, energy conservation, and carbon reduction measures, while at the same time improving the energy efficiency of all business locations.	
(III) Has the Company assessed the potential risks and opportunities posed by climate change to the Company at present and in the future, and taken relevant countermeasures?	✓		In response to global warming, extreme climates, environmental protection and energy conservation, safety and health, and rising awareness of conservation, the Company has completed identification of the risks and opportunities that may be brought about by climate change, and has mapped out three specific response strategies based on the identification results, including water resource management and development, disaster response and adaptation, and strengthening cooperation with cities and the value chain. Please refer to Table "IX. Explanation of the Company's Environmental Sustainability Issues_1. Responding to Disclosures Related to Climate Change" for relevant descriptions.	No difference
(IV) Has the Company kept statistics on the amount of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, reduction of water consumption or management of other wastes?	✓		As a pharmaceutical industry that improves the quality of human life, the Company realizes that human health is very dependent on a good environment, including clean air, water and proper disposal of waste. Therefore, the Company's environmental protection management policy is "prioritizing environmental sustainability in all operating activities" and it requires suppliers to comply with the Company's supplier management policy, and continues to optimize production processes and save resources to reduce the risks and impacts of climate change. For details, please refer to Table "IX. The Company's Environmental Sustainability Agenda: 2. Environmental Sustainability Management Policy".	No difference
IV. Social Issues (I) Has the Company established management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	✓		The Company pays attention to human rights-related issues and provides employees with a fair and safe working environment to reduce potential dangers and impacts. The Company made reference to the Universal	No difference



Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			Declaration of Human Rights, the Ten Principles of the UN Global Compact, and the UN Guiding Principles on Business and Human Rights. We strictly comply with local labor laws and regulations, formulate the Company's human rights policy, and treat all stakeholders fairly and with respect. Please refer to the "Sustainable Development/Employee Care" section of the Company's website for the Company's human rights policy.	
(II) Does the Company establish and implement reasonable employee welfare measures (including remuneration, leave and other benefits), and appropriately reflect the operating performance or results in the employee remuneration?	✓		<p>1. Employee remuneration</p> <p>According to Article 28 of the Company's Articles of Incorporation, if the Company makes a profit for the year, the Company shall allocate 0.5% to 10% as employee remuneration. However, if the Company still has accumulated losses, an amount shall be reserved in advance to offset the losses. The Company values human resources. Each year, long-term employees are honored publicly and given gifts to thank them for their efforts. This demonstrates TTY Taiwan's people-centric philosophy. In terms of appointment, the salary of each employee is based on objective factors such as past experience, abilities, and position applied for. Based on the local basic salary, the minimum monthly salary verification in 2023 is NTD 26,400, which meets the requirements of the prevailing basic salary. After taking into account various conditions such as job category, academic experience and other conditions, the standard salaries for entry-level employees are 1.43 times higher than the local basic salaries for both men and women. There is no gender salary gap, and the average male to female salary ratio is 1.003:1.</p> <p>In addition, TTY Taiwan has also attached great importance to the annual employee salary adjustment and promotion system. Based on the internal performance evaluation of the organization, employees are provided with</p>	No difference

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>the best salary adjustment opportunities and the smoothest promotion channels.</p> <ul style="list-style-type: none"> <li>● Salary structure: There are different salary structure designs according to the job attributes.</li> <li>● Bonus system: Each year, the Mid-Autumn Festival and Dragon Boat Festival will each give 0.5 months of salary. During the Chinese New Year, two full months of salary will be paid. In addition to the fixed bonus, there is a performance bonus based on the "Regulations Governing the Evaluation of Performance Development Plan and Performance Bonus", where performance bonuses are distributed depending on the Company's overall operations and individual performance. The performance goals of employees must be focused on the goals of the department to which they belong. Finally, the Company's total revenue and after-tax net profit for the year are taken into consideration to calculate bonus multiples to ensure that rewards and performance are highly linked.</li> <li>● Annual salary adjustment: 2 salary adjustments (performance adjustment and special adjustment). The average salary increase for non-managerial employees and managerial employees in 2023 was 2.5% - 3.5%.</li> <li>● Promotion system: A transparent promotion system that starts the talent retention program and gives promotions to outstanding performers.</li> </ul> <p>2. Diversity and equality in the workplace The recruitment of diverse talents is the engine of the Company's continuous innovation. Due to the different values, beliefs, races, ages,</p>	

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	Yes	No	Summary description	
			<p>genders, experience and backgrounds of employees, they have a broader vision and perspectives. It is hoped that employees will excel in inclusiveness and innovation, and continue to work with the Company to expand their careers and enrich their lives. The Company strives to create an inclusive and non-discriminatory workplace where each employee can fully utilize his/her skills, experience and perspectives.</p> <p>The biotechnology and pharmaceutical industry is a high-tech industry. The Company recruits employees with professional knowledge and skills, so the number of men and women is even. In 2023, there were 219 male employees or 43.11% and 289 female employees or 56.89% of TTY Taiwan's employees. In addition, to promote an equal working environment, we hired four indigenous people and four people with disabilities (including two people with severe disabilities) in 2023. Special ethnic groups accounted for 1.57% of all employees.</p> <p>3. Other welfare measures</p> <p>To enhance the loyalty of employees, the Company is committed to providing full-time employees with comprehensive benefits. In addition to the basic rights compliant with laws and regulations, such as labor insurance and health insurance, special leave, maternity leave, and parental leave, the Company also includes group accident insurance, travel leave, and paid sick leave, a year-end bonus, regular health checkups, as well as birthday gifts, wedding gifts, birth cash gifts, New Year's holiday (Dragon Boat Festival and Mid-Autumn Festival) gifts, consolation funds for illnesses, condolences, disaster relief, education subsidies (employee children's grants, scholarships), travel subsidies, employee stock ownership trust and other projects. In order to enhance</p>	

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			<p>internal benefits, reward employees' financial planning, increase employees' sense of participation in the Company, and achieve win-win benefits for both employees and employers, the " TTY Pharma Employee Shareholding Association" was established in 2023 to provide employee stock ownership trust services. Employees can contribute an agreed amount from their salaries and bonuses in the three seasons according to their grades, and the Company will appropriate 100% of the amount contributed by the employees as rewards. Employee eligibility for retirement and the standard of pension payment are handled in accordance with TTY Taiwan's Retirement Management Regulations of Taiwan, and are 100% in compliance with the labor laws and regulations of Taiwan.</p> <p>In addition, in response to the weather changes in winter and the dual threats of influenza and COVID-19 in autumn and winter, the Company cooperates with the national epidemic prevention mechanism to introduce influenza vaccine agents. At the same time, to protect the health and safety of employees, all employees and four employees' family members were provided with free influenza vaccination in 2023 to strengthen the resistance of employees and their dependents. In 2023, a total of 803 people were vaccinated against influenza. As a happy enterprise that fulfills its corporate social responsibility, the Company plays its duty in maintaining public health and supporting epidemic prevention. It is committed to building a safe social protection net for employees and their families, and working together to create a society for mutual prosperity.</p> <p>For details on the Company's salary and benefit policy, please refer to " V. Labor-Management Relations " under "V. Operational Overview " of the annual report and the "Recruitment" and "Sustainable</p>	

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	Yes	No	Summary description	
			<p>Development/Employee Care" sections of the Company's website.</p> <p>4. Employee remuneration policy and implementation Employee remuneration includes salary and bonus. Salary is determined based on the Company's "salary structure table" with reference to the standards of the same industry as well as job titles, education background, professional abilities and responsibilities; bonus is based on the Company's "performance development plan and performance plan". The Company considers each employee's annual performance evaluation items, such as: annual work target achievement rate, core functional indicators (trust and results-oriented, integrity and teamwork, initiative and ambition, and customer-oriented), and assesses the achievement rate of the Company's total revenue and after-tax net profit.</p>	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees on a regular basis?	✓		<p>The Company believes that only physically and mentally healthy employees can create high efficiency and high-quality work performance. Therefore, the Company is committed to providing employees with a safe and healthy working environment. In addition to labor insurance and health insurance, we also provide group insurance, accident insurance, occupational disaster insurance, cancer insurance, business trip insurance and other insurances, and conduct employee health checkups every year. In addition, in response to the dual threats of influenza and COVID-19 in autumn and winter, the Company provides all employees and one family member (a total of four slots for each employee) with its own influenza vaccines for free.</p> <p>In order to prevent occupational disasters and protect the safety and health of</p>	No difference

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	Yes	No	Summary description	
			<p>employees, the Company has introduced and passed the ISO45001 (occupational safety and health management system). The certificate is valid until December 29, 2023.</p> <p>For other employee safety and work environment protection measures, please refer to "V. Labor-Management Relations" of "V. Operational Overview" of the annual report.</p> <p>The number of fire incidents of the Company in 2023 was 0 and there were no casualties. Therefore, there were no fire-related improvement measures.</p>	
(IV) Has the Company established an effective career development training program for its employees?	✓		<p>"Prompt acquisition of knowledge, effective transfer of knowledge, and conversion of knowledge into consensus and organizational capacity as soon as possible" is one of the important ways for enterprises to build their core competitiveness. We have implemented a TTY University employee training program since 2012. Courses are divided into basic, advanced, and high-level courses based on the depth of knowledge. Basic courses are suitable for all employees of the Company, advanced courses are suitable for employees in related functional areas to participate, and high-level courses are arranged for relevant employees to participate in according to the nature of the courses.</p> <p>1. Training for new recruits</p> <p>The Company is committed to creating a workplace where employees continue to learn, and inspire their enthusiasm for work. Starting from the time new employees join the TTY family, in order to help new employees adapt to the organizational culture as quickly as possible, understand their self-positioning, and demonstrate their performance, the Company has</p>	No difference

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			<p>planned a series of orientations for new recruits and returning training courses, including introduction to confidential document management, introduction to GMP management, introduction to drug patent laws, introduction to Taiwan Intellectual Property Rights (TIPS), basic intellectual property rights, drug safety monitoring, information security training, and optimal distribution of drugs. A total of 82 new recruits participated in the training courses in 2023, including: introduction to GDP management; introduction to trade secrets; and environment, safety, and health. We hope that every new employee can start from TTY's vision and values, organizational strategy and direction, job priorities, and core competencies and organizational resources, so that they can gradually understand the Company and solidly accumulate capabilities.</p> <p>2. Professional education</p> <p>The Company has established a well-established internal incubation system - "TTY University". In addition to new student training, general education programs, and leadership management programs, we link research and development, manufacturing, and business marketing with professional knowledge in the biotechnology industry and the corporate culture of Taiwan's Eastern Oriental Corporation. This connects the six colleges of research and development, production operation, quality, marketing, business, leadership management, and physical and online courses in general education programs. For details on education and training, please refer to " V. Labor-Management Relations " of " V.</p>	

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	Yes	No	Summary description	
			<p>Operational Overview " of the annual report .</p> <p>3. Supervisor training</p> <p>In order to cultivate talent with leadership in the future, we have established a talent development culture within our group. Through the exchange and integration of knowledge and resources within the Group, we provide employees with more diversified career options and a bigger stage. We hope to work with our employees to find the best development goals and solutions that meet the organization's needs and personal interests. Each year, after being selected by the "Talent Development Committee", the Company customizes individual development goals for each core talent, and provides regular and immediate feedback and guidance. Appropriate development plans will be provided depending on the development status and performance of employees at various stages. Two business management courses were held in 2023, with about 23 participants for each course, and the average after-course satisfaction rating was 4.6 (out of 5) .</p>	
(V) Has the Company complied with applicable laws, regulations, and international standards on issues such as customer health and safety, customer privacy, marketing, and labeling of products and services, and established relevant policies and grievance procedures for the protection of consumers' or customers' rights and interests?	✓		The Company complies with the "Procedures for Good Manufacturing Practice (PIC/S GMP)" and "Good Manufacturing Practice for Western Medicinal Products (Part III: Distribution)" (GDP). Storage and transportation operations provide customers with safe and effective pharmaceutical products. For the marketing and labeling of drugs, a generic list is attached according to laws and regulations, and a link to the generic list is attached on the Company's official website for inquiry. Marketing advertisements are	No difference



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	Yes	No	Summary description	
			submitted to the competent health authority for review in advance according to laws and regulations, and an advertisement brand is obtained. In addition, the Company has established an appropriate information security management mechanism, strengthened information security awareness, and followed strict management control specifications and protective measures to protect personal information and customer privacy. The Company has a dedicated contact number and e-mail address in the "Contact Us" section of the Company's website to handle issues related to the Company's consumer rights complaints, and handle consumer complaints in a fair and timely manner.	
(VI) Has the Company established a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor rights, and the implementation status?	✓		<p>1. Supplier management policy</p> <p>The Company's policies are "guaranteed quality", "stable quantity", "shortened lead-time" and "pursuit of sustainability". At the same time, the manufacturer's financial status, organizational management, and ability to implement corporate social responsibility are evaluated, the "Supplier Sustainability Management Capability Evaluation" mechanism covers everything from the selection and qualification assessment of new suppliers to the qualification assessment of continued cooperation with existing suppliers, risk assessment and classification management, counseling and improvement, etc., in order to implement the supplier selection and management's sustainability and transparency. In 2023, the ratio of selecting new suppliers according to the selection mechanism was 100%.</p> <p>The supplier assessment includes daily assessment (for any abnormality in</p>	No difference

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	Yes	No	Summary description	
			<p>the supplier's incoming materials, abnormal points will be deducted and used as the basis for annual assessments) and annual assessment (delivery time, quality, customer complaints, cooperation, sustainability), and graded management based on the assessment results.</p> <p>2. Supplier management</p> <p>(1) Chungli Factory</p> <p>ChungLi factory conducted evaluation on 318 products that had trade transactions in 2023 based on delivery date, quality, customer complaints, cooperation, and sustainability. This year's evaluation results were as follows: A-Grade for a total of 314 items; B-Grade 4 items; C-Grade 0 items. The management measures for Grade A suppliers are that if there are new products, they will be prioritized, and the raw materials will be exempted from laboratory tests and evaluation.</p> <p>(2) Liudu Factory</p> <p>330 products traded at Liudu factory in 2023 were evaluated based on quality and customer complaints. The results of this year's evaluation were as follows: A-grade, 330 items; B-grade 0 items; C-grade 0 items. Follow-up management and improvement measures will be carried out on suppliers of B-grade items, and they will be listed as priority objects of supervision in the 2024 monitoring plan, and the frequency of monitoring will be increased if necessary.</p> <p>(3) Neihu Factory</p>	

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	Yes	No	Summary description	
			<p>Neihu factory assessed the quality and cooperation of 26 items traded in 2023. Results of this year's assessment showed that all 26 items passed; none failed.</p> <p>For detailed supplier management policies, please refer to the "Sustainable Development" section on the Company's website and the Sustainability Report.</p>	
V. Does the Company prepare reports disclosing the Company's non-financial information, such as the Sustainability Report, with reference to international reporting standards or guidelines? Have the said reports been certified or guaranteed by a third-party verification unit?	✓		<p>The Company's Sustainability Reports for 2021, 2022 and 2023 were prepared in accordance with the GRI Sustainability Reporting Standards (GRI Standards) of the Global Reporting Initiative. The 2022 Annual Sustainability Report has been certified by the third-party independent verification agency "Afnor Asia Ltd.", in compliance with AA1000 AS v3 Application Type 1 and The Moderate Assurance, and has obtained an independent assurance statement issued by Afnor Asia; the 2023 sustainability report is currently being verified by Afnor Asia.</p>	No difference
<p>VI. If the Company has established its own sustainable development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the current practices and any deviations from the principles:</p> <p>The Company has established and duly observed the " Sustainable Development Best Practice Principles" in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" to implement and promote corporate social responsibility.</p>				
<p>VII. Other important information that is helpful in understanding the status of implementation of sustainable development:</p> <p>(I) Donation of flu vaccines</p> <p>TTY Taiwan promoted the ESG health charity project by donating cell-based influenza vaccines for the third year. Considering that Taiwan has always been an important force in international assistance, TTYTaiwan donated cell-based influenza vaccines to CCICED in 2023, hoping to use precise protection to protect the health of diplomatic service members and volunteers who are about to serve overseas.</p>				

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			<p>The Substitute Diplomatic Corps acts as a bridge between Taiwan and its friendly nations on the international arena. They are the vanguard of our diplomacy to show warmth to the world. To ensure that these young talents who are committed to Taiwan's diplomacy can fulfill their missions in good health, TTY donated flu vaccines to Taiwan ICDF Foundation for International Cooperation and Development to vaccinate the diplomatic surrogates. We hope they can fulfill their mission successfully and stay healthy and happy all over the world!</p> <p>(II) Summer internship program</p> <p>Since 2008, the Company has held the Summer Internship Program (SIP) for 16 consecutive years for students enrolled in universities or research institutes related to pharmacy and biotechnology across the country, and held a number of briefing sessions, group interviews, course content planning and project management learning. From the perspective of a professional and forward-looking international pharmaceutical company, the Company brings students industry experience that cannot be obtained in a classroom. Over the past 16 years, the Company has benefited a total of 417 students.</p> <p>In 2023, the "Professional Skills Program" will be created in three phases. It mainly cultivates soft skills and hard skills to become the strengths of the pharmaceutical industry in the future. The first stage encourages active participation in the Summer Internship Program (SIP). During the internship period, the outstanding performers and those who are enthusiastic about TTY are selected from the internship period to become campus ambassadors in the second stage. Freshmen with potential join the Company at the final stage. A total of 26 students from National Taiwan University, Taipei Medical University, Yang Ming Chiao Tung University, Tsing Hua University, National Defense Medical College, China Medical University, Cheng Kung University, Chia Nan University of Pharmacy and Kaohsiung Medical University and other students participated in the summer internship project. In 2023, students with outstanding internship performance were selected as campus ambassadors, and it is hoped that more students will actively participate in the "SIP Summer Internship Project" in the future.</p> <p>(III) "Cancer Knowledge and Care in Local Areas" Charity Event</p> <p>The number of cancer patients nationwide is increasing year by year. As a member of the pharmaceutical industry, TTY Taiwan continues to invest resources in the research and development of new anti-cancer drugs, donate to cancer families, share cancer information with the public through the Internet, and cooperate with cancer-related institutions to organize free health education and promotion activities to teach young people and children the correct concepts and facts about cancer, and contribute to the prevention and control of cancer.</p> <p>1. Cancer awareness education on rural campuses</p> <p>Since 2005, the Company has cooperated with cancer-related NPOs (non-profit organizations) to organize a series of cancer prevention health education activities for rural</p>	

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			<p>areas every year, and invited professional medical personnel from major medical centers to serve as lecturers to work together and promote campus cancer prevention propaganda and devote their efforts to cancer prevention. In 2023, the Company held cancer awareness education in 41 junior high schools in Chianan, Miaoli, Huadong and remote islands, hoping to pass on knowledge to enable junior high school teenagers to play a helpful role in the daily life of their families to establish effective cancer prevention awareness for the whole family .</p> <p>2. Scholarship for Children of Families with Cancer People with cancer in Taiwan continue to trend younger, and most cancer patients are the breadwinners of the family. Disease and treatment expenses often become a heavy burden for families with cancer, which in turn affects the life and education of their children. To relieve the financial burden of families with cancer and help their children study successfully, TTY Taiwan has been sponsoring the Cancer Hope Foundation since 2000 to contribute to the education of children of families dealing with cancer by offering a scholarship of NTD 20,000 each. From 2011 to 2023 for a total of 13 years, a total of 540 children from families affected by cancer have received "scholarships" so that they can concentrate on their studies. In addition, the Company sponsors NTD 1 million each year to ensure that college children of families with cancer can receive a fair and quality education.</p> <p>3. Health education seminar For patients receiving treatment, the Company regularly organizes disease treatment trends and cancer nutrition health education promotion with cancer-related NPOs for patients and their families, so that patients can get through the process of treatment and illness, while family members can acquire the correct knowledge and work together to actively fight against cancer. In 2023, three lectures were held, with a total of 160 participants. Since their launch in 2009, a total of 6,871 cancer patients and their family members have participated in the lectures. In addition, the Company has held health education seminars on osteoporosis and bone health, and provided public testing on the causes of calcium and vitamin D deficiency. In 2023, the Company held 29 seminars (including hospital and community health education, patient meetings, etc.). Twenty-seven physicians served as keynote speakers for the health education event, giving instructions and suggestions on how to achieve sufficient calcium intake through diet and daily life, and a total of 2,930 people took part.</p> <p>4. Love and Care Drawing Competition Actively cooperate with cancer-related non-profit organizations to raise the awareness of and knowledge about cancer, and healthy living in Taiwan. In 2023, the 11th "Love and Care Children's Drawing Competition" was held. Drawing gives children a better understanding of cancer. In order to complete the project, the students searched for materials on how to maintain their health and how to</p>	

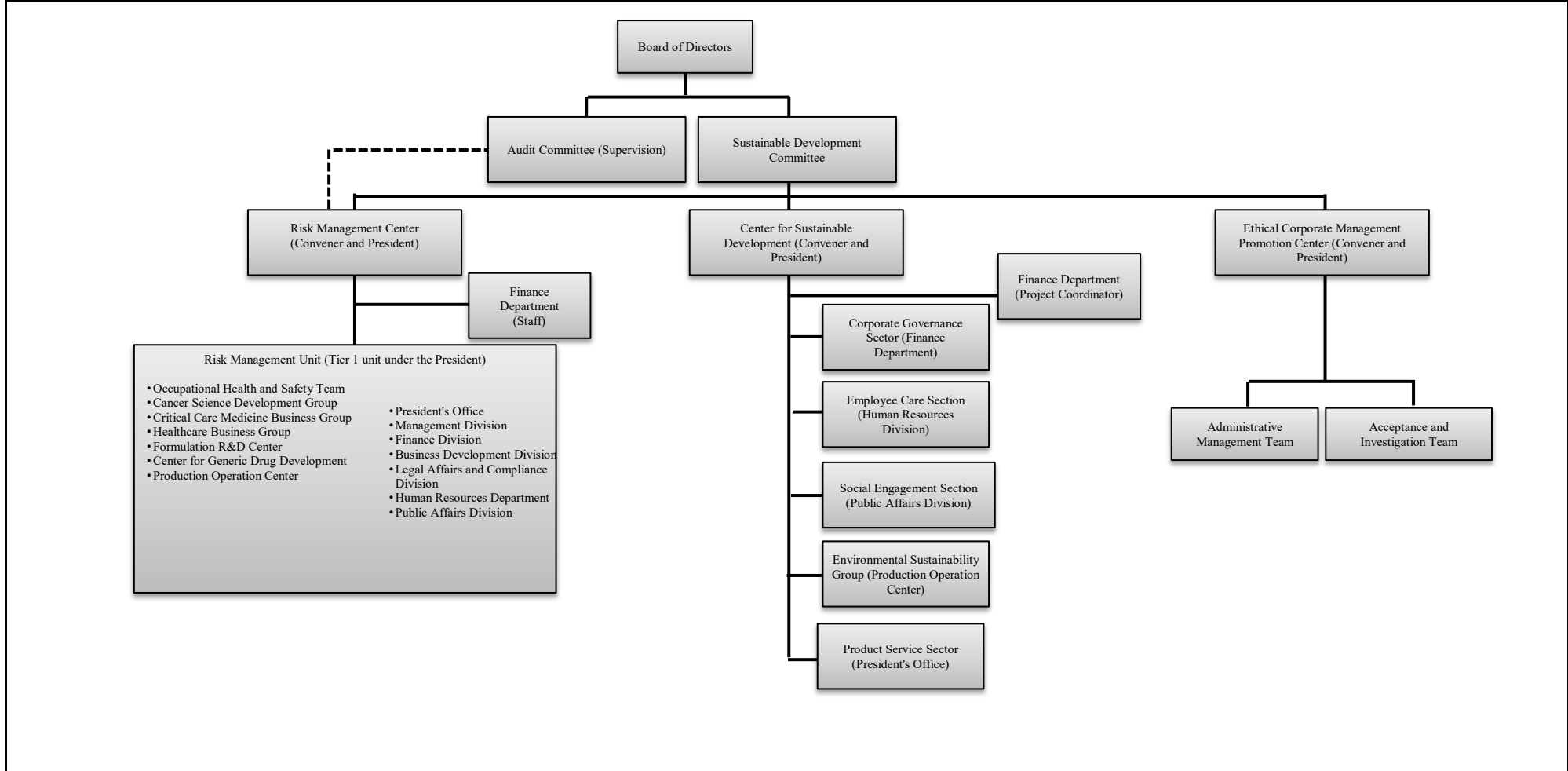
Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>encourage cancer patients and their families. Each work contains strength and encouragement to spread this positive energy to every corner.</p> <p>(IV) "Good Things Raised" Charity Order</p> <p>Since 2019, the Company has been collaborating with the Yi Cheng Social Welfare Foundation to provide assistance to children with mental disabilities and express our care for children with practical actions. In the past, the Company called on volunteers to celebrate the Mid-Autumn Festival with children at the "Caring Development Center" in Tamsui, creating a "home" feeling for many children who have lost parents or lacked care.</p> <p>In recent years, due to the impact of the global COVID-19 pandemic, the Company participated in the group purchase of Mid-Autumn moon cakes and tea-flavored popcorn under the "Good Things Yi Cheng" through charity group purchases, thereby indirectly helping children develop work skills, self-reliance and social integration. The ability to improve employability and job opportunities creates more possibilities for children, and encourage people with mental disabilities.</p> <p>At the beginning of 2023, we learned that the food order of Yi Cheng Social Welfare Foundation was abandoned by other enterprises. To this end, TTY Taiwan launched a caring group purchase event and invited the affiliated company Tung Sheng-Hwa to join in the event and subscribe for a total of 942 packets of food, equivalent to about NTD 98,026 in purchasing amount to avoid wastage of food and cause losses to the Foundation.</p> <p>In order to give back to shareholders for the general shareholders' meeting, the Company supported Yi Cheng Foundation by choosing the "Himalaya Rose Rock Salt" packaged by children as souvenirs. The order was 29,100 units in 2023, with a purchase amount of nearly NTD 2.5 million.</p> <p>(V) Hospice care service for families with cancer survivors</p> <p>To assist the promotion of palliative care in Taiwan and to make active use of our strengths, the Company has launched a hospice care service and cooperated with China Medical University Hospital to develop a daytime hospice care program for terminally ill cancer patients of the China affiliated hospital after returning home. Specialist home nurses will visit the home and perform palliative care to help solve family care-related problems and reduce caregiver stress. In 2023, Hospice Home Patient care services have been provided to 148 patients. In the past three years, a total of 969 patients have been served, and the hospice family has paid the expenses. It is hoped that through services such as relief of patients' symptoms, emotional support, and financial assistance, patients and their families can be free from worries and gain peace of mind, body and soul during their final journey, thereby displaying the kindness of the Company.</p> <p>(VI) "Cultivation of TTY Health" Charity Seasons Suite</p> <p>As an international pharmaceutical brand caring about health, TTY Taiwan not only contributes to global medical care, but also hopes to uphold the health of patients and help</p>	

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			<p>everyone enrich their lives. Therefore, in addition to its corporate social responsibility, TTY Taiwan has launched the "Cultivation of TTY Health" project, which has entered its second year and focuses on a friendly environment, happy living for employees, and expansion of public welfare influence. The natural area of the Company is the starting point of public welfare. The rice harvest is donated to social groups in need, and different public welfare activities were planned in the fourth quarter of 2023 to inspire more enthusiasm of the team through actions and connection, and to deepen the corporate DNA of public welfare culture.</p> <ol style="list-style-type: none"> <li>1. Farming and sketching in early spring In the Daxi rice plantation area near the Chungli factory, the Company supported friendly agriculture through cooperative subscription to small farmers who identify with friendly farming methods. Our collaborating farmer, Mr. Wang Lian-Pao, has cultivated non-toxic rice for more than 30 years and insists on producing classic and healthy rice for Taiwan. This insistence on a friendly environment and health and wellness is exactly the brand spirit that TTY Taiwan continues to pursue and practice. In the early spring of 2023, TTY volunteer team in Taiwan invited students from "Leshan Correctional Institution" and "Truthfulness and Beauty Social Welfare Foundation" to participate in the farming experience activity of "TTY Field". In the field, the students can not only experience the joy of farming, but also learn about food and agriculture, and feel the aroma of rice and soil. For the "Cultivation of TTY Health" project, a total of 4,000 kilograms of TTY rice was subscribed and donated to support sustainable farming methods, reduce environmental pollution, and support a toxin-free healthy lifestyle. This symbolizes that TTY Taiwan has taken concrete actions to support environmental and ecological sustainability.</li> <li>2. Summer Online Art Exhibition Combining Creation with Institutional Collaborations Gift Box TTY Taiwan further invited children from five institutions including "Le Shan Nursing Home", "Truth, Goodness, Beauty Social Welfare Foundation", "Yi Cheng Social Welfare Foundation", "Andrew Charity Association", and "HOPE Cancer Hope Foundation" to participate. They collected their game and pastoral painting works from the day's activities. Additionally, they further cooperated with "Yi Cheng Social Welfare Foundation", selecting several outstanding works from many pieces, and printing them as packaging waistbands and introduction cards for Mid-Autumn Festival gift boxes. These were completed jointly by TTY Taiwan's volunteer partners at the Ciyu Sheltered Workshop in Wugu.</li> <li>3. Autumn charity accompaniment see the needs of Leshan Toxin-free rice not only demonstrates TTY Taiwan's support for a friendly environment, it has also become another force in action by TTY Taiwan's volunteers to "connect the best" and devote themselves to public welfare. In September, we called on TTY volunteers in Taiwan to accompany them to the Leshan Educational and Nursing Home, which is developing art therapy. Considering the needs of students of different disability levels, we have planned activities such as a yoga ball rolling competition and blowing</li> </ol>	

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			<p>bubbles. When they were tired from playing, the students tasted chicken cakes made of rice specially prepared by volunteers, and had a physical fitness class full of energy for the body, mind and soul.</p> <p>4. Winter food and agriculture education theme conveys the concept of health through art The "Winter Sun - Public Welfare Food and Agriculture Exhibition" brought together children and adults from Yi Cheng Social Welfare Foundation, Leshan Educational and Nursing Home, Andrew Charity Association, and Cancer Hope Foundation. They used public welfare farms in Daxi, Taoyuan as the theme, and presented them with paintbrushes and created lively and artistic food and agriculture educational artworks. TTY Taiwan has teamed up with Bayou Picture Book Museum in Taichung to present a physical art exhibition, which combined with the educational picture books of food and agriculture to form an interesting theme that is both educational and entertaining. Through art and literature, it conveys the importance of food and agriculture and the care of nature and gratitude. This event is both an artistic display, and an infusion and demonstration of social value.</p> <p>5. Donation of non-toxic rice to convey health and love In 2023, TTY Taiwan continued to collaborate with the Incubation Social Welfare Foundation, which takes care of the physically and mentally handicapped for a long time, and Andrew Charity Association, which takes special care of the disadvantaged and poor children, divided into we donated 1,000 kilograms of toxin-free TTY rice, and further collaborated with Leshan Sanatorium, which has long been concerned about children's life and development. We donated 500 kilograms of TTY toxin-free rice in the first and second half of the year, providing meals at institutions In addition to donating to social welfare organizations, TTY Taiwan has invested in charity work with the public sector to fulfill its local corporate social responsibility. In 2023, donated 500 packs of non-toxic rice totaling 1,000 kilograms to Taoyuan City Social Affairs Bureau, through the social welfare bureau's physical bank that matches households in need, and makes Taoyuan City a happier city through public and private cooperation.</p>	
VIII. The Company's implementation of sustainable development				
1. Governance framework for the promotion of sustainable development				



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	Yes	No	Summary description	

2. Implementation of sustainable development

(1) Sustainability Promotion Center

The Sustainability Promotion Center is divided into corporate governance, employee care, social engagement, environmental sustainability, and product services based on functions. They are composed of the Finance Department, Human Resources Department, Public Affairs Department, Production Operations Center and President’s Office. Appoint the team leader of each functional team and the team leader selects cross-departmental support team members to execute business together according to their responsibilities.

At the end of each year, the Sustainable Development Promotion Center prepares a work plan for the following year and submits it to the Sustainable Development Committee for approval, and reports to the Sustainable Development Committee in the first quarter of each year on the implementation of the previous year. The Chairman of the Sustainable Development Committee reports to the Board of Directors. In 2023, the Company revised its strategic blueprint for sustainable development and formulated a work plan for 2024, which was reported to the Sustainable Development Committee and the Board of Directors on November 3, 2023; On March 8, 2024, the implementation status of 2023 sustainable development work plan was reported to the Sustainable Development Committee, and the Chairman of the Sustainable Development Committee reported to the Board of Directors. Please refer to the 2023 sustainability report of the Company and the "sustainable development" section of the Company's website for details of the sustainable development operation.

(2) Risk Management Center

The Company's Board of Directors resolved on December 28, 2020 to establish the "Risk Management Policy and Procedures" as the highest management policy for the Company's risk management. The Risk Management Center identifies material risks of the Company through the identification and evaluation mechanism every year, formulates risk management strategies, and executes the supervision and control of major risks in accordance with the strategies.

The President of the Risk Management Center serves as the convener and is responsible for supervising the implementation and coordination of the overall risk management; a unit under the President's control is the risk management unit, which is responsible for various risk management operations within the organization. The Finance Department is the staff unit of the Risk Management Center. It assists the President in coordinating, and coordinates the risk management operations of each unit to ensure that the risks involved are controlled within the tolerable range. The Sustainable Development Committee oversees the operation of the risk management center; the Audit Committee supervises the Company's risk management to ensure the effective implementation of internal controls; the Board of Directors is the highest decision-making and responsible unit for the Company's risk management.

The Risk Management Center reports the operations of risk identification and management to the Sustainable Development Committee, the Audit Committee, and the Board

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of Directors every year. On March 8, 2024, it reported the status of risk management operation in 2023, the risk identification and TCFD in 2024:

• Boundary and scope of risk assessment

The 2024 risk assessment boundary includes all the Company's bases and departments, and the scope is divided into four major aspects:

- ① Strategies: new products or new market developments, market competition, product technology and R&D, policies and regulations
- ② Operations: product safety, occupational safety and health, production efficiency, supply chain, intellectual property, information security, image and goodwill, human resources
- ③ Finance: financial management, credit
- ④ Others: geopolitics, disasters, energy crisis, honesty and ethics

• Outcomes of risk management

Upon identification, important risks are categorized into low, medium, and high levels according to risk assessment criteria, and a risk matrix diagram is generated. Medium-risk items are managed effectively by responsible units based on existing risk measures, while high-risk items are dealt with by responsible units implementing additional risk measures. High-risk items include market competition, product and technology research and development, image and reputation, as well as integrity and ethics, etc. The Company's key risk management strategies and risk management practices are as follows:

Type of risk	Risk items	Management measures
Market competition	The launch of new or modified drugs or the price competition of generic drugs may affect the operation or investment of the	<ul style="list-style-type: none"> <li>• Continue to monitor market development and find new drugs.</li> <li>• To strengthen the maintenance of the relationship with clinical experts and customers, to discuss the opportunity of prescribing a treatment plan that may be combined with a new drug, and to assist physicians in the completion of academic trials to increase the academic data of the prescribing value of the product.</li> <li>• Strengthen communication with customers regarding factory regulations and DMF differences, and provide examples of the Company's support for clinical research to reduce risks.</li> </ul>

Items to be promoted		Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
		Yes	No	Summary description	
	Company or cause the risk of loss				
Product and technology research and development	Product or technology R&D (including product improvement and post-marketing clinical research) that fails in whole or in part due to insurmountable difficulties, resulting in financial losses and corporate development			<ul style="list-style-type: none"> <li>Strengthen the monitoring and evaluation management of project development, and adjust the project direction or resource allocation when necessary.</li> <li>Increase user participation and obtain feedback to ensure that product development meets actual market demand.</li> <li>Make good use of agile development methods to decompose large projects into small iterable parts to quickly adapt to changes, reduce losses due to market changes, and lower the development technology threshold.</li> <li>Seek technical cooperation and authorization to diversify risks and obtain technical support from the other party.</li> </ul>	
Image goodwill	Risks of damage to the Company's image or reputation due to litigation or violation of laws and regulations			<ul style="list-style-type: none"> <li>Improve the efficiency of the internal reporting process, establish a single window for communication about issues, and deliver notifications by a deadline after an incident occurs.</li> <li>Enhance media management and communicate with the media within the deadline for balanced reporting.</li> </ul>	
Honesty and Ethics	Corruption and personal integrity issues			<ul style="list-style-type: none"> <li>Compulsory marketing activities to obtain prior applications, and quarterly review of marketing activities content and expenses.</li> <li>Investigate the relationship between employees and customers and vendors every year to assess the need for conflicts of interest/recusals.</li> </ul>	
• TCFD (Climate-Related Financial Disclosures)					
<b>Governance</b>		<b>Strategy</b>		<b>Risk management</b>	<b>Indicators and Targets</b>

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies	
	Yes	No	Summary description		
<p>The Board of Directors is the highest body to guide and supervise climate change policies and is responsible for decision-making, assessment and monitoring of climate-related issues and matters.</p> <p>The Risk Management Center is the dedicated unit for climate change management.</p> <p>Exercise rights in accordance with the major guidelines of "climate governance" formulated by the Risk Management Center, and report to the Sustainable Development Committee and the Board of Directors every year on the progress of the Company's goals in response to climate change.</p> <p>In addition, to enhance the awareness of climate change among those in charge of governance, the Company</p>			<p>TTY Taiwan is committed to the realization of low-carbon and green production processes and the promotion of a green supply chain, hoping to drive the transformation of environmental awareness in the biotech and pharmaceutical industry and achieve the goal of effective reduction of greenhouse gas emissions.</p>	<p>The Risk Management Center convenes various teams to identify climate change-related risks and opportunities, and establish management plans for major risks/opportunities to track progress and results, and facilitate the achievement of specific environmental goals.</p>	<ul style="list-style-type: none"> <li>● Short-term goals <ul style="list-style-type: none"> <li>○ In 2024, we implemented energy-consuming equipment improvement measures in accordance with the active energy saving and carbon reduction plan formulated in 2023, saving 2% of electricity compared with 2023.</li> <li>○ In 2023, the Company continued to introduce the ISO 14064-1 greenhouse gas verification standard, and passed verification in 2024.</li> <li>○ In 2024, the Company will continue to perform risk management and countermeasures against the risks that may be brought about by climate change, and execute risk identification and assessment in the new year</li> <li>○ .</li> </ul> </li> <li>● Mid-term goals <ul style="list-style-type: none"> <li>○ Increase the target value of carbon emissions reduction year by year.</li> </ul> </li> <li>● Long-term goals <ul style="list-style-type: none"> <li>○ Taking 2022 as the base year, reduce carbon emissions by more than 8% in 2030.</li> </ul> </li> </ul>

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
organizes education and training on responding to climate change.				
<p>Please refer to Table "IX. Explanation of the Company's Environmental Sustainability Issues/1." for detailed climate change-related disclosures. Disclosure in response to climate change", the 2023 Sustainability Report and the "sustainable development" section of the Company's website.</p> <p>(3) Ethical Corporate Management Promotion Center</p> <p>The Ethical Corporate Management Promotion Center is divided into an administrative management team and a whistleblowing and investigation team. Under the Finance Department's responsibility, the Administrative Management Division is primarily tasked with formulating and amending "Integrity Management Procedures and Code of Conduct" and other related regulations and systems for integrity management, conducting integrity management education and training for the Company, planning whistleblower systems, handling operations related to employees receiving improper benefits, and gathering activities related to integrity management operations. They report annually to the Sustainable Development Committee and the Board of Directors on the results of integrity management operations.</p> <p>The supervisor of the Legal Affairs and Compliance Division is responsible for receiving the whistleblowing mailbox, and reporting the e-mail received by the Sustainable Development Committee on a quarterly basis. When a whistleblowing incident occurs, the acceptance and investigation team will be activated immediately. Depending on the status of the reported person, the person in charge of the investigation team will appoint members to form an investigation team to investigate the case.</p> <p>The Audit Office checks the receipt of letters to the whistleblower box on a quarterly basis and the operation of ethical corporate management on an annual basis. The Ethical Corporate Management Promotion Center reports to the Sustainable Development Committee and the Board of Directors on the operation of ethical corporate management every year. On March 8, 2024, it reported the operation of ethical corporate management for 2023:</p> <p>a. Whistleblowing emails received</p> <p>A total of 362 emails were received, including 1 anonymous whistleblowing letter. The internal investigation of the whistleblowing case was completed and submitted the Sustainable Development Committee Report on March 8, 2024.</p> <p>b. Education and training</p> <ul style="list-style-type: none"> <li>- Corporate Integrity Management Seminar: A total of 20 colleagues participated in the seminar, which included both on-site and online live broadcasts. The total training hours amounted to 20 hours. Additionally, an online promotional course on corporate integrity management was held, with all employees completing the online learning and assessment with a 100% participation rate.</li> </ul>				

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies								
	Yes	No	Summary description									
			<ul style="list-style-type: none"> <li>- Organized two online courses on insider trading prevention; 100% of employees completed the online learning and exam.</li> <li>- Anti-corruption online education and training: 100% of employees completed the online learning and test.</li> </ul> <p>c. Handling of Reporting Incidents</p> <p>An internal investigation was completed into an anonymous whistleblower letter, and the relevant operating procedures were improved.</p> <p>3. Supervision of sustainable development by the Board of Directors</p> <p>The Board of Directors is the highest guiding unit for the Company's sustainable development. The board listens to reports on the operations of the Sustainable Development Committee from its chairperson at least once every quarter. The Sustainable Development Promotion Center drafts an annual work plan at the end of each year to submit to the Sustainable Development Committee for approval. Additionally, in the first quarter of each year, the center reports to the committee on the review of the previous year's implementation, followed by a report to the Board of Directors by the chairperson of the Sustainable Development Committee. The board evaluates and reviews the progress of implementation and urges adjustments when necessary.</p> <p>In 2023, the Sustainable Development Committee held a total of four meetings. The meeting topics included the handling of whistleblowing incidents, setting the GHG inventory and verification schedule, amending the corporate sustainable development strategy and goals, formulating 2024 sustainable development goals, and revision of risk management policies, procedures, and reports on the receipt of emails by the whistleblowing mailbox. The Board of Directors approves the proposals put forward by the Sustainable Development Committee, inquires about the reported incidents in detail, and gives guidance.</p> <p>Please refer to the 2023 sustainability report and the "sustainable development" section of the Company's website for details of the sustainable development operation.</p>									
<p>IX. Explanation of the Company's environmental sustainability issues</p> <p>The boundary and scope of the Company's environmental data are mainly based on the Company's two major manufacturing bases, Chungli factory and Liudu factory, while some of the disclosures cover the R&amp;D center for preparations and are presented in an internationally accepted indicator calculation method.</p> <p>1. Disclosures related to climate change</p> <p>(1) Identification of Risks Related to Climate Change and Countermeasures</p> <table border="1"> <thead> <tr> <th colspan="2">Risk category</th> <th>Risk impact</th> <th>Responsive measures and potential financial impact</th> </tr> </thead> <tbody> <tr> <td>Tran</td> <td>Policies and laws</td> <td>As the regulations on greenhouse gas emissions are becoming stricter, if caps on greenhouse</td> <td>In order to improve energy efficiency, the Company will continue to implement energy-saving plans and add energy-saving facilities. In addition, we continue to improve the production process to reduce</td> </tr> </tbody> </table>					Risk category		Risk impact	Responsive measures and potential financial impact	Tran	Policies and laws	As the regulations on greenhouse gas emissions are becoming stricter, if caps on greenhouse	In order to improve energy efficiency, the Company will continue to implement energy-saving plans and add energy-saving facilities. In addition, we continue to improve the production process to reduce
Risk category		Risk impact	Responsive measures and potential financial impact									
Tran	Policies and laws	As the regulations on greenhouse gas emissions are becoming stricter, if caps on greenhouse	In order to improve energy efficiency, the Company will continue to implement energy-saving plans and add energy-saving facilities. In addition, we continue to improve the production process to reduce									

Items to be promoted		Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
		Yes	No	Summary description	
sf or m ati on ris ks		gas emissions are initiated in the future, the additional carbon price will increase the Company's operating costs.		environmental impact through source reduction and enhancement of terminal prevention equipment. According to statistics from Taipower, if Taiwan uses renewable energy to replace nuclear power and gas to replace coal in the future, the power generation cost per kilowatt hour in 2025 will increase by 45.45%, calculated based on the average electricity price in 2018 of NTD 2.6/kWh, the power generation cost per kilowatt hour in 2025 will increase by NTD 1.182. Based on the power purchased by the Company at 15 million KWH in the past two years, it is estimated that the electricity bill will increase by NTD 17.73 million each year in the future.	
	Technical risk	The economic system gradually shifts to support low-carbon, high-performance technological improvement and innovation, which will affect the Company's competitiveness, and may increase the cost of procurement, production and distribution according to the schedule and depth of customer requirements.		The Company comprehensively assesses the impact of climate change policies on the enterprise, and plans short and medium-term operations. Currently, the energy-saving measures in factories are improving air-conditioning equipment and cooling tower fans and motors, replacing cooling tower water quality, improving air-conditioning system performance, and reducing power consumption to reduce the carbon emissions of the entire product process, and gradually promote green transformation. 1. The estimated expenditure on replacement of old assets and equipment in 2024 is NTD 12.79 million. 2. The estimated expenditure for energy-saving measures such as improving air conditioning equipment, cooling tower fans and motors, cooling tower water quality control, and replacing T8 traditional lighting with LED lighting is NTD 8.98 million.	
	Market risk	Due to climate change risks and carbon emissions control requirements, new business models and adaptation needs are gradually emerging in the market, requiring enterprises to build carbon asset management capabilities. In order to avoid the risk of supply chain disruption due to unstable raw materials, TTY Taiwan has increased its inventory cost.		In order to enhance the ability to bear the risks of climate change, the Company has established relevant environmental protection mechanisms and carbon emission control measures to create new revenue opportunities and market expansion for the organization. At the same time, if the safety stock level is increased, it will increase the Company's inventory cost. Based on the Company's 2023 inventory of about NTD 1,062 million, each 1% increase in inventory will increase the inventory cost by NTD 10.62 million.	



Items to be promoted			Status of implementation		Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
			Yes	No	
	Reputational risk	Climate change may affect customers or the community, which is closely related to the image of the Company's commitment to low-carbon transformation. High carbon emissions or pollution may disqualify the Company from tendering, orders may be lost, revenues may drop, or the perception towards the Company from customers and the public may be affected.			In order to develop quality products or services that are more environmentally friendly, the Company continues to improve the utilization rate of wastewater and waste recycling internally, and organizes environmental sustainability promotion activities to build a green corporate culture from the inside out. In addition, the Company is also evaluating and investing in the development of green energy and low-carbon logistics to reduce the carbon footprint of its own products and organizations, in order to meet market demand and enhance industrial competitiveness.
Risk category		Risk impact	Responsive measures and potential financial impact		
P h y s i c a l r i s k	Immediate risk	Climate change may result in extreme climate events such as typhoons, floods, and droughts, resulting in immediate financial impacts such as damage to the Company's assets or interruption of supply chains.	Strengthen water resource management and ensure the safety of plants and equipment for uninterrupted operations. The Company has completed the establishment of a supplier list for coping with drought disasters, but it incurs higher costs. It is calculated based on 116,987 kWh for 2023. If additional water needs to be purchased from suppliers due to water shortages, the daily additional water purchase cost for Liudu factory is approximately NTD 160,000 (eight trips of 25-ton water trucks), and for the Chungli factory, it is approximately NTD 80,000 per day (four trips of 25-ton water trucks). In addition, typhoons and floods have prevented normal transportation of raw materials and shipment of finished products, which will affect operating revenues. To prevent this, it has been assessed that the rent of off-site warehouses will increase the rental cost by about NTD 20 million.		
	Long-term risk	The global average temperature continues to rise, and water, electricity, fuel and other energy and resources are gradually becoming scarce, which may cause interruption of plant operations, increase operating costs, or lead to liquidated damages due to delivery delays.	Evaluate regional energy and resource usage, and arrange off-peak production according to the actual situation. Production operations are conducted during non-peak electricity consumption times in the region, and business continuity plans are drawn up. In addition to actively developing new suppliers, emergency generators have also been installed. In addition, a roster of water suppliers has been established to ensure a stable source of raw materials and energy resources and to improve the Company's disaster response and adaptation capabilities.		

