

**TTY BIOPHARM COMPANY LIMITED
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2020 and 2019**

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

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Independent Auditors' Review Report

To the Board of Directors
TTY Biopharm Company Limited:

Introduction

We have reviewed the accompanying consolidated balance sheets of TTY Biopharm Company Limited and its subsidiaries as of September 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2020 and 2019, changes in equity and cash flows for the nine months ended September 30, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$296,533 thousand, constituting 3.18% of consolidated total assets as of September 30, 2020, total liabilities amounting to \$131,695 thousand, constituting 3.74% of consolidated total liabilities as of September 30, 2020, and total comprehensive income amounting to \$65,699 thousand and \$60,120 thousand, constituting 29.58% and 9.28% of consolidated total comprehensive income for the three months and nine months ended September 30, 2020.

Furthermore, as stated in Note 6(f), the investments accounted for using the equity method of TTY Biopharm Company Limited and its subsidiaries which amounting to \$325,977 thousand and \$400,215 thousand as of September 30, 2020 and 2019, respectively, and the related share of profit which amounting to \$18,711 thousand, \$13,145 thousand, \$45,105 thousand and \$27,908 thousand for the three-month and nine-month periods then ended respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of another auditor (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of TTY Biopharm Company Limited and its subsidiaries as of September 30, 2020 and 2019, and of its consolidated financial performance for the three months and nine months ended September 30, 2020 and 2019, and its consolidated cash flows for the nine months ended September 30, 2020 and 2019, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of PharmaEngine, Inc., an associate of TTY Biopharm Company Limited and its subsidiaries, which represented as investment accounted for using the equity method. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for PharmaEngine, Inc., is based solely on the review report of another auditor. The investment in PharmaEngine, Inc. accounted for using the equity method amounting to \$783,837 thousand and \$789,192 thousand, constituting 8.42% and 8.29% of consolidated total assets as of September 30, 2020 and 2019, respectively, and the related share of profit of associates accounted for using the equity method amounting to \$3,267 thousand, \$3,005 thousand, \$14,491 thousand and \$11,710 thousand, constituting 1.03%, 0.73%, 1.66% and 1.05% of consolidated total profit before tax for the three months and nine months ended September 30, 2020 and 2019, respectively.

The engagement partners on the reviews resulting in this independent auditors’ review report are Kuo-Yang Tseng and Yilien Han.

KPMG

Taipei, Taiwan (Republic of China)
November 3, 2020

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2020 and 2019

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2020, December 31, 2019, and September 30, 2019

(Expressed in Thousands of New Taiwan Dollar)