Items to be promoted	Status of implementation		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		

(2) Opportunities related to climate change and countermeasures

Type of opportunity	Description of opportunity	Responsive measures and potential financial impact
Resource utilization efficiency	Improving the use efficiency of energy resources not only reduces the Company's medium and long-term operating costs, but also achieves the goal of carbon reduction.	Assess the installation or replacement of equipment with low energy consumption, set various reduction targets for electricity and water consumption, and improve the efficiency of resource use. It is estimated that operating costs can be reduced by approximately NTD 960,000 per year. The estimated expenditure on replacement of old assets and equipment in 2023 is NTD 8.98 million, which is expected to reduce the operating cost by about NTD 960,000 per year; the estimated expenditure on replacement of old assets and equipment in 2024 is NTD 12.79 million, which is expected to reduce the operating cost by about NTD 1.41 million per year .
Resilience	Enhance the ability to adapt to climate change, manage the risks related to climate change, and grasp the opportunities.	The Risk Management Center convenes various teams to identify the risks and opportunities related to climate change, and formulate the climate change risk management strategy. The Finance Department plans to establish major guidelines of the Company's "climate governance" to track the progress and results, and strengthen the Company's risk response capability.

For the detailed disclosure of climate change, please refer to the 2023 sustainability report of the Company and the "sustainable development" section of the Company's website.

2. Environmental Sustainability Management Policy

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

(1) Greenhouse gas

➤ Recent statistics

▼Energy Consumption (Unit: MJ)

Factory	Type of energy source	2018	2019	2020	2021	2022	2023
Liudu Factory	Natural gas	9,587,246	10,323,547	11,411,672	10,920,001	13,090,459	15,311,685
	Purchased electricity	28,142,064	28,156,536	31,368,240	29,877,120	32,302,800	36,964,800
Chungli Factory	Natural gas	5,611,316	7,094,433	5,574,111	5,548,225	5,980,756	6,003,695
	Purchased electricity	19,088,640	20,711,880	20,604,600	20,145,600	19,590,480	19,859,400
Total		62,429,266	66,286,396	68,958,623	66,490,946	70,964,495	78,139,580

Note:

- In January 2018, the installation of natural gas boilers was completed, which replaced the consumption of low-sulfur heavy oil and effectively reduced carbon dioxide emissions.
- Calculation formula for energy consumption from natural gas boiler combustion: 1 m<sup>3</sup> of natural gas = 8000 kcal = 33,488,000 Joule
- Calculation formula for purchased electricity: 1 kWh of purchased electricity = 3,600,000 Joule

▼Energy intensity

Item \ Year	2019	2020	2021	2022	2023
Energy Consumption (MJ)	66,286,396	68,958,623	66,490,946	70,964,495	78,139,580

Items to be promoted	Status of implementation					Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description			

<b>Consolidated operating revenue (expressed in NTD thousands)</b>	4,466,308	4,221,836	4,535,610	5,061,606	5,505,542
<b>Energy intensity (MJ/ Revenue NTD thousands)</b>	14.8	16.3	14.7	14.0	14.2

Note: The scope of energy consumption statistics covers Liudu factory and Chungli factory.

▼ Greenhouse gas emissions (unit: tonCO<sub>2</sub>e)

Factory	Type of energy source	2019	2020	2021	2022	2023
Liudu Factory	Scope 1	579	640	613	1,119	1,237
	Scope 2	4,169	4,827	4,166	4,567	5,083
Chungli Factory	Scope 1	398	313	312	387	433
	Scope 2	3,067	2,913	2,809	2,763	2,731
Total		8,213	8,693	7,900	8,836	9,484

Note:

- The greenhouse gas emission types of the Company's Liudong factory and Chungli factory include Scope 1 and Scope 2, but not Scope 3.
- The installation of natural gas boilers was completed in 2018 to replace the consumption of low-sulfur heavy oil. Therefore, natural gas boilers are the main emission sources of Scope 1. The greenhouse gases produced by burning natural gas include CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O, which have been included in the calculation.
- Scope 2 emissions are mainly from purchased electricity. According to the carbon emission coefficients for electricity published by the Energy Bureau, the coefficients are as follows: 0.554 kgCO<sub>2</sub>e/kWh in 2017, 0.533 kgCO<sub>2</sub>e/kWh in 2018, 0.509 kgCO<sub>2</sub>e/kWh in 2019, 0.502 kgCO<sub>2</sub>e/kWh in 2020, and 0.509 kgCO<sub>2</sub>e/kWh in 2021. For 2022 and 2023, as the carbon emission coefficients for electricity were not publicly available during the verification process, the coefficients from the previous year were used: 0.509 kgCO<sub>2</sub>e/kWh for 2022 (based on 2021 data) and 0.495 kgCO<sub>2</sub>e/kWh for 2023 (based on 2022 data).
- Before 2021, the Company conducted its own statistics based on the annual emissions coefficient data; since 2022, the ISO14064-1 greenhouse gas inventory has been introduced, and passed inspection in May 2023; the ISO14064-1 greenhouse gas inventory was introduced in 2023 and is expected to pass inspection in May 2024.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

▼ Greenhouse gas emissions intensity

Item \ Year	2019	2020	2021	2022	2023
<b>Greenhouse gas emissions (tonCO<sub>2</sub>e)</b>	8,213	8,693	7,900	8,836	9,484
<b>Consolidated operating revenue (NTD million)</b>	4,466	4,222	4,535	5,062	5,506
<b>Greenhouse gas emissions intensity (tonCO<sub>2</sub>e / revenue in NTD million)</b>	1.84	2.06	1.74	1.74	1.72

Note:

- The statistical scope of greenhouse gas emissions includes the emissions data of Scope 1 and Scope 2 at the Liudu factory and Chungli factory.
- Before 2021, the Company conducted its own statistics based on the annual emissions coefficient data; since 2022, the ISO14064-1 greenhouse gas inventory has been introduced, and passed inspection in May 2023; the ISO14064-1 greenhouse gas inventory was introduced in 2023 and is expected to pass inspection in May 2024.

➤ Management policy

As a leading domestic biopharmaceutical manufacturer, the Company is committed to achieving "sustainable development" and "responsible resource use". In 2023, the Company continued to implement the ISO 14064-1 greenhouse gas inventory standard and aims to pass verification by May 2024. Additionally, the Company plans to revise its proactive energy-saving and carbon reduction plans based on the ISO 14064-1 greenhouse gas inventory results by September 30, 2024. It also intends to set a specific energy-saving target of "2% energy savings in 2024 compared to 2023". In the future, the Company will continue to evaluate the procurement or addition of green and energy-saving facilities, establish a green supplier management system, and join climate advocacy organizations or alliances. The Company aims to take practical actions such as energy conservation, carbon reduction, and seeking alternative energy sources, to implement energy management and corporate environmental protection policies.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

▼ 2023 Power-saving measures and performance

Location Item	Liudu Factory	Chungli Factory
Power-saving plan	<ul style="list-style-type: none"> <li>➤ Implemented a total of six power-saving measures for the Liudu factory</li> <li>➤ Estimated effectiveness of power-saving measures in 2023               <ul style="list-style-type: none"> <li>● 212,974.72 kWh of electricity saved during the year</li> <li>● Reduce energy consumption by 766,708.99 MJ</li> <li>● Reduce greenhouse gas emission by 105.42 tonCO<sub>2</sub>e</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Chungli factory implemented five energy-saving measures</li> <li>➤ Estimated effectiveness of power-saving measures in 2023               <ul style="list-style-type: none"> <li>● 126,514.14 kWh of electricity saved during the year</li> <li>● Reduction of energy consumption by 455,450.90 MJ</li> <li>● Reduce greenhouse gas emission by 62.63 tonCO<sub>2</sub>e</li> </ul> </li> </ul>
Power-saving measures	<ol style="list-style-type: none"> <li>1. Replacement of AC/DC DC cooling tower fan and motor Electricity saved: 7,446 kWh/year</li> <li>2. Replacement of T8 traditional lighting with LED energy-saving lighting Electricity saved: 6,066.67 kWh/year</li> <li>3. Replacement of air-cooled box-type air conditioners with frequency conversion separated heating and cooling Electricity saved: 12,351.75 KWH/year</li> <li>4. Replacement of dust collectors and pipelines at the oral intake plant Electricity saved: 29,334.3 Kwh/year</li> <li>5. C301 raw material warehouse replacement for Hitachi water-cooled box-type air conditioner Electricity saved: 95,564.92 kWh/year</li> <li>6. Change of temperature parameters of C302 raw material storage area</li> </ol>	<ol style="list-style-type: none"> <li>1. Replacement of LED lighting in C1 clean zone T8 Electricity saved: 9,152 kWh/year</li> <li>2. Water quality control of 350T cooling water tower in B factory Electricity saved: 54,098.41 kwh/year</li> <li>3. Replacement of 120T water chiller in B factory Electricity saved: 35,491.14 KWH/year</li> <li>4. Water quality control of 150T cooling water tower in C2 factory Electricity saved: 23,894.43 kWh/year</li> <li>5. Replace T5 lamps on the 3rd and 2nd floors of Building B with LED lamps Electricity saved: 3,878.16 kWh/year</li> </ol>

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

	Electricity saved: 62,211.08 kWh/year	
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Note:

- Calculation formula: 1 kWh of externally purchased electricity = 3,600,000 Joule
- The 2023 electricity carbon emissions factor has not yet been published, so the calculation is based on the 2022 electricity carbon emissions factor of 0.595 kgCO<sub>2</sub>e/kWh announced by the Bureau of Energy in 2023.
- Annual power conservation rate = (efficiency of power-saving measures) / (efficiency of power-saving measures + annual power consumption number)

▼ 2024 power-saving measures plan

Location Item	Liudu Factory	Chungli Factory
Power-saving plan	<ul style="list-style-type: none"> <li>➤ Six power-saving measures planned for the Liudu factory</li> <li>➤ Estimated effectiveness of power-saving measures in 2024               <ul style="list-style-type: none"> <li>● 231,969.44 kWh of electricity saved during the year</li> <li>● Reduce energy consumption by 835,089.98 MJ</li> <li>● Reduced greenhouse gas emissions by 114.83 tonCO<sub>2</sub>e</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ 7 energy-saving measures planned for Chungli factory</li> <li>➤ Estimated effectiveness of power-saving measures in 2024               <ul style="list-style-type: none"> <li>● 223,871.23 kWh of electricity saved during the year</li> <li>● Reduction of energy consumption by 805,936.43 MJ</li> <li>● Reduced greenhouse gas emissions by 110.82 tonCO<sub>2</sub>e</li> </ul> </li> </ul>
Power-saving measures	<ol style="list-style-type: none"> <li>1. Replacement of air-cooled box-type air conditioners with frequency conversion separated heating and cooling Estimated power saving: 4,117.25 kwh/year</li> <li>2. Replacement of dust collectors and pipelines at the oral intake plant Estimated power saving: 9,778.10 kWh/year</li> <li>3. Change of temperature parameters of C302 raw material storage area Estimated power saving: 9,331.65 kwh/year</li> <li>4. C301 raw material warehouse replacement for Hitachi water-cooled box-type air conditioner</li> </ol>	<ol style="list-style-type: none"> <li>1. Replacement of old air-conditioning chiller at B factory               <ul style="list-style-type: none"> <li>● Estimated power savings of 541,000 KWH/year</li> <li>● Estimated reduction of energy consumption by 1,947,600 MJ</li> <li>● Estimated emission reduction of 275.4 tonCO<sub>2</sub>e</li> </ul> </li> <li>2. Water quality control of 250T cooling water tower in C factory               <ul style="list-style-type: none"> <li>● Estimated power savings of 26,067 kWh/year<sup>2</sup></li> <li>● Estimated reduction of energy consumption by 93,841.2 MJ</li> <li>● Estimated emissions reduction of 13.29 tonCO<sub>2</sub>e</li> </ul> </li> <li>3. The lamps on the 3rd and 2nd floors of Building B were changed to</li> </ol>

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

		<p>Estimated power saving: 19,112.98 kWh/year</p> <p>5. Optimization of injection manufacturing process to reduce the drying time of freeze-drying system Estimated power saving: 132,470.80 kWh/year</p> <p>6. Replacing 30HP air compressor with 50HP dual-stage variable frequency air compressor Estimated power saving: 57,158.66 kwh/year</p>		<p>LED lamps</p> <ul style="list-style-type: none"> <li>● Estimated power savings of 5,171 kWh/year</li> <li>● Estimated reduction of energy consumption by 18,615.6 MJ</li> <li>● Estimated emission reduction of 2.63 tonCO<sub>2</sub>e</li> </ul> <p>4. Replacing the old 120T water chiller with the 150T water chiller, replacing the old 150T ice water host as the main operating host and using the old one as the backup host. Estimated power saving: 195,201.27 kWh/year</p> <p>5. Change T5 light tubes to LED light tubes on the 3F and 2F of Building B Estimated power saving: 1,292.72 kwh/year</p> <p>6. Water quality control of 150T cooling water tower in C2 factory Estimated power saving: 2,172.22 kwh/year</p> <p>7. Change the T8 lamps in the general area of the factory to LED Estimated power saving: 5,796.27 kwh/year</p> <p>8. Water quality control for the plant's 100T cooling water tower Estimated power saving: 19,408.75 kwh/year</p>
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Note:

a. Calculation formula: 1 kWh of externally purchased electricity = 3,600,000 Joule

b. As the 2023 electricity carbon emissions factor data has not yet been released, the calculation is based on the 2022 electricity carbon emissions factor of 0.495 kg CO<sub>2</sub>e/kWh announced by the Bureau of Energy in 2023.

(2) Water resources

➤ Statistics for the past five years



Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

▼ Results of monitoring on water discharge and quality

Manufacturing locations	Water quality	Unit	Local management standard	2019	2020	2021	2022	2023
Liudu Factory	Emission amount	Million liters		68.292	76.961	91.323	79.936	101.391
	COD	mg/L	600	73.42	22.68	72.94	26.28	40.24
	SS	mg/L	600	16.80	6.31	3.15	6.10	7.58
Chungli Factory	Emission amount	Million liters		37.739	23.811	20.086	19.626	19.830
	COD	mg/L	480	77.36	66.58	13.5	24.24	56.47
	SS	mg/L	320	3.53	4.53	3.55	7.40	12.38
Formulation R&D Center	Emission amount	Million liters	N/A	1.905	1.943	1.798	1.833	1.527
<b>Total wastewater discharge</b>		<b>Million liters</b>		<b>107.936</b>	<b>102.715</b>	<b>113.207</b>	<b>101.395</b>	<b>122.748</b>
<b>Consolidated operating revenue</b>		<b>NTD thousands</b>		<b>4,466,308</b>	<b>4,221,836</b>	<b>4,535,610</b>	<b>5,061,606</b>	<b>5,505,542</b>
<b>Density of wastewater discharge</b>		<b>Million liters/ Revenue NTD thousands</b>		<b>0.0000242</b>	<b>0.0000243</b>	<b>0.0000246</b>	<b>0.0000200</b>	<b>0.0000223</b>

➤ Management policy

According to data from the World Resources Institute's "Aqueduct Water Risk Atlas", water resource risks across Taiwan are classified as Low to Medium (1-2) levels,

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

indicating that Taiwan is not under significant water resource stress. TTY Taiwan’s main operational sites, including the Liudu factory, Zhongli factory, Neihu factory, and the Formulation Research and Development Center, source 100% of their water from local tap water plants. These sites do not use groundwater or impact water sources in any way. The water discharged also does not contain high concentrations of chemicals. Low-concentration wastewater undergoes primary treatment within the plants before being discharged to local industrial wastewater treatment facilities for final treatment, ensuring compliance with national discharge standards before entering receiving bodies of water.

In 2023, TTY Taiwan’s factories in Liudu, Chungli, and Formulation Research and Development Center consumed approximately 153.435 million liters of water and discharged 122.748 million liters of wastewater, an increase of 21.353 million liters from the previous year. In 2023, the Company's wastewater discharge had no unplanned discharge such as leakage and overflow. All wastewater discharge complies with the "Water Pollution Control Act", the local government autonomy law, and the water quality standards of the industrial zone wastewater treatment plants. The chemical oxygen demand (COD) and suspended solids (SS) of wastewater discharged from the two major manufacturing sites, Liudu factory and Chungli factory, were both well below the local regulatory standards and did not pose any impact to water bodies or biodiversity. In the future, the Company will continue to strengthen its overall water conservation strategy and formulate a systematic water resource management plan, including creating a circulation system to recycle and reuse water, improve cooling procedures, and improve heat recovery rate to reduce water demand. In addition, we have also strengthened the promotion of the concept of water conservation among employees and management to fully implement water conservation actions.

▼ Comparison of COD and SS in discharged water with local regulatory standards

Liudu Factory		Chungli Factory	
COD	SS	COD	SS
The COD content of the actual discharged wastewater in 2023 was 40.24 mg/L, which was 24.92 times lower than the local regulatory standard of 600 mg/L.	The SS content of the actual discharged wastewater in 2023 was 7.58mg/L, which was 79.16 times lower than the local regulatory standard of 600 mg/L.	The COD content of actual wastewater discharged in 2023 was 56.47 mg/L, which was 8.50 times lower than the local regulatory standard of 480 mg/L.	The SS content of actual wastewater discharged in 2023 was 12.38 mg/L, which was 25.85 times lower than the local regulatory standard of 320 mg/L.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	

(3) Waste

➤ Statistics for the past five years

▼ Waste classified by composition (unit: tonnes)

Item \ Year	2019	2020	2021	2022	2023
<b>Hazardous industrial waste</b>	15.83	25.18	25.59	28.55	28.43
<b>Non-hazardous industrial waste</b>	10.13	13.95	19.43	21.18	14.84
<b>Total amount of waste</b>	25.96	39.13	45.02	49.73	43.27

▼ Waste directly disposed of by disposal operation (unit: metric tons)

Disposal operations \ Year		2019	2020	2021	2022	2023
Hazardous waste	Incineration (including energy recycle)	—	—	—	14.82	19.83
	Incineration (excluding energy recycle)	13.75	22.09	22.23	13.73	8.59
	Buried	—	—	—	—	—
	Other disposal operations (physical treatment)	2.08	3.09	3.36	—	—
	<b>Total amount</b>	<b>15.83</b>	<b>25.18</b>	<b>25.59</b>	<b>28.55</b>	<b>28.43</b>
Non-hazardous waste	Incineration (including energy recycle)	—	—	—	—	—
	Incineration (excluding energy recycle)	1.01	No clearance	4.27	5.53	2.20

Items to be promoted		Status of implementation					Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
		Yes	No	Summary description			
hazardous waste	Buried	—	—	—	—	—	
	Other disposal operations (physical treatment)	9.12	13.95	15.16	15.65	12.64	
	<b>Total amount</b>	<b>10.13</b>	<b>13.95</b>	<b>19.43</b>	<b>21.18</b>	<b>14.84</b>	

➤ Management policy

To achieve the sustainable governance goal of creating a friendly environment, our company complies with Article 28 Paragraph 2 of the “Waste Disposal Act” by appointing professional technical personnel and actively cultivating relevant dedicated personnel. In 2023, there were a total of four waste disposal professional technical personnel responsible for handling waste (two in Liudu factory, one in Chungli factory, and one in Neihu factory). We submitted waste disposal plans in accordance with the law, and operations are commenced only after approval from the competent authorities of municipalities, counties (cities), or agencies entrusted by central authorities. We also sign contracts with qualified waste collection and disposal agencies to properly dispose of and manage industrial waste and household garbage in compliance with legal requirements.

Furthermore, the management regulations for the collection and tracking of waste comply with Article 14 Paragraph 2 of the "Regulations for Private Clearing and Disposal", stipulating that waste contractors' collection equipment must be reported and approved. Vehicles transporting waste from the Company's operations must be equipped with GPS global positioning systems, and the rate of trajectory data return from the installed devices must reach 90%, allowing supervisory authorities and the Company to monitor them in real time.

In order to accurately grasp the flow of waste in the plants and strengthen the inspection of suppliers, in addition to weekly delivery coupons and tracking the GPS abnormalities of the transportation vehicles, the Company also tracks the processing status of the suppliers on a monthly basis. There is also an annual on-site inspection mechanism to ensure that the output and distribution of the treated waste are also monitored from time to time, and a follow-up audit is conducted from time to time to ensure that the waste removal and disposal companies are complying with the laws and regulations. In 2023, the Company generated a total of 43.27 metric tons of waste, all of which was handled off-site by qualified transport vendors. The weekly and monthly audits at Chungli and Liudu factories reached 100%, and no violations of the "Waste Cleanup Act” and related laws and regulations were found, nor was there any impact on the local environment of the plant site.

Items to be promoted	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
▼Review of clearance companies in 2023				
Location	Weekly contract fulfillment rate	Monthly contract fulfillment rate	Number of on-site audits	Number of irregular follow-up audits
Chungli Factory	100%	100%	0	1
Liudu Factory	100%	100%	4	4
Neihu Factory	100%	100%	1	0

(VII) Status of ethical corporate management practices and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Items	Operation status (Note 1)			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Formulation of the ethical corporate management policy and proposal (I) Has the Company established an ethical corporate management policy approved by the Board of Directors and stated in its Articles of Incorporation or external	✓		(I) To establish a corporate culture of integrity and promote healthy development and aim to create a framework for good business operations, the Company passed resolutions at the board meetings on December 29, 2016,	No difference

Evaluation Items	Operation status (Note 1)			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>correspondence about the ethical management policies and practices, as well as the commitment of the Board of Directors and senior management to actively implement the operating policies?</p>	✓		<p>and March 29, 2018, to formulate the "Code of Conduct for Integrity Management" and the "Integrity Management Procedures and Code of Conduct". These documents specify guidelines that employees should follow when conducting business activities, outline preventive measures against dishonest behavior, and strictly prohibit directors, managers, and employees from engaging in bribery, corruption and illegal activities. Rigorous management mechanisms and effective control are used to minimize the risk of breach of integrity.</p>	No difference
<p>(II) Has the Company established a mechanism for assessing the risk of dishonest behavior, regularly analyzing and evaluating business activities with a higher risk of dishonest behavior within its scope of operations, and using this information to develop preventive measures against dishonest behavior? Does this mechanism include measures to prevent behaviors specified in Article 7 Paragraph 2 of the "Code of Conduct for Listed and OTC Companies"?</p>	✓		<p>(II) To prevent dishonest behavior in business activities, our Company's integrity code clearly prohibits dishonest behavior and conflicts of interest. We have established the "Integrity Management Procedures and Code of Conduct", which includes preventive measures against the behaviors specified in Article 7 Paragraph 2 of the "Code of Conduct for Listed and OTC Companies", providing specific guidelines and preventive measures for dishonest behavior. It specifies the matters that the Company's personnel should pay attention to when conducting business, specifies the punishment and complaint system for violations, and the preventive</p>	No difference

Evaluation Items	Operation status (Note 1)			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Has the Company established a program to prevent unethical conduct, including operational procedures, guidelines, penalties for violations, and a complaint system, and implemented the program, and regularly reviews and amends the aforementioned programs?			<p>measures for various unethical behaviors. It is strictly prohibited for directors, managers and employees to engage in any unethical behavior, acceptance of bribes or illegal acts. Any activities in violation of the regulations will result in punishment, suspension or termination according to the actual situation. The Company also conducts risk assessments and formulates necessary preventive measures when each department performs its own internal control system self-assessment. In addition, the Company's senior management (President and Vice President) have signed the "Ethical Behavior Statement" to declare that they abide by the Company's ethical management policy.</p> <p>(III) The Company's "Procedures for Ethical Management and Guidelines for Conduct" clearly stipulate the preventive measures for each type of unethical conduct. Managers and employees are strictly prohibited from engaging in any unethical behavior, accepting bribes or illegal activities. Any activities in violation of the regulations will result in punishment, suspension or termination according to the actual situation.</p>	
<p>II. Fulfilling Ethical Corporate Management</p> <p>(I) Has the Company assessed the ethical records of its trading</p>	✓		(I) The Company's "Procedures for Ethical Management	No difference

Evaluation Items	Operation status (Note 1)			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>counterparts, and specified the ethical conduct clauses in the contracts signed with its trading counterparties?</p> <p>(II) Has the Company set up a dedicated unit under the Board of Directors to promote corporate ethical management, and does it report the implementation of the ethical management policies and prevention programs against unethical behaviors to the Board of Directors on a regular basis (at least once a year)?</p>	✓		<p>and Guidelines for Conduct" clearly stipulate that when entering into a contract with a third party, the Company shall fully understand the status of the other party's ethical management and stipulate relevant regulations to prevent unethical conduct in distribution, supply and entrusted service transaction contracts.</p> <p>(II) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and established the Administrative Management Team and the Whistleblowing and Investigation Team. Under the Finance Department's responsibility, the Administrative Management Division is primarily tasked with formulating and amending "Integrity Management Procedures and Code of Conduct" and other related regulations and systems for integrity management, conducting integrity management education and training for the Company, planning whistleblower systems, handling operations related to employees receiving improper benefits, and gathering activities related to integrity management operations. They report annually to the Sustainable Development Committee and the Board of Directors on the results of integrity management operations.</p>	No difference



Evaluation Items	Operation status (Note 1)			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Has the Company established policies to prevent conflicts of interest, does it provide appropriate channels of communication, and implement such policies?	✓		<p>The supervisor of the Legal Affairs and Compliance Division is responsible for receiving the whistleblowing mailbox, and reporting the e-mail received by the Sustainable Development Committee on a quarterly basis. When a whistleblowing incident occurs, the acceptance and investigation team will be activated immediately. Depending on the status of the reported person, the person in charge of the investigation team will appoint members to form an investigation team to investigate the case.</p> <p>The Audit Office checks the status of e-mail received on a quarterly basis and the operation of ethical corporate management on a yearly basis.</p> <p>The Ethical Corporate Management Promotion Center reports to the Sustainable Development Committee and the Board of Directors on the operation of ethical corporate management every year. On March 8, 2024, it reported the operation of ethical corporate management for 2023:</p> <p>1. Whistleblowing emails received</p>	No difference
	✓		<p>A total of 362 emails were received, including 1 anonymous whistleblowing letter. The internal investigation of the whistleblowing case was</p>	No difference

Evaluation Items	Operation status (Note 1)			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>(IV) Whether the Company has established an effective accounting system and internal control system to implement ethical management, and has the internal audit unit formulated relevant audit plans based on the assessment results of the risks of unethical behaviors, and are these used to audit the compliance of the prevention of unethical behaviors or a CPA appointed to perform the audit?</p> <p>(V) Does the Company organize internal and external training on ethical corporate management on a regular basis?</p>	✓		<p>completed and submitted the Sustainable Development Committee Report on March 8, 2024.</p> <p>2. Education and training</p> <ul style="list-style-type: none"> <li>- Online courses on corporate integrity: one in the first and second half of the year, with a total of 540 employees in the first half of the year and 521 in the second half. 100% of employees have completed the online courses and passed the exams. Lectures on corporate integrity management: 20 employees participated in the on-site and online live broadcast, for a total of 20 training hours. In addition, an online course on corporate integrity management was held, and all employees completed 100% online learning and quiz.</li> <li>- Organized two online courses on insider trading prevention; 100% of employees completed the online learning and exam.</li> <li>- Anti-corruption online education and training: 100% of employees completed the online learning and test.</li> </ul> <p>3. Handling of Reporting Incidents</p> <p>An internal investigation was completed into an</p>	No difference

Evaluation Items	Operation status (Note 1)			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>anonymous whistleblower letter, and the relevant operating procedures were improved.</p> <p>(III) On March 29, 2018, the Company established the "Procedures for Ethical Corporate Management and Guidelines for Conduct" to explicitly prevent conflicts of interest. The Company also provides an appropriate communication channel for the board, management and employees to voluntarily explain whether there is a potential conflict of interest with the Company .</p> <p>(IV) The Company has established an accounting system and internal control system in accordance with relevant laws and regulations. In addition to the internal audit of the status of ethical management by the heads of each unit, the auditors carry out ethical management and the prevention of insider trading and related unethical behaviors in accordance with the annual audit plan.</p> <p>(V) The "Procedures for Ethical Management and Guidelines for Conduct" established by the Company are announced to all employees by email and disclosed on the internal employee website. The Company promotes integrity management policies through internal announcements and educates new employees on the prohibition of dishonest behaviors. Every year, the</p>	

Evaluation Items	Operation status (Note 1)			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>Company conducts online training on integrity-related topics such as corporate integrity management, prevention of insider trading, protection of trade secrets, drug safety, and information security, requiring 100% participation from employees. Furthermore, the Company organizes face-to-face courses periodically to ensure that employees have a thorough understanding of and comply with these policies effectively in their daily work.</p> <p>The "Promotion of Ethical Corporate Management" course mainly educates employees on the types of interests and types of unethical behavior, and emphasizes the whistleblowing system and rewards and punishments. In 2023, a total of one online course and one physical course were held on corporate integrity, and all employees have completed 100% online learning and quiz.</p> <p>The Company disseminates insider trading prevention related laws and regulations to directors, managers, and employees at least once a year, and the dissemination of insider trading prevention took effect on December 12, 2023. In 2023, the online course "Prevention of Insider Trading and Principles of Handling Major Commercial</p>	

Evaluation Items	Operation status (Note 1)			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			Incidents" was used to educate all employees on the prevention of insider trading. In 2023, two online courses on insider trading prevention were held to share case studies of major incidents that may be regarded as insider trading, and employees completed 100% online learning and quiz.	
<p>III. The operation of the Company's whistleblowing system</p> <p>(I) Has the Company established a specific whistleblowing and reward system, established a channel to facilitate reporting, and assigned appropriate dedicated personnel to handle reported cases?</p> <p>(II) Has the Company established standard operating procedures for the investigation of whistleblowing matters, follow-up measures to be taken after the investigation is completed, and the related confidentiality mechanism?</p> <p>(III) Has the Company taken measures to protect whistleblowers from improper treatment due to their whistleblowing?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company's "Procedures for Ethical Management and Guidelines for Conduct" specify the whistleblowing and reward system. The Company has established whistleblowing channels on the corporate website and internal employee website. The whistleblowing mailbox is handled by dedicated staff in the "Integrity Management Center", the head of the Legal Affairs and Compliance Division, to accept the reported cases.</p> <p>(II) The "Ethical Corporate Management Promotion Center Operation Mechanism" has been established under the "Procedures for Ethical Management and Guidelines for Conduct", which specifies the standard operating procedures for the investigation of reported matters, the follow-up measures to be taken after the completion of the investigation, and the related confidentiality mechanisms.</p>	<p>No difference</p> <p>No difference</p> <p>No difference</p>

Evaluation Items	Operation status (Note 1)			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			(III) The Company's "Procedures for Ethical Management and Guidelines for Conduct" and "Operation Rules of the Ethical Corporate Management Promotion Center" specify measures to protect whistleblowers from improper treatment due to whistleblowing, and the internal reward and punishment regulations clearly stipulate that those who leak the identity of the whistleblower and the content of the report shall be severely punished.	
IV. Enhance information disclosure Does the Company disclose the content of the ethical corporate management principles on its website and the Market Observation Post System, and the effectiveness of its implementation?	✓		The Company has disclosed the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" on the Company's website and the Market Observation Post System, as well as its effectiveness on the Company's website.	No difference
V. If the Company has established its own ethical corporate management best-practice principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies", please describe the current practices and any deviations from the Best-Practice Principles: The Company has established the "Ethical Corporate Management Best Practice Principles" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", and established the "Operational Procedures and Guidelines for Ethical Management" in accordance with the Company's "Ethical Corporate Management Best Practice Principles" to implement the policy of ethical management and actively prevent unethical practices.				
VI. Other important information that is helpful to understand the Company's ethical corporate management operation: (Such as a company reviewing and revising its code of integrity management, etc.) The Company upholds a corporate culture of honesty and integrity, and has won the trust of suppliers and customers of major medical institutions in order to achieve				

Evaluation Items	Operation status (Note 1)			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
the goal of sustainable operation.				

(VIII) If the Company has established Corporate Governance Principles and related regulations, access to them shall be disclosed:

The Company has established the "Corporate Governance Best-Practice Principles", "Ethical Corporate Management Best-Practice Principles", "Operational Procedures for Ethical Management and Guidelines for Conduct", and "Sustainable Development Best-Practice Principles", which are disclosed on the Company's website under "Investor Area/Corporate Governance/Company Rules and Regulations".

(IX) Other important information that is sufficient to enhance the understanding of the Company's corporate governance should be disclosed together:

1. To strengthen corporate governance, the Company established an Audit Committee with three independent directors in June 2016.
2. To address potential threats to the company's operations, the company established a Risk Management Center on December 28, 2020 under the Sustainability Development Committee, which was approved by the Board of Directors through the "Risk Management Policy and Procedures". The policy defines various risks in accordance with the overall operational policies and strategies; establishes a management mechanism for identifying, assessing, and handling risks; and effectively supervising and reviewing them. This is to mitigate or reduce the impact of risk events on the Company's operations and ensure sustainable development.
3. In order to enable investors to understand the Company's financial and business conditions, the Company was invited to participate in four institutional investor conferences in 2023.
4. The Company's official website discloses the complete corporate governance implementation and discloses the corporate governance-related rules and regulations on the Market Observation Post System.

- (X) Implementation of the internal control system

1. Declaration of internal control

TTY PHARMA CORPORATION

Declaration of internal control system

Date: March 8, 2024

The Company states the following with respect to its 2023 internal control system based on the results of a self-assessment:

- I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system is the responsibility of the Company's board of directors and managers. The Company has established such a system. Its purpose is to provide reasonable information and guarantee on the effect and efficiency of operations (including profitability, performance, and protection of asset security), the reliability, timeliness, and transparency of reporting, and compliance with relevant laws and regulations.
- II. There are inherent limitations to an internal control system. No matter how well-designed, an effective internal control system can only provide reasonable assurance for the achievement of the above three goals. Moreover, as the environment and circumstances change, the effectiveness of an internal control system may vary with such changes. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take corrective action.
- III. The Company judges the effectiveness of the design and implementation of its internal control system in accordance with the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria for determining the internal control system adopted in the "Governing Regulations" are based on the process of management control. The internal control system is divided into five elements: 1. Control environment; 2. Risk assessment; 3. Control operations; 4. Information and communication; 5. Supervision operations. Each component further includes several items. Please refer to the "Governing Regulations" for details.
- IV. The Company has adopted the abovementioned criteria to assess the effectiveness of the design and execution of its internal control system.
- V. Based on the evaluation results mentioned above, the Company believes that its internal control system (including supervision and management of subsidiaries) as of December 31, 2023, encompasses understanding the effectiveness and efficiency of operations; the reliability, timeliness, transparency of reporting; and compliance with relevant regulations and laws. The design and execution of the internal control system are deemed effective in ensuring the achievement of these objectives.
- VI. This statement shall form an integral part of the Company's annual report and prospectus, and shall be disclosed to the public. Any unlawful act of falsehood or non-disclosure in the above-mentioned disclosure may result in legal liability under Articles 20, 32, 171, and 174 of the



Securities and Exchange Act.

VII. This statement was approved by the Board of Directors on March 8, 2024, and all of the nine directors attending the meeting with no objection, and all of them agree with the content of this statement.

TTY PHARMA CORPORATION

Chairman: Lin Chuan                      Signature and seal

President: Sara Hou                      Signature and seal

2. If an accountant is commissioned to examine the internal control system on a project basis, the accountant's review report shall be disclosed: None.

(XI) In the most recent year and up to the publication date of this annual report, whether the Company and its internal personnel have been punished according to laws, or the Company has punished its internal personnel for violation of the internal control system, and the results of the punishment may have a material impact on shareholders' equity or securities prices, shall be specified. Explain the content of penalties, major deficiencies and improvements: None.

(XII) Important resolutions of the shareholders' meeting and the Board of Directors in the most recent year and up to the date of publication of the annual report:

Meeting name and date	Important resolution
Board of Directors March 14, 2023	<ol style="list-style-type: none"> <li>1. The Company's 2022 distribution of remuneration to employees.</li> <li>2. Proposal for the Company's 2022 distribution of remuneration to directors.</li> <li>3. The Company's 2022 business report and financial reports.</li> <li>4. Proposal for the distribution of earnings in 2022.</li> <li>5. Proposal to amend the Company's "Articles of Incorporation".</li> <li>6. Proposal to amend the Company's "Rules of Procedure for Shareholders' Meetings".</li> <li>7. Amendments to the "Other Management Systems - Prevention of Insider Trading" section of the Company's internal control system.</li> <li>8. Approval for amending the "Regulations Governing Authority to Internal Approvals" of the Company.</li> <li>9. Determination of the date, place and agenda for the 2023 General Shareholders' Meeting of the Company.</li> <li>10. The motion for scrapping the Company's inventories.</li> </ol>

Meeting name and date	Important resolution
	<ol style="list-style-type: none"> <li>11. Additional budget for the production line upgrade and renovation of the Chungli factory.</li> <li>12. Motion to amend the terms and conditions of the Company's authorization to a subsidiary to distribute and represent medicines.</li> <li>13. Approval for authorizing the subsidiary to promote the Company's medicines.</li> <li>14. Proposal of the reinvestment company to entrust the Company to provide professional services in product operation and management.</li> <li>15. Approval for the subsidiary's capital reduction in cash and return of share payment to shareholders.</li> <li>16. Proposal of the Company's 2022 "Internal Control System Statement".</li> <li>17. Formulate the subsidiary's "Greenhouse Gas Inventory and Verification Schedule" and report the implementation progress of the Company.</li> <li>18. Approval for the introduction of new anti-cancer drugs.</li> <li>19. The Company's salary adjustment strategy for 2023.</li> <li>20. Discussion about the remuneration of independent directors of the Company.</li> <li>21. Discussion about fixed monthly remuneration for the Chairman of the Company.</li> <li>22. Discussion about fixed monthly remuneration for the General Manager of the Company.</li> <li>23. Proposal for a subsidiary to reduce capital to make up losses.</li> </ol>
Board of Directors May 5, 2023	<ol style="list-style-type: none"> <li>1. The Company's consolidated financial reports for the first quarter of 2023.</li> <li>2. Approval for amending the organizational charter.</li> <li>3. Approval for amending the "Regulations Governing Authority to Internal Approvals" of the Company.</li> <li>4. The Company intends to update some of the transaction conditions for authorizing the subsidiary to distribute drugs.</li> </ol>
Board of Directors July 28, 2023	<ol style="list-style-type: none"> <li>1. Proposal of the Company to engage managerial officers.</li> </ol>
Board of Directors August 10, 2023	<ol style="list-style-type: none"> <li>1. The Company's consolidated financial reports for the second quarter of 2023.</li> <li>2. Review of the motion for product development expenses of the Company.</li> <li>3. Proposal to authorize the introduction of new drugs for cancer.</li> <li>4. Change of the transfer price of the Company's authorized subsidiary to distribute the agency products.</li> </ol>

Meeting name and date	Important resolution
	<ol style="list-style-type: none"> <li>5. Approval of the cash capital increase of the subsidiary.</li> <li>6. Proposal to amend the Company's "Corporate Governance Best Practice Principles".</li> <li>7. Proposal to amend the Company's "Related Party Transaction Procedures".</li> <li>8. Proposal to amend the Company's internal control system and internal audit system.</li> <li>9. Approval for amending the Articles of Incorporation.</li> <li>10. Proposal to distribute the remuneration for the directors appointed by the Company in subsidiaries and reinvested companies to exercise director functions and powers on behalf of the People's Republic of China in 2022.</li> <li>11. Discussion about distribution of remuneration to managers in 2022.</li> </ol>
Board of Directors September 27, 2023	<ol style="list-style-type: none"> <li>1. Approval for amending the organizational charter.</li> <li>2. Resignation of the Company's manager.</li> <li>3. Proposal of the Company to engage managerial officers.</li> <li>4. Change of the Company's managerial officers.</li> </ol>
Board of Directors November 3, 2023	<ol style="list-style-type: none"> <li>1. Approval of asset impairment for the equipment of Chungli factory.</li> <li>2. The Company's consolidated financial reports for the third quarter of 2023.</li> <li>3. Approval for the 2024 work plan of the Company's Sustainable Development Committee.</li> <li>4. Proposal to formulate the "Procedures for Compilation and Verification of Sustainability Report".</li> </ol>
Board of Directors December 15, 2023	<ol style="list-style-type: none"> <li>1. Approval for amending the organizational charter.</li> <li>2. Change of the Company's managerial officers.</li> <li>3. Approval of the Company's 2024 business plan and budget.</li> <li>4. Approval for the termination of the subsidiary's project development.</li> <li>5. Proposal for the Company to continue to purchase professional medical information services from IQVIA Ltd. and share the service expense with IQVIA Ltd.</li> <li>6. Approval for the Company's 2024 audit plan.</li> <li>7. The Company expects to appoint KPMG to provide non-assurance services in 2024.</li> <li>8. Appointment of CPAs, evaluation of independence and suitability, and fiscal and taxation audit fees of 2024.</li> <li>9. Proposal to amend the Company's "Procedures for Acquisition or Disposal of Assets".</li> </ol>

Meeting name and date	Important resolution
	10. Approval for amending the "Regulations Governing Authority to Internal Approvals" of the Company.
Board of Directors January 30, 2014	<ol style="list-style-type: none"> <li>1. Full re-election of the Company's directors and independent directors.</li> <li>2. Determination of the date, place and agenda for the 2024 shareholders' meeting of the Company.</li> <li>3. Change of managers and appointment of R&amp;D supervisor.</li> </ol>
Board of Directors March 8, 2024	<ol style="list-style-type: none"> <li>1. Discussion about the Company's 2023 employees and managers remuneration.</li> <li>2. Proposal for the Company's 2023 distribution of remuneration to directors.</li> <li>3. The Company's 2023 business report and financial reports.</li> <li>4. Proposal of the Company's 2023 earnings appropriation.</li> <li>5. Proposal for nomination of candidates to be elected as directors (including independent directors) of the Company in 2024.</li> <li>6. Removal of non-compete restrictions for new directors and their representatives.</li> <li>7. Proposal of the Company's 2023 "Internal Control System Statement".</li> <li>8. Approval for the capital reserve transfer to capital increase and cash capital reduction and return of shares to shareholders.</li> <li>9. Approval for the subsidiary to acquire 51% of the outstanding common shares of Company A and Company B.</li> <li>10. Approval for amending the organizational charter.</li> <li>11. Proposal to amend the Company's "Rules of Procedure for Board of Directors Meetings".</li> <li>12. Proposal to amend the Company's "Audit Committee Charter".</li> <li>13. Approval for amending the Employee Stock Ownership Trust Regulations.</li> <li>14. Changes in the Company's personnel.</li> <li>15. Change of the Company's spokesperson and acting spokesperson.</li> <li>16. The Company's salary adjustment policy plan for 2024.</li> <li>17. Discussion about changes to the leave system for senior executives.</li> <li>18. Discussion about fixed monthly remuneration for the Chairman of the Company.</li> <li>19. Discussion about fixed monthly remuneration for the General Manager of the Company.</li> </ol>
General Shareholders' Meeting May 31, 2023	<ol style="list-style-type: none"> <li>1. The Company's Business Report and Financial Reports for 2022.</li> <li>2. Proposal of the Company's 2022 earnings appropriation.</li> <li>3. Amendments to the Company's "Articles of Incorporation".</li> <li>4. Amendments to the Company's "Shareholders' Meeting Procedure Rules".</li> </ol>

(XIII) In the most recent year and during the current year up to the date of publication of the annual report, if a director has a different opinion with respect to a material resolution passed by the Board of Directors, and it is recorded or prepared as a written declaration, the main content thereof: None.

(XIV) A summary of the resignation and dismissal of the Company's Chairman, President, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor in the most recent year and up to the date of publication of the annual report:

**Resignation and dismissal of relevant personnel of the Company**

April 30, 2024

Job Title	Name	Inauguration date	Date of resignation	Reasons for resignation or dismissal
R&D Supervisor	Hu Yu-Fang	January 20, 2021	September 27, 2023	Resigned; the new R&D supervisor was approved to appoint Vice President Peng Cheng-Yi as the R&D supervisor of the Company on January 30, 2024.
Financial Supervisor	Chang Kuo-Chiang	December 31, 2015	March 8, 2024	Job adjustment
Accounting Supervisor	Wang Shu-Wen	August 13, 2015	March 8, 2024	Job adjustment
Chief Internal Auditor	Chiang Yong-Min	November 7, 2022	March 8, 2024	Job adjustment

Note: Personnel related to the Company refer to the Chairman, President, Accounting Supervisor, Financial Supervisor, Internal Audit Supervisor, Corporate Governance Supervisor, and R&D Supervisor.

**5. Information on the fees paid to the certifying accountants.**

(I) Information on the fees paid to the certifying accountants:

Units: NTD thousands

Name of CPA Firm	Name of CPA	Audit period	Audit fees	Non-audit fees	Total	Remarks
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KPMG Taiwan	Han Yi-Lian Chang Shu-Ying	2023/01/01   2023/12/31	3,100	1,055	4,155	Non-audit fees: Tax visa: \$400 Transfer pricing \$425 Other \$230
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(II) Change of CPA firm that resulted in the reduction of audit fees from the previous year; disclose audit fees before and after the change and the reason for the change: Not applicable.

(III) If the audit public expenditure has decreased by more than 10% from the previous year, the amount, percentage and reason of the reduction should be disclosed: Not applicable.

## 6. Replacement of CPAs

There was no change of CPAs in the most recent year.

7. **The Chairman, President, and managerial personnel responsible for financial or accounting matters of the company, who in the past year have been employed by the auditing firm or its related enterprises:** None.

8. **For the most recent fiscal year and up to the date of publication of the annual report, details on the transfer and pledge of equity by directors, managerial personnel, and shareholders holding more than ten percent of shares**

### Changes in shareholdings of directors, managers and major shareholders

Job Title	Name	2023		As of April 30, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Lin Chuan	0	0	0	0
Vice Chairman	Chang Wen-Hua	0	0	0	0
Director	Da Wan Technology Co., Ltd.	0	0	0	0
	Representative of Tai Wan Technology Co., Ltd.: Hsiao Chia-Pin	0	0	0	0
Director	Yang Tzu-Chiang	0	0	0	0
Director	Zhang Hsiu-Ji	0	218,000	0	0
Director	Liao Ying-Ying	0	0	0	0
Independent Director	Cai Tui	0	0	0	0
Independent Director	Hsueh Ming-Ling	0	0	0	0

Job Title	Name	2023		As of April 30, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Independent Director	Lin Tian-Fu	0	0	0	0
General Manager	Sara Hou	0	0	0	0
Senior Vice President of Cancer Science Development Group and Corporate Development Division	Wang Yu-Wen (Note 3)	0	0	0	0
Vice President of Formulation R&D Center	Peng Cheng-Yi (Note 3)	—	—	0	0
Senior Vice President of Formulation R&D Center	Hu Yu-Fang (Note 4)	0	0	—	—
Healthcare Business Group Vice President	Wu Yong-Liang (Note 4)	0	0	—	—
Senior Assistant Vice President of Production Operation Center	Lin Shi-Chuan	0	0	0	0
Senior Assistant Vice President of Supply Chain Management Center	Hsu Yu-Chin (Note 3)	0	0	0	0
Senior Assistant Vice President of Major Account Management Division	Wang Chih-Wen (Note 3)	—	—	0	0
Healthcare Business Group	Feng Da-Cheng (Note 3, 4)	0	0	—	—

Job Title	Name	2023		As of April 30, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Senior Assistant Vice President					
Assistant Vice President of Cancer Development Group	Hung Hsiang-Ru (Note 4)	0	0	—	—
Senior Assistant Vice President of Human Resources and Administration Division	Chen Chien-Hung (Note 3)	0	0	0	0
Senior Assistant Vice President of Management Division	Liu Nai-Wei (Note 4)	0	0	0	0
Senior Assistant Manager of BOD Secretariat and Corporate Governance Supervisor	Chang Kuo-Chiang	0	0	0	0
Chief of Legal Affairs and Compliance	Huang Shu-Fen	0	0	0	0
Chief of Human Resources	Chang Ren-Yang (Note 4)	0	0	—	—
Chief Financial Officer and Finance/Accounting Officer	Chiang Yong-Min	0	0	0	0
Accounting Supervisor	Wang Shu-Wen (Note 4)	0	0	0	0

Note 1: Shareholders holding more than 10% of the total shares of the Company: None.

Note 2: The counterparty of equity transfer or pledge is a related party: None

Note 3: Senior Vice President Wang Yu-Wen assumed office on September 18, 2023; Vice President Peng Cheng-Yi assumed office on February 1, 2024; Senior Manager Hsu Yu-Chin assumed office on October 2, 2023; Senior Manager Wang Zhi-Wen assumed office on January 8, 2024; Senior Manager Feng Da-Cheng assumed office on February 1, 2023; Senior Manager Chen Chien-Hong assumed office on November 1, 2023, with their shareholdings reported since assuming office.



Note 4: Senior Vice President Hu Yu-Fang resigned on September 30, 2023; Vice President Wu Yong-Liang retired on January 31, 2023; Senior Manager Feng Da-Cheng resigned on December 31, 2023; Manager Hong Hsiang-Ju resigned on July 1, 2023; Senior Manager Liu Nai-Wei resigned on February 7, 2024; HR Director Chang Ren-Yang was relieved of managerial duties due to job adjustments on November 1, 2023; Accounting Manager Wang Shu-Wen was relieved of managerial duties due to job adjustments on March 8, 2024, and their shareholdings will no longer be reported thereafter.

**9. Information on the top ten shareholders holding significant stakes, including those who are related parties, spouses, or relatives within the second degree of kinship**

**Information on relationship among the top ten shareholders**

April 1, 2024

Name (Note 1)	Shares held by the owner		Shares held by spouse and underage children		Total Shares Held in the Name of Others		The names and relationships of the top ten shareholders who are related to each other under Financial Accounting Standards No. 6 or who are related to each other as spouses or second degree of kinship (Note 3)		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio %	Number of shares	Shareholding ratio	Name (or name)	Relationship	
Tai Wan Technology Co., Ltd.	23,526,732	9.45	-	-	-	-	Hsiao Ying-Chun	Chairman of the company	
Representative of Tai Wan Technology Co., Ltd.: Hsiao Ying-Chuan	4,985,524	2.01	-	-	-	-			
Fubon Life Insurance Co., Ltd.	9,050,000	3.64	-	-	-	-	None	None	
Representative of Fubon Life Insurance Co., Ltd.: Tsai Ming-Hsing	-	-	-	-	-	-			
Chang Wen-Yi	5,664,831	2.28	354,000	0.12	-	-	Chang Chun-Jen	Relatives within 2nd degree of kinship	
							Chang Wen-Hua	Relatives within 2nd degree of kinship	
							Chang Wen-Ling	Relatives within 2nd degree of kinship	
Hsiao Ying-Chun	4,985,524	2.01	-	-	-	-	Tai Wan Technology Co., Ltd.	Chairman of the company	
Chang Wen-Hua	4,409,800	1.77	-	-	-	-	Chang Chun-Jen	Relatives within 2nd degree of kinship	
							Chang Wen-Yi	Relatives within 2nd degree of kinship	
							Chang Wen-Ling	Relatives within 2nd degree of kinship	
Chang Wen-Ling	4,182,960	1.68	-	-	-	-	Chang Wen-Hua	Relatives within 2nd degree of kinship	
							Chang Chun-Jen	Relatives within 2nd degree of kinship	
							Chang Wen-Yi	Relatives within 2nd degree of kinship	
Chang Chun-Jen	3,837,420	1.54	2,567,207	0.90	-	-	Chang Wen-Hua	Relatives within 2nd degree of kinship	
							Chang Wen-Yi	Relatives within 2nd degree of kinship	

							Chang Wen-Ling	Relatives within 2nd degree of kinship	
Investment account of Central Bank of Norway managed by Citibank	3,317,918	1.33					None	None	
JPMorgan Chase Bank escrow company	2,889,457	1.16	-	-	-	-	None	None	
Chunghwa Post Co., Ltd.	2,779,843	1.12	-	-	-	-	None	None	

Note 1: Shareholders with top ten holdings should all be listed, with the names of corporate shareholders and their representatives separately listed.

Note 2: The calculation of shareholding percentage refers to the calculation of shareholding percentage separately in one's own name, spouse's name, minor children's names, or using another person's name.

Note 3: Shareholders listed above include both legal entities and natural persons, and their relationships with each other should be disclosed according to the financial reporting standards of the issuer.

## 10. The company, its directors, managerial personnel, and enterprises directly or indirectly controlled by the company, showing the number of shares held in the same invested enterprise and calculating the aggregate shareholding percentage.

Unit: shares

Reinvested business (Note)	The Company's investment		Investments in businesses directly or indirectly controlled by directors and managers		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
American Taiwan Biopharma International Inc.	25,000,000	100.00%	0	0%	25,000,000	100.00%
Rongkang International Co., Ltd.	3,960,000	100.00%	0	0%	3,960,000	100.00%
American Taiwan Biopharma Philippines Inc.	481,169	87.00%	0	0%	481,169	87.00%
TSH Biopharm Co., Ltd.	21,687,177	56.48%	882,059	2.30%	22,569,236	58.78%
Inhan Biotechnology Co., Ltd.	5,000,000	20.83%	7,000,000	29.17%	10,000,000	50.00%
Chuang Yi Biotechnology Co., Ltd.	7,432,299	23.12%	16,590,279	51.60%	24,022,578	74.72%
PharmaEngine, Inc.	25,866,808	18.00%	0	0%	25,866,808	18.00%
American Taiwan Biopharm Co., Ltd.	380,000	40.00%	142,500	15.00%	522,500	55.00%
Gligio International Limited	620,427	40.00%	0	0%	620,427	40.00%

Note: Investment accounted for under the equity method in 2023 parent company only financial statements.

## IV. Capital Raising Overview

### 1. Capital and shares

#### (I) Source of share capital

Unit: Thousand shares; NT\$ thousands

Year/month	Issuing price	Authorized share capital		Paid-in capital stock		Notes		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Paying for shares with non-cash assets	Others
1998.07	10	23,990	239,900	23,990	239,900	Capital increase in cash	None	Note 1
2001.07	10	38,000	380,000	27,643	276,434	Capitalization of earnings and capitalization of capital reserve	None	Note 2
2002.07	10	50,000	500,000	36,486	364,864	Transfer of Earnings to Increase Capital	None	Note 3
2002.10	10	50,000	500,000	37,087	370,870	Convertible bonds for issuing new shares	None	Note 4
2003.03	10	50,000	500,000	37,644	376,440	Convertible bonds for issuing new shares	None	Note 5
2003.06	10	50,000	500,000	37,721	377,212	Convertible bonds for issuing new shares	None	Note 6
2003.07	10	80,000	800,000	49,980	499,795	Transfer of Earnings to Increase Capital	None	Note 7
2003.11	10	80,000	800,000	50,371	503,706	Convertible bonds for issuing new shares	None	Note 8
2004.01	10	80,000	800,000	50,782	507,817	Convertible bonds for issuing new shares	None	Note 9
2004.04	10	80,000	800,000	51,086	510,861	Convertible bonds for issuing new shares	None	Note 10
2004.07	10	57,500	575,000	51,404	514,039	Convertible bonds for issuing new shares	None	Note 11
2004.09	10	95,000	950,000	62,359	623,591	Capitalization of earnings and capitalization of capital reserve	None	Note 12
2004.10	10	95,000	950,000	63,108	631,083	Convertible bonds for issuing new shares	None	Note 13
2005.01	10	95,000	950,000	63,154	631,540	Convertible bonds for issuing new shares	None	Note 14
2005.04	10	95,000	950,000	65,921	659,208	Convertible bonds for issuing new shares	None	Note 15
2005.07	10	95,000	950,000	67,421	674,208	Convertible bonds for issuing new shares	None	Note 16
2005.09	10	95,000	950,000	70,565	705,653	Transfer of Earnings to Increase Capital	None	Note 17
2005.10	10	95,000	950,000	71,130	711,298	Convertible bonds for issuing new shares	None	Note 18
2006.01	10	95,000	950,000	71,400	713,996	Convertible bonds for issuing new shares	None	Note 19
2006.04	10	95,000	950,000	71,412	714,120	Convertible bonds for issuing new shares	None	Note 20
2006.09	10	95,000	950,000	78,191	781,907	Capitalization of capital reserve	None	Note 21
2007.07	10	95,000	950,000	81,964	819,643	Convertible bonds for issuing new shares	None	Note 22

Year/month	Issuing price	Authorized share capital		Paid-in capital stock		Notes		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Paying for shares with non-cash assets	Others
2007.09	10	95,000	950,000	89,421	894,209	Capitalization of capital reserve	None	Note 23
2007.10	10	95,000	950,000	93,792	937,919	Convertible bonds for issuing new shares	None	Note 24
2007.11	10	95,000	950,000	92,932	929,319	Cancellation of treasury stock	None	Note 25
2008.09	10	135,000	1,350,000	109,660	1,096,597	Capitalization of earnings and capitalization of capital reserve	None	Note 26
2009.09	10	135,000	1,350,000	128,302	1,283,018	Capitalization of earnings and capitalization of capital reserve	None	Note 27
2010.10	10	200,000	2,000,000	139,849	1,398,490	Capitalization of capital reserve	None	Note 28
2011.09	10	200,000	2,000,000	172,574	1,725,736	Capitalization of earnings and capitalization of capital reserve	None	Note 29
2012.09	10	350,000	3,500,000	213,991	2,139,913	Transfer of Earnings to Increase Capital	None	Note 30
2013.09	10	350,000	3,500,000	233,037	2,330,365	Transfer of Earnings to Increase Capital	None	Note 31
2014.09	10	350,000	3,500,000	248,650	2,486,500	Transfer of Earnings to Increase Capital	None	Note 32
2020.07	10	500,000	5,000,000	248,650	2,486,500	Authorized capital increase	None	Note 33

Note 1: Approved by Tai-Cai-Cheng (1) No. 59490 dated 1998.07.21.

Note 2: Approved by Tai-Cai-Cheng (1) No. 142192 dated 2001.07.20.

Note 3: Approved by (91) Tai-Cai-Zheng-(1)-Zi No. 0910134566 dated June 25, 2002.

Note 4: Approved by Jing-Shou-Shang-Zi No. 09101426020 on October 29, 2002.

Note 5: Approved by Jing-Shou-Shang-Zi No. 09201030710 dated January 30, 2003.

Note 6: Approved by Jing-Shou-Shang-Zi No. 09212978710 dated July 28, 2003.

Note 7: Approved by Tai-Cai-Zheng-(1)-Zi No. 0920124705 on June 9, 2003.

Note 8: Approved by Jing-Shou-Shang-Zi No. 09201323550 dated November 26, 2003.

Note 9: Approved by Jing-Shou-Shang-Zi No. 09301009960 dated January 20, 2004.

Note 10: Approved by Jing-Shou-Shang-Zi No. 09301086530 dated May 20, 2004.

Note 11: Approved by Jing-Shou-Shang-Zi No. 09301131330 dated July 29, 2004.

Note 12: Approved by Jing-Shou-Shang-Zi No. 09301181990 dated September 22, 2004.

Note 13: Approved by Jing-Shou-Shang-Zi No. 09301199330 dated October 27, 2004.

Note 14: Approved by Jing-Shou-Shang-Zi No. 09401009920 dated January 19, 2005.

Note 15: Approved by Jing-Shou-Shang-Zi No. 09401066540 dated April 28, 2005.

Note 16: Approved under Jing-Shou-Shang-Zi No. 09401138890 dated July 22, 2005.

Note 17: Approved by Jing-Shou-Shang-Zi No. 09401181080 dated September 13, 2005.

Note 18: Approved by Jing-Shou-Shang-Zi No. 09401206980 dated October 20, 2005.  
 Note 19: Approved by Jing-Shou-Shang-Zi No. 09501010730 dated January 28, 2006.  
 Note 20: Approved by Jing-Shou-Shang-Zi No. 0950107550 dated April 26, 2006.  
 Note 21: Approved under Jing-Shou-Shang-Zi No. 09501199130 dated September 8, 2006.  
 Note 22: Approved by Jing-Shou-Shang-Zi No. 09601173790 dated July 20, 2007.  
 Note 23: Approved by Jing-Shou-Shang-Zi No. 09601234620 on September 29, 2007.  
 Note 24: Approved by Jing-Shou-Shang-Zi No. 09601263450 dated October 26, 2007.  
 Note 25: Approved by Jing-Shou-Shang-Zi No. 09601280570 dated November 16, 2007.  
 Note 26: Approved by Jing-Shou-Shang-Zi No. 09701244740 dated September 22, 2008.  
 Note 27: Approved by Jing-Shou-Shang-Zi No. 09801199890 on September 1, 2009.  
 Note 28: Approved by Jing-Shou-Shang-Zi No. 09901230540 dated October 14, 2010.  
 Note 29: Approved by Jing-Shou-Shang-Zi No. 10001205420 dated September 6, 2011.  
 Note 30: Approved by Jing-Shou-Shang-Zi No. 10101189490 on September 17, 2012.  
 Note 31: Approved by Jing-Shou-Shang-Zi No. 10201185540 on September 10, 2013.  
 Note 32: Approved by Jing-Shou-Shang-Zi No. 10301181010 on September 5, 2014.  
 Note 33: Approved by Jing-Shou-Shang-Zi No. 10901115360 on July 2, 2020.

Unit: shares

Type of shares	Authorized share capital		
	Outstanding shares (Note 1)	Unissued shares	Total
Registered common stock	248,649,959	251,350,041	500,000,000

Note 1: Stocks of TPEX-listed companies

Note 2: General filing system-related information: None

(II) Shareholder structure

April 1, 2024 (Unit: persons; shares)

Shareholder structure Quantity	Government agencies	Financial institutions	Other corporate entities	Foreign institutions and foreigners	Individual	Total
Number of persons	4	7	312	208	46350	46.881
Number of shares held	2,182,062	15,300,000	39,920,400	42,760,894	148,486,603	248,649,959
Shareholding ratio	0.88%	6.15%	16.05%	17.20%	59.72%	100.00%

(III) Shareholding distribution

April 1, 2024

Shareholding classification (shares)	Number of shareholders (persons)	Number of shares held (shares)	Shareholding ratio (%)
1 to 999	26.771	1,262,940	0.51
1,000 to 5,000	16,114	32,140,432	12.93
5,001 to 10,000	1.991	15,760,905	6.34
10,001 to 15,000	651	8,277,632	3.33
15,001 to 20,000	375	6,902,211	2.78

20,001 to 30,000	339	8,667,897	3.49
30,001 to 40,000	152	5,411,632	2.18
40,001 to 50,000	97	4,469,427	1.80
50,001 to 100,000	189	13,313,152	5.35
100,001 to 200,000	80	11,846,076	4.76
200,001 to 400,000	58	16,537,137	6.65
400,001 to 600,000	14	6,946,433	2.79
600,001 to 800,000	13	9,192,459	3.69
800,001 to 1,000,000	8	7,114,996	2.86
Over 1,000,001	29	100,806,630	40.54
Total	46,881	248,649,959	100.00

Note: The Company has not issued preferred shares

(IV) Name of major shareholder

April 1, 2024

Name of major shareholder	Shares of Stock	Number of shares held (shares)	Shareholding ratio (%)
Dawan Technology Co., Ltd.		23,526,732	9.46
Fubon Life Insurance Co., Ltd.		9,050,000	3.64
Wen-Yi Chang		5,664,831	2.28
Hsiao Ying-Tiao		4,985,524	2.01
Chang, Wen-Hua		4,409,800	1.77
Wen-Ling Chang		4,182,960	1.68
Chun-Jen Chang		3,837,420	1.54
Investment Account of Norges Bank managed by Citibank		3,317,918	1.33
JPMorgan Chase Bank in custody for Vanguard Total International Stock Index		2,889,457	1.16
Chunghwa Post Co., Ltd.		2,779,843	1.12

(V) Information on Market Price, Net Worth, Earnings, Dividends and Related Information per Share for the Recent Two Years

Unit: NTD; shares

Annual Items		2022	2023	As of March 31, 2024 (Note)
Market price per share	Highest	88.5	87	83
	Lowest	66.7	74.3	76.6
	Average	76.96	79.43	80.32
Net Value Per Share	Before distribution	22.76	23.89	—
	After distribution	19.36	20.39	—
Earnings per share (NTD)	Weighted average number of shares (in thousands)	248,650	248,650	—

	Earnings per share (NTD)	4.40	4.54	—	
Dividends per share	Cash dividends	3.40	3.50	—	
	Bonus stock dividend	Stock dividend from retained earnings	0	0	—
		Stock dividend from capital reserve	0	0	—
	Accumulated unpaid dividends	None	None	—	
Analysis of investment return	Price-earnings ratio	17.49	17.50	—	
	Price to dividend ratio	22.64	22.69	—	
	Cash dividend yield (%)	4.42	4.41	—	

Note: As of the date of printing the annual report, there is no financial information for the first quarter of 2024 reviewed by accountants.

#### (VI) Company's dividend policy and implementation

##### 1. Dividend policy stipulated in the Articles of Incorporation

The company's dividend policy is conducted in accordance with the Company Law and the company's Articles of Incorporation to ensure normal operations and protect the rights of investors. Pursuant to the Company's Articles of Incorporation:

- (1) In the company's annual final accounts, if there is a surplus, taxes should be paid first, and accumulated losses should be covered, followed by the allocation of 10% to the statutory surplus reserve, unless the statutory surplus reserve has reached the company's paid-in capital. After adding the remaining amount from the previous calculation to the prior period's undistributed earnings, special surplus reserves should be allocated or reversed according to laws or regulatory requirements. At the end of each fiscal year, the board of directors considers the company's profitability, capital and financial structure, future operational needs, accumulated surplus and statutory reserves, market competition, and shareholder interests, to draft a proposal for surplus distribution, which is then submitted for shareholder approval. The aforementioned statutory surplus reserve should be based on 'current after-tax net profit plus items other than the current after-tax net profit that are counted as undistributed earnings for the year.'
- (2) The company's dividend policy adopts a prudent distribution principle. When the company has a surplus at the end of the fiscal year, according to Article 29 of the company's articles of association, it should first pay taxes, cover accumulated losses, allocate statutory surplus reserves, and set aside or reverse special surplus reserves according to laws and regulations.

The remaining amount should be allocated with at least 70% distributed as shareholder dividends, which can be in the form of cash or stock. The proportion of cash dividends should be at least 70% of the total dividends.

- (3) In line with the principle of maintaining a stable financial structure and balanced dividends, if the company has no distributable surplus in a fiscal year or if the surplus amount is significantly lower than the actual surplus distributed in the previous year, it may distribute all or part of the reserves or retained earnings from previous periods, in accordance with laws or regulatory requirements. If there is a disposal of real estate, equity investments, or intangible assets during the fiscal year, the difference between the disposal amount and acquisition cost, or any income received from litigation or commercial disputes, all or part of such difference or income may be retained without being subject to the distribution ratio restrictions of Article 30, Paragraph 1 of the company's Articles of Incorporation.

2. Proposed dividend distribution at this shareholders' meeting

- (1) According to Article 30, Paragraph 3 of the company's articles of association, dividends are to be distributed in cash. The board of directors is authorized to proceed if more than two-thirds of the directors are present and a majority of the attending directors agree, and it should be reported to the shareholders' meeting.
- (2) On March 8, 2024, the Company's Board of Directors resolved to allocate NT\$870,274,857 from distributable earnings to distribute cash dividends to shareholders, at NT\$3.50 per share. The cash dividends will be paid on April 26, 2024.

3. Explanation for expected material changes in dividend policy

No significant changes are expected in the company's dividend policy.

(VII) The impact of the proposed bonus shares on the company's operational performance and earnings per share: Not applicable.

(VIII) Remuneration to employees and directors

1. The percentages or ranges with respect to employees' and directors' remuneration, as set forth in the Articles of Incorporation

According to the Company's Articles of Incorporation, if there is a profit for the year, 0.5% to 10% should be allocated as employee remuneration and up to 2% as director remuneration. However, if the Company still has accumulated losses, an amount shall be reserved in advance to offset the losses. Employee remuneration may be distributed in the form of stock or cash, with the terms and distribution methods authorized for decision by the board of directors. The remuneration of directors can only be distributed in the form of cash.

1. The basis for estimating the amount of employee and director remuneration for the current period, the basis for calculating the number of shares for distributing employee remuneration in stock, and the accounting treatment if the actual distribution amount differs from the estimate.



- (1) On March 8, 2024, the Board of Directors approved the distribution of 2023 employees and directors remuneration. The aforementioned remuneration is based on the company's pre-tax net profit for the period, excluding amounts for employee and director remuneration, multiplied by the distribution percentages stipulated in the company's articles of association. This amount is estimated and reported as operating expenses for the period. The amounts of employee and director remuneration approved by the board of directors align with the estimated amounts in the company's 2023 financial report.
- (2) The company does not plan to distribute employee stock remuneration for fiscal year 2023, so no relevant amounts have been estimated.

2. Distribution of remuneration approved by the Board of Directors:

- (1) Employees' and directors' remuneration, in cash or in shares. If there is a difference from the estimated amount recognized as an expense for the fiscal year, the difference, reasons, and how it was handled should be disclosed.

On March 14, 2023, the Board of Directors approved the allocation of employee remuneration of NT\$29,189 thousand and director remuneration of NT\$14,950 thousand, both paid in cash, without any difference from the estimated amounts listed as expenses for the fiscal year.

- (2) The amount of employee remuneration distributed in the form of stock, and its proportion relative to the current individual or separate financial report's after-tax profit and the total employee remuneration amount.

The Company has no plan to distribute employee stock compensation in 2023, so it is not applicable.

3. The actual distribution of employee and director remuneration for the previous year (including the number of shares distributed, the amount, and the share price) should be stated, along with any differences from the recognized employee and director remuneration, including the difference, the reasons, and how it was handled.

The actual amount of employee remuneration allocated for 2022 was NT\$24,328 thousand, and the actual amount of director remuneration allocated was NT\$14,950 thousand. The actual allocation of employee and director remuneration aligns with the estimated amounts in the company's 2022 financial report.

(IX) Shares repurchased by the Company: None.

**2. The handling of corporate bonds, preferred shares, overseas depository receipts,**

**employee stock options, and restricted stock units for employees.**

(I) Issuance of corporate bonds: None.

(II) Disclosure of preferred shares: None.

(III) Overseas depository receipts: None.

(IV) Employee stock options: None.

(V) Handling of restricted stock units for employees: None.

**3. The issuance of new shares in connection with mergers or acquisitions of shares from other companies: None.**

**4. Capital Utilization Plan Implementation**

As of the end of the previous quarter before the publication of the annual report, the company had no cases where securities were previously issued or privately placed but not yet completed, or completed in the last three years but with no evident planned benefits, so this does not apply.

## V. Operational Overview

### 1. Business Content

#### (I) Business Scope

##### 1. Main Operations Overview

- |  |  |
|--|--|
| (2) C801010 Basic Chemical Industry.             | (11) C802100 Cosmetics Manufacturing.  |
| (3) C802041 Western Medicine Manufacturing.      | (12) C804020 Industrial Rubber Products Manufacturing.   |
| (4) F108021 Wholesale of Western Medicines.      | (13) C804990 Other Rubber Products Manufacturing.  |
| (5) F208021 Retail Sale of Western Medicines.    | (14) C901020 Glass and Glass Products Manufacturing.   |
| (6) F108031 Wholesale of Medical Devices.        | (15) CF01011 Medical Apparatus Manufacturing.  |
| (7) F208031 Retail Sale of Medical Equipment.    | (16) F102170 Wholesale of Foods and Groceries.   |
| (8) C802060 Veterinary Drugs Manufacturing.      | (17) F203010 Retail Sale of Food, Grocery and Beverage.  |
| (9) C802070 Agro-pesticides Manufacture.         | (18) IG01010 Biotechnology Services.   |
| (10) C802080 Environmental Agents Manufacturing. | (19) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval. |

##### 1. Weight of business (2023)

Unit: in NTD 1,000

Primary Revenue Sources	Operating Revenue	Weight (%)
Medical and Health Pharmaceuticals	5,295,466	96
Services and Royalties	210,076	4
Total	5,505,542	100

##### 2. Current Product (Service) Offerings

Our company's operations encompass pharmaceutical manufacturing, marketing, and diverse commission services:

###### (1) Main Products

Product Categories	Key Applications	Flagship Products

Oncology Medicines	Anti-cancer and Therapeutic Support Drugs	Lipo-Dox, Lonsurf, UFUR, TS-1, Pexeda, Gemmis, Oxalip, Irino, Epicin, Tynen, Anazo, Folina, Thado, Andason, Ivic, Asadin, Leavdo, Painkyl, Megest, Episil, Otril, Zobonic, Yondelis, Pemazyre
Antimicrobial Drugs	Back-Line Antimicrobial Preparations and Influenza Vaccines	Brosym, Colimycin, Cubicin, Lipo-AB, Agrippal, Cepiro, Flusine, Maxtam, Metacin, FlucelvaxQuad, Fluad Tetra, Byfavo
Medical Healthcare Drugs	Gastrointestinal Health, Bone Health, Metabolic Health, Infection Treatment Drugs	Algitab, Alginos, Alginos Fresh, Bio-Cal Plus, Sulfin, Bongain

For detailed information about each of our products, please visit our company's website.

## (2) Contract Development and Manufacturing Organization (CDMO) Services

We provide comprehensive solutions related to “manufacturing” within the pharmaceutical industry value chain. This includes formulation design and development, scale-up production, establishment and validation of analytical methods, preparation of Common Technical Documents (CTD) for submission, and even custom design of production equipment or facilities. These services cater not only to small-scale clinical trial production but also to subsequent commercial-scale manufacturing.

## (3) PICS/GMP Business Services

### ● Contract Manufacturing

Our company is equipped to produce injectables and capsules containing cytotoxic materials, as well as non-cytotoxic freeze-dried products, injectables, oral tablets, and capsule formulations. We have automated filling lines and freeze-drying lines, providing stable and high-quality pharmaceutical production capabilities. We offer technology transfer, scale-up planning, and related quality assurance and validation operations according to customer needs, to meet the commercial production requirements of target market countries' regulations.

### ● GMP Guidance

Having passed official PIC/S GMP audits in Taiwan and gained experience with audits from Europe, the US, Japan, Australia, and other countries, we have a comprehensive quality management system and team. We assist and guide in preparing for domestic and international GMP audits and establishing quality management systems, which are essential factors for expanding product exports and co-operation.

### ● Contract Testing

In our quality control laboratory, besides having a complete microbiology, sterility analysis, and stability testing laboratory, we also have the capability to analyze special formulations such as liposomes, freeze-dried liposomes, and microspheres. We continuously update relevant analysis methods and validation, as well as relevant experimental equipment,

according to advanced pharmacopeias from Europe, the US, Japan, etc., and have the capability for method development, validation, and technology transfer. We accept commissions for chemical and microbiological testing, as well as offer development and consultation services for testing methods.

### 3. Planned Development of New Products (Services)

- (1) Committed to developing new drugs, including anti-cancer formulations, critical care antimicrobials, cell therapies, and other healthcare fields.
- (2) Continuously research and develop specialty products coated with liposomes or microspheres to achieve high efficiency and targeted delivery of characteristic drugs, enhancing treatment effectiveness while reducing side effects.
- (3) Provide rolling updates of chemical drug manufacturing technology and quality validation documents compliant with international market regulations, and optimize process scale-up techniques.

#### (II) Industry Overview

##### 1. Current Status and Development of the Industry

The pharmaceutical industry is characterized by high technology, high added value, low pollution, low energy consumption, long research and development periods, long product life cycles, and is highly regulated. Its products are mainly used for treating or alleviating human diseases, closely related to national health and quality of life, thus safety and efficacy are highly emphasized. Its development also symbolizes the progress of a country; the higher the national income, the more developed the pharmaceutical manufacturing industry appears, as seen in countries like the United States, Europe, and Japan.

Looking ahead, the future development trends of the global pharmaceutical industry are as follows:

- (1) To comply with stringent and operational regulations for pharmaceutical safety, pharmaceutical regulations are becoming increasingly strict and detailed in their requirements for drug development and manufacturing. This has led to a continuous increase in the time and cost investment for developing new drugs and generic drugs, resulting in extended research and development periods, decreased research and development productivity, significant growth in research and development costs, and consequently slowing down the output of research and development results.
- (2) Under competitive pressure, pharmaceutical companies are opting more for developing niche drugs as a strategy. This involves selling niche products in relatively small markets or focusing on concentrated research and development of drugs for specific disease areas. The aim is to grasp market dynamics in disease areas, enhance the value of drugs, or increase the chances of successful market entry.
- (3) The global competition trend in the pharmaceutical industry has gradually evolved into globalization across the entire supply chain from raw material supply, manufacturing, regulations to marketing, and promotion. This has led to the development of a pharmaceutical industry network with different professional groups specializing in various aspects. Additionally, recent

advancements in protein drugs, biosimilars, cell therapies, and RNA/DNA vaccines in clinical medicine have diversified and specialized drug classification and division of labor. Therefore, how companies choose suitable strategic partnerships with professional allies to enter target regional markets will impact their positioning and development in the pharmaceutical industry's future.

## 1. The Industry's Upstream, Midstream, and Downstream Relationships

The structure of the pharmaceutical manufacturing industry can be roughly divided into upstream, midstream, and downstream segments. The upstream and midstream involve the preparation and manufacturing of raw materials (APIs), while the downstream encompasses the manufacturing of drugs and the operation of various sales channels.

Upstream:	This stage involves the processing of materials for drug preparation. Western medicine raw materials include general chemicals, natural plants, animals, minerals, microbial strains, large molecule protein drugs, and related biologically derived products. Among these, general chemicals constitute the majority of raw materials. Currently, the quality requirements for raw materials must comply with Good Manufacturing Practice (GMP) standards, and companies must register and obtain approval from regulatory authorities for their APIs. As for traditional Chinese medicine (TCM) upstream, it mainly consists of plant-based materials, with a small portion sourced from animals and minerals. With advancements in biotechnology, scientists have achieved success in gene transfer, resulting in many successful examples of transgenic animals and plants. This marks a significant breakthrough in upstream drug production technology, making it possible to produce drug raw materials directly from plant tissues or through large-scale culturing of animal cells.
Midstream:	This segment primarily includes the pharmaceutical industry for APIs and the processing industry for TCM materials. The pharmaceutical industry for APIs encompasses organic chemical synthesis, natural product extraction and purification, microbial or animal cell fermentation cultivation, semi-synthesis after fermentation, and purification concentration from improved cell fermentation using genetic engineering technology. Processing of TCM materials mainly involves the processing and decoction of medicinal plants.
Downstream:	This pertains to the drug manufacturing industry, primarily involving the conversion of APIs into convenient dosage forms by adding excipients such as binders, disintegrants, adhesives, lubricants, etc. The production at this stage must comply with the requirements of the Pharmaceutical Inspection Convention and Co-operation Scheme Good Manufacturing Practice (PIC/S GMP). The finished products are then distributed through medical channels such as hospitals, clinics, and pharmacies to meet patient needs. Drug transportation also needs to comply with Good Distribution Practice (GDP) standards. In Taiwan, pharmaceutical companies can be broadly categorized into three types: original drug manufacturers (Original), import agents, and manufacturers of non-bioequivalent generics (Non-BE Generics) or bioequivalent generics (BE Generics). Currently, the majority of Taiwan's pharmaceutical industry operates downstream and is mainly involved in the manufacturing and sale of generics. Some companies are gradually venturing into new drug development, although it carries high risks, they are starting to see fruitful results.

## 2. Development Trends in the Pharmaceutical Industry

The total global pharmaceutical expenditure from 2020 to 2027 is expected to surpass the previous forecast by USD 497 billion, primarily due to additional spending on COVID-19 vaccines and new therapies. Global growth is anticipated to return to pre-pandemic levels by 2024. According to IQVIA's report "Global Use of Medicines 2024," the global pharmaceutical market expenditure is projected to exceed USD 1.1 trillion by 2024. This expenditure is expected to increase by 2 percentage points by 2028, with a compound annual growth rate (CAGR) of 5–8%, reaching a

total market size of about USD 2.3 trillion. By 2028, growth rates exceeding 3% are expected in Asian markets like China and India. Latin American countries have demonstrated faster growth rates than other regions in the past five years and are forecasted to grow further by 1.9% annually. North America, Western Europe, and Japan are expected to experience slow growth in pharmaceutical usage, partly due to their already high per capita usage. Sales in Eastern Europe are predicted to return to pre-Ukraine conflict trends by 2024.

Over the past decade, the total sales volume in the global pharmaceutical market has grown at a 2% CAGR, with oncology sales growing at an annual compound growth rate of 14–17%. It is anticipated that within five years, the oncology sector will see the introduction of 100 new therapies contributing to an increase of USD 224 billion in total expenditure, surpassing USD 440 billion by 2028. The oncology sector has seen a significant increase, growing by 21% since 2018, primarily driven by Latin American and Asian markets. These high-growth markets are treating patients who were previously receiving older chemotherapy, resulting in a lower proportion of Days of Drug Dispensing (DDD) for targeted therapies. Many new targeted cancer drugs, some recently launched, and others older and unprotected, are encountering competition from generics or biosimilars, especially in critical areas like PD-1/PD-L1 inhibitors. These drugs demonstrate effective clinical results across different types of solid tumors, although their usage varies. The average per capita usage in North America, Japan, and Western Europe is 15 times higher than in regions with lower usage rates.

Before 2023, it can be expected that new drugs such as cancer treatments, autoimmune therapies, gene therapies, and cell therapies will continue to enter developed country markets, coupled with the growing demand for pharmaceuticals in emerging countries. Within the next five years, global pharmaceutical expenditure is expected to increase at an annual growth rate of 3–6%. Looking back at the past five years, the average annual growth rate was 3.5% in the US market and 4.3% in developed country markets. Over the next five years, developed country markets are projected to grow at a rate of 2–5%, while emerging country markets are expected to grow at a rate of 3–6%. This growth is primarily driven by economic development, increased income, various policies or practices controlling drug prices, and advancements in medical diagnostic technologies, resulting in a larger population receiving treatment. Growth in pharmaceutical expenditure in developed countries is mainly attributed to original drug development, although the growth rate has slowed due to patent expirations. China has been the world's second-largest pharmaceutical consumer market since 2012, second only to the US, estimated at USD 137 billion in 2018, with an average annual growth rate of 6.1% over the past five years. In the past two years, the country's pharmaceutical policies have undergone significant changes, moving toward advanced country regulatory standards in the review system and transitioning toward a centralized bargaining model for drug procurement. The growth rate is estimated to be 2.5–5.5% over the next five years, with growth slowing down.

Future trends in the global pharmaceutical industry can be summarized as follows:

- (1) Urbanization, refined lifestyles, deteriorating environmental quality, and a significant increase in the global elderly population have led to rapid growth in diseases such as hypertension, high cholesterol, diabetes, depression, autoimmune imbalances, and cancer. This stimulates the demand for medications related to chronic diseases, mental illnesses, autoimmune diseases, cancer treatments, and biopharmaceuticals.

- (2) In recent years, besides outbreaks of infectious diseases like COVID-19, avian flu, Ebola, and Zika virus due to new strains, globalization has facilitated the easier spread of infectious diseases. Consequently, the future focus of pharmaceutical industry research and development will be on medications and vaccines for infectious diseases.
- (3) Research on gene therapy, cell therapy, and protein drugs remains a competitive focus in the research and development departments of various pharmaceutical companies. Their significant impact on disease treatment and the increasing regulations on biosimilars are becoming more comprehensive. Additionally, the application of artificial intelligence in medical research and clinical practice is expected to bring substantial profits and have a significant impact on the future development of the pharmaceutical industry.
- (4) In recent years, major pharmaceutical companies have also targeted treatments for Asia-specific diseases such as viral hepatitis or developed plant-based medicines for specific conditions. Furthermore, developments in central nervous system diseases, personalized precision medicine, and repurposing studies of existing drugs continue to evolve.
- (5) Emerging pharmaceutical markets (such as mainland China, Brazil, India, Russia, Turkey, Pakistan, South Korea, etc.) have increased demand for pharmaceuticals due to economic growth and healthcare system reforms, becoming another important driving force for future market growth.

### 3. Competitive Landscape

In recent years, Taiwan's pharmaceutical industry has followed advanced regulatory changes, impacting the increased production costs of new drug development and the implementation of PIC/S GMP. Furthermore, after multiple price investigations and reductions in healthcare reimbursement prices, coupled with competition in hospital procurement, Taiwan has become a country with significantly lower pharmaceutical prices globally. This has compressed the revenue and profits of domestic pharmaceutical manufacturers. Additionally, due to the implementation of patent linkage, even if a domestically registered drug has valid patents and is exported to markets where local patents have expired, manufacturers are unable to seize opportunities for sales there. This makes the development of the pharmaceutical market in Taiwan quite challenging for domestic pharmaceutical companies.

Facing a difficult overall operating environment and lacking an economic scale in the market, investing in new drug development in Taiwan inevitably requires a global perspective. To compete in the global market, companies must challenge the "standard therapy," complete clinical trials required by major markets, invest significant costs and manpower, and have robust patent protection to create viable opportunities. Targeting new markets with innovative drugs also requires these drugs to demonstrate clinical value in terms of cost-effectiveness, allowing them to compete with original drug manufacturers.

Our company's entire product formulation process complies with the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme Good Manufacturing Practice (PIC/S GMP). Several drugs have been submitted for market approval in various target countries in



accordance with relevant regulations, ensuring our competitiveness in both domestic and international markets. Additionally, our company's technologies, including liposome platforms, long-acting microsphere injection technologies, and freeze-drying processes, have matured. We have established pharmaceutical manufacturing facilities that meet international regulatory quality requirements. Our existing production lines undergo regular official inspections from authorities in the US, Europe, Japan, and other countries, and we have obtained certifications from multiple national pharmaceutical regulatory agencies. Therefore, leveraging our commercialized mature technologies and high-standard facilities, we have engaged in cooperative discussions with several major or innovative domestic and international pharmaceutical companies, selecting suitable strategic partners to enhance our competitiveness in domestic and international markets.

Regarding new drugs, our company will continue to introduce several niche-type new drugs, benefiting Taiwanese patients and boosting company profits. Simultaneously, through licensing agreements, we are introducing target products that are undergoing or have completed Phase III clinical trials to strengthen our product portfolio in target therapeutic areas and increase disease treatment coverage. We continue to evaluate externally potential and suitable pre-clinical products through strategic business co-operation models to strengthen the internal development of new drugs.

(III) Technical and Research & Development Overview

1. Research & Development Expenditure for Fiscal Year 2023 and up to the First Quarter of Fiscal Year 2024

Unit: in NTD 1,000

Item	Fiscal Year 2023	First Quarter of Fiscal Year 2024 (Note)
Research & Development Expenses	310,438	84,880

Note: Information for the first quarter of fiscal year 2024 is self-reported.

1. Successful Development of Technologies or Products

In addition to continuously refining liposome technology and long-acting microsphere injection technology, our company has expanded the indications for existing products and developed new compound drugs. The important products successfully developed are as follows:

Product Name	Indications
Lipo-Dox	Metastatic breast cancer, Kaposi's sarcoma caused by AIDS, multiple myeloma, ovarian cancer
UFUR	Gastric cancer, colorectal (colon and rectal) cancer, breast cancer, used in combination with Cisplatin for the treatment of metastatic and end-stage lung cancer, head and neck cancer, used for adjuvant treatment after surgery in stage T2 patients with first-

Product Name	Indications
	stage B lung adenocarcinoma
Thado	Multiple myeloma, leprosy nodular erythema
Lipo-AB	Complications of invasive fungal infection after bone marrow transplantation, treatment of Candida, Candida or Aspergillus species infections, treatment of histoplasmosis (black fever), empirical therapy for fungal infections in severe neutropenia patients with fever, meningitis in AIDS patients, infections with fungal strains in patients with renal insufficiency
Brosym C+S	Treatment of infections caused by susceptible bacteria: upper and lower respiratory tract infections, upper and lower urinary tract infections, peritonitis, cholecystitis, cholangitis, and other intra-abdominal infections, pelvic inflammation, endometritis, and other reproductive tract infections, as well as trauma, burns, and secondary infections after surgery
Alginos Fresh	Relief of pain caused by gastric acid and bile reflux into the esophagus
Bongain	Treatment of postmenopausal osteoporosis in women to reduce the risk of hip, spine, and non-spine fractures and increase bone density; treatment of osteoporosis in men to increase bone density; for the treatment and prevention of steroid-induced osteoporosis in men and women; treatment of Paget's disease of bone.

#### (IV) Long-term and Short-term Business Development Plans

##### 1. Short-term Development Direction

###### (1) Marketing Strategy

Continuously seek appropriate medications that meet unmet clinical needs, provide clinicians with more comprehensive medical solutions, and act as the best clinical treatment partner for physicians.

Become the premier partner for global specialty pharmaceutical companies in the CMO/CDMO model (key capabilities: commercialization and value chain integration).

Search for products with sales potential and offer multiple sales channels to market products domestically and internationally.

###### (2) Research & Development Strategy

A. Develop core generic drugs strategically and ensure core products are launched on schedule in target markets to achieve short-term profit goals. In addition, optimize production capacity utilization while maintaining stable production.

- B. Leverage high-barrier technology platforms to continually develop new items, build a portfolio of specialty pharmaceutical products, and enhance economies of scale in commercialization and marketing.
- C. Carefully choose innovative drug development targets, collaborate with international companies for joint development, license out at the appropriate time while retaining partial market rights in target countries to increase the number of products with longer life cycles, optimize operating profits in direct sales markets; besides balancing self-funded R&D costs, also gain licensing fees and share sales revenue.

### (3) Production Strategy

- A. Continuously update drug manufacturing regulations in a rolling fashion, implement and pass domestic and foreign facility inspections, maintain stable high-quality production bases, and deliver high-quality products.
- B. Enhance production speed, production-sales coordination, production management, and quality control processes through lean manufacturing line planning to ensure a balanced production capacity and marketing efficiency.
- C. Acquire the ability to source raw materials, functional excipients, and special packaging materials independently, establish supplier data that complies with PIC/S GMP quality standards, and conduct annual supplier evaluations to control costs and stabilize supply sources.

### (4) Management Strategy

- A. Support future product development and expansion of new footholds through sales revenue from Taiwan and established overseas markets.
- B. Manage operational costs and increase production capacity through international specialty drug contract manufacturing/shared development profit-sharing factories.
- C. Introduce R&D achievements into the global market, complete overseas licensing; combine product development with licensing profit-sharing income, invest in future new items or new businesses to create a positive cycle.
- D. Focus on global biotech investment targets, monitor changes in target country healthcare environments, take appropriate strategic financial actions, create optimal profits for the group, and capitalize on medium- to long-term growth opportunities.
- E. Recruit foreign talents extensively to rapidly gain foreign experience, resources, and talent, and continuously strengthen balanced development in “science, regulations, and business operations” to enhance the international readiness of various functional departments within the company, laying a solid foundation for future growth as an international pharmaceutical company.

## 2. Long-term Development Direction

### (1) Marketing Strategy

- A. Focus on consistently executing “locally optimized” and “differentiated” business activities and lifecycle management in target markets.
- B. Establish a robust operating model for Contract Development and Manufacturing Organization (CDMO) by developing competitive proprietary and jointly developed

specialty drug items, thereby enhancing the company's value in international business development.

- C. Accelerate the expansion of overseas marketing hubs, reinforce the management of existing agent sales targets, and foster mid- to long-term revenue growth potential alongside diverse international development.

## (2) Production Strategy

- A. Achieve mastery in international regulatory dynamics, continually update and maintain drug manufacturing facilities that meet major international regulatory quality standards, solidify the robust CDMO operating model, and strengthen the company's international business development while deepening its global presence.
- B. Continuously optimize production schedules, improve flexible and economically scalable capacity planning (with international production management), evaluate resource input-output profitability in production processes to boost output, ensuring cost advantages and international competitiveness.
- C. Enhance manufacturing capacity and streamline supply chain management through strategic activities like mergers, alliances, or joint ventures, completing the value chain integration from research and development to manufacturing.

## (3) Research & Development Strategy

- A. Strike a balance in evaluating and investing in early, mid, and late-stage drug development targets to enhance product portfolios and competitiveness in target disease treatment areas (specialty drugs, biologics, new drugs), achieving rapid short-term revenue growth while planning for long-term organizational operational growth and value chain integration.
- B. Collaborate with international partners to expedite the development of specialty generics, new drugs, and drug delivery platforms addressing unmet medical needs, high barriers (technological, manufacturing), and high pharmaceutical economic value, thereby increasing international visibility.

## (4) Business Planning

Corporate Vision: "Enhancing human life quality through technology and science."

Company Mission and Strategy: "Committed to developing and manufacturing specialty drug formulations (patentable or high-barrier characteristics), biologics, new medical technologies, and new drugs, perfecting TTY product portfolios; continuously enhancing R&D efforts for high-barrier drug formulations and extending their utility benefits," "Specializing in oncology, critical care, anti-infection, and specialty drug development and manufacturing, expanding globally in these areas," "Aspiring to become one of the most innovative biotech pharmaceutical companies globally," and "Serving as the premier collaborative partner for international biotech companies in drug development and international market marketing."

## 2. Market Overview

### (I) Market Analysis

#### 1. Sales Regions of Major Company Products and Services

The primary sales region for our company's major products is domestic, accounting for approximately 88% of net revenue, with Southeast Asia being the main export market. Sales channels predominantly consist of large hospitals and outpatient clinics, contributing to about 70% of net revenue.

#### 1. Future Market Supply-Demand Dynamics and Growth Prospects

Due to aging populations, increasing chronic diseases, expansion in emerging markets, the application of data and artificial intelligence in drug development, and advancements in biotechnology and gene therapy, there is heightened awareness of health and demand for treatments, leading to increased drug usage. Therefore, the pharmaceutical market is expected to maintain stable growth in the future, but it requires continuous innovation and adaptation to changing environments and demands. According to IQVIA's report – Global Use of Medicines 2024, global pharmaceutical market spending is projected to exceed USD 1.1 trillion by 2024, with an expected increase of 2 percentage points by 2028, achieving a CAGR of 5–8%.

#### 2. Competitive Advantages

##### (1) Core Competencies of Our Company

- A. Clear company positioning.
- B. Comprehensive value chain in the pharmaceutical industry.
- C. Continuous development of competitive specialty drug formulations.
- D. Ongoing accumulation of approvals from major national regulatory authorities for pharmaceutical manufacturing facilities.
- E. Deep cultivation in target therapeutic areas for many years, accumulating extensive and comprehensive customer co-operation relationships and patient education and care experiences.

##### (2) Competitive Advantages in the Chinese Market Compared to International Giants

- A. Understanding and accumulated experience in unique cancer treatment situations among the Chinese population.
- B. Clinical trial and marketing advantages in the Chinese market.

#### 3. Favorable and Unfavorable Factors for Future Development and Coping Strategies

##### (2) Favorable Factors

- A. Favorable Environment in the Taiwanese Pharmaceutical Industry

- Government encouragement for capital markets benefiting new drug development.
- Government encouragement for CDMO benefiting international pharmaceutical contract manufacturing.
- Significant improvement in the insufficiency of integrative technical talents and obsolete industry practices
- Core hospital clinical trial centers have accumulated rich experience and are certified by major national regulatory authorities.
- Regulatory review capabilities of the Food and Drug Administration have significantly improved, favoring the development of new drugs in the industry.

#### B. Excellent Research and Development Integration Capability

Our company is committed to attracting external talent and investing in research and development, with capabilities ranging from prescription development, pre-clinical trials, drafting human trial plans, executing human trials, completing trial summary reports, and applying for new drug listings. We also have the ability to develop and manufacture chemical technology and manufacturing documentation that comply with regulatory requirements, as well as quality assurance documents. Our company is capable of executing and continuously accumulating experience in all these areas, showcasing rare integrated pharmaceutical development capabilities in the domestic industry. This integration continues to drive our competitive advantage.

### (3) Challenges and Response Strategies

#### A. Reform of Drug Pricing Reimbursement System

Taiwan has implemented a global budget payment system, which has undergone multiple drug price adjustments. Through this system, domestic pharmaceutical companies' drug prices and prescription volumes are regulated or restricted, affecting the pricing and sales of certain medications in Taiwan and consequently impacting product prices overseas. This has led to compressed revenue and profits for pharmaceutical companies.