		September 30, 2020		December 31, 2019		September 30, 2019				September 30, 2020		December 31, 2019		September 30, 2019	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets															
Current assets:															
1100	Cash and cash equivalents (note 6(a) and (t))	\$ 2,340,416	25	2,422,158	26	2,287,051	24	2100	Short-term borrowings (note 6(k) and (t))	\$ 2,068,070	22	1,561,070	15	1,750,000	18
1120	Current financial assets at fair value through other comprehensive income (note 6(c) and (t))	66,717	1	149,727	2	123,950	2	2130	Contract liabilities-current (note 6 (q))	14,758	-	16,678	-	8,881	-
1150	Notes receivable, net (note 6(d), (t) and 7)	28,958	-	34,719	-	29,629	-	2150	Notes payable (note 6(t) and 7)	3,296	-	1,454	-	5,458	-
1170	Accounts receivable, net (note 6(d) and (t))	808,984	9	935,104	10	1,076,919	11	2170	Accounts payable (note 6(t) and 7)	147,966	2	179,823	2	207,755	2
1180	Accounts receivable due from related parties, net (note 6(d), (t) and 7)	5,970	-	27,778	-	23,585	-	2200	Other payables (note 6(g), (t) and 7)	430,932	5	574,769	6	453,320	5
1200	Other receivables, net (note 6(g), (t) and 7)	3,750	-	119,753	1	72,528	1	2230	Current tax liabilities	42,993	-	188,857	2	232,260	2
130X	Inventories (note 6 (e))	1,191,642	13	858,685	9	748,927	8	2300	Other current liabilities (note 6(g))	39,880	-	146,848	2	37,121	-
1410	Prepayments	70,338	1	48,308	1	41,289	-	2320	Long-term liabilities, current portion (note 6(l) and (t))	16,467	-	355,931	4	350,000	4
1476	Other current financial assets (note 6(a), (j), and (t))	266,668	3	332,889	3	428,750	5			<u>2,764,362</u>	<u>29</u>	<u>3,025,430</u>	<u>31</u>	<u>3,044,795</u>	<u>31</u>
1470	Other current assets (note 6(g), (j) and 8)	6,601	-	45,297	-	10,269	-								
		<u>4,790,044</u>	<u>52</u>	<u>4,974,418</u>	<u>52</u>	<u>4,842,897</u>	<u>51</u>								
Non-current assets:															
1510	Non-current financial assets at fair value through profit or loss (note 6(b) and (t))	-	-	5,874	-	6,009	-	2540	Long-term borrowings (note 6(l) and (t))	416,215	4	16,313	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c) and (t))	279,409	3	379,179	4	368,850	4	2570	Deferred tax liabilities	282,077	3	282,077	3	278,723	3
1550	Investments accounted for using the equity method, net (note 6(f))	1,109,814	12	1,100,878	13	1,189,407	12	2640	Net defined benefit liability, non-current	54,228	1	56,256	1	58,509	1
1600	Property, plant and equipment (note 6(i))	2,604,972	28	2,394,277	25	2,392,413	25	2645	Guarantee deposits received (note 6(t))	2,427	-	2,428	-	2,951	-
1760	Investment property, net	137,049	2	100,431	1	100,789	1	2670	Other non-current liabilities	-	-	1,148	-	-	-
1780	Intangible assets	129,669	1	139,013	1	139,234	2			<u>754,947</u>	<u>8</u>	<u>358,222</u>	<u>4</u>	<u>340,183</u>	<u>4</u>
1840	Deferred tax assets	45,689	-	45,670	-	37,229	-			<u>3,519,309</u>	<u>37</u>	<u>3,383,652</u>	<u>35</u>	<u>3,384,978</u>	<u>35</u>
1915	Prepayments for business facilities	5,875	-	201,259	2	205,067	2	Total liabilities							
1920	Refundable deposits paid (note 6(t))	25,594	-	31,132	-	27,908	-	Equity attributable to owners of parent (note 6(o)):							
1981	Cash surrender value of life insurance (note 6(t))	13,657	-	13,657	-	13,357	-	3100	Share capital	2,486,500	27	2,486,500	26	2,486,500	26
1984	Other non-current financial assets (note 6(j), (t) and 8)	152,155	2	158,363	2	153,505	2	3200	Capital surplus (note 6(f))	338,026	4	338,514	4	338,278	4
1990	Other non-current assets (note 6(j) and 8)	16,882	-	8,565	-	44,093	1	3310	Legal reserve	1,093,808	12	1,003,556	11	1,003,556	11
		<u>4,520,765</u>	<u>48</u>	<u>4,578,298</u>	<u>48</u>	<u>4,677,861</u>	<u>49</u>	3320	Special reserve	110,154	1	110,154	1	110,154	1
		<u>\$ 9,310,809</u>	<u>100</u>	<u>9,552,716</u>	<u>100</u>	<u>9,520,758</u>	<u>100</u>	3350	Unappropriated retained earnings	1,269,477	14	1,591,777	17	1,558,206	16
								3400	Other equity interest	(120,585)	(1)	40,135	-	59,670	1
									Equity attributable to owners of parent:	5,177,380	57	5,570,636	59	5,556,364	59
								36XX	Non-controlling interests (note 6(h) and (o))	614,120	6	598,428	6	579,416	6
									Total equity	5,791,500	63	6,169,064	65	6,135,780	65
									Total liabilities and equity	<u>\$ 9,310,809</u>	<u>100</u>	<u>9,552,716</u>	<u>100</u>	<u>9,520,758</u>	<u>100</u>

See accompanying notes to financial statements.