##### Response Strategies:

In addition to establishing a comprehensive sales network across the country, our company can provide real-time services to hospitals and clinics, increasing the coverage of our sales. We aim to enhance the effectiveness of resource utilization, strengthen strategic partnerships for drugs with a certain market scale and value, collaborate with clinical medical care experts to improve patient care, continuously enhance confidence among medical institutions and physicians in our products, and increase opportunities for rational prescription drug use. By licensing and introducing late-stage new drugs in target therapeutic areas and aligning with the evidence collection timeline in advanced countries, we aim to shorten the local evidence collection period. We combine these efforts with our advantages in marketing teams and resources to create optimal revenue for our products, thus avoiding the scenario of declining revenue and profits due to drug price adjustments.

#### B. Small-Scale Enterprises Upgrading to PIC/S GMP Compliance

Currently, most pharmaceutical companies in Taiwan are traditional small to medium-sized enterprises focused on producing generic drugs and marketing foreign drugs. However, these domestic companies lack professional information on foreign markets and international regulations, have limited international marketing experience, and are unable to form influential groups or organizations overseas. This makes it difficult for them to seize opportunities and limits their growth potential. Moreover, since our country's accession to the World Trade Organization (WTO), there has been an increase in foreign competitors entering the Taiwan pharmaceutical market at lower prices. This has had a negative impact on many small and medium-sized local pharmaceutical companies that rely on the domestic market.

To address international regulatory trends and enhance drug quality, our country implemented Drug Master File (DMF) management starting in 2013 and fully adopted PIC/S GMP in 2015. Both domestic and imported drug manufacturers are required to comply with PIC/S GMP standards. Therefore, pharmaceutical companies that do not meet PIC/S GMP standards will be gradually phased out.

#### Response Strategies:

As a response, Taiwan TTY Biopharm has shifted its focus from traditional generic drug factories with an emphasis on manufacturing and sales to innovative development of generic drugs and medications, ensuring compliance with international quality regulations in manufacturing facilities.

Our company not only continues to develop business through core channels in Taiwan (medical centers, regional hospitals, and regionally promising hospitals) but also, in terms of disease area selection, specializes in cancer treatments, critical care, and anti-infective treatments to effectively leverage the value of drug development. TTY Biopharm is committed to becoming a biopharmaceutical company specializing in the development of specialty drugs and excelling in international market marketing. Additionally, TTY Biopharm continues to introduce new drugs and collaborates with original manufacturers for the distribution of their off-patent products, forming a comprehensive product portfolio. Furthermore, due to our long-term investment and experience in these areas, TTY Biopharm's presence will contribute to more efficient drug development for domestic and international pharmaceutical companies, resulting in effective gains in the market and ultimately creating a mutually beneficial situation.

#### C. Insufficient Brand Awareness and Regulatory Barriers

Compared to international giants, generic drug manufacturers typically have lower brand awareness. This can impact consumer trust in their products, especially for treating severe diseases or in high-risk situations. Additionally, in some countries, market access for generic drugs requires navigating strict approval processes, potentially raising market entry barriers and costs for newcomers.

#### Response Strategies:

Our company not only strengthens its presence in the Taiwanese market but also actively expands its overseas business by independently developing high-tech barrier generic drugs. This involves creating high-barrier drugs with proven clinical efficacy and introducing them

to the international market through a model where international giants commission design and production. We also collaborate with pharmaceutical companies with high coverage in major markets to develop products for registration and launch. Additionally, we continuously partner with multinational distribution channels to enter regions like the Americas, Europe, Asia, and emerging countries. This is supplemented by establishing marketing teams in target countries to expand our operations. Our goal is to become the preferred partner for global pharmaceutical marketing companies in major markets and gain international recognition. On the other hand, by developing the Greater China market (including Taiwan and mainland China) and Southeast Asia, we aim to cultivate local capabilities and become the preferred partner for international biotech innovators planning to enter Taiwan and Asian markets. However, in cases where they struggle to understand market dynamics for profitable operations, TTY Biopharm can step in as the best local partner for drug development and marketing in the fields of cancer treatment, critical care, and infection control, fostering a mutually beneficial scenario.

## (II) Major Uses and Production Processes of Main Products

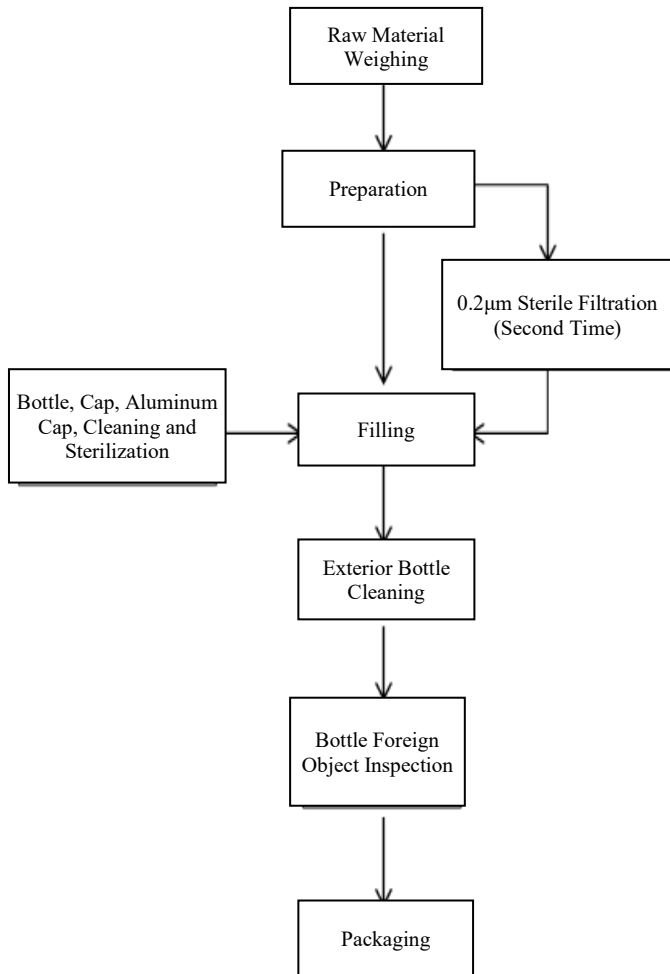
1. The important uses of our company's products can be categorized as follows:
  - (1) Oncology: Anti-cancer and adjunct therapy medications.
  - (2) Anti-infective and Critical Care: Back-line antimicrobial agents and medications for influenza vaccines and severe clinical care.
  - (3) Healthcare and Other Medical Supplies: Gastrointestinal health, bone health, and metabolic health.



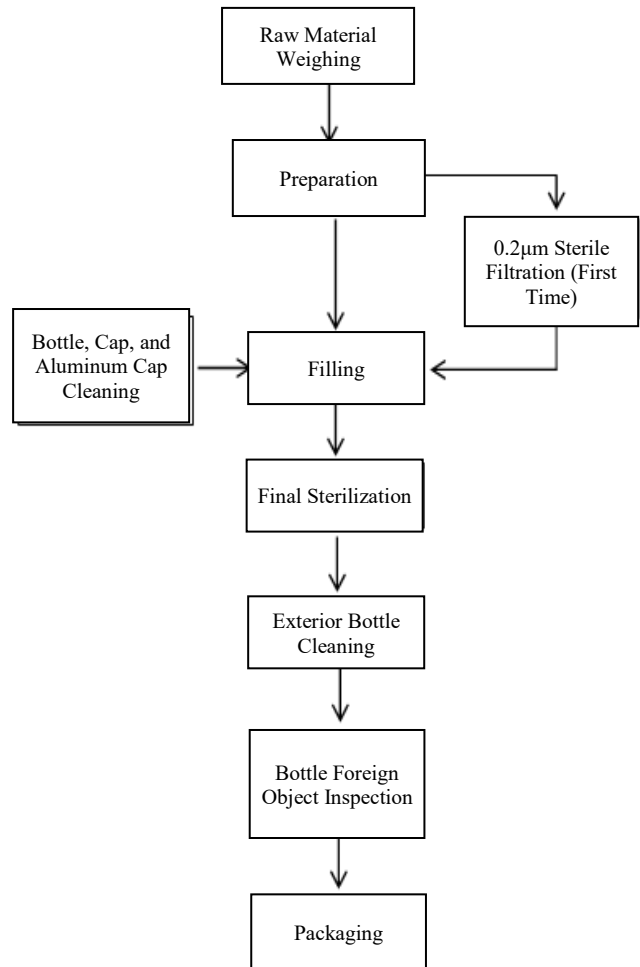
## 2. Production Processes:

### Injection Production Process

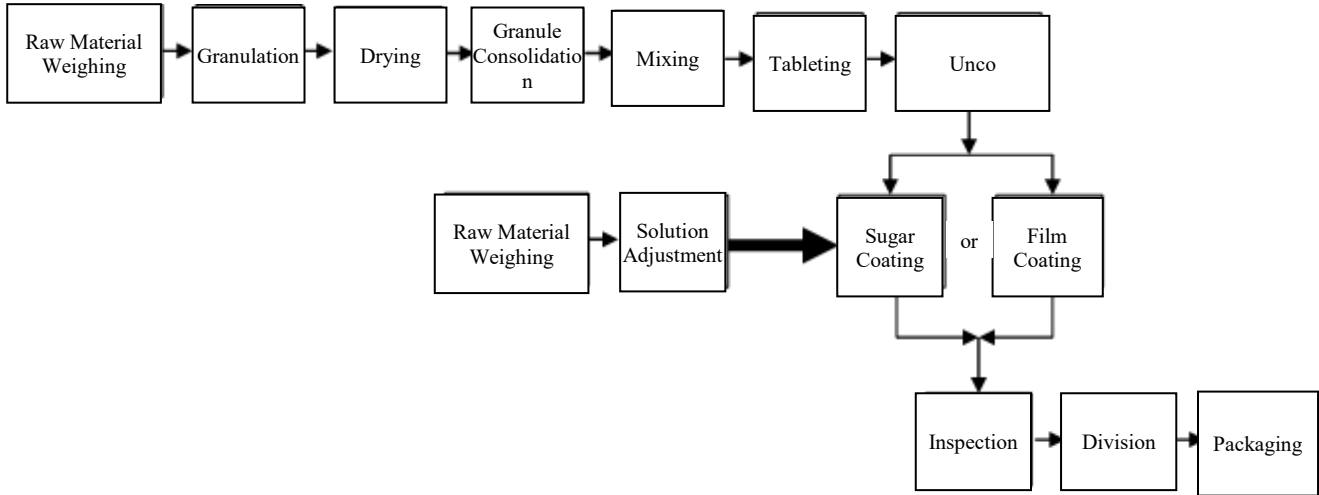
#### Aseptic Operation – Production Process



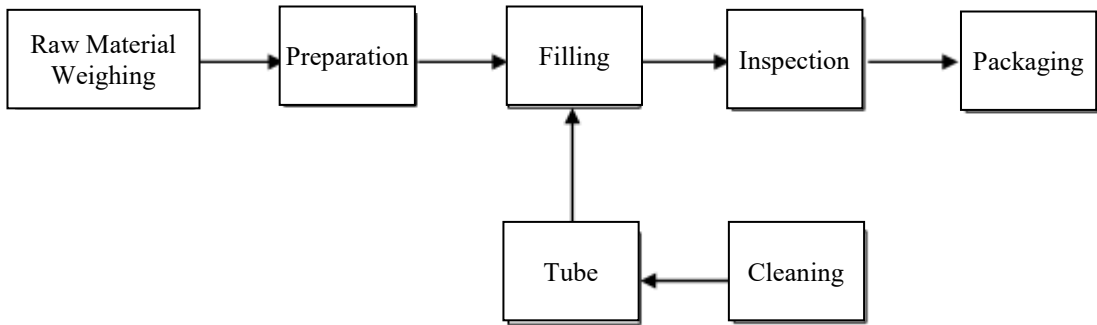
#### Final Sterilization – Production Process



### Tablet Production Process



### Ointment Production Process



### (III) Supply Status of Main Raw Materials

Our company sources raw materials from both domestic and foreign suppliers. To ensure a stable supply, we maintain close partnerships with existing suppliers and actively develop new ones.

(IV) Customers Accounting for Ten Percent or More of Sales Revenue in Either of the Last Two Years

1. Main Purchasing Customers

Information on Main Suppliers in the Last Two Years

Unit: in NTD 1,000

Item	2022				Fiscal Year 2023			
	Name	Amount	Percentage of Annual Purchases Net Amount (%)	Relationship with Issuer	Name	Amount	Percentage of Annual Purchases Net Amount (%)	Relationship with Issuer
1	Company A	283,053	20.03	N/A	Company A	224,885	14.02	N/A
2	Company B	109,103	7.72	N/A	Company B	224,606	14.00	N/A
	Others	1,020,839	72.25		Others	1,154,612	71.98	
	Purchases Net Amount	1,412,995	100.00		Purchases Net Amount	1,604,103	100.00	

Note: The names and purchase amounts representing over ten percent of total purchases in the last two years are listed, except in cases where the disclosure of supplier names or involvement of individual traders not related to the parties is prohibited by contractual agreements, in which pseudonyms may be used.

2. Main Customers

Information on Main Customers in the Last Two Years

Unit: in NTD 1,000

Item	2022				Fiscal Year 2023			
	Name	Amount	Percentage of Annual Sales Net Amount (%)	Relationship with Issuer	Name	Amount	Percentage of Annual Sales Net Amount (%)	Relationship with Issuer
1	Company A	260,429	5.15	N/A	Company B	274,098	4.98	N/A
	Others	4,801,177	94.85		Others	5,231,444	95.02	
	Sales Net Amount	5,061,606	100.00		Sales Net Amount	5,505,542	100.00	

Note: The names and purchase amounts representing over ten percent of total purchases in the last two years are listed, except in cases where the disclosure of customer names or involvement of individual traders not related to the parties is prohibited by contractual agreements, in which pseudonyms may be used.

(V) Production Volume in the Last Two Years

**Production Volume Table (for Last Two Years)**

Unit: in 1,000 Units; 1,000 Pieces; NTD 1,000

Production Volume Main Product	Year	2022			Fiscal Year 2023		
		Capacity	Volume	Value	Capacity	Volume	Value
Ointment	Note 1		2,326	84,011	Note 1	2,283	86,707
Oral Formulations	Note 1		356,103	464,163	Note 1	410,961	582,023
Injections	Note 1		5,136	743,365	Note 1	5,272	945,842
Others	Note 1		—	—	Note 1	—	—
Total	—		Note 2	1,291,539	—	Note 2	1,614,572

Note 1: Production capacity for this item cannot be listed due to unit size differences.

Note 2: Production volume for this item cannot be totaled due to unit differences.

Note 3: This table does not include externally purchased goods.

(VI) Sales Volume in the Last Two Years

**Sales Volume Table (for Last Two Years)**

Unit: in 1,000 Units; 1,000 Pieces; NTD 1,000

Sales Volume Main Product	Year	2022				Fiscal Year 2023			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Ointment		2,326	94,836	—	—	2,234	90,489	—	—
Oral Formulations		369,553	2,302,709	18,190	181,555	427,478	2,482,122	18,542	179,667
Injections		6,028	2,076,099	409	180,138	5,883	2,114,673	395	316,826
Others		662	94,185	—	27	537	111,631	15	58
Total	Note 1		4,567,829	Note 1	361,720	Note 1	4,798,915	Note 1	496,551

Note 1: Sales volume cannot be totaled due to different units.

Note 2: This table does not include revenue from services.

**3. Number of Employees, Average Service Tenure, Average Age, and Education Distribution Ratio – Employee Statistics for Last Two Years and Q1, 2024 (until Report Print Date of March 31, 2024)**

Employee Statistics for the Last Two Years (and Q1, 2024)

Year		2022	Fiscal Year 2023	March 31, 2024
of Number	Management	79	89	89
	Research and Development Staff	87	62	62

	Other Employees	365	363	373
	Total	531	514	524
Average Age		41.80	41.73	41.87
Average Service Tenure		8.76	8.44	8.20
Distribution	Education			
	Doctorate	3.95	2.92	3.44
	Master's	36.35	34.44	33.02
	Bachelor's	52.54	55.83	56.29
	High School	6.03	6.03	6.49
	Below High School	1.13	0.78	0.76

#### 4. Environmental Expenditure Information

The losses incurred due to environmental pollution along with the current and estimated future amounts and corresponding measures (for the most recent year and up to the print date of the annual report): None.

#### 5. Labor Relations

- (I) Company's Employee Welfare Measures, Education, Training, Retirement System, and Implementation, Alongside Labor-Management Agreements and Status of Employee Rights Protection Measures

##### 1. Employee Welfare Measures

To strengthen the company's relationship with its employees, encourage contributions, create more welfare, take care of employees' lives, and build a positive company culture and spirit, the company has established an Employee Welfare Committee in accordance with the labor welfare fund regulations issued by the competent authority and the welfare committee's organizational regulations. The committee was approved on March 19, 1998, under the competent authority's Letter No. 8720781200, and the company allocates welfare funds to the committee for various welfare measures. Details are as follows:

Benefit Item	Description	Remarks
Birthday Bonus	Employees receive a birthday bonus of NTD 1,000 in their birth month, distributed on the 15th of each month.	
Wedding Bonus	<ol style="list-style-type: none"> <li>For employees with less than one year of service but over three months and have paid the welfare fund for three months before the payout date, NTD 3,600 is provided.</li> <li>For employees with one year of service, NTD 6,000 is provided.</li> <li>If both spouses are employees, each receives a bonus.</li> </ol>	<ol style="list-style-type: none"> <li>Application: Employees must provide a marriage certificate (or a copy of household registration) and an expense application form, approved by the supervisor.</li> <li>Application Deadline: Within three months from the marriage registration date (as shown on the above documents).</li> </ol>

Benefit Item	Description	Remarks
Maternity Bonus (including miscarriages after 20 weeks of pregnancy)	<ol style="list-style-type: none"> <li>1. Employees or their spouses receive NTD 3,600 for each childbirth.</li> <li>2. For spouses working in the company, one bonus is provided.</li> <li>3. The subsidy amount is based on the number of newborns.</li> </ol>	<ol style="list-style-type: none"> <li>1. Application: Employees must provide the child's birth certificate (or doctor's certificate or a copy of household registration) and an expense application form, approved by the supervisor.</li> <li>2. Application Deadline: Within three months of childbirth; for miscarriages after 20 weeks of pregnancy, within three months of the occurrence, and provide a doctor's certificate.</li> </ol>
Festival Bonuses, Voucher, Gifts	<p>Provided on every Dragon Boat Festival and Mid-Autumn Festival</p> <p>Eligibility: Employees who have paid the welfare fund for three months before the payout date.</p>	<p>The amount depends on the individual budget for that year.</p>
Hospitalization Condolence Fund for Illness or Injury	<ol style="list-style-type: none"> <li>1. A condolence fund of NTD 3,000 is provided, limited to once per year (based on the discharge date).</li> <li>2. Visitation gifts are limited to NTD 1,000 each (once per year and must be applied together with the condolence fund and provide a receipt).</li> </ol>	<ol style="list-style-type: none"> <li>1. Application: Employees must provide the original hospitalization certificate and an expense application form, approved by the supervisor.</li> <li>2. Application Deadline: Within three months from the incident date.</li> </ol>
Condolence Allowance	<ol style="list-style-type: none"> <li>1. For employees' parents, children, spouses, or parents-in-law: NTD 3,100 for condolence and NTD 2,000 for flowers (no cash redemption if not needed).</li> <li>2. For employees' grandparents, siblings, grandchildren, great-grandparents, or great-grandparents-in-law: NTD 1,500 for condolence or NTD 2,000 for flowers (choose one).</li> <li>3. If multiple individuals within the same family meet the conditions and work for the company simultaneously, only one person can claim.</li> </ol>	<ol style="list-style-type: none"> <li>1. Application: Employees must provide a copy of the death notice and an expense application form (receipt required for flower costs), approved by the supervisor.</li> <li>2. Application Deadline: Within three months from the incident date.</li> </ol>
Disaster Relief Fund	<ol style="list-style-type: none"> <li>1. The company provides emergency funds to alleviate hardships for employees during disasters.</li> <li>2. Definition of Disaster:</li> </ol>	<ol style="list-style-type: none"> <li>1. Definition of Dependent: <ul style="list-style-type: none"> <li>● Spouse and children of employees</li> <li>● Parents of employees</li> <li>● Grandparents of employees</li> </ul> </li> </ol>

Benefit Item	Description	Remarks
	<ul style="list-style-type: none"> <li>● Natural disasters like floods, wind disasters, earthquakes, etc.</li> <li>● Fires: When the cause is determined by relevant authorities and not due to suicide, or when affected by fire, etc.</li> </ul> <p>3. Applicable scope, relief fund, and required supporting documents as per Appendix 1.</p>	<p>2. Residence: Actual place of employee residence</p> <p>3. Disaster Relief Fund: Each employee can receive up to NTD 100,000 for the first five types of incidents combined, regardless of the cause.</p> <p>4. Application Deadline: Within three months from the incident date.</p> <p>5. Application: Employees must provide original proof of expenses and an expense application form, approved by the supervisor.</p>
Education Subsidy	<p>1. Eligibility: To encourage employees and their children to further their education, education subsidies are divided into two categories: “Scholarships” and “Education Grants.”</p> <p>2. Scholarships:</p> <ul style="list-style-type: none"> <li>● Domestic University Application Criteria: The institution for further education must be a government-registered public or private school (such as high schools, attached schools, and universities), including public open universities, open business colleges, and open administration colleges. High school, university, and graduate school subjects must have an overall average score of 80 or above.</li> <li>● Foreign University Application Criteria: GPA (Grade Point Average) of 3.5 or above or equivalent GPA level A (including A-) or above.</li> </ul> <p>3. Education Grants: Low-income households recognized by the local competent authority and meeting scholarship performance criteria may apply.</p> <p>4. Students enrolled in fully funded schools (including military schools) cannot apply for education grants, but</p>	<p>1. Application Deadline: Within 30 days of the start of the semester (limited to one application per semester).</p> <p>2. Scholarship Application: Employees must submit domestic (or foreign) transcripts and an expense application form, which must be approved by the supervisor.</p> <p>3. Education Grant Application: Employees are requested to attach the registration fee receipt or student ID stamped by the school after the start of the semester, proof of low-income status recognized by the local competent authority, and transcripts from the previous semester.</p> <p>4. If the applicant is an employee’s child, please provide a copy of their ID card or household registration.</p>

Benefit Item	Description	Remarks
	<p>scholarships may be granted based on equivalent school standards.</p> <p>5. Education subsidies are provided according to the standards outlined in Appendix 2.</p>	
Travel Subsidy	<ol style="list-style-type: none"> <li>1. Eligibility: Existing employees with vacation time</li> <li>2. Employees hired during the same year are eligible for subsidies based on the ratio for that year. However, for those who resign after participating, both new and existing employees will have the subsidy ratio deducted again.</li> <li>3. Employees who do not participate in company trips during the year will be considered forfeiting their eligibility.</li> <li>4. Travel subsidy calculation period: From January 1 to December 31 of the year.</li> <li>5. The subsidy amount is based on the company's announcement for that year, limited to one application per instance.</li> </ol>	<ol style="list-style-type: none"> <li>1. Application: Fill out the expense application form and attach the required documents as announced by the company.</li> <li>2. Subsidy calculation: The travel subsidy for overseas trips in 2006 is NTD 20,000. For example, if Employee A joins on March 1, 2006, the subsidy amount is NTD 16,666 (20,000 x 10/12). If they resign on October 31, NTD 3,333 will be deducted (20,000 x 2/12).</li> </ol>
Year-End Banquet	All employees of the company are welcome to participate freely.	
Year-End Raffle	<p>Qualifications for the Year-End Raffle:</p> <ol style="list-style-type: none"> <li>1. According to the annual regulations, to be announced separately; for example, employees who joined the company as regular employees before September 30 (inclusive) of the current year.</li> <li>2. Regular employees who are on official business or overtime on the day of the year-end banquet. (Submit relevant proof approved by the workflow application in advance to the Welfare Committee).</li> <li>3. Regular employees dispatched from the company (receiving salaries from the company).</li> </ol>	<ol style="list-style-type: none"> <li>1. Regular employees who do not win any prizes in the year-end raffle are eligible for a token of appreciation.</li> <li>2. Regular employees who have submitted a resignation application before the year-end raffle but are still employed also qualify for the raffle.</li> <li>3. Regular employees who have been on leave without pay and return to work before the year-end banquet must have paid the welfare fund three times to qualify for the raffle.</li> <li>4. The amount of the token of appreciation depends on the annual budget.</li> </ol>
Recreational Activities: Family Day,	1. Eligibility for Participation: All employees of the company are welcome to participate freely.	Family Day attendance with dependents: According to the annual activity budget regulations.



Benefit Item	Description	Remarks
Sports Day, Cultural and Sports Activities, etc.	2. Raffle Eligibility: Regular employees who have paid the welfare fund for three months before the activity.	
Employee Health Checkup	Eligibility for Participation: Regular employees who have paid the welfare fund for three months before the start date of the company's announced employee health checkup.	
Labor Day (Cash Bonus)	Eligibility: Employees who have paid the welfare fund for three months prior to the distribution date are eligible.	The amount depends on the individual budget for that year.

#### Appendix 1

Category	Applicable Scope	Assistance Fund (NTD)	Required Proof After the Disaster
1.	Employees hospitalized for three days or more due to disasters	NTD 6,000	Hospitalization certificate
1.	Family members of employees hospitalized for three days or more due to disasters	NTD 5,000	Hospitalization certificate
2.	Employees who die due to disasters	NTD 30,000	Death certificate
3.	Family members of employees who die due to disasters	NTD 15,000	Death certificate
4.	Employees whose own residence or furniture is damaged due to natural disasters such as fire, wind, flood, earthquakes, etc.	Maximum NTD 10,000	Provide the required proof documents of the local government for the damaged items, including photos and replacement invoices.

#### Appendix 2

Category	Education Grant (NTD)	Scholarship (NTD)
High School (including equivalent level schools)	4,000	1,000
University (including equivalent level schools)	NTD 6,000	2,000
Graduate School	NTD 10,000	4,000

## 2. Employee Education and Training

To maintain the company’s corporate vision and improve the career development of employees, various training and development activities are conducted to strengthen their skills and expertise. These activities aim to achieve organizational goals and create personal achievements. The company offers a range of education and training programs, including new employee training, specialized courses offered by various units, and online courses covering different aspects. Mandatory online courses include drug safety monitoring, Sustainable Development Goals (SDGs), information security, trade secrets, prevention of insider trading and major business event handling principles, corporate integrity operation advocacy, friendly workplace construction, and good pharmaceutical marketing practices. All employees completed course readings and assessments in 2023. External training is provided based on needs assessment, with subsidies offered by the company to provide more growth opportunities for employees’ careers, enhance their quality, and increase their sense of belonging to the company.

Employee Education and Training Situation for 2023

Category \ Item	Number of Trainees	Training Hours	Average Training Hours
Administration	89	452	9.14
Sales and Marketing	126	561.3	7.13
Research and Development	62	216.54	6.9
Factory	236	1118.8	8.15
Total	513	2348.64	31.32

### 1. Measures for Workplace Environmental Protection and Employee Safety

#### ❖ Establishment of Occupational Safety and Health Management Organization

To ensure the safety and health of our employees at work, the company has established an Occupational Safety and Health Management Committee in accordance with the law. Due to the lower number of employees than the statutory standard, the Neihu Pharmaceutical Development Center has set up a “Safety and Health Management System Implementation Team.” The Occupational Safety and Health Unit holds a quarterly meeting to review relevant occupational safety issues. It is primarily responsible for supervising and suggesting plans related to occupational health and safety. Labor representatives account for more than one-third of the total committee members. Based on the Occupational Safety and Health Act and related regulations, the company has formulated the “Occupational Safety and Health Work Code” and the “Occupational Safety and Health Management Plan.” Each factory has established an occupational safety and health unit, management personnel, and first aid personnel in compliance with the law.

#### ❖ ISO 45001 (Occupational Health and Safety Management System) Certification

On December 30, 2022, the company obtained ISO 45001:2018 Occupational Health and Safety Management System certification (including the Nanang Headquarters and Chungli Factory), valid until December 29, 2023.

The implementation of the ISO 45001 Occupational Health and Safety Management System involves senior executives and department heads conducting hazard identification and risk assessment according to ISO 45001. This aims to identify hazards and risks due to organizational or activity changes, and to develop management plans or track risk opportunities and control measures. The goal is to establish a safe and healthy working environment, enabling the organization to identify and prevent risks, protect employees, reduce accidents and illnesses, and improve regulatory compliance.

#### ❖ Various Measures to Ensure Employee Safety and Health

To safeguard employees' health and safety, the company provides labor and health insurance, along with group insurance, accident insurance, occupational accident insurance, cancer insurance, travel safety insurance, and conducts annual employee health checkups. Moreover, in response to autumn-winter flu and the novel coronavirus, the company offers free flu vaccinations to employees and up to four immediate family members per employee.

The company has public liability insurance for all operational locations, qualified fire management personnel in each factory, formulates fire plans according to legal requirements, and conducts regular fire safety equipment maintenance and inspections of public building fire evacuation facilities. These measures are reported to competent authorities to ensure employees' personal safety.

Additionally, the company has designated resident nurses and physicians as required, ensuring employees have access to professional medical assistance. During new employee orientation and training, the company emphasizes the health services, medical aid, and preventive measures for occupational diseases that it offers. In 2023, health-related information was circulated via email, covering 12 health topics such as "High Eye Pressure and the Risk of Glaucoma," "Jeannie Hsieh's Secrets to a 24-Inch Waist," "Three Exercises for Alleviating Muscle Soreness," "Optimizing Weight Loss with Adequate Protein Intake," "12 Snacks for Controlling Sugar Intake and Achieving a Slimmer Body," "Effective Fat Burning Strategies Beyond Running," "Understanding the Importance of Protein, Equivalent to Nutritional Value of an Egg," "Tips for Preventing Joint Stiffness," "Exercises to Strengthen the Core and Trim the Waistline," "Harmful Habits Impacting Kidney Health," "Achieving Autonomic Nervous System Balance in Three Minutes," and "Activating Muscles and Organs with 30 Toe Raises." These initiatives aim to support the overall well-being—physical, mental, and spiritual—of the employees. Nurse consultations are available three times per month, while physician appointments are scheduled three times per year. Due to the smaller workforce at the Neihu Pharmaceutical Development Center, with fewer than 99 employees, nurse consultations are offered once a month, and physician appointments are scheduled once a year.

In addition to prioritizing and protecting product safety, ensuring on-site operators' use of

personal protective equipment (PPE) is a key focus area in our company’s occupational safety hazard control. For instance, the factory production area is equipped with glove boxes, providing on-site operators with a sealed and isolated environment for production operations. This setup effectively prevents potential chemical exposure hazards during the manufacturing process. Additionally, in case of a chemical spill accident, the factory is equipped with chemical spill response vehicles for immediate handling, minimizing the risk of abnormal accidents and disasters. Furthermore, PPE is regularly updated based on process requirements and usage conditions, offering maximum protection to production line workers. Disposable items like masks and protective clothing are used, while respiratory protective equipment is replaced as needed according to dust absorption levels.

1. To enhance employee welfare, encourage employees’ financial planning, and boost their engagement with the company, thus fostering mutually beneficial outcomes for labor and management, the “TTY Biopharm Company Limited Employee Stock Ownership Association” was established in 2023. This association offers employee stock trust services, enabling employees to deposit predetermined amounts from their salaries and bonuses. The company matches 100% of the employee’s deposit amount, serving as an incentive.
2. Employee Retirement Eligibility and Retirement Benefits, as per our company’s Employee Retirement Regulations:
  - (1) Employees may voluntarily retire under the following circumstances:
    - ① With 15 or more years of service and upon reaching the age of 55 (based on household registration records).
    - ② With 25 or more years of service.
    - ③ With 10 or more years of service and upon reaching the age of 60.
    - ④ The calculation of an employee’s years of service is based on their tenure with the company from the date of employment. However, for employees transferred by the company or retained during company restructuring or transfer to a new company, their years of service are aggregated accordingly.
  - (2) The company may enforce retirement for employees meeting the following criteria:
    - ① Employees reaching the age of 65 (based on household registration records).
    - ② Employees unfit for work due to physical disabilities.
    - ③ The age requirement mentioned above of 65 years may be modified for workers with specific characteristics like risk or strong physical abilities, pending approval from the central competent authority. However, the adjusted age should not fall below 55 years old.
  - (3) Standards for Employee Retirement Benefits
    - ① Retirement benefits are provided based on the years of service after the implementation of the Labor Standards Act. The retirement benefit standards are as follows:
      - a. Employees are granted two base units for each complete year of service based on their

tenure. After exceeding 15 years of service, employees receive one base unit for each full year thereafter. The total is capped at a maximum of 45 base units. For less than six months of service, half a year is counted; for over six months but less than a year, one year is counted.

- b. Employees forced to retire due to physical or mental disabilities resulting from job duties receive an additional 20%, as per the criteria mentioned above.
  - c. The retirement benefit base unit refers to the average monthly salary at the time of retirement approval.
- ② For years of service before the implementation of the Labor Standards Act, retirement benefits are calculated according to the relevant laws at that time or based on agreements between employees and the company if no applicable laws are available.
- ③ Starting from July 1, 2005, in accordance with the implementation of the “Labor Pension Act,” the standards for retirement benefits are as follows:
- a. For employees choosing to continue under the retirement benefit regulations of the “Labor Standards Act,” their retirement benefits are granted according to the aforementioned “①Retirement benefit standards based on years of service after the implementation of the Labor Standards Act” regulations.
  - b. For employees opting for the “Labor Pension Act” and their subsequent years of service, retirement benefits are administered under the “Individual Pension Account” system. The method of receiving and calculating retirement benefits is as follows:
    - Monthly Retirement Benefit: Based on the principal and accumulated earnings in the employee’s individual retirement pension account, calculated according to actuarial tables
      - using factors such as average remaining lifespan and interest rates, and disbursed regularly
      - as retirement income.
    - Lump Sum Retirement Benefit: One-time withdrawal of the principal and accumulated earnings from the employee’s individual retirement pension account.
    - Annuity Insurance System: Disbursement amount determined as per the terms of the insurance contract.

### 3. Agreements between Labor and Management and Measures to Protect Employee Rights

Any new or revised measures related to labor–management relations in our company are finalized only after thorough communication and agreement between labor and management, thus preventing any disputes from arising.

#### (II) Losses Incurred Due to Labor Disputes in the Latest Fiscal Year and Until the Printing Date of the Annual Report, and Disclosure of Estimated Amounts and Mitigation Measures for Current and Future Occurrences

The relationship between labor and management in our company is harmonious, and there have

been no losses incurred due to labor disputes in the latest fiscal year and until the printing date of the annual report.

## **6. Information and Communications Security Management**

### **(I) Framework for Information and Communications Security Risk Management, Information and Communications Security Policy, Specific Management Plans, and Resources Invested in Information and Communications Security Management**

#### **1. Framework for Information and Communications Security Risk Management**

- The responsibility unit for information security in our company is the IT Department, which appoints one IT security supervisor and one dedicated IT security personnel. They are responsible for formulating internal IT security policies, planning and implementing IT security operations, promoting and implementing IT security policies, and regularly reporting on the company's IT security governance to the Sustainable Development Committee and the Board of Directors.
- The Audit Office of our company serves as the supervisory unit for IT security management. This office has appointed an audit director and dedicated audit personnel, responsible for overseeing the internal IT security execution status. If any deficiencies are identified during audits, the audited units are promptly requested to submit relevant improvement plans and specific actions, and the effectiveness of these improvements is regularly tracked to reduce internal IT security risks.
- Our organizational operation model follows the PDCA (Plan-Do-Check-Act) cycle management to ensure the achievement of reliability goals and continuous improvement.

#### **1. Information and Communications Security Policy and Specific Management Plans**

##### **➤ Mechanisms for Information and Communications Security Management**

- **System Regulations:** Establish company information and communications security management systems to regulate personnel's operational behaviors.
- **Technological Application:** Implement information and communications security management equipment to enforce security measures.
- **Personnel Training:** Conduct information and communications security education and training to enhance all employees' awareness of IT security.

##### **➤ Measures for Information and Communications Security Management**

- **System Regulations:**  
Our company has internally established various IT security norms and systems to regulate employees' information and communications security behaviors. These systems are reviewed annually to ensure their alignment with operational environment changes, and adjustments are made as necessary. The specific implementation details are as follows:

(1) Implementation of Taiwan Intellectual Property Management Standards:

To strengthen intellectual property management, our company has implemented the Taiwan Intellectual Property Management System (TIPS) since 2015. We conduct internal audits annually and external audits every two years to enhance the operational management of our confidential data. In 2022, we successfully passed the Industrial Development Administration, Ministry of Economic Affairs TIPS-level certification for the third time, with the certificate valid until December 31, 2023.

(2) Enhancement of Trade Secret Management Measures:

To improve internal trade secret management, our company collaborated with a cybersecurity consulting firm in 2020 to conduct a trade secret inventory. We reviewed and optimized internal management systems and implemented different control measures for trade secret data at various levels to ensure the safe usage, transmission, and storage of trade secret information.

(3) Regular IT Security Risk Assessments

Our company adheres to ISO 27005 risk assessment principles and regularly conducts internal IT security risk assessments. These assessments analyze internal risk levels based on factors such as IT asset value, vulnerabilities, threats, and impact, and use the assessment results to formulate security strengthening measures, thereby enhancing the overall information and communications security environment.

• Technological Utilization:

To prevent various external IT security threats, our company has adopted a multi-tiered network architecture design and implemented various IT security protection systems to enhance the overall security of our IT environment. Additionally, to ensure that internal personnel's operational behaviors comply with company regulations, we have designed operational procedures and introduced IT security system tools to enforce personnel's information and communications security management measures. The specific implementation projects are as follows:

(1) External Threats

To prevent external hacking intrusions and computer virus threats, our company has implemented information and communications security systems such as firewalls, antivirus/anti-ransomware systems, and conducts vulnerability scans to identify potential system weaknesses and vulnerabilities, and then promptly rectifies and improves them.

(2) Authorization Management

Our company adheres to the principle of least privilege in managing access permissions to internal systems and data. Personnel cannot use unauthorized system functionalities or

access system data not required for their job duties. Additionally, to ensure proper permission configuration, we conduct regular permission audits annually to review the accuracy of personnel and system permission assignments.

### (3) Access Control

To strengthen the system's access control mechanisms, our company manages different system uses through a multi-tiered network architecture and limits external access connection methods. We also have an IT behavior monitoring system in place that records personnel's IT behavior history, automatically detects abnormal access behaviors, and promptly notifies management for appropriate actions.

### (4) System Availability

To ensure stable internal system operations and minimize service interruption time due to system anomalies, we have an internal availability monitoring system. It monitors system operational status 24/7 and automatically alerts personnel for handling during system anomalies. Additionally, we have established backup and contingency measures as well as remote backup measures, based on IT system importance, conduct annual disaster recovery drills, and ensure backup mechanisms' proper operation.

- Personnel Training

Our company conducts regular quarterly practical training on IT security for new hires, alongside various online (E-Learning) IT security courses, to enhance internal personnel's IT security knowledge and professional skills. In 2023, all new hires were trained and passed the assessments, and a total of 513 general employees (excluding those who joined in December 2023 without mandatory online learning) completed online course readings and passed the assessments.

## 2. Investment in IT Security Management Resources

In the post-pandemic era, global enterprises face various hacker attacks using different intrusion methods. Therefore, TTY Biopharm's cybersecurity strategy needs adjustment to meet this development trend. To address this, we will focus on the following important directions and provide detailed execution explanations:

### (1) Data Center Equipment Security

To ensure data center server and file server access control security, the company has completed constructing hyper-converged server architecture and professional-grade file server solutions. We continue to upgrade and update equipment architecture for remote backup, aiming to establish a more real-time, flexible, and comprehensive backup mechanism to meet our company's growing operational needs.

### (2) External Connection Access



To avoid account password leakage due to personnel using VPN services, leading to hacker intrusion threats, we implemented a multi-factor authentication mechanism for personnel identification and authentication, strengthening connection access security.

### (3) Internal and External Network Control

- Internal Aspects

According to security reports from domestic cybersecurity institutions, 80% of intrusions and threats come from improper internal network use. To address this, the company adopted a renowned internal network security monitoring product, effectively filtering every connection endpoint device on the internal network. Unauthorized devices cannot access the internal network, preventing ransomware intrusion threats and ensuring network security.

- External Aspects

We continue to adopt next-generation firewalls for more efficient filtering and prevention of network packets entering/exiting the company's network. This enables effective blocking and prevention measures when potential threats occur, reducing the company's intrusion risk.

### (4) Professional Cybersecurity Testing

To reduce system vulnerability attack risks, in addition to keeping host systems updated to the latest versions, the company regularly conducts vulnerability scans and checks on important hosts. We execute relevant vulnerability repairs based on scan results, reducing hackers' system infiltration risks through vulnerabilities.

### (5) Implementation of Prevention Drills

We conduct local and remote backup recovery drills annually to establish automated backup and contingency mechanisms for important host system environments and data, ensuring smooth system recovery in disasters. In 2023, we successfully completed 1 disaster recovery drill and 1 remote backup recovery drill to confirm our mechanisms' effectiveness.

### (6) Personnel IT Security Awareness

To strengthen personnel's awareness of cybersecurity risks, we conducted social engineering exercise operations in 2023. This helps personnel be more alert to suspicious emails, reducing data leakage risks. We complement this with online cybersecurity training courses and post-training assessments to keep personnel informed about the latest cybersecurity information, improving their risk awareness. In 2023, all employees completed the cybersecurity online courses and passed the exams.

Apart from the above cybersecurity management focus areas, TTY Biopharm is also considering adopting the international standard ISO 27001. Through its rigorous system, we aim to standardize company operating procedures and strive for certification alignment with international standards.

## (II) Regarding significant data security incidents, associated losses, potential impacts, and mitigation measures for the latest fiscal year and up to the printing date of the annual report, if reasonable

estimation is not possible, it should be explained as an inability to reasonably estimate: None.

## 7. Important Contracts

Nature of Contract	Parties Involved	Contract Start and End Dates	Main Contents	Limitations
Sales	Towa Pharmaceutical Co., Ltd.	From May 2012	Product development, manufacturing, and sales	—
Authorized Distribution	Lotus	From 2014	Authorized exclusive distribution rights for products in Taiwan	—
Commissioned for Manufacturing	Mentholatum Company (Taiwan)	From March 2014	Obtained manufacturing rights for Mentholatum products	—
Commissioned for Manufacturing	SH Biopharm	From January 2015	Commissioned product manufacturing	—
Agency	Pharma Mar S.A.	From July 2015	Exclusive authorization for marketing products in Taiwan	—
Authorized Distribution	Taiwan Otsuka Pharmaceutical Co., Ltd.	From May 2016	Authorized exclusive distribution rights for products in Taiwan	—
Agency	Seqirus UK Limited	From October 2016	Exclusive authorization for marketing products in Taiwan	—
Authorization	Company A	From June 2016	Joint development, manufacturing, and sales of products	—
Authorization	Company B	From March 2021	Joint development, manufacturing, and sales of products	—
Agency	Paion UK Ltd.	From March 2021	Exclusive authorization for marketing products in Taiwan	—
Authorization	Company C	From March 2021	Joint development, manufacturing, and sales of products	—
Authorization	Company E	From December 2021	Joint development, manufacturing, and sales of products	—
Authorization	Company F	From May 2023	Exclusive authorization for marketing products in Taiwan	—
Authorization	Company G	From November 2023	Exclusive authorization for marketing products in Taiwan	—

## VI. Financial Overview

### 1. Condensed Balance Sheet and Income Statement for the Past Five Years

(I) Condensed Balance Sheet and Comprehensive Income Statement – Based on IFRSs

#### 1. Consolidated Condensed Balance Sheet

Unit: in NTD 1,000

Item		Year	Financial data for the past 5 years				
			December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Current assets			4,974,418	4,798,541	4,749,403	5,035,372	5,370,434
Property, plant and equipment			2,394,277	2,584,740	2,497,392	2,426,443	2,278,114
Intangible assets			139,013	132,898	124,904	250,749	164,009
Other assets			278,061	88,792	106,043	83,156	115,213
Total assets			9,552,716	9,360,809	9,296,465	9,600,635	9,874,909
Current liabilities	Before distribution		3,025,430	2,548,666	3,051,579	2,917,428	2,583,745
	After distribution		4,020,029	3,543,266	3,797,528	3,762,838	3,454,020
Non-current liabilities			358,222	734,075	477,652	449,926	785,022
Total liabilities	Before distribution		3,383,652	3,282,741	3,529,231	3,367,354	3,368,567
	After distribution		4,378,251	4,277,341	4,275,780	4,212,764	4,239,042
Equity attributable to owners of the parent company			5,570,636	5,449,766	5,167,855	5,658,424	5,941,340
Capital stock			2,486,500	2,486,500	2,486,500	2,486,500	2,486,500
Capital reserve			338,514	337,997	311,876	312,180	316,618
Retained earnings	Before distribution		2,705,487	2,758,978	2,567,549	2,924,521	3,182,007
	After distribution		1,710,888	1,764,378	1,821,600	2,079,111	2,311,732
Other equity			40,135	(133,709)	(198,070)	(64,777)	(43,785)
Treasury stock			—	—	—	—	—
Non-controlling interests			598,428	628,302	599,379	574,857	564,802
Total equity	Before distribution		6,169,064	6,078,068	5,767,234	6,233,281	6,506,142
	After distribution		5,174,465	5,083,468	5,021,285	5,387,871	5,635,867

Note: The financial data of each year in this table has been audited by the CPAs.

## 2. Parent Company Only Condensed Balance Sheet

Unit: in NTD 1,000

Year		Financial data for the past 5 years				
		December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Current assets		2,238,822	2,213,498	2,203,595	2,365,966	2,768,390
Property, plant and equipment		2,365,773	2,558,085	2,471,519	2,399,332	2,252,718
Intangible assets		26,607	34,591	39,781	163,549	151,583
Other assets		255,664	68,611	81,265	76,034	104,695
Total assets		8,580,223	8,554,747	8,506,472	8,857,668	9,223,227
Current liabilities	Before distribution	2,662,488	2,346,496	2,867,772	2,757,165	2,491,663
	After distribution	3,657,087	3,341,096	3,613,721	3,602,575	3,361,938
Non-current liabilities		347,099	758,485	470,845	442,079	790,224
Total liabilities	Before distribution	3,009,587	3,104,981	3,338,617	3,199,244	3,281,887
	After distribution	4,004,186	4,099,581	4,084,566	4,044,654	4,152,162
Owners' equity		5,570,636	5,449,766	5,167,855	5,658,424	5,941,340
Capital stock		2,486,500	2,486,500	2,486,500	2,486,500	2,486,500
Capital reserve		338,514	337,997	311,876	312,180	316,618
Retained earnings	Before distribution	2,705,487	2,758,978	2,567,549	2,924,521	3,182,007
	After distribution	1,710,888	1,764,378	1,821,600	2,079,111	2,311,732
Other equity		40,135	(133,709)	(198,070)	(64,777)	(43,785)
Treasury stock		—	—	—	—	—
Total equity	Before distribution	5,570,636	5,449,766	5,167,855	5,658,424	5,941,340
	After distribution	4,576,037	4,455,166	4,421,906	4,813,014	5,071,065

Note: The financial data of each year in this table has been audited by the CPAs.