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

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2020 and 2019

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

	For the three months ended September 30				For the nine months ended September 30				
	2020		2019		2020		2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (note 6(q) and 7)	\$ 1,024,439	100	1,149,819	100	3,019,005	100	3,355,344	100
5000	Operating costs (note 6(e), (m), 7 and 12)	374,427	37	393,189	34	1,092,163	36	1,160,675	35
	Gross profit	650,012	63	756,630	66	1,926,842	64	2,194,669	65
5910	Less: Unrealized profit (loss) from sales	(891)	-	(545)	-	9,138	-	6,921	-
5920	Add: Realized profit (loss) from sales	-	-	-	-	11,903	-	7,046	-
	Gross profit, net	650,903	63	757,175	66	1,929,607	64	2,194,794	65
6000	Operating expenses (note 6(m), (r) and 12):								
6100	Selling expenses	268,991	26	232,712	21	709,699	23	697,200	21
6200	Administrative expenses	104,166	10	103,654	9	300,784	10	282,985	8
6300	Research and development expenses	60,616	6	81,635	7	205,526	7	230,029	7
6450	Expected credit loss (note 6(d))	(162)	-	22	-	(288)	-	17	-
	Total operating expenses	433,611	42	418,023	37	1,215,721	40	1,210,231	36
	Net operating income	217,292	21	339,152	29	713,886	24	984,563	29
	Non-operating income and expenses:								
7100	Interest income (note 6(s))	1,704	-	9,685	1	13,172	-	30,371	1
7010	Other income (note 6(g), (s) and 7)	80,856	8	2,634	-	89,777	3	8,723	-
7020	Other gains and losses, net (note 6(s) and 7)	(365)	-	40,225	3	7,946	-	65,983	2
7050	Finance costs, net (note 6(s))	(4,689)	-	(3,760)	-	(13,698)	-	(10,236)	-
7060	Share of profit of associates accounted for using the equity method, net (note 6(f))	21,978	2	21,075	2	59,596	2	39,618	1
7055	Total non-operating income and expenses	99,484	10	69,859	6	156,793	5	134,459	4
	Profit before tax	316,776	31	409,011	35	870,679	29	1,119,022	33
7950	Less: Income tax expenses (note 6(n))	53,248	5	78,210	7	164,995	6	227,584	7
	Profit for the period	263,528	26	330,801	28	705,684	23	891,438	26
8300	Other comprehensive income:								
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(3,568)	-	(13,802)	(1)	19,037	-	(12,207)	-
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	(3,568)	-	(13,802)	(1)	19,037	-	(12,207)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation	(31,858)	(3)	(10,273)	(1)	(70,922)	(2)	22,903	1
8370	Share of other comprehensive income (loss) of associates accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	(6,012)	(1)	(4,936)	-	(6,197)	-	(1,776)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive (loss) income that will be reclassified to profit or loss	(37,870)	(4)	(15,209)	(1)	(77,119)	(2)	21,127	1
8300	Other comprehensive income	(41,438)	(4)	(29,011)	(2)	(58,082)	(2)	8,920	1
	Total comprehensive income for the period	\$ 222,090	22	301,790	26	647,602	21	900,358	27
	Profit attributable to:								
8610	Owners of parent	\$ 222,433	22	316,304	27	661,564	22	868,948	25
8620	Non-controlling interests	41,095	4	14,497	1	44,120	1	22,490	1
		\$ 263,528	26	330,801	28	705,684	23	891,438	26
	Comprehensive income attributable to:								
	Owners of parent	\$ 185,801	18	291,653	25	601,831	20	881,797	26
	Non-controlling interests	36,289	4	10,137	1	45,771	1	18,561	1
		\$ 222,090	22	301,790	26	647,602	21	900,358	27
	Earnings per share, net of tax (note 6(p))								
9750	Basic earnings per share	\$ 0.89		1.27		2.66		3.49	
9850	Diluted earnings per share	\$ 0.89		1.27		2.66		3.49	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent										
	Share capital	Retained earnings				Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2019	\$ 2,486,500	348,819	857,418	110,154	1,954,321	(56,694)	103,515	46,821	5,804,033	587,592	6,391,625
Net income	-	-	-	-	868,948	-	-	-	868,948	22,490	891,438
Other comprehensive income	-	-	-	-	-	22,908	(10,059)	12,849	12,849	(3,929)	8,920
Total comprehensive income	-	-	-	-	868,948	22,908	(10,059)	12,849	881,797	18,561	900,358
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	146,138	-	(146,138)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,118,925)	-	-	-	(1,118,925)	(26,737)	(1,145,662)
Other changes in capital surplus:											
Changes in equity of investments accounted for using the equity method	-	(10,541)	-	-	-	-	-	-	(10,541)	-	(10,541)
Balance on September 30, 2019	\$ 2,486,500	338,278	1,003,556	110,154	1,558,206	(33,786)	93,456	59,670	5,556,364	579,416	6,135,780
Balance on January 1, 2020	\$ 2,486,500	338,514	1,003,556	110,154	1,591,777	(80,724)	120,859	40,135	5,570,636	598,428	6,169,064
Net income	-	-	-	-	661,564	-	-	-	661,564	44,120	705,684
Other comprehensive income	-	-	-	-	-	(70,959)	11,226	(59,733)	(59,733)	1,651	(58,082)
Total comprehensive income	-	-	-	-	661,564	(70,959)	11,226	(59,733)	601,831	45,771	647,602
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	90,252	-	(90,252)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(994,599)	-	-	-	(994,599)	(30,079)	(1,024,678)
Other changes in capital surplus:											
Changes in equity of investments accounted for using the equity method	-	(488)	-	-	-	-	-	-	(488)	-	(488)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	100,987	-	(100,987)	(100,987)	-	-	-
Balance on September 30, 2020	\$ 2,486,500	338,026	1,093,808	110,154	1,269,477	(151,683)	31,098	(120,585)	5,177,380	614,120	5,791,500