### 3. Consolidated Condensed Comprehensive Income Statement

Unit: in NTD 1,000

Item \ Year	Financial data for the past 5 years				
	2019	2020	2021	2022	2023
Operating revenue	4,466,308	4,221,836	4,535,610	5,061,606	5,505,542
Gross operating profit	2,902,384	2,607,052	2,766,553	3,021,115	3,282,130
Operating profit/loss	1,228,609	957,379	1,140,652	1,227,957	1,372,433
Non-operating income and expense	(25,955)	244,146	(53,272)	180,382	47,032
Net income before tax	1,202,654	1,201,525	1,087,380	1,408,339	1,419,465
Net income from continuing operations for the period	907,705	978,677	822,569	1,103,090	1,118,601
Loss from discontinued operations	—	—	—	—	—
Net income (loss) for the period	907,705	978,677	822,569	1,103,090	1,118,601
Other comprehensive income for the period (net amount after tax)	3,257	(51,078)	(95,925)	133,539	6,810
Total comprehensive income for the period	910,962	927,599	726,644	1,236,629	1,125,411
Net income attributable to owners of the parent company	900,081	924,178	831,894	1,094,391	1,128,509
Net income attributable to non-controlling interests	7,624	54,499	(9,325)	8,699	(9,908)
Total comprehensive income attributable to owners of the parent company	895,833	874,246	745,121	1,236,214	1,118,594
Total comprehensive income attributable to non-controlling interests	15,129	53,353	(18,477)	415	6,817
Earnings per share	3.62	3.72	3.35	4.40	4.54

Note: The financial data of each year in this table has been audited by the CPAs.

#### 4. Parent Company Only Condensed Comprehensive Income Statement

Unit: in NTD 1,000

Year	Financial data for the past 5 years				
	2019	2020	2021	2022	2023
Operating revenue	4,044,660	3,721,161	4,038,636	4,492,904	4,897,249
Gross operating profit	2,577,394	2,211,110	2,429,612	2,625,777	2,871,600
Operating profit/loss	1,215,841	907,208	1,133,517	1,189,471	1,323,305
Non-operating income and expense	(33,172)	222,247	(51,298)	177,477	94,248
Net income before tax	1,182,669	1,129,455	1,082,219	1,366,948	1,417,553
Net income from continuing operations for the period	900,081	924,178	831,894	1,094,391	1,128,509
Loss from discontinued operations	—	—	—	—	—
Net income (loss) for the period	900,081	924,178	831,894	1,094,391	1,128,509
Other comprehensive income for the period (net amount after tax)	(4,248)	(49,932)	(86,773)	141,823	(9,915)
Total comprehensive income for the period	895,833	874,246	745,121	1,236,214	1,118,594
Earnings per share	3.62	3.72	3.35	4.40	4.54

Note: The financial data of each year in this table has been audited by the CPAs.

#### (II) Names of CPAs for the Past 5 Years and Their Audit Opinions

Year	Name of CPA	Audit opinion
2019	Kuo-Yang Tseng, Shih-Chin Chih	Unqualified opinion
2020	Kuo-Yang Tseng, Yi-Lian Han	Unqualified opinion
2021	Yi-Lian Han, Shu-Ying Chang	Unqualified opinion
2022	Yi-Lian Han, Shu-Ying Chang	Unqualified opinion
2023	Yi-Lian Han, Shu-Ying Chang	Unqualified opinion

Note: Since the long-term investment evaluated under the equity method was recognized as a financial report audited and certified by other CPAs, an audit report with an unqualified opinion plus other matters was issued.

## 2. Financial Analysis for the Last 5 Years

### (I) Financial Analysis – Consolidated

Analysis item (Note 1)		Financial analysis for the last 5 years				
		2019	2020	2021	2022	2023
Financial structure %	Debt to assets ratio	35.42	35.07	37.96	35.07	34.11
	Long-term funds to property, plant and equipment ratio	272.62	263.55	248.66	275.43	320.05
Solvency %	Current ratio	164.42	188.28	155.64	172.60	207.85
	Quick ratio	134.44	142.19	122.80	135.27	162.38
	Interest coverage ratio	82.21	62.89	58.28	61.82	41.14
Operating ability	Receivables turnover (times)	4.72	4.16	4.18	4.28	4.28
	Average collection days	77	88	87	85	85
	Inventory turnover (times)	1.94	1.64	1.71	2.05	2.08
	Payables turnover (times)	8.81	9.49	12.13	11.14	9.37
	Average inventory turnover days	188	222	213	178	175
	Property, plant and equipment turnover (times)	1.83	1.70	1.78	2.05	2.34
	Total asset turnover (times)	0.48	0.45	0.49	0.54	0.57
Profitability	Return on assets (%)	9.88	10.51	8.98	11.87	11.78
	Return on equity (%)	14.45	15.98	13.89	18.38	17.56
	Net profit before tax to paid-in capital (%) (Note 5)	48.37	48.32	43.73	56.64	57.09
	Net profit margin (%)	20.32	23.18	18.14	21.79	20.32
	Earnings per share (NTD)	3.62	3.72	3.35	4.40	4.54
Cash flow	Cash flow ratio (%)	39.99	20.65	41.17	42.36	42.01
	Cash flow adequacy ratio (%)	92.07	81.77	81.45	88.21	92.41
	Cash reinvestment ratio (%)	1.35	—	3.88	6.72	2.99
Leverage	Operating leverage	1.13	1.16	1.15	1.15	1.15
	Financial leverage	1.01	1.02	1.02	1.02	1.03

Reasons for changes in financial ratios in the last two years (for increase/decrease by more than 20%):

1. Current ratio, quick ratio, and cash reinvestment ratio: These ratios changed mainly due to the significant increase in net cash flow from operating activities in the current period and the conversion of short-term loans into long-term loans in response to the long-term capital needs for factory renovation.
2. Interest coverage ratio: This was mainly due to the increase in interest expense this year as a result of the Central Bank's announcement of an interest rate hike to prevent inflation.

## (II) Financial Analysis – Parent Company Only

Analysis item (Note 1)		Year	Financial analysis for the last 5 years				
		2019	2020	2021	2022	2023	
Financial structure %	Debt to assets ratio	35.08	36.30	39.25	36.12	35.58	
	Long-term funds to property, plant and equipment ratio	250.14	242.69	226.86	254.07	297.99	
Solvency %	Current ratio	84.09	94.33	76.84	85.81	111.11	
	Quick ratio	53.41	49.99	45.73	50.61	68.97	
	Interest coverage ratio	81.36	66.07	63.60	61.78	41.73	
Operating ability	Receivables turnover (times)	4.83	4.20	4.22	4.28	4.38	
	Average collection days	76	87	86	85	83	
	Inventory turnover (times)	1.94	1.66	1.71	2.07	2.10	
	Payables turnover (times)	9.19	9.24	11.96	11.04	9.12	
	Average inventory turnover days	188	220	213	176	174	
	Property, plant and equipment turnover (times)	1.68	1.51	1.60	1.84	2.10	
	Total asset turnover (times)	0.48	0.43	0.47	0.52	0.54	
Profitability	Return on assets (%)	10.76	10.95	9.91	12.81	12.79	
	Return on equity (%)	15.83	16.77	15.67	20.22	19.46	
	Net profit before tax to paid-in capital (%) (Note 5)	47.56	45.42	43.52	54.97	57.01	
	Net profit margin (%)	22.25	24.84	20.60	24.36	23.04	
	Earnings per share (NTD)	3.62	3.72	3.35	4.40	4.54	
Cash flow	Cash flow ratio (%)	43.96	23.10	42.90	45.25	41.55	
	Cash flow adequacy ratio (%)	92.40	84.15	81.95	89.07	92.43	
	Cash reinvestment ratio (%)	0.78	—	3.65	7.20	2.48	
Leverage	Operating leverage	1.01	1.15	1.13	1.14	1.33	
	Financial leverage	1.01	1.02	1.02	1.02	1.03	

Reasons for changes in financial ratios in the last two years (for increase/decrease by more than 20%):

1. Current ratio, quick ratio, and cash reinvestment ratio: These ratios changed mainly due to the significant increase in net cash flow from operating activities in the current period and the conversion of short-term loans into long-term loans in response to the long-term capital needs for factory renovation.
2. Interest coverage ratio: This was mainly due to the increase in interest expense this year as a result of the Central Bank's announcement of an interest rate hike to prevent inflation.

Note 1: The following equations should be included at the end of the table in the annual report:



1. Financial structure
  - (1) Debt to assets ratio = Total liabilities / total assets.
  - (2) Long-term funds to property, plant and equipment ratio = (Total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
  - (1) Current ratio = Current assets / current liabilities.
  - (2) Quick ratio = (Current assets - inventory - prepaid expenses) / current liabilities.
  - (3) Interest coverage ratio = Net profit before tax and interest expense / current interest expense.
3. Operating ability
  - (1) Receivables (including accounts receivable and notes receivable from business activities) turnover = Sales net amount / average receivables (including accounts receivable and notes receivable from business activities) balance.
  - (2) Average collection days = 365 / receivables turnover.
  - (3) Inventory turnover = Cost of sales / average inventory amount.
  - (4) Payables (including accounts payable and notes payable from business activities) turnover = Cost of sales / average payables (including accounts payable and notes payable from business activities) balance.
  - (5) Average inventory turnover days = 365 / inventory turnover.
  - (6) Property, plant and equipment turnover = Sales net amount / average net property, plant and equipment.
  - (7) Total asset turnover = Sales net amount / average total assets.
4. Profitability
  - (1) Return on assets = [Net income + interest expense x (1 - tax rate)] / average total assets.
  - (2) Return on equity = Net income / average total equity.
  - (3) Net profit margin = Net income / sales net amount.
  - (4) Earnings per share = (Profit/loss attributable to owners of the parent company - preferred share dividends) / weighted average number of shares issued. (Note 2)
5. Cash flow
  - (1) Cash flow ratio = Net cash flow from operating activities / current liabilities.
  - (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the past five years / (capital expenditures + increase in inventory + cash dividends) in the past five years.
  - (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investment + other non-current assets + operating capital). (Note 3)
6. Leverage
  - (1) Operating leverage = (Net operating revenue - variable operating cost and expense) / operating income (Note 4).
  - (2) Financial leverage = Operating income / (operating income - interest expense).

Note 2: The following matters should be included for consideration in terms of the calculation of earnings per share referred to above:

1. It is based on the weighted average number of common stock shares rather than the number of issued shares at the end of the year.
2. Where there is a cash capital increase or treasury stock transaction conducted, the circulation period should be taken into account when calculating the weighted average number of shares.
3. Where there is capitalization from earnings or capitalization of capital reserve, retrospective adjustments should be conducted based on the ratio of capital increase when EPS for the preceding fiscal year or half-year is calculated without the need to consider the period of the capitalization.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends of the current year (whether distributed or not) should be deducted from the net income after tax, or added to the net loss after tax. If the preferred shares are non-cumulative, when there is net income after tax, the preferred share dividends should be deducted from the net income after tax; when there is net loss, no adjustment is needed.

Note 3: The following matters should be included for consideration in terms of the measurement of cash flow analysis:

1. The net cash flow from operating activities refers to the net cash inflow from operating activities on the cash flow

statement.

2. The capital expenditures refer to the annual cash outflow of capital investment.
3. The increase in inventory is included in the calculation only when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it is counted as zero.
4. The cash dividends include those of common stock and preferred shares.
5. The gross property, plant and equipment refers to the total amount of property, plant and equipment net of accumulated depreciation.

Note 4: The issuer shall have the operating cost and operating expense classified as fixed and variable by the nature. If any estimates or subjective judgments are involved, attention should be paid to the rationality and consistency thereof.

Note 5: For company shares without par value or with the par value not equivalent to NT\$10, the aforementioned calculation of paid-in capital ratio should be calculated based on the ratio of equity attributable to owners of the parent company on the balance sheet.

### **3. Audit Committee Review Report of the Most Recent Annual Financial Report**

TTY Biopharm Company Limited

Audit Committee Review Report

The Board of Directors presented the 2023 business report, financial reports (including the consolidated financial reports) and earnings distribution proposal, etc.

The financial reports (including the consolidated financial reports) have been audited by two CPAs of KPMG Taiwan, Yi-Lian Han and Shu-Ying Chang, with a review report issued accordingly. The aforementioned reports were audited and found satisfactory by the Company's Audit Committee. They are hereby submitted respectfully for examination pursuant to the regulations set forth in Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Submitted to:

2024 General Shareholders' Meeting of TTY Biopharm Company Limited

Ming-Ling Hsueh, Convener of the Audit Committee

March 8, 2024

- 4. Recent Annual Financial Reports, Including Auditor's Review Reports, Balance Sheets for Two Comparative Years, Comprehensive Income Statements, Statements of Changes in Equity, Cash Flow Statements, and Accompanying Notes or Tables:**

**Please refer to Pages 183 to 259.**

- 5. The Most Recent Annual Financial Reports of the Parent Company Only Audited and Certified by Accountants:**

**Please refer to Pages 260 to 327.**

- 6. The Company and Its Related Enterprises, for the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report, Should Specify Any Instances of Financial Distress and Their Impact on the Company's Financial Condition: None.**

## Independent Auditors' Report

To the Board of Directors of TTY Biopharm Company Limited:

### Opinion

We have audited the consolidated financial statements of TTY Biopharm Company Limited and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of Certified Public Accountants Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Other Matter

We did not audit the financial statements of PharmaEngine Inc, an associate of the Group, which represented investment in another entity accounted for using the equity method. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for certain equity-accounted investees, is based solely on the report of another auditor. The investment in the investee company constituted 8.70% and 8.97% of consolidated total assets as of December 31, 2023 and 2022, respectively, and the related share of profit of associates accounted for using the equity method constituted 3.48% and 4.08% of pre-tax net income for the years ended December 31, 2023 and 2022, respectively.

We have audited the financial statements of TTY Biopharm Company Limited as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion with an other matter section, thereon.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the consolidated financial statements are stated as follows:

### 1. Occurrence of revenue from selling pharmaceuticals and chemical drugs

Please refer to Notes 4(p) of the consolidated financial statements for the accounting principles on revenue recognition. Revenues are recognized by net values of contract prices, less sales returns and allowances, after controls of the products are transferred to the customers.

Key audit matters:

The Group's sales is mainly from the selling of pharmaceuticals and chemical drugs. Because the customers are diversity and numerous, it takes longer time to verify sales transactions. Therefore, the occurrence in sales transactions is one of the important issue in performing our audit procedures.

Auditing procedures performed:

- Testing the effectiveness of the design and implementing the internal control system of sales and collection operation;
- Testing the samples of sales transaction before and after the balance sheet date to ensure the correctness of sales revenue;
- Inspecting the related documents to ensure the adequacy and reasonableness of revenue recognition.

### 2. Inventory valuation

Please refer to Notes 4(h) and 5 of the consolidated financial statements for the accounting principles on the inventory valuation, significant accounting assumptions and judgments, and major sources of estimation uncertainty.

Key audit matters:

The Group's primary operating items are manufacturing and processing various kinds of pharmaceuticals. The pharmaceutical industry in Taiwan is susceptible to the constant amendments of its law, resulting in large price fluctuation of pharmaceutical products, which will affect the carrying value of inventories to exceed its net value. Because of these uncertainties, the Group's revenue and income may be effected by the price fluctuations. If the assessment of the net realizable value of the inventory is not appropriate, it will lead to a material misstatement of the financial statements.

Auditing procedures performed:

- Overviewing the stock ageing list, analyzing the movement of stock ageing by period;
- Obtaining the certificate documents to verify the correctness of the stock's expiry date; and
- Sampling the replacement cost and market price of inventories, and recalculating the net realizable value by marketing expense rate, to ensure the reasonableness of net realizable value adopted by the Group.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines it is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
March 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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit 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 Statements of Comprehensive Income**  
**For the years ended December 31, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	<b>Operating revenue (notes 6(q) and 7)</b>	\$ 5,505,542	100	5,061,606	100
5000	<b>Operating costs (notes 6(d), (i), (m) and 12)</b>	2,218,466	40	2,040,108	40
	<b>Gross profit</b>	3,287,076	60	3,021,498	60
5910	Less: Unrealized profit (loss) from sales	13,490	-	8,544	-
5920	Add: Realized profit (loss) from sales	8,544	-	8,161	-
	<b>Gross profit, net</b>	3,282,130	60	3,021,115	60
6000	<b>Operating expenses (notes 6(i), (m), (r) and 12):</b>				
6100	Selling expenses	1,175,771	21	1,022,855	21
6200	Administrative expenses	425,422	8	413,309	8
6300	Research and development expenses	310,438	6	353,436	7
6450	(Reversal of) expected credit losses (note 6(c))	(1,934)	-	3,558	-
	<b>Total operating expenses</b>	1,909,697	35	1,793,158	36
	<b>Net operating income</b>	1,372,433	25	1,227,957	24
	<b>Non-operating income and expenses (note 6(s)):</b>				
7100	Interest income	80,197	1	31,174	1
7010	Other income	10,783	-	10,780	-
7020	Other gains and losses, net (notes 6(g), (i) and 7)	(139,926)	(3)	45,198	1
7050	Finance costs, net	(35,360)	-	(23,154)	-
7060	Share of profit of associates accounted for using the equity method, net (note 6(e))	131,338	2	116,384	2
7055	<b>Total non-operating income and expenses</b>	47,032	-	180,382	4
	<b>Profit before tax</b>	1,419,465	25	1,408,339	28
7950	Less: Income tax expenses (note 6(n))	300,864	4	305,249	6
	<b>Profit for the period</b>	1,118,601	21	1,103,090	22
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	(Losses) gains on remeasurements of defined benefit plans (note 6(m))	(25,959)	-	8,530	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	37,444	-	(15,262)	-
8320	Share of other comprehensive (loss) income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(3,066)	-	6,731	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	8,419	-	(1)	-
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation	354	-	166,891	3
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (n))	(1,963)	-	(33,351)	1
	Components of other comprehensive (loss) income that will be reclassified to profit or loss	(1,609)	-	133,540	2
8300	<b>Other comprehensive income</b>	6,810	-	133,539	2
	<b>Total comprehensive income for the period</b>	<u>\$ 1,125,411</u>	<u>21</u>	<u>1,236,629</u>	<u>24</u>
	<b>Profit attributable to:</b>				
8610	Owners of parent	\$ 1,128,509	21	1,094,391	22
8620	Non-controlling interests	(9,908)	-	8,699	-
		<u>\$ 1,118,601</u>	<u>21</u>	<u>1,103,090</u>	<u>22</u>
	<b>Comprehensive income attributable to:</b>				
	Owners of parent	\$ 1,118,594	21	1,236,214	24
	Non-controlling interests	6,817	-	415	-
		<u>\$ 1,125,411</u>	<u>21</u>	<u>1,236,629</u>	<u>24</u>
	<b>Earnings per share, net of tax (note 6(p))</b>				
9750	Basic earnings per share	<u>\$ 4.54</u>		<u>4.40</u>	
9850	Diluted earnings per share	<u>\$ 4.53</u>		<u>4.40</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 Changes in Equity**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollar)**

	Equity attributable to owners of parent											
	Share capital		Retained earnings				Total other equity interest			Total equity attributable to owners of parent	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				
<b>Balance at January 1, 2022</b>	\$ 2,486,500	311,876	1,198,617	133,709	1,235,223	(216,773)	18,703	(198,070)	5,167,855	599,379	5,767,234	
Net income	-	-	-	-	1,094,391	-	-	-	1,094,391	8,699	1,103,090	
Other comprehensive income	-	-	-	-	8,530	133,414	(121)	133,293	141,823	(8,284)	133,539	
Total comprehensive income	-	-	-	-	1,102,921	133,414	(121)	133,293	1,236,214	415	1,236,629	
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	80,318	-	(80,318)	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	64,362	(64,362)	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(745,949)	-	-	-	(745,949)	-	(745,949)	
Other changes in capital surplus:												
Changes in equity of investments accounted for using the equity method	-	66	-	-	-	-	-	-	66	-	66	
Other changes in capital surplus	-	93	-	-	-	-	-	-	93	-	93	
Changes in ownership interests in subsidiaries	-	145	-	-	-	-	-	-	145	129	274	
Distribution of dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(25,066)	(25,066)	
Balance at December 31, 2022	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	-	-	-	-	1,128,509	-	-	-	1,128,509	(9,908)	1,118,601	
Other comprehensive income	-	-	-	-	(25,959)	(920)	16,964	16,044	(9,915)	16,725	6,810	
Total comprehensive income	-	-	-	-	1,102,550	(920)	16,964	16,044	1,118,594	6,817	1,125,411	
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	-	647	-	-	-	-	-	-	647	-	647	
Other changes in capital surplus	-	109	-	-	-	-	-	-	109	-	109	
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	8,787	-	8,787	8,787	-	8,787	
Changes in ownership interests in subsidiaries	-	3,682	-	-	(3,493)	-	-	-	189	(124)	65	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	9,990	9,990	
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	3,839	-	(3,839)	(3,839)	-	-	-	
Distribution of dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(26,738)	(26,738)	
<b>Balance at December 31, 2023</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	

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 years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,419,465	1,408,339
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expenses	154,284	158,613
Amortization expenses	46,615	27,665
(Reversal of) expected credit losses	(1,934)	3,558
Interest expenses	35,360	23,154
Interest income	(80,197)	(31,174)
Dividend income	(6,464)	(6,379)
Shares of profit of investments accounted for using the equity method	(131,338)	(116,384)
Losses on disposal of property, plant and equipment	1,927	3,281
Losses on disposal of investments	8,787	-
Impairment loss on financial assets	26,950	-
Impairment loss on non-financial assets	116,184	734
Unrealized profit from sales	13,490	8,544
Realized profit from sales	(8,544)	(8,161)
Other	4,650	146
<b>Total adjustments to reconcile profit</b>	<u>179,770</u>	<u>63,597</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Notes receivable	1,253	2,952
Accounts receivable	(116,162)	(95,397)
Other receivables	(4,988)	(4,446)
Inventories	(56,752)	(83,950)
Prepayments and other current assets	(29,582)	(6,869)
<b>Total changes in operating assets</b>	<u>(206,231)</u>	<u>(187,710)</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	(18,892)	(6,643)
Notes payable	(62,044)	(49,458)
Accounts payable	11,949	96,006
Other payable	(28,043)	96,763
Other current liabilities	(17,114)	7,859
Net defined benefit liability	(39,370)	(3,253)
<b>Total changes in operating liabilities</b>	<u>(153,514)</u>	<u>141,274</u>
<b>Total changes in operating assets and liabilities</b>	<u>(359,745)</u>	<u>(46,436)</u>
<b>Total adjustments</b>	<u>(179,975)</u>	<u>17,161</u>
Cash inflow generated from operations	1,239,490	1,425,500
Interest received	86,039	20,126
Dividends received	78,481	91,267
Interest paid	(34,986)	(23,215)
Income taxes paid	(283,711)	(277,919)
<b>Net cash flows from operating activities</b>	<u>1,085,313</u>	<u>1,235,759</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(10,500)
Proceeds from disposal of financial assets at fair value through other comprehensive income	9,121	-
Acquisition of property, plant and equipment	(60,197)	(85,459)
Proceeds from disposal of property, plant and equipment	7,013	9,385
(Increase) decrease in refundable deposits paid	(18,176)	4,259
Acquisition of intangible assets	(21,230)	(43,979)
Decrease in other financial assets	159,430	45,179
Increase in prepayments for business facilities	(18,154)	(6,063)
Increase in other non-current assets	(60,440)	(45,958)
<b>Net cash flows used in investing activities</b>	<u>(2,633)</u>	<u>(133,136)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	10,280,000	10,890,000
Decrease in short-term loans	(10,200,000)	(11,231,070)
Proceeds from long-term borrowings	400,000	430,000
Repayments of long-term borrowings	(428,448)	(413,604)
Increase in guarantee deposits received	-	69
Payment of lease liabilities	(5,722)	(7,948)
Cash dividends paid	(845,410)	(745,949)
Dividends unclaimed by shareholders	-	167
Cash dividends paid to non-controlling interests	(26,738)	(25,066)
Change in non-controlling interests	9,990	-
<b>Net cash flows used in financing activities</b>	<u>(816,328)</u>	<u>(1,103,401)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(2,656)</u>	<u>135,849</u>
<b>Net increase in cash and cash equivalents</b>	<u>263,696</u>	<u>135,071</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>2,357,324</u>	<u>2,222,253</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 2,621,020</u>	<u>2,357,324</u>

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**

**For the years ended December 31, 2023 and 2022**

**(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 March 8, 2024.

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

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (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, 2024, would not have a significant impact on its consolidated financial statements:

- 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”

(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 Group does not expect the following 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”
- Amendments to IAS21 “Lack of Exchangeability”

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

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through other comprehensive income are measured at fair value;
- 2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, and the upper-limit as explained in note 4(q).

- (ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity, and the Group will attribute it to the owners of the parent.

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

Investor	Subsidiary	Nature of business	Shareholding		Notes
			December 31, 2023	December 31, 2022	
The Company	Xudong Haiyu International Co., Ltd.	Investing activities	100.00%	100.00%	
The Company	Worldco International Co., Ltd.	Investing activities and selling medicine	100.00%	100.00%	
The Company	American Taiwan Biopharma Philippines Inc.	Selling medicine	87.00%	87.00%	
The Company	TSH Biopharm Co., Ltd.(TSH)	Selling medicine	56.48%	56.48%	
The Company	EnhanX Biopharm Inc.(EnhanX)	Developing medicine	20.83%	20.83%	
The Company	Chuang Yi Biotech Co., Ltd.(CYB)	Selling functional food	23.12%	49.05%	(Note 2)
The Company	TTY Biopharm Turkey Saglik Urunleri Sanayi ve Ticaret Limited Sirketi(TTY-Turkey)	Selling medicine	-%	100.00%	(Note 1)

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding		Notes
			December 31, 2023	December 31, 2022	
Worldco International Co., Ltd.	Worldco Biotech (Chengdu) Pharmaceutical Ltd.	Selling medicine	100.00%	100.00%	
Worldco International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Selling medicine	50.00%	50.00%	
Xudong Haipu International Co., Ltd.	EnhanX Biopharm Inc.(EnhanX)	Developing medicine	29.17%	29.17%	
Xudong Haipu International Co., Ltd.	TTY Biopharm Korea Co., Ltd.	Selling medicine	100.00%	100.00%	
Xudong Haipu International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Selling medicine	50.00%	50.00%	
EnhanX Biopharm Inc.	EnhanX Biopharm B.V.	Developing medicine	100.00%	100.00%	(Note 3)
TSH Biopharm Co., Ltd.	Chuang Yi Biotech Co., Ltd.(CYB)	Selling functional food	51.60%	3.89%	(Note 2)
Chuang Yi Biotech Co., Ltd.	Immortal Fame Global Ltd.	Import and export trading and investment activities	100.00%	100.00%	
Immortal Fame Global Ltd.	Chuang Yi (Shanghai) Trading Co., Ltd.	Selling functional food	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.

(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.

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

(d) Foreign currencies

(Continued)



## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(i) Foreign currencies transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the transaction dates. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are re-translated at the exchange rate prevailing at reporting date; non-monetary items denominated in foreign currencies held at fair value are re-translated at the exchange rate prevailing at the determined date of fair value. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the transaction date.

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

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollar at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Taiwan Dollar at average exchange rate of the period. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss in current period. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss in current period.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- (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 unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- (i) It is expected to be settled in 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.
- (f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose should be recognized as cash equivalents.

- (g) Financial instruments

- (i) Financial assets

All regular way purchases or sale of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, financial assets are classified as measured at amortized cost, or fair value through other comprehensive income (FVOCI) – equity investment. Financial assets are not reclassified subsequent to their initial recognition if the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

- 1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as of discounting is immaterial. Except for the short-term accounts and notes receivable, the other assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulated amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, impairment and any gain or loss on derecognition are recognized in profit or loss in current period.

#### 2) Fair value through other comprehensive income (FVOCI )

Equity investment at FVOCI which is not held for trading, and for which, the Group may irrevocably elect to present subsequent changes in the fair value in other comprehensive income at initial recognition. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss on the date the Group's right to receive payment is established unless the dividend income clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and will not be reclassified to profit or loss.

#### 3) Impairment of financial assets

The Group recognizes impairment provision for expected credit losses (ECL) on financial assets measured at amortized cost, which was including cash and cash equivalents, financial assets measured of amortized costs, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets.

The Group measures impairment provision at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Impairment provision for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if the contract payment is overdue. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full.

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than payment term;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;  
or
- the disappearance of an active market for a security because of financial difficulties.

Impairment provision for financial assets measured at amortized cost are deducted from the carrying amount of the assets. For debt securities at FVOCI, the impairment provision is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### 4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

#### (ii) Financial liabilities and equity instruments

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the net amount in the balance sheets only when the Group currently has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using equity method and are recognized initially at cost which was including transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases.

The Group recognizes any changes of its proportionate share in the investee within capital surplus, when the associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

When the Group's share of losses of an associate equals or exceeds its interest in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation methods, useful lives, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	2-60 years
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(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Machinery and equipment	1-29 years
Transportation equipment	5-8 years
Office and other equipment	1-30 years

The significant components of buildings are the main building, mechanical and electrical equipment, engineering systems, etc. They are amortized over their useful lives of 30-50 years, 6-25 years, and 10 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

(iv) Reclassification as investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

(Continued)



## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of the Group's assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

For lease modifications that decrease the scope of the lease, the Group decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes the difference between this amount and the remeasurement amount of the lease liability in profit or loss.

For the short-term leases and the leases for low-value asset, the Group does not recognize the right-of-use asset and lease liability. The lease payments associated with those leases are recognized as expenses on a straight-line basis over the lease term.

#### (ii) As a lessor

When the Group acts as a lessor, it determines whether each lease is a finance lease or an operating lease at lease commencement date. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease period covers the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The Group assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (m) Intangible assets

##### (i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

##### (ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

##### (iii) Amortization

Amortization is calculated over the cost of the asset less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Patents and franchise	3- 15 years
2) Computer software	1-10 years
3) Other intangible assets	5 years

Amortization methods, useful lives and residual values of intangible assets are reviewed at each reporting date and adjusted as necessary.

#### (n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its nonfinancial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Impairment loss of goodwill previously recognized shall not be reversed in the following years. Except for goodwill, when the circumstances for recognizing impairment loss for a non-financial asset in prior years no longer exist, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not recognized.

#### (o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

#### (p) Revenue recognition

(i) Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

##### 1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

##### 2) Authorization revenue

Authorization revenue gains from medicine developing and selling. The Group recognizes authorization revenue by determining whether the intellectual property will be obtained within contract period or it had already existed.

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Revenue is recognized with royalty calculated on a sales basis when the performance obligation was fulfilled and the sales actually happened.

#### 3) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

#### (ii) Contract costs

##### 1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

##### 2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 "Inventories", IAS 16 "Property, Plant and Equipment" or IAS 38 "Intangible Assets"), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determined the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(s) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that do not have the most significant effects on the amounts recognized in the consolidated financial statements.

Information of valuation of inventories about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period, and then writes down the cost of inventories to net realizable value, which is mainly determined based on expiry date. Due to the actual production and the application for extension on the deadline for raw material, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(d) for further description of the valuation of inventories.

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (6) Explanation of significant accounts:

##### (a) Cash and cash equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash on hand	\$ 3,149	3,411
Cash in banks	1,297,556	914,093
Time deposits	1,320,315	1,439,820
Total	<b>\$ 2,621,020</b>	<b>2,357,324</b>

- (i) The above cash and cash equivalents were not pledged as collateral.
- (ii) Time deposits which do not meet the definition of cash equivalents are accounted for under other financial assets—current and non-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.

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
The equity investments at fair value through other comprehensive income:		
Domestic common stock—Lumosa Therapeutics Co., Ltd.	\$ 79,228	51,811
Domestic preferred stock—Fubon Financial Holding Co., Ltd. Preferred Shares B	149,750	143,750
Domestic preferred stock—Fubon Financial Holding Co., Ltd. Preferred Shares C	3,188	3,194
Domestic preferred stock—Union Bank of Taiwan Preferred Shares A	20,520	20,680
International unlisted stock—CellMax Ltd.	9,017	11,376
Domestic unlisted stock—ExoOne Bio. Co., Ltd.	11,992	14,562
	<b>\$ 273,695</b>	<b>245,373</b>

- (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) In April 2022, the Group participated in the capital increase of ExoOne Bio. Co., Ltd. with the amount of \$10,500 thousand and acquired 7.78% equity interests, consisting of 700 thousand common shares. 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 decrease to 5.94%.

(Continued)



## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (iii) The Group sold its shares amounting to \$9,121 thousand resulting in a gain on disposal of \$6,796 thousand, of which attributable to the Group amounting \$3,839 thousand for the year ended December 31, 2023. The gain on disposal of strategic investments has already been reclassified from other comprehensive income to retained earnings. There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the year ended December 31, 2022.
- (iv) Please refer to Note 6(t) for information on credit and market risk.
- (v) The above financial assets were not pledged as collateral.
- (c) Notes receivable and accounts receivable (including related parties)

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Notes receivable	\$ 33,441	34,708
Accounts receivable	1,271,809	1,182,113
Accounts receivable-related parties	40,830	16,548
Less: allowance for expected credit losses	(2,347)	(6,221)
	<b>\$ 1,343,733</b>	<b>1,227,148</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>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	278	100%	278
	<b>\$ 1,346,080</b>		<b>2,347</b>

(Continued)

**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<b>December 31, 2022</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	\$ 1,204,910	0.03%~1%	1,142
1 to 90 days overdue	23,357	0.13%~1.36%	317
More than 181 days overdue	5,102	2%~100%	4,762
	<b>\$ 1,233,369</b>		<b>6,221</b>

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 6,221	2,911
Expected credit losses recognized	-	3,558
Reversal of expected credit losses	(1,934)	-
Amounts written off	(1,944)	(248)
Foreign currency translation gains	4	-
Balance at December 31	<b>\$ 2,347</b>	<b>6,221</b>

As of December 31, 2023 and 2022, the notes receivable and accounts receivable for the Group were not pledged as collateral.

(d) Inventories

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Merchandise	\$ 307,381	239,756
Finished goods	175,679	162,491
Work in process	281,116	250,536
Raw materials	225,498	256,076
Materials	63,375	56,818
Subtotal	1,053,049	965,677
Goods in transit	137,896	175,806
Total	1,190,945	1,141,483
Less: allowance for inventory market decline and obsolescence	(94,989)	(102,383)
Net amount	<b>\$ 1,095,956</b>	<b>1,039,100</b>

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Inventories have been sold	\$ 2,194,863	1,993,285
Cost of services	3,545	3,798
Write-off of inventories from cost to net realizable value and disposal (reversal) of inventories	20,058	43,025
	<b><u>\$ 2,218,466</u></b>	<b><u>2,040,108</u></b>

- (ii) As of December 31, 2023 and 2022, 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>December 31, 2023</b>	<b>December 31, 2022</b>
Associates	<b><u>\$ 1,355,738</u></b>	<b><u>1,301,209</u></b>

- 1) As of December 31, 2023 and 2022, the associate which the Group invested had a quoted market price was as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Carrying value	<b><u>\$ 859,603</u></b>	<b><u>861,252</u></b>
Fair value	<b><u>\$ 2,728,948</u></b>	<b><u>3,233,351</u></b>

- 2) For the years ended December 31, 2023 and 2022, as PharmaEngine, Inc. amortized the compensation cost of employee stock options and the compensation cost of restricted stock awards, and employee stock options expired, the Group's equity has changed and its capital reserve was credit by \$647 thousand and \$66 thousand, respectively.

For the years ended December 31, 2023, the Group's shareholding ratio had no change.

For the years ended December 31, 2022, the Group's shareholding ratio dropped from 18.01% to 18.00%.

- (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>December 31, 2023</b>	<b>December 31, 2022</b>
PharmaEngine, Inc.	Research for new drugs and drug development especially for Asian diseases	Taiwan	18.00%	18.00%

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## 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>December 31, 2023</b>	<b>December 31, 2022</b>
Current assets	\$ 3,923,020	3,926,084
Non-current assets	30,899	40,458
Current liabilities	(83,863)	(78,737)
Non-current liabilities	(7,143)	(15,728)
Net assets	<b>\$ 3,862,913</b>	<b>3,872,077</b>
Net assets attributable to investee's owners	<b>\$ 3,862,913</b>	<b>3,872,077</b>
	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Operating revenue	<b>\$ 767,669</b>	<b>654,383</b>
Profit from continuing operations	274,650	318,783
Other comprehensive loss	\$ -	-
Total comprehensive income	<b>\$ 274,650</b>	<b>318,783</b>
Comprehensive income attributable to investee's owners	<b>\$ 274,650</b>	<b>318,783</b>
	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Net assets attributable to the Group, January 1	\$ 696,974	709,349
Changes in capital surplus of associates	647	66
Comprehensive income attributable to the Group	49,438	57,400
Cash dividends received from associates	(51,734)	(69,841)
Net assets attributable to the Group, December 31	695,325	696,974
Add: Goodwill	164,278	164,278
Carrying amount of interest in associates, December 31	<b>\$ 859,603</b>	<b>861,252</b>

(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>December 31, 2023</b>	<b>December 31, 2022</b>
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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Carrying amount of individually insignificant associates **\$ 496,135 439,954**

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Attributable to the Group:		
Profit from continuing operations	\$ 81,901	58,984
Other comprehensive (loss) income	(495)	37,008
Total comprehensive income	<b>\$ <u>81,406</u></b>	<b><u>95,992</u></b>

(iv) Collateral

As of December 31, 2023 and 2022, the Group did not provide any investment accounted for using equity method as collateral.

(f) Material non-controlling interests of subsidiaries

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

<b>Subsidiary</b>	<b>Country of registration</b>	<b>Ownership and voting rights ratio</b>	
		<b>December 31, 2023</b>	<b>December 31, 2022</b>
TSH Biopharm Co., Ltd.	Taiwan	56.48%	56.48%
EnhanX Biopharm Inc.	Taiwan	50.00%	50.00%
Chuang Yi Biotech Co., Ltd.	Taiwan	74.72%	52.94%

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current assets	\$ 770,331	907,522
Non-current assets	407,416	315,460
Current liabilities	(70,147)	(82,501)
Non-current liabilities	-	(4,557)
Net assets	<b>\$ <u>1,107,600</u></b>	<b><u>1,135,924</u></b>
Net assets attributable to non-controlling interest	<b>\$ <u>481,812</u></b>	<b><u>461,337</u></b>

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Operating revenue	<u>\$ 497,305</u>	<u>464,378</u>
Profit for the period	\$ 62,243	64,084
Other comprehensive income (loss)	33,204	(19,304)
Total comprehensive income	<u>\$ 95,447</u>	<u>44,780</u>
Profit attributable to non-controlling interest	<u>\$ 26,968</u>	<u>27,036</u>
Total comprehensive income attributable to non-controlling interest	<u>\$ 44,376</u>	<u>18,627</u>

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Cash flows from operating activities	\$ 40,411	73,890
Cash flows from investing activities	1,034	10,863
Cash flows used in financing activities	(65,922)	(62,164)
Net (decrease) increase in cash	<u>\$ (24,477)</u>	<u>22,589</u>
Dividends paid to non-controlling interests	<u>\$ 26,738</u>	<u>25,066</u>

(ii) Summary financial information on EnhanX Biopharm Inc.

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current assets	\$ 3,348	8,867
Non-current assets	334	70,839
Current liabilities	(968)	(2,007)
Non-current liabilities	(119)	-
Net assets	<u>\$ 2,595</u>	<u>77,699</u>
Net assets attributable to non-controlling interests	<u>\$ 1,297</u>	<u>38,850</u>

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Operating revenue	<u>\$ -</u>	<u>-</u>
Loss for the period	\$ (75,155)	(40,251)
Other comprehensive income	51	61
Total comprehensive loss	<u>\$ (75,104)</u>	<u>(40,190)</u>
Loss attributable to non-controlling interest	<u>\$ (37,578)</u>	<u>(20,126)</u>
Total comprehensive loss attributable to non-controlling interest	<u>\$ (37,552)</u>	<u>(20,095)</u>

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Cash flows used in operating activities	\$ (4,538)	(14,364)
Cash flows used in financing activities	(177)	(178)
Net decrease in cash	<b>\$ (4,715)</b>	<b>(14,542)</b>

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

	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Current assets	\$ 343,428	235,384
Non-current assets	47,805	58,573
Current liabilities	(63,479)	(122,999)
Non-current liabilities	-	(12,400)
Net assets	<b>\$ 327,754</b>	<b>158,558</b>
Net assets attributable to non-controlling interests	<b>\$ 82,856</b>	<b>74,618</b>

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Operating revenue	<b>\$ 313,612</b>	<b>276,688</b>
(Loss) profit for the period	(763)	4,253
Other comprehensive (loss) income	(41)	37
Total comprehensive (loss) income	<b>\$ (804)</b>	<b>4,290</b>
Profit attributable to non-controlling interest	<b>\$ 1,224</b>	<b>2,001</b>
Total comprehensive income attributable to non-controlling interest	<b>\$ 1,210</b>	<b>2,019</b>

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Cash flows used in operating activities	\$ (6,541)	(37,983)
Cash flows (used in) from investing activities	(27)	20,982
Cash flows from (used in) financing activities	118,757	(27,236)
Effect of exchange rates changes on cash and cash equivalents	(31)	27
Net increase (decrease) in cash	<b>\$ 112,158</b>	<b>(44,210)</b>
Non-controlling interest participated in cash capital increase of subsidiaries	<b>\$ 9,990</b>	<b>-</b>

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(g) Property, plant and equipment

The details of the property, plant and equipment of the Group for the year ended December 31, 2023 and 2022 were as follows:

	Land	Building and construction	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Constructio n in progress	Total
<b>Cost:</b>								
Balance on January 1, 2023	\$ 902,897	1,431,841	830,568	5,085	552,816	29,428	77,086	3,829,721
Additions	-	9,330	12,179	-	29,758	11	8,945	60,223
Disposals	-	(144)	(31,789)	-	(45,625)	(9,635)	-	(87,193)
Reclassifications	-	20,095	25,112	-	33,906	-	(77,086)	2,027
Adjustment for foreign currency translation	-	-	(7)	-	15	2	-	10
Balance on December 31, 2023	<b>\$ 902,897</b>	<b>1,461,122</b>	<b>836,063</b>	<b>5,085</b>	<b>570,870</b>	<b>19,806</b>	<b>8,945</b>	<b>3,804,788</b>
Balance on January 1, 2022	\$ 902,897	1,419,790	792,785	5,601	531,758	28,571	95,000	3,776,402
Additions	-	18,001	14,313	-	25,513	7,386	20,246	85,459
Disposals	-	(7,141)	(19,587)	(516)	(3,722)	(7,451)	-	(38,417)
Reclassifications	-	1,191	43,050	-	(753)	920	(38,160)	6,248
Adjustment for foreign currency translation	-	-	7	-	20	2	-	29
Balance on December 31, 2022	<b>\$ 902,897</b>	<b>1,431,841</b>	<b>830,568</b>	<b>5,085</b>	<b>552,816</b>	<b>29,428</b>	<b>77,086</b>	<b>3,829,721</b>
<b>Depreciation and impairment:</b>								
Balance on January 1, 2023	\$ -	510,578	458,959	5,085	413,635	15,021	-	1,403,278
Depreciation for the year	-	65,302	46,525	-	32,870	2,477	-	147,174
Impairment loss	-	-	54,466	-	-	-	-	54,466
Disposals	-	(144)	(30,942)	-	(41,270)	(5,897)	-	(78,253)
Adjustment for foreign currency translation	-	-	(8)	-	15	2	-	9
Balance on December 31, 2023	<b>\$ -</b>	<b>575,736</b>	<b>529,000</b>	<b>5,085</b>	<b>405,250</b>	<b>11,603</b>	<b>-</b>	<b>1,526,674</b>
Balance on January 1, 2022	\$ -	453,439	425,048	5,176	384,450	10,897	-	1,279,010
Depreciation for the year	-	64,279	46,958	398	31,991	5,637	-	149,263
Impairment loss	-	-	-	-	734	-	-	734
Disposals	-	(7,140)	(13,052)	(489)	(3,555)	(1,515)	-	(25,751)
Adjustment for foreign currency translation	-	-	5	-	15	2	-	22
Balance on December 31, 2022	<b>\$ -</b>	<b>510,578</b>	<b>458,959</b>	<b>5,085</b>	<b>413,635</b>	<b>15,021</b>	<b>-</b>	<b>1,403,278</b>
<b>Carrying value:</b>								
Balance on December 31, 2023	<b>\$ 902,897</b>	<b>885,386</b>	<b>307,063</b>	<b>-</b>	<b>165,620</b>	<b>8,203</b>	<b>8,945</b>	<b>2,278,114</b>
Balance on January 1, 2022	<b>\$ 902,897</b>	<b>966,351</b>	<b>367,737</b>	<b>425</b>	<b>147,308</b>	<b>17,674</b>	<b>95,000</b>	<b>2,497,392</b>
Balance on December 31, 2022	<b>\$ 902,897</b>	<b>921,263</b>	<b>371,609</b>	<b>-</b>	<b>139,181</b>	<b>14,407</b>	<b>77,086</b>	<b>2,426,443</b>

(i) Due to the amendments in relevant regulations, the Group's machinery equipment needed to be upgraded, which will cause a huge cost of reinvestment. The Group assess the reinvestment has no substantial benefit. Thus, the Group decided to halt its investment, and instead, recognized the impairment loss of \$54,466 thousand as other gains and losses in September 2023.

(ii) Collateral

As of December 31, 2023 and 2022, the property, plant and equipment were not pledged as collateral.

(Continued)



**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(h) Investment property

	<u>Land</u>	<u>Building and construction</u>	<u>Total</u>
<b>Cost:</b>			
Balance on January 1, 2023	\$ 99,769	55,163	154,932
Effect of changes in foreign exchange rate	-	(477)	(477)
Balance on December 31, 2023	<u>\$ 99,769</u>	<u>54,686</u>	<u>154,455</u>
Balance on January 1, 2022	\$ 99,769	54,786	154,555
Effect of changes in foreign exchange rate	-	377	377
Balance on December 31, 2022	<u>\$ 99,769</u>	<u>55,163</u>	<u>154,932</u>
<b>Depreciation and impairment:</b>			
Balance on January 1, 2023	\$ -	20,327	20,327
Depreciation	-	1,367	1,367
Effect of changes in foreign exchange rate	-	(82)	(82)
Balance on December 31, 2023	<u>\$ -</u>	<u>21,612</u>	<u>21,612</u>
Balance on January 1, 2022	\$ -	18,866	18,866
Depreciation	-	1,414	1,414
Effect of changes in foreign exchange rate	-	47	47
Balance on December 31, 2022	<u>\$ -</u>	<u>20,327</u>	<u>20,327</u>
<b>Carrying amount:</b>			
Balance on December 31, 2023	<u>\$ 99,769</u>	<u>33,074</u>	<u>132,843</u>
Balance on January 1, 2022	<u>\$ 99,769</u>	<u>35,920</u>	<u>135,689</u>
Balance on December 31, 2022	<u>\$ 99,769</u>	<u>34,836</u>	<u>134,605</u>
<b>Fair value:</b>			
Balance on December 31, 2023			<u>\$ 358,767</u>
Balance on December 31, 2022			<u>\$ 341,295</u>

(i) The fair value of investment property was evaluated based on the recent market transactions on arm's-length terms.

(ii) As of December 31, 2023 and 2022, the Group investment properties were not pledged as collateral.

**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(i) Intangible assets

The cost, amortization, and impairment of the intangible assets of the Group for the years ended December 31, 2023 and 2022, were as follows:

	<b>Computer software</b>	<b>Patent and franchise</b>	<b>Others Intangible assets</b>	<b>Total</b>
<b>Cost:</b>				
Balance on January 1, 2023	\$ 27,108	268,984	74,226	370,318
Additions	7,149	14,081	-	21,230
Disposals	(2,551)	(22,355)	-	(24,906)
Reclassifications	711	-	(422)	289
Balance on December 31, 2023	<b>\$ 32,417</b>	<b>260,710</b>	<b>73,804</b>	<b>366,931</b>
Balance on January 1, 2022	\$ 26,575	220,940	-	247,515
Additions	8,685	16,100	19,194	43,979
Disposals	(9,707)	(21,000)	-	(30,707)
Reclassifications	1,555	52,944	55,032	109,531
Balance on December 31, 2022	<b>\$ 27,108</b>	<b>268,984</b>	<b>74,226</b>	<b>370,318</b>
<b>Amortization and impairment loss:</b>				
Balance on January 1, 2023	\$ 8,459	106,968	4,142	119,569
Amortization for the period	7,804	21,880	16,931	46,615
Impairment loss	-	61,644	-	61,644
Disposals	(2,551)	(22,355)	-	(24,906)
Balance on December 31, 2023	<b>\$ 13,712</b>	<b>168,137</b>	<b>21,073</b>	<b>202,922</b>
Balance on January 1, 2022	\$ 12,573	110,038	-	122,611
Amortization for the period	5,593	17,930	4,142	27,665
Disposals	(9,707)	(21,000)	-	(30,707)
Balance on December 31, 2022	<b>\$ 8,459</b>	<b>106,968</b>	<b>4,142</b>	<b>119,569</b>
<b>Carrying value:</b>				
Balance on December 31, 2023	<b>\$ 18,705</b>	<b>92,573</b>	<b>52,731</b>	<b>164,009</b>
Balance on January 1, 2022	<b>\$ 14,002</b>	<b>110,902</b>	<b>-</b>	<b>124,904</b>
Balance on December 31, 2022	<b>\$ 18,649</b>	<b>162,016</b>	<b>70,084</b>	<b>250,749</b>

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(i) Amortization expenses

Amortization expenses of intangible assets for the years ended December 31, 2023 and 2022, were recorded in the following items in the statements of comprehensive income:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Operating costs	\$ 17,666	4,551
Operating expenses	28,949	23,114
	<b>\$ 46,615</b>	<b>27,665</b>

(ii) One of the patent rights listed in the account was applied for the development of liposome preparation projects. However, since the project was launched, it has been assessed that it is no longer able to generate business benefits due to changes in various objective factors. Therefore, the Group decided to terminate the project, resulting in an impairment loss of \$ 61,644 thousand to be recognized as other gains and losses.

(iii) Collateral

As of December 31, 2023 and 2022, the aforementioned intangible assets were not pledged as collateral.

(j) Other financial assets and other assets

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Other current financial assets	\$ 116,309	275,053
Other non-current financial assets	177,056	150,793
Long-term prepayments	76,020	10,840
Other current and non-current assets	8,555	12,367
	<b>\$ 377,940</b>	<b>449,053</b>

(i) Other current and non-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) Please refer to Note 8 for the Group's information of collateral.

**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(k) Short-term borrowings

The short-term borrowings were summarized as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Secured bank loans	\$ -	20,000
Unsecured bank loans	1,450,000	1,350,000
	<b>\$ 1,450,000</b>	<b>1,370,000</b>
Unused credit line	<b>\$ 1,760,008</b>	<b>1,689,068</b>
Range of interest rates	<b>1.61%~1.68%</b>	<b>1.28%~2.675%</b>

(i) Please refer to Note 6(t) for the exposure information of the Group's interest rate and liquidity risk.

(ii) Please refer to Note 13 for the collateral for the Group's short-term borrowings.

(l) Long-term borrowings

The long-term borrowings were summarized as follows:

<b>December 31, 2023</b>				
	<b>Currency</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Amount</b>
Secured bank loans	NTD	1.881%	2025	\$ 400,000
Less: current portion				-
Total				<b>\$ 400,000</b>
Unused credit lines				<b>\$ 100,000</b>
<b>December 31, 2022</b>				
	<b>Currency</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Amount</b>
Secured bank loans	NTD	2.25%	2024	\$ 28,447
Unsecured bank loans	NTD	1.8488%	2023	400,000
Less: current portion				(418,852)
Total				<b>\$ 9,595</b>
Unused credit lines				<b>\$ 300,000</b>

(i) Please refer to Note 6(t) for the exposure information of the Group's interest rate and liquidity risk.

(ii) Please refer to Note 13 for the collateral for the Group's long-term borrowings.

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Present value of defined benefit obligation	\$ 75,489	80,573
Fair value of plan assets	(48,087)	(39,759)
Net defined benefit liabilities	<b>\$ 27,402</b>	<b>40,814</b>

The Group's employee benefit liabilities were as below:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Vacation liability	<b>\$ 12,346</b>	<b>7,826</b>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$48,087 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations of the Group were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Defined benefit obligation, January 1	\$ 80,573	96,593
Current service costs and interest	1,080	729
Remeasurement on the net defined benefit liabilities (assets):		
— Actuarial gain (loss) arising from changes in financial assumptions	122	(5,886)
— Experience adjustments	26,223	1,345
Benefits paid	(32,509)	(12,208)
Defined benefit obligations, December 31	<b>\$ 75,489</b>	<b>80,573</b>

3) Movements in the fair value of plan assets

The movements in the fair value of the plan assets for the Group were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Fair value of plan assets, January 1	\$ 39,759	43,996
Interest revenue	528	220
Remeasurement on the net defined liabilities (assets):		
— Return on plan assets excluding interest income	386	3,989
Contributions made	39,923	3,762
Benefits paid	(32,509)	(12,208)
Fair value of plan assets, December 31	<b>\$ 48,087</b>	<b>39,759</b>

4) Expenses recognized in profit or loss

The Group's pension expenses recognized in profit or loss for the years ended December 31, 2023 and 2022, were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Current service cost	\$ 45	251
Net interest of net liabilities (assets) for defined benefit obligation	507	258
	<b>\$ 552</b>	<b>509</b>

(Continued)

**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Operating costs	\$ 155	134
Selling expenses	120	115
Administrative expenses	120	135
Research and development expenses	157	125
	<b><u>\$ 552</u></b>	<b><u>509</u></b>

- 5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Accumulated amount, January 1	\$ 2,660	11,190
Recognized during the year	25,959	(8,530)
Accumulated amount, December 31	<b><u>\$ 28,619</u></b>	<b><u>2,660</u></b>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Discount rate	1.28%	1.30%
Future salary increase rate	3.00%	3.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$2,831 thousand.

The weighted-average lifetime of the defined benefit plan is 2 years.

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Influences of defined benefit obligations</b>	
	<b>Increase</b>	<b>Decrease</b>
December 31, 2023		
Discount rate (Fluctuation of 0.25%)	\$ (1,504)	1,548
Future salary increasing rate (Fluctuation of 0.25%)	1,332	(1,303)
December 31, 2022		
Discount rate (Fluctuation of 0.25%)	\$ (1,498)	1,540
Future salary increasing rate (Fluctuation of 0.25%)	1,312	(1,285)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumptions may change all at once. The method used in the sensitivity analysis is consistent with the calculation of net defined benefit liabilities in the balance sheets.

The method and assumptions used in the preparation of sensitivity analysis is the same as in the prior year.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs under defined contribution plans, which had been allocated to the Bureau of Labor Insurance, amounted to \$39,527 thousand and \$39,399 thousand for the years ended December 31, 2023 and 2022, respectively.



**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 years ended December 31, 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Current tax expense		
Current period	\$ 292,789	275,412
Adjustment for prior periods	(1,658)	1,636
	291,131	277,048
Deferred tax expense		
Origination and reversal of temporary difference	9,733	28,201
Income tax expense from continuing operations	<b>\$ 300,864</b>	<b>305,249</b>

The amount of income tax recognized in other comprehensive income for the years ended December 31, 2023 and 2022 was as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<b>\$ (1,963)</b>	<b>(33,351)</b>

Reconciliation of income tax and profit before tax for the years ended December 31, 2023 and 2022 is as follows

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Profit before income tax	\$ 1,419,465	1,408,339
Income tax using the company's domestic tax rate	284,330	284,372
Permanent difference	14,715	13,091
Gains derived from securities transactions	(1,293)	(1,276)
Tax incentives	(242)	(515)
Changes in provision in prior periods	(1,658)	1,636
Undistributed earnings additional tax at 5%	11,632	-
Non-deductible expenses	7,107	5,243
Others	(13,727)	2,698
	<b>\$ 300,864</b>	<b>305,249</b>

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) Deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022, were as follows:

	<u>Gain on foreign investments</u>	<u>Reserve for land revaluation increment tax</u>	<u>Others</u>	<u>Total</u>
Deferred tax liabilities:				
Balance, January 1, 2023	\$ 242,550	60,871	2,022	305,443
Recognized in profit or loss	10,411	-	928	11,339
Recognized in other comprehensive income	1,963	-	-	1,963
Balance, December 31, 2023	<u>\$ 254,924</u>	<u>60,871</u>	<u>2,950</u>	<u>318,745</u>
Balance, January 1, 2022	\$ 199,648	60,871	-	260,519
Recognized in profit or loss	9,551	-	2,022	11,573
Recognized in other comprehensive income	33,351	-	-	33,351
Balance, December 31, 2022	<u>\$ 242,550</u>	<u>60,871</u>	<u>2,022</u>	<u>305,443</u>
Deferred tax assets:				
	<u>Defined benefit plan</u>	<u>Gain or loss on valuation of inventory</u>	<u>Others</u>	<u>Total</u>
Balance, January 1, 2023	\$ 4,924	19,212	22,959	47,095
Recognized in profit or loss	(4,924)	(2,423)	8,954	1,607
Exchange differences on translation of foreign operations	-	-	7	7
Balance, December 31, 2023	<u>\$ -</u>	<u>16,789</u>	<u>31,920</u>	<u>48,709</u>
Balance, January 1, 2022	\$ 5,575	16,848	41,300	63,723
Recognized in profit or loss	(651)	2,364	(18,348)	(16,635)
Exchange differences on translation of foreign operations	-	-	7	7
Balance, December 31, 2022	<u>\$ 4,924</u>	<u>19,212</u>	<u>22,959</u>	<u>47,095</u>

(iii) Assessment of tax

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

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(o) Capital and other equity

As of December 31, 2023 and 2022, the authorized capital of the Company amounted to \$5,000,000, with a par value of \$10 per share, which consisted of 500,000 thousand shares of common stock. The paid-in capital was \$2,486,500, which consisted of 248,650 thousand shares. All issued shares were paid up upon issuance.

(i) Capital surplus

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Share capital	\$ 484	484
Long-term investment	315,222	310,893
Other	912	803
	<b><u>\$ 316,618</u></b>	<b><u>312,180</u></b>

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

(ii) Retained earnings

According to the Articles of Incorporation, the current year's earnings, if any, 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.

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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".

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 December 31, 2023 and 2022, the special reserve both amounted to \$198,071 thousand.

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 3) Earnings distribution

Earnings distribution for 2022 and 2021 was resolved in the special resolution of the Board of Directors and the general meeting of shareholders on March 14, 2023 and May 26, 2022, respectively. The appropriation for dividends to ordinary shareholders is as follows:

	2022		2021	
	Amount per share (dollars)	Amount	Amount per share (dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 3.40	<u>845,410</u>	3.00	<u>745,949</u>

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

	2023	
	Amount per share (dollars)	Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 3.50	<u>870,275</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, 2023	\$ (83,359)	18,582	(64,777)
Exchange differences on foreign operations	(920)	-	(920)
Disposal of foreign operation income reclassified to profit or loss	8,787	-	8,787
Unrealized gain from financial assets measured at fair value through other comprehensive income	-	20,030	20,030
Disposal of investments in equity instruments designated at fair value through other comprehensive income reclassified to retained earnings	-	(3,839)	(3,839)
Unrealized losses from financial assets measured at fair value through other comprehensive income, associates accounted for using the equity method	-	(3,066)	(3,066)
Balance at December 31, 2023	<u>\$ (75,492)</u>	<u>31,707</u>	<u>(43,785)</u>

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

	Exchange differences on translation	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2022	\$ (216,773)	18,703	(198,070)
Exchange differences on foreign operations	133,414	-	133,414
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(6,852)	(6,852)
Unrealized gains from financial assets measured at fair value through other comprehensive income, associates accounted for using the equity method	-	6,731	6,731
Balance at December 31, 2022	<u>\$ (83,359)</u>	<u>18,582</u>	<u>(64,777)</u>

(iv) Non-controlling interests

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 574,857	599,379
Attributable to non-controlling interests:		
(Losses) profit for the period	(9,908)	8,699
Exchange differences on translation in foreign operations	(689)	125
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	17,414	(8,410)
Cash dividend distributed	(26,738)	(25,066)
Changes in ownership interest in subsidiaries	(124)	130
Change in non-controlling interests	9,990	-
Balance at December 31	<u>\$ 564,802</u>	<u>574,857</u>

(p) Earnings per share

For the years ended December 31, 2023 and 2022, the Company's earnings per share were calculated as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u>\$ 1,128,509</u>	<u>1,094,391</u>
Weighted average number of ordinary shares	<u>248,650</u>	<u>248,650</u>
	<u>\$ 4.54</u>	<u>4.40</u>

(Continued)

## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### Diluted earnings per share

Profit attributable to ordinary shareholders of the Company (diluted)	<b>\$ 1,128,509</b>	<b>1,094,391</b>
Weighted average number of ordinary shares	248,650	248,650
Effect of employees' compensation	426	356
Weighted average number of ordinary shares (diluted)	<b>249,076</b>	<b>249,006</b>
	<b>\$ 4.53</b>	<b>4.40</b>

#### (q) Revenue from contracts with customers

##### (i) Disaggregation of revenue

For the years ended December 31, 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	\$ 2,429,866	1,013,214	385,875	203,151	9,286	799,784	4,841,176
America	-	-	-	247,097	18,611	-	265,708
Other countries	-	-	-	346,452	37,539	14,667	398,658
	<b>\$ 2,429,866</b>	<b>1,013,214</b>	<b>385,875</b>	<b>796,700</b>	<b>65,436</b>	<b>814,451</b>	<b>5,505,542</b>
Major products/services lines:							
Medicine and functional food	\$ 2,429,866	1,013,214	384,691	686,042	-	781,653	5,295,466
Services	-	-	1,184	2,354	26,308	32,798	62,644
Royalty	-	-	-	108,304	39,128	-	147,432
	<b>\$ 2,429,866</b>	<b>1,013,214</b>	<b>385,875</b>	<b>796,700</b>	<b>65,436</b>	<b>814,451</b>	<b>5,505,542</b>
For the years ended December 31, 2022							
	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	\$ 2,294,746	899,617	447,073	217,624	2,016	734,957	4,596,033
America	-	-	-	4,319	55,112	2	59,433
Other countries	-	-	-	347,006	48,737	10,397	406,140
	<b>\$ 2,294,746</b>	<b>899,617</b>	<b>447,073</b>	<b>568,949</b>	<b>105,865</b>	<b>745,356</b>	<b>5,061,606</b>
Major products/services lines:							
Medicine and functional food	\$ 2,294,746	899,617	446,496	563,521	-	725,170	4,929,550
Services	-	-	577	5,428	20,765	20,186	46,956
Royalty	-	-	-	-	85,100	-	85,100
	<b>\$ 2,294,746</b>	<b>899,617</b>	<b>447,073</b>	<b>568,949</b>	<b>105,865</b>	<b>745,356</b>	<b>5,061,606</b>

##### (ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liability	<b>\$ 14,234</b>	<b>33,126</b>	<b>39,769</b>

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

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$30,431 thousand

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

and \$16,560 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 years ended December 31, 2023 and 2022, the Company estimated its employee remuneration at \$29,189 thousand and \$24,328 thousand, respectively, and directors' remuneration both at \$14,950 thousand. 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. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022.

(s) Non-operating income and expenses

(i) Interest income

The details of total interest income for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest income from bank deposits	<b>\$ 80,197</b>	<b>31,174</b>

(ii) Other income

The details of other income for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Rent revenue	<b>\$ 10,783</b>	<b>10,780</b>



## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(iii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Losses on disposal of property, plant and equipment	\$ (1,927)	(3,281)
Losses on disposal of investments	(8,787)	-
Impairment loss on financial assets	(26,950)	-
Impairment loss on non-financial assets (Note 6(g) and (i))	(116,184)	(734)
Dividend income	6,464	6,379
Foreign exchange gains	770	23,813
Other gains and losses	6,688	19,021
	<b><u>\$ (139,926)</u></b>	<b><u>45,198</u></b>

(iv) Finance costs

The details of finance costs for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest expense	\$ 35,178	22,852
Other finance costs	182	302
	<b><u>\$ 35,360</u></b>	<b><u>23,154</u></b>

(t) Financial instruments

(i) Credit risk of receivables

1) Credit risk exposure

The carrying amount of financial assets represents the Group's maximum amount exposed to credit risk. Such maximum credit exposure on December 31, 2023 and 2022, amounted to \$1,346,080 thousand and \$1,233,369 thousand, respectively.

2) Concentration of credit risk

In order to lower the credit risk on accounts receivable, the Group continually evaluates clients' financial situation and also assesses the possibility of collecting accounts receivable and recognizes an "allowance for expected credit loss". Expected credit losses are always within the administrative personnel's expectations. As of December 31, 2023 and 2022, the accounts receivable from the Group's top ten customers represented were both at 17% and 16%, respectively of accounts receivable.

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) 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 at amortized cost include other receivables, deposits, refundable deposits 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 losses. With regards to how the financial instruments are considered to have low credit risk, please refer to Note 4(g). The Group recognized may not be recoverable, therefor the impairment loss of \$26,950 thousand as other financial assets in 2023. There was no expected credit loss after evaluation in 2022.

(iii) 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>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	2,428	2,428	2,428	-	-
	<b>\$ 2,835,150</b>	<b>2,851,361</b>	<b>2,409,744</b>	<b>441,617</b>	<b>-</b>
<b>December 31, 2022</b>					
Non-derivative financial liabilities					
Bank loans	\$ 1,798,447	1,808,401	1,798,739	9,662	-
Non-interest-bearing liabilities (including related parties)	997,307	997,307	908,707	88,600	-
Lease liabilities (current and non-current)	6,959	7,050	3,950	3,100	-
Guarantee deposits received	2,431	2,431	2,431	-	-
	<b>\$ 2,805,144</b>	<b>2,815,189</b>	<b>2,713,827</b>	<b>101,362</b>	<b>-</b>

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

(iv) Market risk

1) Currency risk

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

	December 31, 2023			December 31, 2022			
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	9,019	30.7050	276,940	8,433	30.7100	258,978
CNY		2,432	4.3270	10,523	2,382	4.4080	10,500
JPY		65,083	0.2172	14,136	185,734	0.2324	43,165
EUR		310	33.9800	10,539	312	32.7200	10,206
<u>Non-monetary items</u>							
USD		50,123	30.7050	1,539,016	48,213	30.7100	1,480,633
CNY		30,313	4.3270	131,166	48,604	4.4080	214,245
THB		428,699	0.9017	386,558	394,733	0.8941	352,931
EUR		33	33.9800	1,108	43	32.7200	1,420
TRY		-	-	-	6,528	1.6410	10,712
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		600	30.705	18,421	181	30.7100	5,894
JPY		50,352	0.2172	10,936	20,770	0.2324	4,827

2) Sensitivity analysis

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, accounts receivable, bank loans and accounts payable that are denominated in foreign currency. Net investments in a foreign operation are strategic investments, so the Group does not treat them as a hedge.

A strengthening (weakening) of 1% of the NTD against the USD, CNY, JPY and EUR as of December 31, 2023 and 2022 would have increased (decreased) the net profit after tax by \$2,262 thousand and \$2,497 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

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 years ended December 31, 2023 and 2022, the foreign exchange gains (including realized and unrealized portions) amounted \$770 thousand and \$23,813 thousand, respectively.

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(v) 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.

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 \$1,755 thousand and \$1,465 thousand for the years ended December 31, 2023 and 2022, respectively with all other variable factors remaining constant.

(vi) Other market price risk

For the years ended December 31, 2023 and 2022, 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:

	2023		2022	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Prices of securities at the reporting date				
Increasing 10%	\$ 27,370	-	24,537	-
Decreasing 10%	\$ (27,370)	-	(24,537)	-

(vii) 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:

	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

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**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 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		4,334,697	-	-	-	-
Total		<b>\$ 4,608,392</b>	<b>252,686</b>	<b>-</b>	<b>21,009</b>	<b>273,695</b>
Financial liabilities measured at amortized cost						
Bank loans	\$	1,850,000	-	-	-	-
Notes 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		<b>\$ 2,835,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>December 31, 2022</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	\$	167,624	167,624	-	-	167,624
Domestic stock in listed company at Taipei Exchange		51,811	51,811	-	-	51,811
Domestic stock in listed company at emerging stock market		14,562	-	-	14,562	14,562
International stock		11,376	-	-	11,376	11,376
Subtotal		245,373	219,435	-	25,938	245,373

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

	December 31, 2022				
	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,357,324	-	-	-	-
Notes and accounts receivable (including related party)	1,227,148	-	-	-	-
Other receivables (including related party)	29,676	-	-	-	-
Other financial assets (current and non-current)	425,846	-	-	-	-
Refundable deposits paid	29,588	-	-	-	-
Subtotal	4,069,582	-	-	-	-
Total	<b>\$ 4,314,955</b>	<b>219,435</b>	<b>-</b>	<b>25,938</b>	<b>245,373</b>
Financial liabilities measured at amortized cost					
Bank loans	\$ 1,798,447	-	-	-	-
Notes and accounts payable (including related party)	289,396	-	-	-	-
Other payables (including related party)	619,311	-	-	-	-
Lease liabilities (current and non-current)	6,959	-	-	-	-
Guarantee deposit received	2,431	-	-	-	-
Other non-current liabilities	88,600	-	-	-	-
Total	<b>\$ 2,805,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 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 years ended December 31, 2023 and 2022, 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, 2023	\$ 25,938
Recognized in other comprehensive income	(4,929)
Balance at December 31, 2023	<b><u>\$ 21,009</u></b>
Balance at January 1, 2022	\$ 14,771
Addition	10,500
Recognized in other comprehensive income	667
Balance at December 31, 2022	<b><u>\$ 25,938</u></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	<ul style="list-style-type: none"> <li>·Discount for lack of market liquidity (On December 31, 2023 were both 27.3%~30%)</li> <li>·Expected volatility (On December 31, 2022 was 58.78%)</li> </ul>	<ul style="list-style-type: none"> <li>·The higher the discount for lack of market liquidity, the lower the fair value.</li> <li>·The higher the volatility, the higher the fair value.</li> </ul>

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:

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

	Input	Change	Other comprehensive income	
			Favorable	Unfavorable
<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>December 31, 2022</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

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and security investments.

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 1) Accounts receivable and other receivables

The Group's credit policy is to transact with creditworthy customers and to obtain collateral to mitigate risks arising from financial loss due to default. The Group transacts with customers with credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group assesses the ratings based on other publicly available financial information and the records of transactions with its customers. The Group continuously monitor the exposure to credit risk and counterparty credit ratings, and to evaluate the customers' credit ratings and credit limits via annual review and approval by the finance department to manage the credit exposure.

The Group did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

#### 2) Investment

The exposure to credit risk related for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks and other external parties with good credit rating and with financial institutions, corporate organizations, and government agencies which are graded above investment grade, management does not expect any counterparty to fail to meet its obligation hence there is no significant credit risk arising from these counterparties.

#### 3) Guarantees

The Company's policy stipulates that financial guarantees can only be provided to controlled subsidiaries. Furthermore, the Group did not provide any endorsement guarantee to external parties as of December 31, 2023 and 2022.

#### (iv) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

#### (v) Market risk

Market risk is the risk that changes in market prices, such as changes in foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(v) Capital management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, and issue new shares or sell assets to reduce debts.

The Group manages capital by the debt-to-equity ratio. Such ratio is calculated as net liabilities divided by total capital. Net liabilities represent the total amount of liabilities on the balance sheet minus cash and cash equivalents. The total amount of capital represents all the equity components (share capital, capital surplus, retained earnings, and other equity) plus net liabilities.

The Group's debt-to-equity ratios at the balance sheet date were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total liabilities	\$ 3,368,767	3,367,354
Less: cash and cash equivalents	(2,621,020)	(2,357,324)
Net debt	747,747	1,010,030
Total capital	6,506,142	6,233,281
Adjusted capital	<b>\$ 7,253,889</b>	<b>7,243,311</b>
Debt-to-equity ratio	<b>10.31%</b>	<b>13.94%</b>

**(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.

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

(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 years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Associates	\$ 131,049	99,368
Other related parties	366	382
	<b>\$ 131,415</b>	<b>99,750</b>

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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) Service revenue

The Group's service revenue for related party was as follows:

Recognized item	Category	For the years ended December 31	
		2023	2022
Service revenue	Associate-ATB	\$ 1,665	13

The transaction terms were discussed and agreed by both sides, and revenue was collected by stage of completion of the contract.

(iii) Other gains

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

Recognized item	Category	For the years ended December 31,	
		2023	2022
Other gains	Associates-ATB	\$ 12,520	12,430
	Associates	-	1,894
		\$ 12,520	14,324

Other gains of the Group to the associates were mainly paid in accordance with the management service contract between the two parties. The payment terms are three months, which were not different from the payment terms given by other non-related parties.

(c) Assets and liabilities with related parties

Recognized item	Category	December 31,	December 31,
		2023	2022
Accounts receivable	Associates	\$ 40,716	16,426
	Other related parties	114	122
		\$ 40,830	16,548
Other receivables	Associate-ATB	\$ 3,341	3,669

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

**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Salaries and other short-term employee benefits	\$ 86,936	85,355
Post-employment benefits	1,074	1,004
	<b>\$ 88,010</b>	<b>86,359</b>

**(8) Assets pledged as security:**

The carrying amounts of pledged assets were as follows:

		<b>December 31,</b>	<b>December 31,</b>
<b>Pledged asset</b>	<b>Object</b>	<b>2023</b>	<b>2022</b>
Other financial assets-non-current	Guarantee for provision attachment	<b>\$ 149,380</b>	<b>149,380</b>

**(9) Significant commitments and contingencies:**

(a) The Group's unfinished contracts as of December 31, 2023 and 2022 were as follows:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Total price of unfinished contracts		
Purchase of equipment and construction engineering	<b>\$ 55,220</b>	<b>40,124</b>
Acquisition of intangible assets	<b>\$ 493,004</b>	<b>160,907</b>
Research and development service	<b>\$ 118,745</b>	<b>114,245</b>
Purchase of raw materials	<b>\$ 103,011</b>	<b>103,016</b>
Unpaid amount		
Purchase of equipment and construction engineering	<b>\$ 39,366</b>	<b>16,660</b>
Acquisition of intangible assets	<b>\$ 415,471</b>	<b>143,424</b>
Research and development service	<b>\$ 43,505</b>	<b>39,793</b>
Purchase of raw materials	<b>\$ 28,786</b>	<b>47,984</b>

(b) As of December 31, 2023, and 2022, the financial institutions provided guarantee for the import and sale of medicine amounted to \$91,205 thousand and \$62,146 thousand, respectively.

**(10) Losses due to major disasters: None**

**(11) Subsequent events: None**

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

**(12) Other:**

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

By item	By function					
	For the years ended December 31,					
	2023			2022		
	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	\$ 232,878	668,844	901,722	231,009	672,136	903,145
Health and labor insurance	22,752	49,565	72,317	21,522	49,113	70,635
Pension	12,256	27,823	40,079	11,747	28,161	39,908
Others	11,691	61,921	73,612	6,788	55,021	61,809
Depreciation expense	119,829	34,455	154,284	117,388	41,225	158,613
Amortization expense	17,666	28,949	46,615	4,551	23,114	27,665

- (b) Others

The Group donated \$116,526 thousand and \$86,686 thousand to related medical foundations and associations to support non-profit organizations developing drugs and promoting disease prevention and correct dosage for the years ended December 31, 2023 and 2022, 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 with the Cantonal Court of Zug in Switzerland against Inopha AG (Inopha) for all 13 licensing agreements between the Company and Inopha being declared null and void, and further sought an order that Inopha returns all the benefits it had gained from the 13 agreements. The case is still in progress 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 December 31, 2023, 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 Contract entered into between the Company and Center Laboratories, Inc. (referred to as the CLI), the Company considered the signing of the agreement to be incompliance with the relevant procedures and legal requirements, hence, should be deemed as invalid. However, CLI disagreed with the Company's viewpoint and filed an action for declaratory judgment of the said contract, as a civil lawsuit, against the Company in the Taipei District Court on July 1, 2016. The case has been put on trial several times, and on May 18, 2023, original ruling was declared to be invalid by the Supreme Court, and the case had been handed back to the Taiwan High Court for retrial.

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## **TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

- (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 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 on trial at the Taipei High Administrative Court.
- (i) On July 21, 2023, Taiwan Shilin District Prosecutors Office and the Ministry of Justice Investigation Bureau (referred to as the Investigation Bureau) came to the Company to investigate the drug contract case due to the Company filed against breach of trust cases on March 24, 2022 based on whistleblower letters, and the Investigation Bureau reviewed and selected the Company's transaction documents related to certain drugs from July 2011 to July 2023. The case is under investigation.

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

**(13) Other disclosures:**

(a) Information on significant transactions:

The following is the information on the Group significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the years ended December 31, 2023:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No. (Note1)	Name of guarantor	Party being endorsed/guaranteed		Limitation on amount of guarantees and endorsements for a specific enterprise (Note3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note2)										
0	The Company	Chuang Yi Biotech Co., Ltd.	2	1,188,268	50,000	-	-	-	- %	2,970,670	Y	N	N

Note1: The numbering is as follows:

1. The issuer is coded “0”.
2. Subsidiaries are sequentially numbered from 1 by company.

Note2: The 7 types of relationship between the guarantor and parties being endorsed/guaranteed were as follows:

1. An investee company that has a business relationship with the Company.
2. An investee in which the Company holds directly and indirectly over 50% of voting shares.

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

3. An investee in which the Company and its subsidiaries directly and indirectly hold over 50% of voting shares.
4. An investee in which the Company holds directly and indirectly over 90% of voting shares.
5. An investee that has provided guarantees to the Company, and vice versa, due to contractual requirements.
6. An investee in which the Company conjunctly invests with other shareholders, and for which the Company has provided endorsement/guarantee in proportion to its shareholding percentage.
7. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note3: The amount of guarantee/endorsement to a Company shall not exceed 20% and the total amount of guarantee/endorsement to others shall not exceed 50% of the worth of the Company in the latest financial statements.

The amount of guarantee/endorsement to a Company shall not exceed 20% and the total amount of guarantee/endorsement to others shall not exceed 50% of the worth of the Company and its subsidiaries in their latest financial statements.

(iii) Securities held as of December 31, 2023 (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				Highest Percentage of ownership (%)	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	7.78%	
TSH Biopharm Co., Ltd.	Lumosa Therapeutics Co., Ltd. Common Stock	-	Financial assets measured at fair value through other comprehensive income– current	1,160	79,228	0.70%	79,228	0.70%	
"	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets measured at fair value through other comprehensive income–non-current	2,500	149,750	0.38%	149,750	0.38%	
"	Union Bank of Taiwan Preferred Shares A	-	"	400	20,520	0.20%	20,520	0.20%	

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

"	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	"	58	3,188	0.02%	3,188	0.02%	
"	CellMax Ltd. Common Stock	-	"	1,593	9,017	0.62%	9,017	0.62%	

- (iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital: None
- (v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: None
- (vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None
- (vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital:

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Chuang Yi Biotech Co., Ltd.	The subsidiary	Sale	(180,969)	(3.88)%	90 days T/T	Normal	No different to other client	35,954	3.08%	
The Company	America Taiwan Biopharm (Thailand)	Associates	Sale	(123,594)	(2.65)%	90 days T/T	Normal	No different to other client	40,715	3.49%	
Chuang Yi Biotech Co., Ltd.	The Company	The parent company	Purchase	180,969	96.99%	90 days T/T	Normal	No different to other vendors	(35,954)	95.28%	

- (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

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**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	TTY Biopharm Co., Ltd.	Worldco International Co., Ltd.	1	Royalty revenue	52,504	By contract	0.95%
0	"	"	1	Accounts receivable	3,088	"	0.03%
0	"	TSH Biopharm Co., Ltd.	1	Accounts receivable	8,344	"	0.08%
0	"	"	1	Other receivables	2,244	"	0.02%
0	"	"	1	Sales revenue	82,699	"	1.50%
0	"	"	1	Other income	4,608	"	0.08%
0	"	"	1	Other gains and losses	5,390	"	0.10%
0	"	"	1	Commission expense	2,696	"	0.05%
0	"	American Taiwan Biopharma Philippines	1	Other receivables	5,026	"	0.05%
0	"	"	1	Accounts receivable	2,151	"	0.02%
0	"	Chuang Yi Biotech Co., Ltd.	1	Accounts receivable	35,954	"	0.36%
0	"	"	1	Other income	6,650	"	0.12%
0	"	"	1	Sales revenue	180,969	"	3.29%

Note 1): The numbering is as follows:

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

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

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

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

Note 4): The related-party transactions less than NTS1,000 thousand were not disclosed, and so were the relative transactions.

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

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (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 December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Xudong Haiyu International Co., Ltd.	Cayman Is.	Investing activities	303,998	303,998	25,000	100.00%	1,428,964	100.00%	34,998	34,998	Subsidiary
The Company	Worldco International Co., Ltd.	Hong Kong	Selling chemical medicine	15,825	158,254	3,960	100.00%	129,040	100.00%	187	187	Subsidiary
The Company	American Taiwan Biopharma Philippines	Philippines	Selling chemical medicine	32,904	32,904	481	87.00%	(4,481)	87.00%	(7,169)	(3,493)	Subsidiary
The Company	TSH Biopharm Co., Ltd.	Taiwan	Selling chemical medicine	227,449	227,449	21,687	56.48%	621,458	56.48%	62,243	34,998	Subsidiary
										(Note 1)		
The Company	EnhancX Biopharm Inc.	Taiwan	Developing chemical medicine	50,000	50,000	5,000	20.83%	540	20.83%	(75,155)	(15,655)	Subsidiary
The Company	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	250,951	250,951	7,432	23.12%	30,726	49.05%	(763)	1,511	Subsidiary
The Company	TTY Biopharm Turkey Saglik Urunleri Sanayi ve Ticaret Limited Sirketi	Turkey	Selling chemical medicine	-	13,863	-	- %	-	100.00%	(2,500)	(2,500)	(Note 2)
The Company	PharmaEngine, Inc.	Taiwan	Developing chemical medicine	536,559	536,559	25,867	18.00%	859,603	18.00%	274,650	49,438	Investments accounted for using equity method
The Company	American Taiwan Biopharm	Thailand	Selling chemical medicine	2,966	2,966	380	40.00%	386,558	40.00%	126,100	50,440	Investments accounted for using equity method
The Company	Gligio International Limited	Hong Kong	Selling chemical medicine	2,685	2,685	620	40.00%	110,052	40.00%	78,653	31,461	Investments accounted for using equity method
Xudong Haiyu International Co., Ltd.	EnhancX Biopharm Inc.	Taiwan	Developing chemical medicine	70,000	70,000	7,000	29.17%	12,244	29.17%	(75,155)	(21,922)	Subsidiary
Xudong Haiyu International Co., Ltd.	TTY Biopharm Korea Co., Ltd.	Korea	Selling chemical medicine	59,404	43,834	449	100.00%	11,270	100.00%	(8,532)	(8,532)	Subsidiary
Xudong Haiyu International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Mexico	Selling chemical medicine	26,638	26,638	17,500	50.00%	8,336	50.00%	(7,098)	(3,549)	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%	8,336	50.00%	(7,098)	(3,549)	Subsidiary

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value				
EnhanX Biopharm Inc.	EnhanX Biopharm B.V.	Netherlands	Developing chemical medicine	3,538	3,538	100	100.00%	1,108	100.00%	(364)	(364)	Subsidiary
TSH Biopharm Co., Ltd.	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	200,262	40,252	16,590	51.60%	169,121	51.60%	(763)	(3,499)	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%	2,162	100.00%	(196)	(196)	Subsidiary

Note1): Net income (losses) of investee was calculated at the level of the consolidated group.

Note2): TTY-Turkey had been liquidated on October 27, 2023.

(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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest 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	51,491	(2)	87,103	-	-	87,103	498	100%	100%	498	-	-
		CNY 11,900		CNY 20,130	CNY 20,130	CNY 114	CNY 114	49,960	-				
Chuang Yi (Shanghai) Trading Co., Ltd.	Selling functional food	15,353	(2)	15,353	-	-	15,353	(197)	100%	100%	(197)	2,126	-
		USD 500		USD 500	USD 500	CNY (45)	CNY (45)	CNY 491	-				

The exchange rate of USD to NTD as of the reporting date was 1:30.7050, and the average exchange rate of USD to NTD for the reporting period was 1:31.1277.

The exchange rate of CNY to NTD as of the reporting date was 1:4.3270, and the average exchange rate of CNY to NTD for the reporting period was 1:4.3862.

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**TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES**  
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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 December 31, 2023		Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD	102,456	NTD 1,450,136 (USD 47,228 )	NTD 3,564,804

(iii) Significant transactions: None

(d) Major shareholders:

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

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## TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (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 year ended December 31, 2023	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	\$ 2,429,866	1,013,214	385,875	796,700	65,436	814,451	-	5,505,542
Intersegment revenues	52,504	-	181,020	83,163	934	2,696	(320,317)	-
Interest revenue	-	-	-	-	2,671	77,539	(13)	80,197
<b>Total revenue</b>	<b>\$ 2,482,370</b>	<b>1,013,214</b>	<b>566,895</b>	<b>879,863</b>	<b>69,041</b>	<b>894,686</b>	<b>(320,330)</b>	<b>5,585,739</b>
Interest expense	\$ -	-	-	-	34,801	691	(132)	35,360
Depreciation and amortization	51,477	3,525	1,999	97,558	25,100	32,507	(11,266)	200,900
Share of profit of associates accounted for using equity method	-	-	81,901	-	49,437	-	-	131,338
<b>Reportable segment profit or loss</b>	<b>\$ 1,175,952</b>	<b>322,671</b>	<b>176,004</b>	<b>80,786</b>	<b>(340,032)</b>	<b>52,143</b>	<b>(48,059)</b>	<b>1,419,465</b>
Assets:								
Investments accounted for using equity method	\$ -	-	496,135	-	859,603	-	-	1,355,738
<b>Reportable segment assets</b>	<b>\$ 1,390,277</b>	<b>425,485</b>	<b>603,057</b>	<b>1,765,255</b>	<b>5,052,413</b>	<b>2,958,023</b>	<b>(2,319,601)</b>	<b>9,874,909</b>

For the year ended December 31, 2022	Intensive						Adjustment and elimination	Total
	Oncology Business Unit	Care Business Unit	Healthcare Business Unit	Export and CDMO Business Unit	Other Business Unit	Re-investment Business Unit		
Revenue:								
Revenue from external customers	\$ 2,294,746	899,617	447,073	568,949	105,865	745,356	-	5,061,606
Intersegment revenues	46,600	-	134,587	84,732	779	1,923	(268,621)	-
Interest revenue	-	-	-	-	1,182	30,000	(8)	31,174
Total revenue	<u>\$ 2,341,346</u>	<u>899,617</u>	<u>581,660</u>	<u>653,681</u>	<u>107,826</u>	<u>777,279</u>	<u>(268,629)</u>	<u>5,092,780</u>
Interest expense	\$ -	-	-	-	22,491	701	(38)	23,154
Depreciation and amortization	125,257	501	601	10,460	28,493	32,280	(11,314)	186,278
Share of profit of associates accounted for using equity method	-	-	58,984	-	57,400	-	-	116,384
Reportable segment profit or loss	<u>\$ 1,203,054</u>	<u>266,027</u>	<u>188,496</u>	<u>50,901</u>	<u>(341,819)</u>	<u>74,216</u>	<u>(32,536)</u>	<u>1,408,339</u>
Assets:								
Investments accounted for using equity method	\$ -	-	439,957	-	861,252	-	-	1,301,209
Reportable segment assets	<u>\$ 1,322,687</u>	<u>390,600</u>	<u>538,902</u>	<u>1,712,575</u>	<u>4,891,804</u>	<u>3,137,657</u>	<u>(2,393,590)</u>	<u>9,600,635</u>

(c) Information

The Group's information about revenue from external customers was as follows:

Product and Service	2023	2022
Medical and functional food	\$ 5,295,466	4,929,550
Service and royalty revenue	210,076	132,056
Total	<u>\$ 5,505,542</u>	<u>5,061,606</u>

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets including property, plant and equipment, right-of-use asset, investment property, intangible assets, and guarantee deposits received, are based on the geographical location of the assets.



<b>Region</b>	<b>2023</b>	<b>2022</b>
Revenue from external customers:		
Taiwan	\$ 4,841,176	4,600,058
America	265,708	59,433
Other countries	398,658	402,115
Total	<b><u>\$ 5,505,542</u></b>	<b><u>5,061,606</u></b>
Non-current assets:		
Taiwan	\$ 2,610,522	2,826,066
China	20,953	21,995
Other countries	85	229
Total	<b><u>\$ 2,631,560</u></b>	<b><u>2,848,290</u></b>

(e) Major customer

The Group's did not have revenues from a single customer that exceeds 10% of the consolidated operating revenues in 2023 and 2022.

## Independent Auditors' Report

To the Board of Directors  
TTY Biopharm Company Limited:

### Opinion

We have audited the accompanying financial statements of TTY Biopharm Company Limited (“the Company”), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

### Basis for Opinion

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

### Other Matter

We did not audit the financial statements of PharmaEngine, Inc. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for certain equity-accounted investees, are based solely on the report of another auditor. The investment in PharmaEngine, Inc. accounted for using the equity method constituted 9.32% and 9.72% of total assets as of December 31, 2023 and 2022, respectively, and the related share of profit of associates accounted for using the equity method constituted 3.49% and 4.20% of pre-tax net income for the years ended December 31, 2023 and 2022, respectively.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the financial statements are stated as follows:

## 1. Occurrence of revenue from selling pharmaceuticals and chemical drugs

Please refer to Notes 4(p) of the financial statements for the accounting principles on revenue recognition. Revenues are recognized by net values of contract prices, less sales returns and allowances, after controls of the products are transferred to the customers.

Key audit matters:

The Company's sales is mainly from selling of pharmaceuticals and chemical drugs. Because the customers are diversity and numerous, it takes longer time to verify sales transactions. Therefore, the occurrence in sales transactions is one of the important issue in performing our audit procedures.

Auditing procedures performed:

- Testing the effectiveness of the design and implementing the internal control system of sales and collection operation;
- Testing the samples of sales transaction before and after the balance sheet date to ensure the correctness of sales revenue;
- Inspecting the related documents to ensure the adequacy and reasonableness of revenue recognition.

## 2. Inventory valuation

Please refer to Notes 4(g), and 5 of the financial statements for the accounting principles on the inventory valuation, significant accounting assumptions and judgments, and major sources of estimation uncertainty.

Key audit matters:

The Company's primary operating items are manufacturing and processing various kinds of pharmaceuticals. The pharmaceutical industry in Taiwan is susceptible to the constant amendments of its law, resulting in large price fluctuation of pharmaceutical products, which will affect the carrying value of inventories to exceed its net value. Because of these uncertainties, the Company's revenue and income may be effected by the price fluctuations. If the assessment of the net realizable value of the inventory is not appropriate, it will lead to a material misstatement of the financial statements.

Auditing procedures performed:

- Overviewing the stock ageing list, and analyzing the movement of stock ageing by period;
- Obtaining the certificate documents to verify the correctness of the stock's expiry date; and
- Sampling the replacement cost and market price of inventories, and recalculating the net realizable value by marketing expense rate, to ensure the reasonableness of net realizable value adopted by the Company.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines it is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

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

#### **Notes to Readers**

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditor's audit report and the accompanying 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 auditor's audit report and financial statements, the Chinese version shall prevail.



(English Translation of Financial Statements Originally Issued in Chinese)

**TTY BIOPHARM COMPANY LIMITED**

**Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

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

		2023		2022	
		Amount	%	Amount	%
4000	<b>Operating revenue</b> (notes 6(p)and 7)	\$ 4,897,249	100	4,492,904	100
5000	<b>Operating costs</b> (notes 6(c), (l)and 12)	2,022,980	41	1,867,348	42
	<b>Gross profit</b>	2,874,269	59	2,625,556	58
5910	Less: Unrealized profit (loss) from sales	20,922	-	18,253	-
5920	Add: Realized profit (loss) from sales	18,253	-	18,474	-
	<b>Gross profit, net</b>	2,871,600	59	2,625,777	58
6000	<b>Operating expenses (notes 6 (h), (l)and 12):</b>				
6100	Selling expenses	945,842	19	817,520	18
6200	Administrative expenses (note 6(q))	327,872	7	310,945	7
6300	Research and development expenses	274,581	6	307,611	7
6450	Expected credit losses (note 6(b))	-	-	230	-
		1,548,295	32	1,436,306	32
	<b>Net operating income</b>	1,323,305	27	1,189,471	26
	<b>Non-operating income and losses (notes 6(r)and 7):</b>				
7100	Interest income	2,671	-	1,182	-
7010	Other income	14,360	-	14,370	-
7020	Other gains and losses, net	(69,367)	(1)	35,430	1
7050	Finance costs, net	(34,801)	(1)	(22,491)	-
7070	Share of profit of subsidiaries and associates accounted for using equity method, net (note 6(e))	181,385	4	148,986	3
		94,248	2	177,477	4
	<b>Profit before tax</b>	1,417,553	29	1,366,948	30
7950	Less: Income tax expenses (note 6(m)):	289,044	6	272,557	6
	<b>Profit for the period</b>	1,128,509	23	1,094,391	24
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	(Losses) gains on remeasurements of defined benefit plans (note 6(l))	(25,959)	(1)	8,530	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(2,570)	-	4,062	-
8330	Share of other comprehensive loss of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	19,534	1	(4,183)	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	-	-	-	-
	<b>Components of other comprehensive (loss) income that will not be reclassified to profit or loss</b>	(8,995)	-	8,409	-
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation	1,053	-	166,734	4
8380	Share of other comprehensive (loss) income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(10)	-	31	-
8399	Income tax related to components of other comprehensive loss that may be reclassified to profit or loss	(1,963)	-	(33,351)	(1)
	Components of other comprehensive (loss) income that may be reclassified to profit or loss	(920)	-	133,414	3
8300	<b>Other comprehensive (loss) income for the period, net of tax</b>	(9,915)	-	141,823	3
	<b>Total comprehensive income for the period</b>	<b>\$ 1,118,594</b>	<b>23</b>	<b>1,236,214</b>	<b>27</b>
	<b>Earnings per share, net of tax (note 6(o))</b>				
	Basic earnings per share	<b>\$ 4.54</b>		<b>4.40</b>	
	Diluted earnings per share	<b>\$ 4.53</b>		<b>4.40</b>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**TTY BIOPHARM COMPANY LIMITED**

**Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollar)**

	Share capital		Retained earnings			Total other equity interest				Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest		
<b>Balance on January 1, 2022</b>	\$ 2,486,500	311,876	1,198,617	133,709	1,235,223	(216,773)	18,703	(198,070)	5,167,855	
Net income	-	-	-	-	1,094,391	-	-	-	1,094,391	
Other comprehensive income	-	-	-	-	8,530	133,414	(121)	133,293	141,823	
Total comprehensive income	-	-	-	-	1,102,921	133,414	(121)	133,293	1,236,214	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	80,318	-	(80,318)	-	-	-	-	
Special reserve appropriated	-	-	-	64,362	(64,362)	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(745,949)	-	-	-	(745,949)	
Other changes in capital surplus:										
Changes in equity of investments accounted for using equity method	-	66	-	-	-	-	-	-	66	
Other changes in capital surplus	-	93	-	-	-	-	-	-	93	
Changes in ownership interests in subsidiaries	-	145	-	-	-	-	-	-	145	
Balance on December 31, 2022	2,486,500	312,180	1,278,935	198,071	1,447,515	(83,359)	18,582	(64,777)	5,658,424	
Net income	-	-	-	-	1,128,509	-	-	-	1,128,509	
Other comprehensive income	-	-	-	-	(25,959)	(920)	16,964	16,044	(9,915)	
Total comprehensive income	-	-	-	-	1,102,550	(920)	16,964	16,044	1,118,594	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	110,292	-	(110,292)	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(845,410)	-	-	-	(845,410)	
Other changes in capital surplus:										
Changes in equity of investments accounted for using equity method	-	647	-	-	-	-	-	-	647	
Other changes in capital surplus	-	109	-	-	-	-	-	-	109	
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	8,787	-	8,787	8,787	
Changes in ownership interests in subsidiaries	-	3,682	-	-	(3,493)	-	-	-	189	
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	3,839	-	(3,839)	(3,839)	-	
<b>Balance on December 31, 2023</b>	<b>\$ 2,486,500</b>	<b>316,618</b>	<b>1,389,227</b>	<b>198,071</b>	<b>1,594,709</b>	<b>(75,492)</b>	<b>31,707</b>	<b>(43,785)</b>	<b>5,941,340</b>	

See accompanying notes to financial statements.



(English Translation of Financial Statements Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,417,553	1,366,948
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	147,062	152,125
Amortization expense	32,596	13,188
Expected credit losses	-	230
Interest expense	34,802	22,491
Interest income	(2,671)	(1,182)
Share of profit of investments accounted for using the equity method	(181,385)	(148,986)
Losses on disposal of property, plant and equipment	1,885	3,225
Losses on disposal of investments accounted for using equity method	8,787	-
Impairment loss on financial assets	26,950	-
Impairment loss on non-financial assets	54,466	734
Unrealized profit from sales	20,922	18,253
Realized profit from sales	(18,253)	(18,474)
Others	(2,496)	(6,475)
<b>Total adjustments to reconcile profit (loss)</b>	<u>122,665</u>	<u>35,129</u>
<b>Changes in operating assets and liabilities:</b>		
Notes receivable	(410)	(29)
Accounts receivable	(99,328)	(37,657)
Other receivable	(5,227)	(3,779)
Inventories	(47,200)	(69,021)
Other current assets	(31,783)	(13,805)
<b>Total changes in operating assets</b>	<u>(183,948)</u>	<u>(124,291)</u>
Current contract liabilities	(15,437)	(11,870)
Notes payable	(61,756)	(49,749)
Accounts payable	7,848	98,229
Other payable	(13,044)	96,502
Other current liabilities	(6,960)	6,858
Net defined benefit liability	(39,370)	(3,253)
<b>Total changes in operating liabilities</b>	<u>(128,719)</u>	<u>136,717</u>
<b>Total changes in operating assets and liabilities</b>	<u>(312,667)</u>	<u>12,426</u>
<b>Total adjustments</b>	<u>(190,002)</u>	<u>47,555</u>
Cash inflow generated from operations	1,227,551	1,414,503
Interest received	2,671	1,182
Dividends received	106,716	117,419
Interest paid	(34,364)	(22,552)
Income taxes paid	(267,239)	(262,843)
<b>Net cash flows from operating activities</b>	<u>1,035,335</u>	<u>1,247,709</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(10,500)
Proceeds from disposal of investments accounted for using equity method	89,132	-
Acquisition of property, plant and equipment	(57,983)	(80,870)
Proceeds from disposal of property, plant and equipment	7,012	9,352
(Increase) decrease in refundable deposits paid	(16,843)	3,913
Acquisition of intangible assets	(21,052)	(28,980)
Decrease in other financial assets	602	294
Increase in prepayments for business facilities	(14,977)	(5,021)
Increase in other non-current assets	(54,029)	(45,959)
<b>Net cash flows used in investing activities</b>	<u>(68,138)</u>	<u>(157,771)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	10,280,000	10,870,000
Decrease in short-term loans	(10,180,000)	(11,170,000)
Proceeds from long-term borrowings	400,000	400,000
Repayments of long-term borrowings	(400,000)	(400,000)
Decrease in guarantee deposits received	-	(488)
Payment of lease liabilities	(3,140)	(5,293)
Cash dividends paid	(845,410)	(745,949)
Dividends unclaimed by shareholders	109	93
<b>Net cash flows used in financing activities</b>	<u>(748,441)</u>	<u>(1,051,637)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	14	9
<b>Net increase in cash and cash equivalents</b>	218,770	38,310
<b>Cash and cash equivalents at beginning of period</b>	299,611	261,301
<b>Cash and cash equivalents at end of period</b>	<u>\$ 518,381</u>	<u>299,611</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**TTY BIOPHARM COMPANY LIMITED**

**Notes to the Financial Statements**

**For the years ended December 31, 2023 and 2022**

**(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 activity of the Company is producing a variety of pharmaceuticals and chemical drugs. Please refer to Note 14.

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

The financial statements were authorized for issuance by the Board of Directors on March 8, 2024.

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

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- 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”

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

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

The material accounting policies presented in the financial statements are summarized below. Except for those specifically indicate, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through other comprehensive income are measured at fair value;
- 2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, and the upper-limit as explained in Note 4(q).

- (ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

(c) Foreign currencies

(i) Foreign currencies transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the transaction dates. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are re-translated at the exchange rate prevailing at reporting date; non-monetary items denominated in foreign currencies held at fair value are re-translated at the exchange rate prevailing at the determined date of fair value. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the transaction date.

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

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollar at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Taiwan Dollar at average exchange rate of the period. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss in current period. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss in current period.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- (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 unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- (i) It is expected to be settled in 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 Company 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.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose should be recognized as cash equivalents.

(f) Financial instruments

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, financial assets are classified as measured at amortized cost and fair value through other comprehensive income (FVOCI) — equity investment. Financial assets are not reclassified subsequent to their initial recognition if the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as of discounting is immaterial. Except for the short-term accounts and notes receivable, the other assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulated amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, impairment, and any gain or loss on derecognition are recognized in profit or loss in current period.

#### 2) Fair value through other comprehensive income (FVOCI)

Equity investment at FVOCI which is not held for trading, and for which, the Company may irrevocably elect to present subsequent changes in the fair value in other comprehensive income at initial recognition. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss on the date that the Company's right to receive payment is established unless the dividend income clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and will not be reclassified to profit or loss.

#### 3) Impairment of financial assets

The Company recognizes impairment provision for expected credit losses (ECL) on financial assets measured at amortized cost, which was including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets.

The Company measures impairment provision at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Impairment provision for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if the contract payment is overdue. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than its payment term;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;  
or
- the disappearance of an active market for a security because of financial difficulties.

Impairment provision for financial assets measured at amortized cost are recognized in profit or loss and deducted from the carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### 4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the net amount in the balance sheet only when the Company currently has a legally enforceable right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.



## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

#### (h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using equity method and are recognized initially at cost, which was including transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases.

The Company recognizes any changes of its proportionate share in the investee within capital surplus, when the associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interest in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

#### (i) Subsidiaries

The subsidiaries in which the Company holds a controlling interest are accounted for under the equity method in the non-consolidated financial statements. Under the equity method, the net income, other comprehensive income, and equity in the non-consolidated financial statements are the same as those attributable to the owners of the parent in the consolidated financial statements.

Changes in ownership of the subsidiaries are recognized as equity transactions.

#### (j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation methods, useful lives, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of total rental income, over the term of the lease.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	2-60 years
Machinery equipment	1-29 years
Transportation equipment	5-8 years
Office and other equipment	1-30 years

The significant components of buildings are the main building, mechanical and electrical equipment, engineering systems, etc. They are amortized over their useful lives of 30-50 years, 6-25 years, and 10 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

(iv) Reclassification as investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

#### (l) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### (i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

For lease modifications that decrease the scope of the lease, the Company decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes the difference between this amount and the remeasurement amount of the lease liability in profit or loss.

For the short-term leases and the leases for low-value asset, the Company does not recognize the right-of-use asset and lease liability. The lease payments associated with those leases are recognized as expenses on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines whether each lease is a finance lease or an operating lease at lease commencement date. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease period covers the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The company assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(m) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Patents and franchise	10-15 years
2) Computer software cost	1-10 years
3) Other intangible assets	5 years

Amortization methods, useful lives and residual values of intangible assets are reviewed at each reporting date and adjusted as necessary.

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Impairment loss of goodwill previously recognized shall not be reversed in the following years. Except for goodwill, when the circumstances for recognizing impairment loss for a non-financial asset in prior years no longer exist, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not recognized.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

(o) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(p) Revenue recognition

(i) Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Authorization revenue

Authorization revenue gains from medicine developing and selling. The Company recognizes authorization revenue by determining whether the intellectual property will be obtained within contract period or it had already existed.

Revenue is recognized with royalty calculated on a sales basis when the performance obligation was fulfilled and the sales actually happened.

3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

#### (ii) Contract costs

##### 1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

##### 2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 “Inventories”, IAS 16 “Property, Plant and Equipment” or IAS 38 “Intangible Assets”), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- a) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- b) the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

#### (q) Employee benefits

##### (i) Defined contribution plans

Obligations for pension contributions to defined contribution plans are expensed as the related service is provided.

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.



## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

(s) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(t) Operating segments

Please refer to the consolidated financial statements of TTY Biopharm Company Limited for the years ended December 31, 2023 and 2022.

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

In preparing these financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information of valuation of inventories about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period, and then writes down the cost of inventories to net realizable value, which is mainly determined based on expiry date. Due to the actual production and the application for extension on the deadline for raw material, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(c) for further description of the valuation of inventories.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash on hand	\$ 2,496	2,613
Cash in banks	515,885	296,998
	<b><u>\$ 518,381</u></b>	<b><u>299,611</u></b>

(i) The above cash and cash equivalents were not pledged as collateral.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

- (ii) Time deposits which do not meet the definition of cash equivalents are accounted for under other non-current financial assets.
- (iii) Please refer to Note 6(s) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.
- (b) Notes and accounts receivable (including related parties)

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Notes receivables	\$ 18,969	18,559
Accounts receivables	1,058,422	987,773
Accounts receivables–related parties	90,255	61,576
Less: allowance for expected credit losses	(426)	(426)
	<b>\$ 1,167,220</b>	<b>1,067,482</b>

The Company applies the simplified approach to evaluating its expected credit losses (ECLs), i.e., the Company 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>December 31, 2023</b>			
	<b>Face value of notes and accounts receivable</b>	<b>Weighted average loss rate</b>	<b>Allowance for expected credit losses</b>
Not overdue	\$ 1,163,282	0%	-
1 to 90 days overdue	2,796	0%	-
91 to 180 days overdue	1,460	21.78%	318
Past due more than 181 days	108	100%	108
	<b>\$ 1,167,646</b>		<b>426</b>

<b>December 31, 2022</b>			
	<b>Face value of notes and accounts receivable</b>	<b>Weighted average loss rate</b>	<b>Allowance for expected credit losses</b>
Not overdue	\$ 1,044,890	0%	-
1 to 90 days overdue	22,904	1.36%	312
More than 181 days overdue	114	100%	114
	<b>\$ 1,067,908</b>		<b>426</b>

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 426	196
Expected credit losses recognized	-	230
Balance at December 31	<b>\$ 426</b>	<b>426</b>

As of December 31, 2023 and 2022, the accounts receivable and notes receivable for the Company were not pledged as collateral.

(c) Inventories

	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Merchandise	\$ 226,863	166,760
Finished goods	175,680	162,492
Work in process	281,116	250,536
Raw materials	177,745	214,243
Materials	63,159	56,341
Subtotal	924,563	850,372
Goods in transit	137,896	175,806
Total	1,062,459	1,026,178
Less: allowance for inventory market decline and obsolescence	(77,393)	(88,312)
Net amount	<b>\$ 985,066</b>	<b>937,866</b>

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Inventories have been sold	\$ 2,015,224	1,832,145
Costs of service	3,545	3,798
Write-down of inventories from cost to net realizable value and disposal of inventories	4,211	31,405
	<b>\$ 2,022,980</b>	<b>1,867,348</b>

(ii) As of December 31, 2023 and 2022, the aforesaid inventories were not pledged as collateral.

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

- (d) Financial asset measured at fair value through other comprehensive income – non-current

	December 31, 2023	December 31, 2022
The equity instrument measured at fair value through other comprehensive income:		
Domestic unlisted common stock – ExoOne Bio. Co., Ltd.	\$ 11,992	14,562

- (i) The Company holds such investment in the equity instrument as the long-term strategic investment that is not held for trading purposes; thus, it is categorized as the equity instrument measured at fair value through other comprehensive income.
- (ii) In April 2022, the Company participated in the capital increase of ExoOne Bio. Co., Ltd. with the amount of \$10,500 thousand and acquired 7.78% equity interests, consisting of 700 thousand common shares. For the year ended December 31, 2023, the Company did not participate in the capital increase of ExoOne Bio. Co., Ltd., resulting in its shareholding ratio to decrease to 5.94%.
- (iii) Please refer to Note 6(s) for credit and market risk information.
- (iv) The above financial assets were not pledged as collateral.
- (e) Investments accounted for using equity method

The Company's financial information for equity-accounted investees at the reporting date was as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 2,206,247	2,250,447
Associates	1,356,213	1,301,407
	\$ 3,562,460	3,551,854

- (i) Subsidiaries

Please refer to the consolidated financial report for the years ended December 31, 2023 and 2022.

- (ii) Associates

- 1) As of December 31, 2023 and 2022, the associate which the Company invested had a quoted market price was as follows:

	December 31, 2023	December 31, 2022
Carrying amount	\$ 859,603	861,252
Fair value	\$ 2,728,948	3,233,351

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

- 2) For the years ended December 31, 2023 and 2022, as PharmaEngine, Inc. amortized the compensation cost of employee stock options, and the compensation cost of amortized restricted stock awards, and employee stock options expired, the Company's equity has changed and its capital reserve was credit by \$647 thousand and \$66 thousand, respectively. For the year ended December 31, 2023, the Company's shareholding ratio had no change. For the year ended December 31, 2022, the Company's shareholding ratio dropped from 18.01% to 18.00%.

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

Associate	Nature of relationship	Country of registration	Equity ownership	
			December 31, 2023	December 31, 2022
PharmaEngine, Inc.	Research for new drugs and drug development especially for Asian diseases	Taiwan	18.00%	18.00%

The following was the summary of financial information about the Company's significant associate. In order to reflect the adjustments for fair value in acquisition of shares and differences in accounting policies, adjustment for the amounts presented on the financial statements of associates in accordance with IFRSs has been made to such financial information:

·Summary financial information on PharmaEngine, Inc.

	December 31, 2023	December 31, 2022
Current assets	\$ 3,923,020	3,926,084
Non-current assets	30,899	40,458
Current liabilities	(83,863)	(78,737)
Non-current liabilities	(7,143)	(15,728)
Net assets	<b>\$ 3,862,913</b>	<b>3,872,077</b>
Net assets attributable to investee owners	<b>\$ 3,862,913</b>	<b>3,872,077</b>
	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Revenue	<b>\$ 767,669</b>	<b>654,383</b>
Profit from continuing operations	\$ 274,650	318,783
Other comprehensive loss	-	-
Total comprehensive income	<b>\$ 274,650</b>	<b>318,783</b>
Comprehensive income attributable to investee owners	<b>\$ 274,650</b>	<b>318,783</b>

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

	For the years ended December 31,	
	2023	2022
Net assets attributable to the Company, January 1	\$ 696,974	709,349
Changes in capital surplus of affiliated companies	647	66
Comprehensive income attributable to the Company	49,438	57,400
Cash dividends received from associates	(51,734)	(69,841)
Net assets attributable to the Company, December 31	695,325	696,974
Add: Goodwill	164,278	164,278
Carrying amount of interest in associates, December 31	<b>\$ 859,603</b>	<b>861,252</b>

(iv) Summary financial information on individually insignificant associates

The following was the summary financial information about individually insignificant associates that were accounted for under the equity method:

	December 31, 2023	December 31, 2022
	Carrying amount of interest in individually insignificant associates	<b>\$ 496,610</b>
	For the years ended December 31,	
	2023	2022
Attributable to the Company:		
Profit from continuing operations	\$ 81,901	58,984
Other comprehensive (loss) income	(495)	37,008
Total comprehensive income	<b>\$ 81,406</b>	<b>95,992</b>

(v) Collateral

As of December 31, 2023 and 2022, the Company did not provide any investment accounted for using equity method as collateral.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Building and construction							Machinery equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
	Land	Building and construction	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress						
Cost:													
Balance on January 1, 2023	\$ 897,051	1,417,903	819,661	5,085	542,223	18,679	77,085	3,777,687					
Additions	-	9,073	10,234	-	29,731	-	8,945	57,983					
Disposals	-	(144)	(31,790)	-	(45,265)	(9,635)	-	(86,834)					
Reclassifications	-	20,095	25,112	-	33,810	-	(77,085)	1,932					
Balance on December 31, 2023	<b>\$ 897,051</b>	<b>1,446,927</b>	<b>823,217</b>	<b>5,085</b>	<b>560,499</b>	<b>9,044</b>	<b>8,945</b>	<b>3,750,768</b>					

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

	<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>Total</b>
Balance on January 1, 2022	\$ 897,051	1,405,851	782,224	5,601	521,080	21,500	95,000	3,728,307
Additions	-	18,002	13,974	-	24,939	3,710	20,245	80,870
Disposals	-	(7,141)	(19,587)	(516)	(3,043)	(7,451)	-	(37,738)
Reclassifications	-	1,191	43,050	-	(753)	920	(38,160)	6,248
Balance on December 31, 2022	<u>\$ 897,051</u>	<u>1,417,903</u>	<u>819,661</u>	<u>5,085</u>	<u>542,223</u>	<u>18,679</u>	<u>77,085</u>	<u>3,777,687</u>
<b>Depreciation and impairment:</b>								
Balance on January 1, 2023	\$ -	505,808	451,768	5,085	407,105	8,589	-	1,378,355
Depreciation for the year	-	64,453	45,376	-	31,535	1,802	-	143,166
Impairment loss	-	-	54,466	-	-	-	-	54,466
Disposals	-	(144)	(30,942)	-	(40,954)	(5,897)	-	(77,937)
Balance on December 31, 2023	<u>\$ -</u>	<u>570,117</u>	<u>520,668</u>	<u>5,085</u>	<u>397,686</u>	<u>4,494</u>	<u>-</u>	<u>1,498,050</u>
Balance on January 1, 2022	\$ -	449,515	418,669	5,176	378,587	4,841	-	1,256,788
Depreciation for the year	-	63,434	46,151	398	30,932	5,079	-	145,994
Impairment loss	-	-	-	-	734	-	-	734
Disposals	-	(7,141)	(13,052)	(489)	(2,964)	(1,515)	-	(25,161)
Reclassifications	-	-	-	-	(184)	184	-	-
Balance on December 31, 2022	<u>\$ -</u>	<u>505,808</u>	<u>451,768</u>	<u>5,085</u>	<u>407,105</u>	<u>8,589</u>	<u>-</u>	<u>1,378,355</u>
<b>Carrying amounts:</b>								
Balance on December 31, 2023	<u>\$ 897,051</u>	<u>876,810</u>	<u>302,549</u>	<u>-</u>	<u>162,813</u>	<u>4,550</u>	<u>8,945</u>	<u>2,252,718</u>
Balance on January 1, 2022	<u>\$ 897,051</u>	<u>956,336</u>	<u>363,555</u>	<u>425</u>	<u>142,493</u>	<u>16,659</u>	<u>95,000</u>	<u>2,471,519</u>
Balance on December 31, 2022	<u>\$ 897,051</u>	<u>912,095</u>	<u>367,893</u>	<u>-</u>	<u>135,118</u>	<u>10,090</u>	<u>77,085</u>	<u>2,399,332</u>

(i) Due to the amendments in relevant regulations, the Company's machinery equipment needed to be upgraded, which will cause a huge cost of reinvestment. The Company assess the reinvestment has no substantial benefit. Thus, the Company decided to halt its investment, and instead, recognized the impairment loss of \$54,466 thousand as other gains and losses in September 2023.

(ii) Collateral

As of December 31, 2023 and 2022, the property, plant and equipment were not pledged as collateral.

(g) Investment property

	<b>Land</b>	<b>Building and construction</b>	<b>Total</b>
<b>Cost:</b>			
Balance on January 1, 2023	<u>\$ 99,769</u>	<u>29,188</u>	<u>128,957</u>
Balance on December 31, 2023	<u>\$ 99,769</u>	<u>29,188</u>	<u>128,957</u>
Balance on January 1, 2022	<u>\$ 99,769</u>	<u>29,188</u>	<u>128,957</u>
Balance on December 31, 2022	<u>\$ 99,769</u>	<u>29,188</u>	<u>128,957</u>

(Continued)



**TTY BIOPHARM COMPANY LIMITED**

**Notes to the Financial Statements**

	<u>Land</u>	<u>Building and construction</u>	<u>Total</u>
<b>Depreciation and impairment:</b>			
Balance on January 1, 2023	\$ -	16,324	16,324
Depreciation	-	721	721
Balance on December 31, 2023	<u>\$ -</u>	<u>17,045</u>	<u>17,045</u>
Balance on January 1, 2022	\$ -	15,561	15,561
Depreciation	-	763	763
Balance on December 31, 2022	<u>\$ -</u>	<u>16,324</u>	<u>16,324</u>
<b>Carrying amount:</b>			
Balance on December 31, 2023	<u>\$ 99,769</u>	<u>12,143</u>	<u>111,912</u>
Balance on January 1, 2022	<u>\$ 99,769</u>	<u>13,627</u>	<u>113,396</u>
Balance on December 31, 2022	<u>\$ 99,769</u>	<u>12,864</u>	<u>112,633</u>
<b>Fair value:</b>			
Balance on December 31, 2023			<u>\$ 337,836</u>
Balance on December 31, 2022			<u>\$ 319,322</u>

- (i) The fair value of investment property was evaluated based on the recent market transactions on arm's-length terms.
- (ii) As of December 31, 2023 and 2022, the Company's investment properties were not pledged as collateral.

(h) Intangible assets

The costs, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2023 and 2022, were as follows:

	<u>Computer software</u>	<u>Patent and franchise</u>	<u>Other Intangible assets</u>	<u>Total</u>
<b>Cost:</b>				
Balance on January 1, 2023	\$ 23,215	92,193	74,226	189,634
Additions	6,971	14,081	-	21,052
Disposals	(2,403)	-	-	(2,403)
Reclassifications	-	-	(422)	(422)
Balance on December 31, 2023	<u>\$ 27,783</u>	<u>106,274</u>	<u>73,804</u>	<u>207,861</u>
Balance on January 1, 2022	\$ 21,901	37,749	-	59,650
Additions	8,286	1,500	19,194	28,980
Disposals	(6,972)	-	-	(6,972)
Reclassifications	-	52,944	55,032	107,976
Balance on December 31, 2022	<u>\$ 23,215</u>	<u>92,193</u>	<u>74,226</u>	<u>189,634</u>

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

	Computer software	Patent and franchise	Other Intangible assets	Total
<b>Amortization and impairment loss:</b>				
Balance on January 1, 2023	\$ 6,959	14,984	4,142	26,085
Amortization for the period	6,571	9,094	16,931	32,596
Disposals	(2,403)	-	-	(2,403)
Balance on December 31, 2023	<u>\$ 11,127</u>	<u>24,078</u>	<u>21,073</u>	<u>56,278</u>
Balance on January 1, 2022	\$ 9,252	10,617	-	19,869
Amortization for the period	4,679	4,367	4,142	13,188
Disposals	(6,972)	-	-	(6,972)
Balance on December 31, 2022	<u>\$ 6,959</u>	<u>14,984</u>	<u>4,142</u>	<u>26,085</u>
<b>Carrying amount:</b>				
Balance on December 31, 2023	<u>\$ 16,656</u>	<u>82,196</u>	<u>52,731</u>	<u>151,583</u>
Balance on January 1, 2022	<u>\$ 12,649</u>	<u>27,132</u>	<u>-</u>	<u>39,781</u>
Balance on December 31, 2022	<u>\$ 16,256</u>	<u>77,209</u>	<u>70,084</u>	<u>163,549</u>

(i) Amortization expenses

Amortization expenses of intangible assets for the years ended December 31, 2023 and 2022, were recorded in the following items in the statements of comprehensive income:

	<b>For the years ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Operating costs	\$ 17,666	4,551
Operating expenses	14,930	8,637
	<u>\$ 32,596</u>	<u>13,188</u>

(ii) Collateral

As of December 31, 2023 and 2022, the aforementioned intangible assets were not pledged as collateral.

(i) Other financial assets and other assets

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Other non-current financial assets	\$ 177,056	150,709
Long-term prepayments	69,603	10,840
Other current assets	4,132	4,361
Other non-current assets	2,081	6,815
	<u>\$ 252,872</u>	<u>172,725</u>

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

- (i) Other non-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) Please refer to Note 8 for the Company's information on collateral.

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	<b>\$ 1,450,000</b>	<b>1,350,000</b>
Unused credit lines	<b>\$ 1,760,008</b>	<b>1,689,068</b>
Range of interests rates	<b>1.61%~1.68%</b>	<b>1.28%~1.79%</b>

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

(k) Long-term borrowings

The long-term borrowings were summarized as follows:

December 31, 2023				
	Currency	Interest rate	Maturity	Amount
Unsecured bank loans	NTD	1.881%	2025	\$ 400,000
Less: current portion				-
Total				<b>\$ 400,000</b>
Unused credit lines				<b>\$ 100,000</b>
December 31, 2022				
	Currency	Interest rate	Maturity	Amount
Unsecured bank loans	NTD	1.8488%	2023	\$ 400,000
Less: current portion				(400,000)
Total				<b>\$ -</b>
Unused credit lines				<b>\$ 300,000</b>

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

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	\$ 75,489	80,573
Fair value of plan assets	(48,087)	(39,759)
Net defined benefit liabilities	<b>\$ 27,402</b>	<b>40,814</b>

The Company's employee benefit liabilities were as below:

	December 31, 2023	December 31, 2022
Vacation liability	<b>\$ 11,610</b>	<b>7,138</b>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$48,087 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations of the Company were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Defined benefit obligation, January 1	\$ 80,573	96,593
Current service costs and interest	1,080	729
Remeasurement on the net defined benefit liabilities (assets):		
– Actuarial loss arising from changes in financial assumptions	122	(5,886)
– Experience adjustment	26,223	1,345
Benefits paid	(32,509)	(12,208)
Defined benefit obligations, December 31	<b>\$ 75,489</b>	<b>80,573</b>

3) Movements in the fair value of defined benefit plan assets

The movements in the fair value of the plan assets for the Company were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Fair value of plan assets, January 1	\$ 39,759	43,996
Interest revenue	528	220
Remeasurement on the net defined liabilities (assets):		
– Return on plan assets excluding interest income	386	3,989
Contributions made	39,923	3,762
Benefits paid	(32,509)	(12,208)
Fair value of plan assets, December 31	<b>\$ 48,087</b>	<b>39,759</b>

4) Expenses recognized in profit or loss

The Company's pension expenses recognized in profit or loss for the years ended December 31, 2023 and 2022, were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Current service cost	\$ 45	251
Net interest of net liabilities (assets) for defined benefit obligation	507	258
	<b>\$ 552</b>	<b>509</b>

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Operating costs	\$ 155	134
Selling expenses	120	115
Administrative expenses	120	135
Research and development expenses	157	125
	<b>\$ 552</b>	<b>509</b>

- 5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Accumulated amount, January 1	\$ 2,660	11,190
Recognized during the year	25,959	(8,530)
Accumulated amount, December 31	<b>\$ 28,619</b>	<b>2,660</b>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Discount rate	1.28%	1.30%
Future salary increase rate	3.00%	3.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$2,831 thousand.

The weighted-average lifetime of the defined benefit plan is 2 years.

- 7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Influences of defined benefit obligations</b>	
	<b>Increase</b>	<b>Decrease</b>
December 31, 2023		
Discount rate (Fluctuation of 0.25%)	\$ (1,504)	1,548
Future salary increasing rate (Fluctuation of 0.25%)	1,332	(1,303)

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

	<b>Influences of defined benefit obligations</b>	
	<b>Increase</b>	<b>Decrease</b>
December 31, 2022		
Discount rate (Fluctuation of 0.25%)	\$ (1,498)	1,540
Future salary increasing rate (Fluctuation of 0.25%)	1,312	(1,285)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs under defined contribution plans, which had been allocated to the Bureau of Labor Insurance amounted to \$32,388 thousand and \$32,953 thousand for the years ended December 31, 2023 and 2022, respectively.

(m) Income taxes

(i) Income tax expense

The components of income tax for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Current tax expense		
Current period	\$ 280,759	259,790
Adjustment for prior periods	(1,153)	1,103
	279,606	260,893
Deferred tax expense		
Origination and reversal of temporary differences	9,438	11,664
Income tax expense from continuing operations	<b>\$ 289,044</b>	<b>272,557</b>

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

The amount of income tax recognized in other comprehensive income for the years ended December 31, 2023 and 2022 was as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive loss of subsidiaries and associates accounted for using equity method	<b>\$ (1,963)</b>	<b>(33,351)</b>

Reconciliation of income tax and profit before tax for the years ended December 31, 2023 and 2022 is as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Profit before income tax	<b>\$ 1,417,553</b>	<b>1,366,948</b>
Income tax using the Company's domestic tax rate	\$ 283,511	273,390
Share of profit of investments accounted for using equity method	(24,469)	(26,788)
Permanent difference	14,715	13,091
Change in provision in prior periods	(1,153)	1,103
Undistributed earnings additional tax	11,632	-
Non-deductible expenses	6,557	5,243
Others	(1,749)	6,518
	<b>\$ 289,044</b>	<b>272,557</b>

(ii) Deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

	<b>Reserve for land</b>			
	<b>Gain on foreign investments</b>	<b>revaluation increment tax</b>	<b>Others</b>	<b>Total</b>
<b>Deferred tax liabilities:</b>				
Balance on January 1, 2023	\$ 242,550	60,871	2,022	305,443
Recognized in profit or loss	10,411	-	928	11,339
Recognized in other comprehensive income	1,963	-	-	1,963
Balance on December 31, 2023	<b>\$ 254,924</b>	<b>60,871</b>	<b>2,950</b>	<b>318,745</b>
Balance on January 1, 2022	\$ 199,648	60,871	-	260,519
Recognized in profit or loss	9,551	-	2,022	11,573
Recognized in other comprehensive income	33,351	-	-	33,351
Balance on December 31, 2022	<b>\$ 242,550</b>	<b>60,871</b>	<b>2,022</b>	<b>305,443</b>

(Continued)



## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

	Defined benefit plan	Gain or loss on valuation of inventory	Others	Total
<b>Deferred tax assets:</b>				
Balance on January 1, 2023	\$ 4,924	17,662	22,328	44,914
Recognized in profit or loss	(4,924)	(2,184)	9,009	1,901
Balance on December 31, 2023	<b>\$ -</b>	<b>15,478</b>	<b>31,337</b>	<b>46,815</b>
Balance on January 1, 2022	\$ 5,575	15,345	24,085	45,005
Recognized in profit or loss	(651)	2,317	(1,757)	(91)
Balance on December 31, 2022	<b>\$ 4,924</b>	<b>17,662</b>	<b>22,328</b>	<b>44,914</b>

(iii) Assessment of tax

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

(n) Capital and other equity

As of December 31, 2023 and 2022, the authorized capital of the Company amounted to \$5,000,000, with a par value of \$10 per share, which consisted of 500,000 thousand shares of common stock. The paid-in capital was \$2,486,500, which consisted of 248,650 thousand shares. All issued shares were paid up upon issuance.

(i) Capital surplus

The ending balance of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Share capital	\$ 484	484
Long-term investment	315,222	310,893
Other	912	803
	<b>\$ 316,618</b>	<b>312,180</b>

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.

## TTY BIOPHARM COMPANY LIMITED

### Notes to the 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

### Notes to the Financial Statements

In accordance with Ruling 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 December 31, 2023 and 2022, the special reserve amounted both at to \$198,071 thousand.

#### 3) Earnings distribution

Earnings distribution for 2022 and 2021 was resolved in the special resolution of the Board of Directors and the general meeting of shareholders on March 14, 2023 and May 26, 2022, respectively. The appropriation for dividends to ordinary shareholders is as follows:

	2022		2021	
	Amount per share (dollars)	Amount	Amount per share (dollars)	Amount
Dividends distributed to ordinary shareholders				
Cash	\$ 3.40	<u>845,410</u>	3.00	<u>745,949</u>

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

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

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

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

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2023	\$ (83,359)	18,582	(64,777)
Exchange differences on foreign operations	14	-	14
Disposal of foreign operation income reclassified to profit or loss	8,787	-	8,787
Share of exchange differences of subsidiaries and associates accounted for using equity method	(934)	-	(934)
Unrealized losses on financial assets measured at fair value through other comprehensive income	-	(2,570)	(2,570)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(3,839)	(3,839)
Unrealized gains from financial assets measured at fair value through other comprehensive income, subsidiaries and associates accounted for using equity method	-	19,534	19,534
Balance on December 31, 2023	<u>\$ (75,492)</u>	<u>31,707</u>	<u>(43,785)</u>
Balance on January 1, 2022	\$ (216,773)	18,703	(198,070)
Exchange differences on foreign operations	9	-	9
Share of exchange differences of subsidiaries and associates accounted for using equity method	133,405	-	133,405
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	4,062	4,062
Disposal of equity instruments measured at fair value through other comprehensive income reclassified to retained earnings	-	(4,183)	(4,183)
Balance on December 31, 2022	<u>\$ (83,359)</u>	<u>18,582</u>	<u>(64,777)</u>

(o) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u>\$ 1,128,509</u>	<u>1,094,391</u>
Weighted average number of ordinary shares	<u>248,650</u>	<u>248,650</u>
	<u>\$ 4.54</u>	<u>4.40</u>

(Continued)

# TTY BIOPHARM COMPANY LIMITED

## Notes to the Financial Statements

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (diluted)	<b>\$ 1,128,509</b>	<b>1,094,391</b>
Weighted average number of ordinary shares	248,650	248,650
Effect of employees' compensation	426	356
Weighted average number of ordinary shares (diluted)	<b>249,076</b>	<b>249,006</b>
	<b>\$ 4.53</b>	<b>4.40</b>

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

<b>For the year ended December 31, 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>Total</b>
Primary geographical markets:						
Taiwan	\$ 2,318,402	1,013,214	566,895	285,850	10,221	4,194,582
America	-	-	-	247,098	18,611	265,709
Other countries	52,504	-	-	346,915	37,539	436,958
	<b>\$ 2,370,906</b>	<b>1,013,214</b>	<b>566,895</b>	<b>879,863</b>	<b>66,371</b>	<b>4,897,249</b>
Major products/services lines:						
Medicine and functional food	\$ 2,318,402	1,013,214	565,661	769,205	-	4,666,482
Services	-	-	1,234	2,354	27,243	30,831
Royalty	52,504	-	-	108,304	39,128	199,936
	<b>\$ 2,370,906</b>	<b>1,013,214</b>	<b>566,895</b>	<b>879,863</b>	<b>66,371</b>	<b>4,897,249</b>
<b>For the year ended December 31, 2022</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>Total</b>
Primary geographical markets:						
Taiwan	\$ 2,204,701	899,617	581,660	298,009	2,133	3,986,120
America	-	-	-	5,431	55,112	60,543
Other countries	46,600	-	-	350,904	48,737	446,241
	<b>\$ 2,251,301</b>	<b>899,617</b>	<b>581,660</b>	<b>654,344</b>	<b>105,982</b>	<b>4,492,904</b>

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022						
	Oncology Business Unit	Intensive Care Business Unit	HealthCare Business Unit	Export and CDMO Business Unit	Other Business Unit	Total
Major products/services lines:						
Medicine and functional food	\$ 2,204,701	899,617	581,054	648,253	-	4,333,625
Services	-	-	606	6,091	20,882	27,579
Royalty	46,600	-	-	-	85,100	131,700
	<b>\$ 2,251,301</b>	<b>899,617</b>	<b>581,660</b>	<b>654,344</b>	<b>105,982</b>	<b>4,492,904</b>

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2020
Contract liability	<b>\$ 12,792</b>	<b>28,229</b>	<b>40,099</b>

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

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$28,035 thousand and \$16,367 thousand, respectively.

(q) 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 years ended December 31, 2023 and 2022, the Company estimated its employee remuneration at \$29,189 thousand and \$24,328 thousand, respectively, and directors' remuneration both at \$14,950 thousand. 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. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022.

(r) Non-operating income and expenses

(i) Interest income

The details of total interest income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	<b>\$ 2,671</b>	<b>1,182</b>

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

(ii) Other income

The details of other income for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Rent revenue	<b>\$ 14,360</b>	<b>14,370</b>

(iii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Losses on disposal of property, plant and equipment	\$ (1,885)	(3,225)
Losses on disposal of investments	(8,787)	-
Foreign exchange (losses) income	(458)	6,697
Impairment losses of financial assets	(26,950)	-
Impairment losses of non-financial assets	(54,466)	(734)
Others	23,179	32,692
	<b>\$ (69,367)</b>	<b>35,430</b>

(iv) Finance costs

The details of finance costs for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest expense	\$ 34,663	22,316
Other finance costs	138	175
	<b>\$ 34,801</b>	<b>22,491</b>

(s) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the Company's maximum amount exposed to credit risk. Such maximum credit exposure on December 31, 2023 and 2022, amounted to \$1,167,646 thousand and \$1,067,908 thousand, respectively.

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

2) Concentration of credit risk

In order to lower the credit risk on accounts receivable, the Company continually evaluates clients' financial situation and also assesses the possibility of collecting accounts receivable and recognizes an "allowance for expected credit loss". Expected credit losses are always within the administrative personnel's expectations. As of December 31, 2023 and 2022, the accounts receivable from the Company's top ten customers represented 20% and 16%, respectively, of accounts receivable.

3) Credit risk of receivables

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

Other financial assets measured at amortized cost include other receivables, time deposits, refundable deposits 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 losses. With regards to how the financial instruments are considered to have low credit risk, please refer to Note 4(f). The Company recognized its unrecoverable impairment loss of \$26,950 thousand as other financial assets in 2023. There was no expected credit loss after an assessment was made in 2022.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	2-3 years	4-5 years
<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)	890,965	890,965	857,565	33,400	-
Lease liabilities	6,299	6,433	3,349	3,084	-
Guarantee deposits received	3,149	3,149	3,149	-	-
	<b>\$ 2,750,413</b>	<b>2,766,606</b>	<b>2,324,989</b>	<b>441,617</b>	<b>-</b>
<b>December 31, 2022</b>					
Non-derivative financial liabilities					
Bank loans	\$ 1,750,000	1,759,343	1,759,343	-	-
Non-interest-bearing liabilities (including related parties)	903,581	903,581	814,981	88,600	-
Lease liabilities	1,776	1,793	1,321	472	-
Guarantee deposits received	3,149	3,149	3,149	-	-
	<b>\$ 2,658,506</b>	<b>2,667,866</b>	<b>2,578,794</b>	<b>89,072</b>	<b>-</b>

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

(Continued)



## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2023			December 31, 2022			
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	6,472	30.7050	198,724	2,839	30.7100	87,188
JPY		65,083	0.2172	14,136	185,734	0.2324	43,165
EUR		310	33.9800	10,536	187	32.7200	6,122
<u>Non-monetary items</u>							
USD		50,123	30.7050	1,539,016	48,213	30.7100	1,480,633
CNY		29,822	4.3270	129,040	48,068	4.4080	211,882
THB		428,699	0.9017	386,558	394,733	0.8941	352,931
TRY		-	-	-	6,528	1.6410	10,712
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		600	30.7050	18,421	181	30.71	5,894
JPY		50,352	0.2172	10,936	20,770	0.2324	4,827

2) Sensitivity analysis

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

A strengthening (weakening) of 1% of the NTD against the USD, JPY and EUR as of December 31, 2023 and 2022 would have increased (decreased) the net profit after tax by \$1,552 thousand and \$1,006 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange are summarized as a single amount. For the years ended December 31, 2023 and 2022, the foreign exchange gains (loss), including both realized and unrealized, amounted to \$(458) thousand and \$6,697 thousand, respectively.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

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

Regarding the liabilities with variable interest rates, their sensitivity analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The fluctuation rate is expressed as the interest rate increases or decreases by 0.25%, which also represents the Company 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 Company's after-tax net income would have decreased/increased by \$1,755 thousand and \$1,084 thousand for the years ended December 31, 2023 and 2022, respectively with all other variable factors remaining constant.

(v) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<b>Security Price at the reporting date</b>	<b>For the years ended December 31,</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Other Comprehensive income after tax</b>	<b>Profit or loss after tax</b>	<b>Other Comprehensive income after tax</b>	<b>Profit or loss after tax</b>
Increase by 10%	<b>\$ 1,199</b>	-	<b>1,456</b>	-
Decrease by 10%	<b>\$ (1,199)</b>	-	<b>(1,456)</b>	-

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

The carrying amount and fair value of the Company'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 lease liabilities, disclosure of fair value information is not required:

	<b>December 31, 2023</b>				
	<b>Book 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 fair value through other comprehensive income					
Domestic unlisted stock	\$ 11,992	-	-	11,992	11,992

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

		December 31, 2023				
		Book Value	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets measured at amortized cost						
	Cash and cash equivalents	\$ 518,381	-	-	-	-
	Notes and accounts receivable (including related parties)	1,167,220	-	-	-	-
	Other receivables (including related parties)	28,683	-	-	-	-
	Other financial assets	177,056	-	-	-	-
	Refundable deposits paid	42,297	-	-	-	-
		<u>1,933,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total</b>	<b><u>\$ 1,945,629</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>11,992</u></b>	<b><u>11,992</u></b>
Financial liabilities measured at amortized cost						
	Bank loans	\$ 1,850,000	-	-	-	-
	Notes and accounts payable (including related parties)	277,542	-	-	-	-
	Other payables (including related parties)	580,023	-	-	-	-
	Lease liabilities	6,299	-	-	-	-
	Guarantee deposit received	3,149	-	-	-	-
	Other non-current liabilities	33,400	-	-	-	-
		<u>\$ 2,750,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2022				
		Book Value	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets measured at fair value through other comprehensive income						
	Domestic stock- listed company at Stock Exchange	\$ 14,562	-	-	14,562	14,562
Financial assets measured at amortized cost						
	Cash and cash equivalents	\$ 299,611	-	-	-	-
	Notes and accounts receivable (including related parties)	1,067,482	-	-	-	-
	Other receivables (including related parties)	23,913	-	-	-	-
	Other financial assets	150,709	-	-	-	-
	Refundable deposits paid	25,453	-	-	-	-
		<u>\$ 1,581,730</u>	<u>-</u>	<u>-</u>	<u>14,562</u>	<u>14,562</u>

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Bank loans	\$ 1,750,000	-	-	-	-
Notes and accounts payable (including related parties)	276,251	-	-	-	-
Other payables (including related parties)	538,730	-	-	-	-
Lease liabilities	1,776	-	-	-	-
Guarantee deposit received	3,149	-	-	-	-
Other non-current liabilities	88,600	-	-	-	-
<b>Total</b>	<b>\$ 2,658,506</b>	-	-	-	-

2) Fair value hierarchy

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

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

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

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

The financial instrument carried at amortized cost 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.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

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.
- Equity instruments without a public quotation: The fair value is estimated based on the transaction prices of the stocks of the companies engaged in the same or similar business in the active market. The value multipliers implied by these prices and relevant transaction information determine the value of the evaluated companies and the liquidity discount is taken into consideration.

5) Transfer between levels

There was no change in valuation techniques for financial instruments measured at fair value for the years ended December 31, 2023 and 2022, so there was no transfer between levels.

6) Reconciliation of level 3 fair values:

	<b>Fair value through other comprehensive income</b> <hr style="border: 0.5px solid black;"/> <b>Equity instruments without quoted price</b> <hr style="border: 0.5px solid black;"/>
<b>Balance as of January 1, 2023</b>	\$ 14,562
Recognized in other comprehensive income	(2,570)
<b>Balance as of December 31, 2023</b>	<b><u>\$ 11,992</u></b>

(Continued)

**TTY BIOPHARM COMPANY LIMITED**

**Notes to the Financial Statements**

	<b>Fair value through other comprehensive income</b> <hr/> <b>Equity instruments without quoted price</b> <hr/>
<b>Balance as of January 1, 2022</b>	\$ -
Recognized in other comprehensive income	4,062
Additions	<u>10,500</u>
<b>Balance as of December 31, 2022</b>	<b><u><u>\$ 14,562</u></u></b>

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

The Company's financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through other comprehensive income - equity investments.

The significant unobservable inputs of the equity investments without an active market are individually, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through other comprehensive income – equity investments without an active market	Comparable companies method	Discount for lack of market liquidity (December 31, 2023 and 2022 the rate were both 27.30%)	The higher the discount for lack of market liquidity, the lower the fair value

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

The Company's measurement on the fair value of financial instruments is deemed reasonable. However, use of different valuation models or assumptions may lead to different results. The following is the effect on other comprehensive income from financial assets categorized within Level 3 if the inputs used in valuation models have changed:

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

	Input	Change	Other comprehensive income	
			Favorable	Unfavorable
<b>December 31, 2023</b>				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	\$ 165	(165)
<b>December 31, 2022</b>				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	200	(200)

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.

(t) Financial risk management

(i) Overview

The Company has exposed to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

#### (iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and security investments.

##### 1) Accounts receivable and other receivables

The Company's credit policy is to transact with creditworthy customers and to obtain collateral to mitigate risks arising from financial loss due to default. The Company transacts with customers with credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company assesses the ratings based on other publicly available financial information and the records of transactions with its customers. The Company continuously monitors the exposure to credit risk and counterparty credit ratings, and evaluates the customers' credit ratings and credit limits via annual review and approval by the finance department to manage the credit exposure.

The Company did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

##### 2) Investment

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks and other external parties with good credit rating and with financial institutions, corporate organizations, and government agencies which are graded above investment grade, management does not expect any counterparty to fail to meet its obligation hence there is no significant credit risk arising from these counterparties.

##### 3) Guarantees

The Company's policy stipulates that financial guarantees can only be provided to controlled subsidiaries. Furthermore, the Company did not provide any endorsement guarantee to external parties as of December 31, 2023 and 2022.

#### (iv) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### (v) Market risk

Market risk is the risk that changes in market prices, such as changes in foreign exchange rates, interest rates, and equity instrument prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Continued)



## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

(u) Capital management

The Company's objectives in capital management are to safeguard the capacity to continue as a going concern, to continue to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Company's debt-to-equity ratio at the end of the reporting date was as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total liabilities	\$ 3,281,887	3,199,244
Less: cash and cash equivalents	(518,381)	(299,611)
Net debt	2,763,506	2,899,633
Total capital	5,941,340	5,658,424
Adjusted capital	<b>\$ 8,704,846</b>	<b>8,558,057</b>
Debt to equity ratio	<b>31.75%</b>	<b>33.88%</b>

**(7) Related-party transactions:**

(a) Names and relationship with related parties

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

<b>Name of related party</b>	<b>Relationship with the Company</b>
TSH Biopharm Co., Ltd.	A subsidiary
Xudong Haipu International Co., Ltd.	A subsidiary
Worldco International Co., Ltd.	A subsidiary
American Taiwan Biopharma Philippines	A subsidiary
EnhanX Inc.	A subsidiary
TTY Biopharm Turkey Saglik Urunleri Sanayi ve Ticaret Limited Sirketi	A subsidiary (Note)
Chuang Yi Biotech Co., Ltd.	A subsidiary
TTY Biopharm Mexico S.A. de C.V.	A subsidiary
American Taiwan Biopharm (Thailand)	An associate
PharmaEngine, Inc.	An associate

Note: TTY-Turkey had been liquidated on October 27, 2023.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

(b) Significant transactions with related parties

(i) Operating revenue

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries	\$ 264,133	219,290
Associates	123,594	95,343
	<b>\$ 387,727</b>	<b>314,633</b>

- 1) Prices charged for sales transactions with overseas subsidiaries and associates were calculated at 100% of the annual cost. If the collection was past due three months, then 5% interest was charged.
- 2) Prices charged for sales transactions with domestic subsidiaries were based on market quotation. The average credit term for notes and accounts receivable pertaining to such sales transactions was 1-3 months.

(ii) Service revenue

<b>Recognized item</b>	<b>Category</b>	<b>For the years ended December 31,</b>	
		<b>2023</b>	<b>2022</b>
Service revenue	Subsidiaries	\$ 985	808
	Associates	1,665	13
		<b>\$ 2,650</b>	<b>821</b>

The transaction terms were discussed and agreed by both sides, and revenue was collected by the stage of completion of the contract.

(iii) Royalty revenue

<b>Recognized item</b>	<b>Category</b>	<b>For the years ended December 31,</b>	
		<b>2023</b>	<b>2022</b>
Royalty revenue	Subsidiary-Worldco International Co., Ltd.	\$ 52,504	46,600
		<b>\$ 52,504</b>	<b>46,600</b>

(iv) Rent revenue

<b>Recognized item</b>	<b>Category</b>	<b>For the years ended December 31,</b>	
		<b>2023</b>	<b>2022</b>
Rent revenue	Subsidiary-TSH Biopharm Co., Ltd.	\$ 4,608	4,605
	Subsidiaries	412	412
		<b>\$ 5,020</b>	<b>5,017</b>

Rent was based on recent market transactions on arm's-length terms.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

(v) Other gains

<u>Recognized item</u>	<u>Category</u>	<u>For the years ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
Other gains	Subsidiary-TSH Biopharm Co., Ltd.	\$ 5,390	5,577
	Subsidiary-Chuang Yi Biotech Co., Ltd.	6,650	7,574
	Subsidiaries	233	543
	Associate-American Taiwan Biopharm (Thailand)	12,520	12,430
		<u>\$ 24,793</u>	<u>26,124</u>

- 1) The other gains from subsidiaries included warehouse fees, technology service fees, commissioned research expense and bookkeeping fees. Warehouse fees are determined by industry rates, and the payment is received within 60 days after the invoice date. The Company uses cost-plus pricing for technology service fees and commissioned research expense, and the payment is received within 60 days after the invoice date. For the bookkeeping fees, the credit term is 3 months.
- 2) Based on management services agreements, the associates should pay the Company for development in the pharmaceutical industry or registration of pharmaceutical products. The credit term for the gains from development in the pharmaceutical industry or registration of pharmaceutical products is three months.

(c) Assets and liabilities with related parties

<u>Recognized item</u>	<u>Category</u>	<u>December 31,</u>	<u>December 31,</u>
		<u>2023</u>	<u>2022</u>
Accounts receivable	Subsidiaries	\$ 49,540	45,150
	Associates	40,715	16,426
		<u>\$ 90,255</u>	<u>61,576</u>
Other receivables	Subsidiary-American Taiwan Biopharma Philippines	\$ 5,026	5,589
	Subsidiaries	2,454	2,315
	Associates-American Taiwan Biopharm (Thailand)	3,341	3,669
		<u>\$ 10,821</u>	<u>11,573</u>
Guarantee deposit received	Subsidiaries	<u>\$ 835</u>	<u>835</u>

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

(Continued)

**TTY BIOPHARM COMPANY LIMITED**  
**Notes to the Financial Statements**

(d) Key management personnel compensation

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Salaries and other short-term employee benefits	\$ 56,920	50,966
Post-employment benefits	232	324
	<b>\$ 57,152</b>	<b>51,290</b>

**(8) Pledged assets:**

As of December 31, 2023 and 2022, pledged assets were as follows:

<b>Asset</b>	<b>Purpose of pledge</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Other non-current financial asset	Guarantee for provision attachment	<b>\$ 149,380</b>	<b>149,380</b>

**(9) Commitments and contingencies:**

(a) The Company's unfinished contracts as of December 31, 2023 and 2022 were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total price of unfinished contracts		
Purchase of equipment and construction engineering	<b>\$ 55,220</b>	<b>40,124</b>
Acquisition of intangible assets	<b>\$ 479,264</b>	<b>159,975</b>
Acquisition of raw material	<b>\$ 103,011</b>	<b>103,016</b>
Unpaid amount		
Purchase of equipment and construction engineering	<b>\$ 39,366</b>	<b>16,660</b>
Acquisition of intangible assets	<b>\$ 411,161</b>	<b>143,237</b>
Acquisition of raw material	<b>\$ 28,786</b>	<b>47,984</b>

(b) As of December 31, 2023 and 2022, the financial institutions provide guarantee for the import and sale of medicine amounted to \$89,992 thousand and \$60,933 thousand, respectively.

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events: None**

**TTY BIOPHARM COMPANY LIMITED**

**Notes to the Financial Statements**

**(12) Other:**

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

By item	By function	For the years ended December 31,					
		2023			2022		
		Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit							
Salary	\$	232,878	475,180	708,058	231,009	480,777	711,786
Health and labor insurance		22,752	36,955	59,707	21,522	37,303	58,825
Pension		12,256	20,684	32,940	11,747	21,715	33,462
Director's remuneration		-	31,122	31,122	-	30,330	30,330
Others		11,691	56,567	68,258	6,788	49,631	56,419
Depreciation		119,829	27,233	147,062	117,388	34,737	152,125
Amortization		17,666	14,930	32,596	4,551	8,637	13,188

For the years ended December 31, 2023 and 2022, the information of the number of employees and employee benefit expense were as follows:

	For the years ended December 31,	
	2023	2022
Number of employees	<u>553</u>	<u>575</u>
Number of directors who were not employees	<u>8</u>	<u>8</u>
The average employee benefit	<u>\$ 1,594</u>	<u>1,518</u>
The average salaries and wages	<u>\$ 1,299</u>	<u>1,255</u>
Percentage of average employee salary expense	<u>3.51%</u>	<u>5.46%</u>
Remuneration of supervisor	<u>\$ -</u>	<u>-</u>

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

The Company's Articles of Incorporation stipulates that when directors perform their duties in the Company, remuneration shall be paid no matter whether the Company is in a loss or not. The remuneration of directors shall be determined by the participation and contribution of the directors and may be paid at such level as generally adopted by the enterprises of the same industry. The remuneration of independent directors of the Company is evaluated by the remuneration committee according to the Company's "Director's Remuneration Policy" and approved by the board of directors. Remuneration of general directors is paid in accordance with the Company's Articles of Incorporation, and no more than 2% for directors' remuneration when there is profit for the year. The directors' remuneration is determined based on the "Rules and Procedures of Board of Directors and Functional Committee Performance Evaluation" to evaluate the overall performance of directors and the board of directors. Items evaluated by the directors include, mastery of the Company goals and tasks, understanding of directors' responsibilities, participation in company operations, management and communication of internal relationship, professional and continuous education of directors, and internal control. The directors should also give remuneration in resonance with the Company's overall operating performance. Directors of the Company release remuneration based on the Company's operating performance, personal operating participation and evaluation, and the relevance of future risks, it then submit to the board of directors for approval after reviewing the Company's remuneration policy.

In accordance with the Company's Articles of Incorporation stipulate that if there is a profit in the current year, 0.5% to 10% shall be allocated as employee compensation. The Company's employee remuneration includes salaries and bonuses. Salary is based on the Company's "Salary Structure" with reference to peer industry standards and titles, academic (economic) qualifications, professional capabilities, and responsibilities; bonuses are based on employee's annual performance to evaluate, such as annual work goal achievement rate, core functional indicators (trust and results-oriented, integrity and teamwork, proactive and ambition, and customer-oriented) and management function indicators, etc. The Company has separately formulated a performance standard reward plan, hoping to encourage its employees to create greater operating benefits for the company.

- (b) The Company donated \$106,027 thousand and \$77,317 thousand to medical related foundations and associations to support non-profit organizations developing drugs and promoting disease prevention and correct dosage for the years ended December 31, 2023 and 2022, 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.

(Continued)

## TTY BIOPHARM COMPANY LIMITED

### Notes to the Financial Statements

- (d) On May 31, 2016, the Company filed a claim with the Cantonal Court of Zug in Switzerland against Inopha AG (Inopha) for all 13 licensing agreements between the Company and Inopha being declared null and void, and further sought an order that Inopha returns all the benefits it had gained from the 13 agreements. The case is still in progress 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 December 31, 2022, 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 Contract entered into between the Company and Center Laboratories, Inc. (referred to as the CLI), the Company considered the signing of the agreement to be incompliance with the relevant procedures and legal requirements, hence, should be deemed as invalid. However, CLI disagreed with the Company's viewpoint and filed an action for declaratory judgment of the said contract, as a civil lawsuit, against the Company in the Taipei District Court on July 1, 2016. The case has been put on trial several times, and on May 18, 2023, original ruling was declared to be invalid by the Supreme Court, and the case had been handed back to the Taiwan High Court for retrial.
- (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 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 still in progress by the Taipei High Administrative Court.
- (i) On July 21, 2023, Taiwan Shilin District Prosecutors Office and the Ministry of Justice Investigation Bureau (referred to as the Investigation Bureau) came to the Company to investigate the drug contract case due to the Company filed against breach of trust cases on March 24, 2022 based on whistleblower letters, and the Investigation Bureau reviewed and selected the Company's transaction documents related to certain drugs from July 2011 to July 2023, The case is under investigation.

(Continued)

**TTY BIOPHARM COMPANY LIMITED**

**Notes to the Financial Statements**

**(13) Other disclosures:**

(a) Information on significant transactions:

The following is the information on the Company’s significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the year ended December 31, 2023:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	Chuang Yi Biotech Co., Ltd.	2	1,188,268	50,000	-	-	-	- %	2,970,670	Y	N	N

Note1: The numbering is as follows:

1. The issuer is coded “0”.
2. Subsidiaries are sequentially numbered from 1 by company.

Note2: The 7 types of relationship between the guarantor and parties being endorsed/guaranteed were as follows:

1. An investee company that has a business relationship with the Company.
2. An investee in which the Company holds directly and indirectly over 50% of voting shares.
3. An investee in which the Company and its subsidiaries directly and indirectly hold over 50% of voting shares.

(Continued)



**TTY BIOPHARM COMPANY LIMITED**

**Notes to the Financial Statements**

4. An investee in which the Company holds directly and indirectly over 90% of voting shares.
5. An investee that has provided guarantees to the Company, and vice versa, due to contractual requirements.
6. An investee in which the Company conjunctly invests with other shareholders, and for which the Company has provided endorsement/guarantee in proportion to its shareholding percentage.
7. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note3: The amount of guarantee/endorsement to a Company shall not exceed 20% and the total amount of guarantee/endorsement to others shall not exceed 50% of the worth of the Company in the latest financial statements.

The amount of guarantee/endorsement to a Company shall not exceed 20% and the total amount of guarantee/endorsement to others shall not exceed 50% of the worth of the Company and its subsidiaries in their latest financial statements.

(iii) Securities held as of December 31, 2023 (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	79,228	0.70%	79,228	
"	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets measured at fair value through other comprehensive income–non-current	2,500	149,750	0.38%	149,750	
"	Union Bank of Taiwan Preferred Shares A	-	"	400	20,520	0.20%	20,520	
"	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	"	58	3,188	0.02%	3,188	
"	CellMax Ltd. Preferred Stock	-	"	1,593	9,017	0.62%	9,017	

(Continued)

**TTY BIOPHARM COMPANY LIMITED**

**Notes to the Financial Statements**

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Chuang Yi Biotech Co., Ltd.	The subsidiary	Sale	(180,969)	(3.88)%	90 days T/T	Normal	No different to other clients	35,954	3.08%	
The Company	American Taiwan Biopharm (Thailand)	Associates	Sale	(123,594)	(2.65)%	90 days T/T	Normal	No different to other clients	40,715	3.49%	
Chuang Yi Biotech Co., Ltd.	The Company	The parent company	Purchase	180,969	96.99%	90 days T/T	Normal	No different to other vendors	(35,954)	(95.28)%	

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock: None
- (ix) Trading in derivative instruments: None

(Continued)

**TTY BIOPHARM COMPANY LIMITED**

**Notes to the Financial Statements**

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (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 December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Xudong Haiyu International Co., Ltd.	Cayman Is.	Investing activities	303,998	303,998	25,000	100.00%	1,428,964	34,998	34,998	Subsidiary
The Company	Worldco International Co., Ltd.	Hong Kong	Selling chemical medicine	15,825	158,254	3,960	100.00%	129,040	187	187	Subsidiary
The Company	American Taiwan Biopharma Philippines	Philippines	Selling chemical medicine	32,904	32,904	481	87.00%	(4,481)	(7,169)	(3,493)	Subsidiary
The Company	TSH Biopharm Co., Ltd.	Taiwan	Selling chemical medicine	227,449	227,449	21,687	56.48%	621,458	62,243	34,998	Subsidiary (Note1)
The Company	EnhancX Biopharm Inc.	Taiwan	Developing chemical medicine	50,000	50,000	5,000	20.83%	540	(75,155)	(15,655)	Subsidiary
The Company	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	250,951	250,951	7,432	23.12%	30,726	(763)	1,511	Subsidiary
The Company	TTY Biopharm Turkey Saglik Urunleri Sanayi ve Ticaret Limited Sirketi	Turkey	Selling chemical medicine	-	13,863	-	- %	-	(2,500)	(2,500)	Subsidiary (Note2)
The Company	PharmaEngine, Inc.	Taiwan	Developing chemical medicine	536,559	536,559	25,867	18.00%	859,603	274,650	49,438	Investments accounted for using equity method
The Company	American Taiwan Biopharm (Thailand)	Thailand	Selling chemical medicine	2,966	2,966	380	40.00%	386,558	126,100	50,440	Investments accounted for using equity method
The Company	Gligio International Limited (HK)	Hong Kong	Selling chemical medicine	2,685	2,685	620	40.00%	110,052	78,653	31,461	Investments accounted for using equity method
Xudong Haiyu International Co., Ltd.	EnhancX Biopharm Inc.	Taiwan	Developing chemical medicine	70,000	70,000	7,000	29.17%	12,244	(75,155)	(21,922)	Subsidiary
Xudong Haiyu International Co., Ltd.	TTY Biopharm Korea Co., Ltd.	Korea	Selling chemical medicine	59,404	43,834	449	100.00%	11,270	(8,532)	(8,532)	Subsidiary
Xudong Haiyu International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Mexico	Selling chemical medicine	26,638	26,638	17,500	50.00%	8,336	(7,098)	(3,549)	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%	8,336	(7,098)	(3,549)	Subsidiary
EnhancX Biopharm Inc.	EnhancX Biopharm B.V.	Netherlands	Developing chemical medicine	3,538	3,538	100	100.00%	1,108	(364)	(364)	Subsidiary
TSH Biopharm Co., Ltd.	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	200,262	40,252	16,590	51.60%	169,121	(763)	(3,499)	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%	2,162	(196)	(196)	Subsidiary

Note1: Net income (losses) of investee was calculated at the level of the consolidated group.

Note2: TTY-Turkey had been liquidated on October 27, 2023.

(Continued)

**TTY BIOPHARM COMPANY LIMITED**

**Notes to the Financial Statements**

(c) Information on investment in Mainland China:

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

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	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	51,491	(2)	87,103	-	-	87,103	498	100%	498	49,960	-
		CNY 11,900		CNY 20,130	-	-	CNY 20,130	CNY 114		CNY 114		
Chuang Yi (Shanghai) Trading Co., Ltd.	Selling functional food	15,353 500	(2)	15,353 500	-	-	15,353 500	(197) (45)	100%	(197) (45)	2,126 491	-

The exchange rate of USD to NTD as of the reporting date was 1:30.705, and the average exchange rate of USD to NTD as of the reporting period was 1:31.1277. The exchange rate of CNY to NTD as of the reporting date was 1:4.327, and the average exchange rate of CNY to NTD as of the reporting period is 1:4.3862.

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.

**TTY BIOPHARM COMPANY LIMITED**

**Notes to the Financial Statements**

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 102,456	NTD 1,450,136 (USD 47,228 )	NTD 3,564,804

(iii) Significant transactions: None

(d) Major shareholders:

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

**(14) Segment information:**

Please refer to the consolidated financial report for the years ended December 31, 2023 and 2022.

## VII. Financial condition and performance review, analysis, and risk issues

### 1. Financial Analysis

Unit: in NTD 1,000

Item	Year	2022	2023	Difference	
				Amount	%
Current assets		5,035,372	5,370,434	335,062	6.65
Fixed assets		2,426,443	2,278,114	(148,329)	(6.11)
Other assets		83,156	115,213	32,057	38.55
Total assets		9,600,635	9,874,909	274,274	2.86
Current liabilities		2,917,428	2,583,745	(333,683)	(11.44)
Long-term liabilities		449,926	785,022	335,096	74.48
Total liabilities		3,367,354	3,368,767	1,413	0.04
Capital stock		2,486,500	2,486,500	—	—
Capital reserve		312,180	316,618	4,438	1.42
Retained earnings		2,924,521	3,182,007	257,486	8.80
Total shareholders' equity		6,233,281	6,506,142	272,861	4.38

(I) Main Reasons for Critical Changes:

1. Increase in other assets: This was mainly due to the increase in the performance bond provided to the government and medical care institutions in response to the expected future sales.
2. Decrease in current liabilities and increase in long-term liabilities: These were mainly due to the conversion of short-term loans into long-term loans in response to the long-term capital needs for factory renovation.

(II) Impact of Critical Changes and Future Response Plan: None.

## 2. Financial Performance Analysis

Unit: in NTD 1,000

Item \ Year	2022	2023	Increase (decrease) amount	Percentage of change (%)
Net operating revenue	5,061,606	5,505,542	443,936	8.77
Operating cost	2,040,108	2,218,466	178,358	8.74
Add: Realized gross profit from inter-affiliate accounts	8,161	8,544	383	4.69
Less: Unrealized gross profit from inter-affiliate accounts	8,544	13,490	4,946	57.89
Gross operating profit	3,021,115	3,282,130	261,015	8.64
Operating expense	1,791,158	1,909,697	116,539	6.50
Operating income	1,227,957	1,372,433	144,476	11.77
Non-operating income and expense	180,382	47,032	(133,350)	(73.93)
Net income before tax from continuing operations	1,408,339	1,419,465	11,126	0.79
Income tax expense	305,249	300,864	(4,385)	(1.44)
Net income after tax from continuing operations	1,103,090	1,118,601	15,511	1.41
Cumulative effect of changes in accounting principles	—	—	—	—
Net income after tax for division	—	—	—	—
Net income for the period	1,103,090	1,118,601	15,511	1.41

### (I) Main Reasons for Critical Changes:

1. Increase in operating income: This was mainly due to the increase in operating revenue in the current period, which further led to an increase in gross operating profit.
2. Decrease in non-operating income and expense: This was mainly due to the recognition of NT\$143,134 thousand as an impairment loss since the Company concluded upon assessment that some fixed assets, financial and non-financial assets no longer had future economic benefits.

### (II) Expected Sales Volume and Expectation Basis:

For the year of 2024, the Company expects to sell oral drugs of 427.41 million tablets and injectables of 6.36 million vials. Our expected sales volumes are based on IQVIA's statistical report as well as considerations of the possible future demand/supply change in markets, development speed of new products, and national health insurance policy.

### (III) Potential Effect on the Company's Future Finance and Business, and Response Plan:

The Company's current operation presents stable profitability. This is considered to have a positive influence on our future finance and business, and is favorable for the Company's operational scale-up and continuous internationalization.

### 3. Cash Flow Analysis

Unit: in NTD 1,000

Cash balance at the beginning of period	Annual net cash flow from operating activities	Annual cash outflow	Cash surplus (deficit)	Remedy for cash deficit	
				Investment plan	Financial management plan
2,357,324	1,085,313	821,617	2,621,020	—	—

#### (I) Analysis of Cash Flow Changes in the Most Recent Year:

1. Operating activities: The net inflow of NT\$1,085,313 thousand was mainly due to the cash inflow of NT\$1,239,490 thousand from operating activities in the current period.
2. Investing activities: The net outflow of NT\$2,633 thousand was mainly due to the purchase of property, plant and equipment and intangible assets.
3. Financing activities: The net outflow of NT\$816,328 thousand was mainly due to the distribution of 2022 cash dividends of NT\$845,410 thousand in the current period.

#### (II) Improvement Plan for Insufficient Liquidity: Not Applicable.

#### (III) Cash Liquidity Analysis for the Coming Year:

Unit: in NTD 1,000

Cash balance at the beginning of period	Estimated annual net cash flow from operating activities	Estimated annual cash outflow	Estimated cash surplus (deficit)	Remedy for estimated cash deficit	
				Investment plan	Financial management plan
2,621,020	1,429,517	(1,374,521)	2,676,016	—	—

1. Estimated annual net cash flow from operating activities: NT\$1,429,517 thousand, mainly due to the expected profit from operation in 2024 that could result in positive cash inflow from operating activities.
2. Estimated annual cash outflow: NT\$1,374,521 thousand, mainly due to the distribution of cash dividends and the purchase of property, plant and equipment and intangible assets.

### 4. Effect of Material Capital Expenditures in the Most Recent Year on Finance and Business

Unit: in NTD 1,000

Plan	Actual or expected source of funds	Actual or expected date of completion	Total funds needed	Actual or intended use of funds	
				2023	2024



Upgrade of production lines of solutions and injectables in Zone B1, Chung-Li Factory	The Company's own capital and bank loan	2024	55,999	20,555	35,444
Renovation of microsphere production area in Zone B3, Liu-Du Factory	The Company's own capital and bank loan	2025	195,098	8,381	138,281

The Company's profitability is stable, and the funds needed for the capital expenditures above have no significant impact on the Company's finance and business.

## 5. Investment Policy in the Most Recent Year, Main Reasons for Profit and Loss, Improvement Plan, and Investment Plan for the Coming Year

### (I) Investment Policy in the Most Recent Year

1. Strategic alliance for new drug R&D with companies such as PharmaEngine, Inc.
2. Expansion of strategic alliances of existing overseas channels with companies such as TTY Biopharm Korea Co., Ltd. (Korea channel), American Taiwan Biopharm Co., Ltd. (Thailand channel), and American Taiwan Biopharma Philippines Inc. (Philippines channel).

### (II) Main Reasons for Profit and Loss of the Investment, and the Improvement Plan:

1. PharmaEngine Inc. recognized the 2023 sales and profit sharing income with a net income after tax of NT\$274,650 thousand. Accordingly, the Company recognized an investment income of NT\$49,438 thousand. EnhanX Biopharm Inc. had a recorded patent which was, upon assessment, considered to bring no more operating benefits due to the changes in a series of objective factors, and thus recognized in impairment loss. Accordingly, the Company recognized investment loss of NT\$37,577 thousand.
2. In terms of the investment in strategic alliances of existing overseas channels, TTY Biopharm Korea Co., Ltd., primarily engaged in the marketing team, suffered a net loss after tax of NT\$8,532 thousand in 2023, while American Taiwan Biopharm Co., Ltd., with a stable profitability, had a net income after tax of NT\$126,100 thousand in 2023. American Taiwan Biopharma Philippines Inc., still expanding its scope of distributed products, had a net loss after tax of NT\$7,169 thousand in 2023.

### (III) Investment Plan for the Coming Year:

In the future, the Company will continue to prudently assess the investment plan based on the principle of long-term strategic investment.

## 6. Analysis and Assessment of the Following Risk-related Matters in the Most Recent Year and

## Up to the Date of Publication of the Annual Report

### (I) Effect of the Fluctuation in Interest and Exchange Rates and the Inflation on the Company's Profit/Loss, and Future Responsive Measures:

#### 1. Effect on the Company's profit/loss:

2023

Item	Interest income (expenditure)	Exchange profit (loss)
Net amount	44,837	770
Percentage of net revenue	0.81%	0.01%
Percentage of net income before tax	3.16%	0.05%

#### 2. Future responsive measures:

- (1) Interest rate: After reviewing the Company and its subsidiaries' medium- and long-term development and financial plans, the Company considers raising medium- and long-term loans from financial institutions to meet the medium- and long-term capital needs. As for the short-term operating capital, the Company will apply for short-term loans to cover it, so that the capital cost can be reduced.
- (2) Exchange rate: The Finance Department observes the trend of exchange rates at any time and forecasts the demand for foreign currencies in the next three months. If there is a negative position, the reference price will be determined based on the trend of exchange rates provided by foreign exchange banks for purchase in the spot market. The exchange profit for 2023 accounted for 0.01% of sales revenue of that year; the effect was low.
- (3) Inflation: Inflation had no significant impact on the Company's profit or loss.

#### (II) Policies on High-Risk and High-Leverage Investments, Loaning of Funds to Others, Endorsements/Guarantees, and Derivative Transactions, Main Reasons for Profit and Loss, and Future Responsive Measures:

The Company is not engaged in high-risk or high-leverage investments; all investments are carefully evaluated and made in accordance with the Company's regulations. As for the loaning of funds to others and endorsements/guarantees, the loaning of funds is only made to the investee companies as per the Regulations for Loaning of Funds to Others, and the Company does not endorse or guarantee for others. In addition, the operation of derivative financial products is mainly for the purpose of hedging. All operations are subject to serious consideration of the risks and implemented in compliance with the Company's regulations, so their impact on the Company is minimal.

#### (III) Future R&D Plans and Estimated R&D Expenses to be Invested:

The Company's main R&D directions are the development of drugs with special dosage form (with patentable or high entry barrier features), biologics and new drugs, as well as the acquisition of licenses

for new indications. NT\$241,146 thousand is expected to be invested in R&D in 2024, mainly for the purpose of expanding new indications for existing products, conducting more clinical trials in overseas markets, and scaling up trials for new developed products.

(IV) Effect of Material Changes in Domestic/Foreign Policies and Regulations on the Company's Finance and Business, and Responsive Measures:

Since "global budget payment system" was implemented in Taiwan, drug prices have gone through numerous adjustments. The drug price and quantity from a domestic drug company have been under control through the system, which has impacted the prices and sales of some drugs as well as the overseas prices of products, and has suppressed drug companies' revenue and profit.

Responsive measures:

The Company regularly participates in the meetings of the Chinese Association for Pharmaceutical Agents (CAPA) and Taipei Pharmaceutical Agents and Distributors Association (TPADA), and integrates the opinions from Taiwan Pharmaceutical Manufacturer's Association (TPMA), in order to take early actions. In addition, the Company establishes a complete sales network across Taiwan to provide real-time services for hospitals and clinics, thereby increasing the coverage of sales while boosting the utilization effectiveness of the Company's resources. For drugs with a certain market scale and value, the Company enhances related strategic collaboration, working with clinical and medical experts to strengthen patient nursing care and continuously increase the confidence of hospitals, clinics and doctors in the drugs, so that more opportunities of rational prescription of drugs can be opened up. Moreover, the Company introduces new post-clinical drugs for the target treatment field through licensing, and complies with pioneering nations' certification timeline to shorten the time needed for domestic certification. Further, the Company creates the best product revenue through the cooperation with preeminent marketing team and the resources, so as to avoid any decline in the Company's profitability due to drug price adjustment.

(V) Effect of Changes in Technology (Incl. Information Security Risks) and Industry on the Company's Finance and Business, and Responsive Measures:

1. The launch of competitive products resulted in competition in price as well as market share. This may have impacts on the Company's finance and business.

Responsive measures:

To mitigate the impact on sales, we timely monitor the information on new drug launches from FDA/EMA (e-newsletter subscription), the drug certificate system of the Ministry of Health and Welfare (making inquiries on the Food and Drug Administration's system), and the National Health Insurance meeting agenda (making inquiries on the National Health Insurance Administration's website), with an eye of preemptive drafting of new competing strategies for core products and defensive preparation related to purchase of generic drugs in response to the launches of competitive products.

2. There might be information security-related losses due to personal information leakage, malicious programs, computer viruses and hacker invasion.

Responsive measures:

(1) Management approaches

The information security management mechanism and system authority management are in place.

(2) Prevention systems

- The firewall/anti-ransomware/antivirus/endpoint management/multi-factor authentication are adopted.
- We regularly scan and detect vulnerabilities on the Company's internal key system hosts and repair the systems. Meanwhile, a privileged account management system is introduced to prevent the leakage of the system administrator's account. Also, based on anti-virus software and endpoint management, the Company effectively controls the devices distributed by the Company or brought by employees (computer/mobile phone/tablet), thereby avoiding the risk of access through internal connection.
- The adopted verification mechanism of multi-factor authentication helps effectively identify the security when employees access the Company's major systems from external connections, preventing the risk of breach of personal accounts and passwords.
- An automatic backup mechanism has been established for the important host system environment and data, and local and remote backup/recovery drills are performed on a regular basis, in order to ensure the normal recovery of systems when an abnormality occurs.

(3) Education and training

The Company offers internal information security training courses, and introduces external consulting companies to hold irregular information security seminars, so as to build employees' awareness of information security risks.

(VI) Effect of Corporate Image Changes on the Company's Crisis Management, and Responsive Measures:

Emergent or external events caused damage to the corporate image and reputation.

Responsive measures:

The Company actively strengthens and implements corporate governance, fulfills social responsibilities, and strives to improve the Company's internal control system and capital structure to maintain a good corporate image. In addition, an external public opinion monitoring system has been introduced to handle emergencies and crises in a timely manner.

(VII) Expected Benefit and Potential Risk of Mergers/Acquisitions, and Responsive Measures:

None.

(VIII) Expected Benefit and Potential Risk of Factory Expansion, and Responsive Measures:

Factory expansion will enable the Company to enhance production capability. In addition to producing its own products, the Company can also accept contract manufacturing orders from other drug companies and, as a result, increase its revenue.

The capital expenditures for factory expansion have been through the Company's rigorous planning process and, therefore, there is no operation risk posed to the Company.

(IX) Risk of Sales or Purchases Centralization, and Responsive Measures:

There were only two suppliers which respectively accounted for over 10% of the Company's total purchase amount in 2023, and they collectively accounted for only 27.02% of the Company's total purchase amount. The aforementioned suppliers are well-known international firms in the world; the possibility of risk is very low. Furthermore, the sales amount of each of the Company's single customers in 2023 was less than 10% of the Company's total net sales throughout the year; there is no risk of sales concentration.

(X) Effect and Risk of Significant Equity Transfer or Change of the Directors, Supervisors, or Major Shareholders with Over 10% Shareholding on the Company, and Responsive Measures:

There has been no significant equity transfer or change by the Company's directors in the most recent year and up to the date of publication of the annual report.

(XI) Effect and Risk of Changes in Management Rights on the Company, and Responsive Measures:

There have been no circumstances of changes in the Company's management rights in the most recent year and up to the date of publication of the annual report. Therefore, this is not applicable.

(XII) Litigation or Non-Litigation Events: Listing of Major Litigation, Non-Litigation or Administrative Disputes Involving the Company and/or Any Director, Supervisor, President, the Actual Person in Charge, Any Major Shareholder with a Shareholding of More Than 10%, and/or Any Subsidiary and Having Been Adjudicated or Under Litigation; For Those Whose Result Has Significant Impact on Shareholders' Equity or the Price of Securities, Disclosure of the Fact in Issue, Claim Value, Litigation Starting Date, the Main Parties Involved, and the Handling Status Thereof Up to the Date of Publication of the Annual Report:

1. The Company's former Chairman, Rong-Jin Lin, was involved in the aggravated breach of trust under the Securities and Exchange Act. The case underwent the second trial, and was returned to the Taiwan High Court by the Supreme Court on December 23, 2021 for remand. The trial level is currently the first instance of retrial in progress. On September 6, 2017, the relevant incidental civil action was transferred to the civil court of the Taiwan Taipei District Court for trial.
2. On May 31, 2016, the Company filed a claim with the Cantonal Court of Zug in Switzerland against Inopha AG (Inopha) for all 13 licensing agreements between the Company and Inopha being declared null and void, and further sought an order that Inopha returns all the benefits it had gained from the infringement. The case is still in progress at Cantonal Court of Zug in Switzerland.
3. 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 is

currently suspended. As of December 31, 2023, the monies incurred from the agreement in dispute in the amount of €21,456 thousand have been deposited into the escrow account by Janssen.

4. With regard to the dispute on the Risperidone Contract entered into by and between the Company and Center Laboratories, Inc. (hereinafter referred to as “CLI”), the Company considered the Contract concluded in a way not compliant with relevant procedures/regulations and thus void, while CLI filed a civil action for declaration of such Contract against the Company in the Taipei District Court on July 1, 2016. The case underwent the second trial; on May 18, 2023, the original judgment was declared to be invalid by the Supreme Court, and the case was further returned to the Taiwan High Court for trial.
5. On February 28, 2020, the Company filed a civil lawsuit for damages to the Dresden Labor Court in Germany against Denis Optiz, the beneficiary owner of Inopha AG. The case is still in progress at the Dresden Labor Court in Germany.
6. On May 14, 2021, the Company was penalized by the Fair Trade Commission for concerted action due to the agreement it entered with Lotus Pharmaceutical Co., Ltd. on February 4, 2009 regarding the exclusive right to sell “Furil Capsules.” On July 12, 2021, the Company filed an administrative proceeding with the Taipei High Administrative Court to revoke the above penalty. The case is still in progress by the Taipei High Administrative Court.
7. On July 21, 2023, the Taiwan Shilin District Prosecutors Office and the Ministry of Justice Investigation Bureau (the investigators) visited the Company to conduct an investigation into drug contracts, gathering the Company’s transaction documents related to some drugs dated within the period from 2011 to 7 July 2023. The Shilin District Prosecutors Office closed the case and sued the former president of TTY, Chun-Liang Shih, for special breach of trust and violation of the Tax Collection Act by tax evasion through Huan Lei Co. Ltd

The final judgment results of the litigations above are not expected to have significant impact on the shareholders’ equity or the price of securities.

(XIII) Other Material Risks and the Responsive Measures:

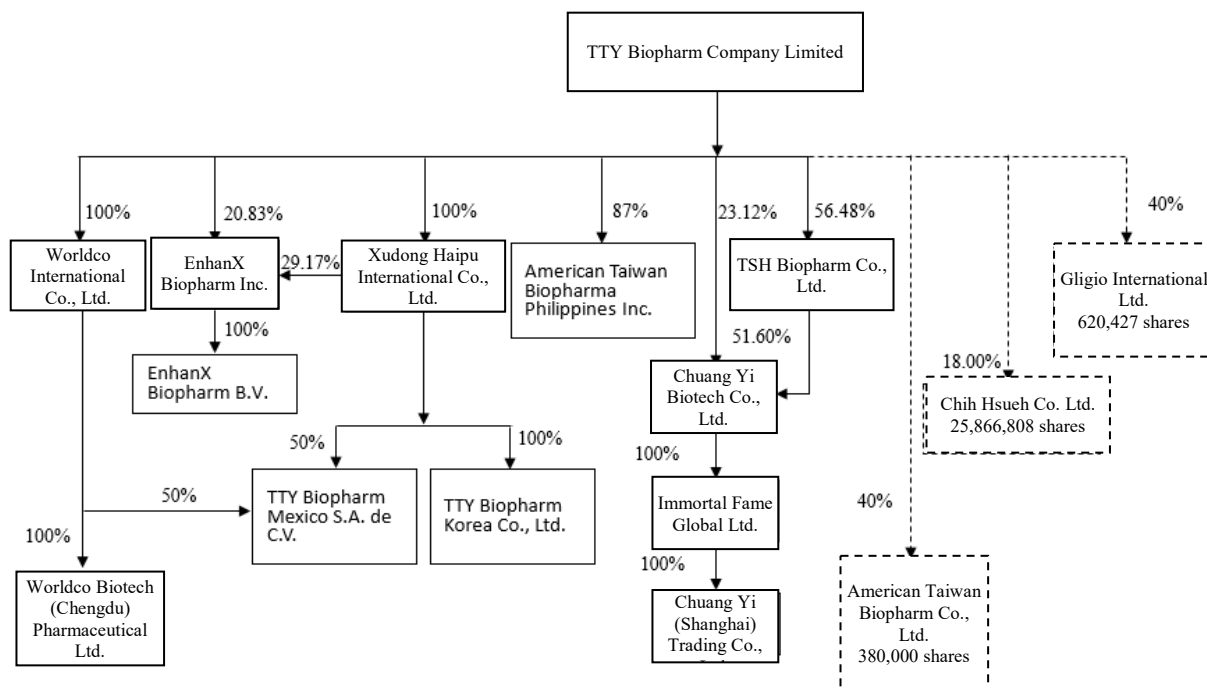
The Company established a Risk Management Center on December 28, 2020, and formulated the “Risk Management Policy and Procedures,” which specifically prescribes that the Company’s “Risk Management Policy” defines various risks in accordance with the overall operational policies and strategies, establishes a management mechanism for identification, assessment and handling of risks as well as for effective monitoring and review. This is to mitigate or reduce the impact of risk events on the Company’s operations and ensure corporate sustainable development. For details of material risks identified and managed by the Company, please visit “Corporate Governance/Operation Status of Corporate Governance” section on the Company’s website.

**7. Other Important Matters: None.**

## VIII. Special Notes

### 1. Information Related to Affiliated Enterprises

#### (I) Organization Chart of Affiliated Enterprises



## (II) Information on Affiliated Enterprises

Unit: NT\$ thousands; December 31, 2023

Company name	Date of establishment	Address	Paid-in capital	Main business activities
Xudong Haipu International Co., Ltd.	2009.04	4th Floor, Harbour Place, 103 South Church Street P.O. Box 10240, Grand Cayman KYI 1002, Cayman Islands	NTD 250,000	Investment
Worldco International Co., Ltd.	2004.09	Room B22, 9/F, Billion Plaza 2, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong	HKD 19,800	Investment, marketing of western drugs
Worldco Biotech (Chengdu) Pharmaceutical Ltd.	2012.02	Room 3-4, 7F., Unit 2, Jinniu Civic Center Building 1, No. 999, Yipin Tianxia Dajie, Jinniu Dist., Chengdu City, Sichuan Province	RMB 11,900	Sales of western drugs
American Taiwan Biopharma Philippines Inc.	2003.08	Unit 1009 10 Floor One Corporate Center CU, Julia Vargas Corner Meralco Avenue, Ortigas Center, San Antonio, Pasig City, Philippines	PHP 55,305	Sales of western drugs
TSH Biopharm Co., Ltd.	2010.09	3F.-1, No. 3-1, Yuanqu St., Nangang Dist., Taipei City	NTD 383,981	Sales of western drugs
EnhanX Biopharm Inc.	2017.08	3F., No. 124, Xingshan Road, Neihu Dist., Taipei City	NTD 240,000	R&D of western drugs
EnhanX Biopharm B.V.	2019.07	J.H. Oortweg 19 2F, Room 2213, 2333 CH Leiden, the Netherlands	EUR 100	R&D of western drugs
Chuang Yi Biotech Co., Ltd.	2011.04	Room A, 4F., No. 3-1, Yuanqu St., Nangang Dist., Taipei City	NTD 321,522	Sales of functional food
Immortal Fame Global Ltd.	2012.03	Level 2, Lotemau Centre, VAEA Street, APIA, SAMOA	USD 568	General import and export trading and various production business investment
Chuang Yi (Shanghai) Trading Co., Ltd.	2012.03	Room 106, Building 3, No. 507, Huajing Road, Shanghai City	USD 500	Trading of functional food
TTY Biopharm Korea Co. Ltd.	2018.09	12th floor, Teheran-ro 146, Gangnam-gu, Seoul, Korea	KRW 2,245,250	Sales of western drugs
TTY Biopharm Mexico S.A de C.V.	2018.09	Patricio Sanz 1239 Col. Del Valle, Alcaldia Benito Juarez Zip Code 03100, Mexico City.	MXN 35,000	Sales of western drugs

## (III) Shareholders in Common of TTY and Its Subsidiaries with Deemed Control and Subordination: None.



## (IV) Information on Directors, Supervisors, and Presidents of Affiliated Enterprises

April 30, 2024

Company name	Job title	Name or representative	Shareholdings	
			Number of shares	Shareholding ratio
Xudong Haipu International Co., Ltd.	Chairman	Ying-Chun Hsiao	—	—
	Director	Wen-Hua Chang	—	—
	Director	Hsiu-Chi Chang	—	—
	Director	Hsueh-Liu Wu	—	—
	Director	Tien-Ssu Tseng	—	—
American Taiwan Biopharma Philippines Inc.	Chairman	Sara Hou	—	—
	Director	Ying-Chun Hsiao	—	—
	Director	Wen-Hua Chang	—	—
	Director	Hsueh-Liu Wu	—	—
	Director	Jui-Hsun Cheng	71,881	13.00%
Worldco International Co., Ltd.	Chairman	Ying-Chun Hsiao	—	—
	Director	Wen-Hua Chang	—	—
	Director	Hsiu-Chi Chang	—	—
	Director	Hsueh-Liu Wu	—	—
	Director	Tien-Ssu Tseng	—	—
Worldco Biotech (Chengdu) Pharmaceutical Ltd.	Director	Ying-Chun Hsiao	—	—
	Supervisor	Hsueh-Liu Wu	—	—
EnhanX Biopharm Inc.	Chairman	Corporate Representative of TTY Biopharm Company Limited: Yu-Fang Hu	5,000,000	20.83%
	Director	Corporate Representative of TTY Biopharm Company Limited: Ying-Chun Hsiao	5,000,000	20.83%
	Director	Pieter Jaap Gaillard	—	—
	Supervisor	Sara Hou	—	—

Company name	Job title	Name or representative	Shareholdings	
			Number of shares	Shareholding ratio
	Supervisor	2-BBB Medicines BV	12,000,000	50.00%
EnhanX Biopharm B.V.	Director	EnhanX Biopharm Inc.	100,000	100.00%
Chuang Yi Biotech Co., Ltd.	Chairman	Corporate Representative of TTY Biopharm Company Limited: Ssu-Yuan Yang	7,432,299	23.12%
	Director	Corporate Representative of TTY Biopharm Company Limited: Jui-Wen Wu	7,432,299	23.12%
	Director	Representative of TSH Biopharm Co., Ltd.: Chia-Pin Hsiao	16,590,279	51.60%
	Independent Director	Hsiu-Ming Wu	—	—
	Independent Director	Yun-Liang Lai	—	—
	President	Ssu-Yuan Yang	—	—
Immortal Fame Global Ltd.	Director	Ssu-Yuan Yang	—	—
Chuang Yi (Shanghai) Trading Co., Ltd.	Director	Corporate Representative of Immortal Fame Global Ltd.: Ssu-Yuan Yang	—	—
TSH Biopharm Co., Ltd.	Chairman	Corporate Representative of TTY Biopharm Company Limited: Chuan Lin	21,687,177	56.48%
	Director	Corporate Representative of TTY Biopharm Company Limited: Chia-Pin Hsiao	21,687,177	56.48%
	Director	Corporate Representative of TTY Biopharm Company Limited: Kang-Chi Chou	21,687,177	56.48%
	Director	Corporate Representative of TTY Biopharm Company Limited: Yung-Liang Wu	21,687,177	56.48%
	Independent Director	Te-Yu Chou	—	—

Company name	Job title	Name or representative	Shareholdings	
			Number of shares	Shareholding ratio
	Independent Director	Yao-Pin Huang	—	—
	Independent Director	Jui-Hsun Chen	—	—
	President	Ssu-Yuan Yang	13,000	0.03%
TTY Biopharm Korea Co., Ltd.	Chairman	Ying-Chun Hsiao	—	—
	Director	Wen-Hua Chang	—	—
	Director and President	Woosik Jung	—	—
	Director	Sara Hou	—	—
	Supervisor	Kuo-Chiang Chang	—	—
TTY Biopharm Mexico S.A. de C.V.	Chairman	Ying-Chun Hsiao	—	—
	Director	Wen-Hua Chang	—	—
	Director	Sara Hou	—	—
	Supervisor	Kuo-Chiang Chang	—	—

(V) Operational Overview of Affiliated Enterprises

Unit: NT\$ thousands; December 31, 2023

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Current profit/loss	Earnings per share (NTD)
Xudong Haipu International Co., Ltd.	250,000	1,440,530	0	1,440,530	—	(694)	34,998	N/A
Worldco International Co., Ltd.	82,458	139,449	10,409	129,040	111,463	(522)	187	N/A
Worldco Biotech (Chengdu) Pharmaceutical Ltd.	51,491	75,274	25,315	49,959	—	(779)	498	N/A
American Taiwan Biopharma Philippines Inc.	37,768	3,676	13,300	(9,624)	6,230	(2,511)	(7,169)	N/A
TSH Biopharm Co., Ltd. (Note)	383,981	1,177,747	70,147	1,107,600	497,305	66,755	62,243	1.61
EnhancX Biopharm Inc.	240,000	3,671	1,076	2,595	—	(13,168)	(75,155)	(3.13)
EnhancX Biopharm B.V.	3,538	1,119	11	1,108	—	(344)	(364)	N/A
Chuang Yi Biotech Co., Ltd.	321,526	391,705	63,950	327,754	313,612	(1,281)	(763)	(0.02)
Immortal Fame Global Ltd.	16,820	2,201	38	2,163	—	(340)	(196)	N/A
Chuang Yi (Shanghai) Trading Co., Ltd.	15,353	2,251	125	2,126	—	—	(197)	N/A
TTY Biopharm Korea Co., Ltd.	59,404	11,423	(154)	11,577	—	(8,540)	(8,532)	N/A
TTY Biopharm Mexico S.A. de C.V.	53,676	16,671	0	16,671	—	(4,774)	(7,098)	N/A

Note: Except for the amount of capital and earnings per share, the information of TSH Biopharm Co., Ltd. is calculated based on the level of consolidation of the Group.

		Balance Sheet	Income Statement
Foreign exchange rate:	RMB	4.3270	4.3862
	PHP	0.5545	0.5599
	USD	30.7050	31.1277
	KRW	0.0237	0.0238
	MXN	1.8425	1.7751
	HKD	3.9290	3.9749
	EUR	33.9800	33.6458

## (VI) Consolidated Report of Affiliated Enterprises

### Statement on Consolidated Financial Reports of Affiliated Enterprises

For 2023 (from January 1 to December 31, 2023), the companies required to be included in the consolidated financial reports of affiliated enterprises under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were the same as those required to be included in the consolidated financial reports of the parent and subsidiaries under IFRS 10 recognized by the Financial Supervision Commission. In addition, the related information to be disclosed in the consolidated financial reports of affiliated enterprises has already been disclosed in the said consolidated financial reports of the parent and subsidiaries. As a result, no consolidated financial reports of affiliated companies were prepared separately.

In witness thereof, the Declaration is hereby presented.

Company name: TTY Biopharm Company Limited

Chairman: Chuan Lin

Date: March 8, 2024

**2. The Handling of Privately Placed Securities in the Last Year Up Till the Publication Date of This Annual Report: None.**

**3. For the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report, the Situation Regarding Subsidiaries Holding or Disposing of Shares of the Company: None.**

**4. Other Necessary Supplementary Explanations:**

(I) The Company's Uncompleted OTC Commitment: None.

(II) Assessment Basis and Foundation of the Company's Recognition Method for Balance Sheet Valuation Items

1. Assessment of accounts receivable impairment:

Any changes in the credit quality of the accounts and notes receivable from the original credit grant date to the reporting date are taken into consideration. For those more than 180 days past due as indicated by the history record, or those not yet overdue but confirmed based on relevant information to be uncollectible in the future, the 100% impairment loss is recognized in the allowance for bad debt. For the accounts and notes receivable that are past due within 1–180 days, they are divided into four categories (OEM, overseas customers, hospitals, and others) to assess the impairment thereof based on the loss history.

2. Assessment of allowance for inventory devaluation and obsolescence loss:

Devaluation loss:

Products: Net realizable value is calculated by deducting marketing expense from estimated sales price. The individual item approach is then applied for the assessment and recognition by product categories.

Finished goods: Net realizable value is calculated by deducting marketing expense from estimated sales price. The individual item approach is then applied for the assessment and recognition by product categories.

Work in process and semi-finished goods: Net realizable value is calculated by deducting marketing expense and reinvestment cost from estimated sales price. The individual item approach is then applied for the assessment and recognition by product categories.

Raw materials: In terms of the devaluation of finished goods, the replacement cost is used to assess if devaluation occurs.

Obsolescence loss:

Obsolete or expired: 100% recognition

Unused for over 1 year: 100% recognition

Expired: 100% recognition

To be expired within six months: 50% recognition

3. Valuation of other financial assets:

Where single or multiple events occurring after the initial recognition of a financial asset result in a decrease in the estimated future cash flows of the financial asset, the difference is regarded as the amount of impairment of the financial asset.

With respect to fair value evaluation, the basis for valuation is determined depending on whether there is an active market transaction for such financial asset.

- (1) With active market: The fair value is measured based on the market quotation on the balance sheet date.
- (2) Without active market: The fair value is measured using observable market materials as much as possible. If no such materials are available, the measurement will be based on specific estimates.

4. Valuation of financial liabilities:

- (1) Financial liabilities measured at fair value through profit or loss are measured at fair value on the end date of the reporting period.
- (2) For financial liabilities that are not held for transaction and not designated to be measured at fair value through profit or loss, they are measured at amortized cost on the end date of the subsequent accounting period. The book value of financial liabilities measured at amortized cost is determined using the effective interest method.

5. Valuation of non-financial assets impairment:

The Company assesses non-financial assets (except for inventories, deferred income tax assets and assets from employee benefits) for impairment at the end date of the reporting period. If there is an indication of impairment, the Company estimates the recoverable amount of the asset to determine the amount to be recognized as impairment. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount for the asset's cash-generating unit to assess the impairment.

**5. For the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report, Incidents that Significantly Affect Shareholders' Equity or the Price of Securities as Defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act: None.**

TTY Biopharm Company Limited

Chairman: Chuan Lin