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollar)

	For the nine months ended September 30	
	2020	2019
Cash flows from operating activities:		
Profit before tax	\$ 870,679	1,119,022
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	102,981	102,590
Amortization expense	14,768	14,562
Expected credit (gain) loss	(288)	17
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,558	(513)
Interest expense	13,698	10,236
Interest income	(13,172)	(30,371)
Dividend income	(6,420)	(6,250)
Share of profit of investments accounted for using the equity method	(59,596)	(39,618)
Loss on disposal of property, plant and equipment	258	830
Gain on disposal of investments	(1,707)	-
Unrealized profit from sales	9,138	6,921
Realized profit from sales	(11,903)	(7,046)
Allocation of deferred income	-	(557)
Total adjustments to reconcile profit (loss)	49,315	50,801
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	5,761	10,434
Accounts receivable	148,381	(248,939)
Other receivables	116,029	3,511
Inventories	(332,879)	2,054
Prepayments and other current assets	14,849	(20,488)
Total changes in operating assets	(47,859)	(253,428)
Changes in operating liabilities:		
Contract liabilities	(1,920)	2,476
Notes payable	1,842	1,697
Accounts payable	(32,017)	38,619
Other payable	(143,199)	(14,408)
Other current liabilities	(107,102)	(8,672)
Net defined benefit liability	(2,028)	50
Total changes in operating liabilities	(284,424)	19,762
Total changes in operating assets and liabilities	(332,283)	(233,666)
Total adjustments	(282,968)	(182,865)
Cash inflow generated from operations	587,711	936,157
Interest received	13,108	31,182
Dividends received	27,347	36,556
Interest paid	(14,252)	(10,153)
Income taxes paid	(310,868)	(126,715)
Net cash flows from operating activities	303,046	867,027
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(50,172)
Proceeds from disposal of financial assets at fair value through other comprehensive income	201,817	-
Proceeds from disposal of financial assets at fair value through profit or loss	4,316	-
Acquisition of investments accounted for using the equity method	-	(272,743)
Acquisition of property, plant and equipment	(148,171)	(19,400)
Proceeds from disposal of property, plant and equipment	13	19
Decrease (increase) in refundable deposits	5,535	(1,654)
Acquisition of intangible assets	(5,424)	(608)
Increase (decrease) in other financial assets	72,429	(40,306)
Increase in prepayments for business facilities	(7,214)	(20,219)
Increase in other non-current assets	(8,331)	(636)
Net cash flows from investing activities	114,970	(405,719)
Cash flows used in financing activities:		
Increase in short-term loans	4,270,000	3,600,000
Decrease in short-term loans	(3,763,000)	(3,000,000)
Proceeds from long-term borrowings	720,000	-
Repayments of long-term borrowings	(659,562)	-
Increase in guarantee deposits received	-	510
Payment of lease liabilities	-	(7,488)
Decrease in other non-current liabilities	(1,148)	-
Cash dividends paid	(994,599)	(1,118,925)
Change in non-controlling interests	(30,079)	(26,737)
Net cash flows used in financing activities	(458,388)	(552,640)
Effect of exchange rate changes on cash and cash equivalents	(41,370)	6,089
Net decrease in cash and cash equivalents	(81,742)	(85,243)
Cash and cash equivalents at beginning of period	2,422,158	2,372,294
Cash and cash equivalents at end of period	\$ 2,340,416	2,287,051

See accompanying notes to financial statements.

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

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2020 and 2019

(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 issue by the Board of Directors on November 3, 2020.

(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. (“FSC”) which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
Amendments to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2021:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021

The Group assesses that the adoption of the abovementioned amendments would not have any material impact on its consolidated financial statements.

(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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 9, IAS39, IFRS7, IFRS4 and IFRS16 “Interest Rate Benchmark Reform – Phase 2”	January 1, 2021

Those which may be relevant to the Group are set out below:

<u>Issuance / Release Dates</u>	<u>Standards or Interpretations</u>	<u>Content of amendment</u>
January 23, 2020	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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

(Continued)

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

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for the annual consolidated financial statements.

Except for the following accounting policies, the significant policies adopted in the consolidated financial statements are consistent with Note 4 in the consolidated financial statement for the year ended December 31, 2019.

(b) Basis of consolidation

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

Investor	Subsidiary	Nature of business	Shareholding			Notes
			September 30, 2020	December 31, 2019	September 30, 2019	
The Company	Xudong Haipu International Co., Ltd.	Investing activities	100.00 %	100.00 %	100.00 %	
The Company	Worldco International Co., Ltd.	Investing activities and selling medicine	100.00 %	100.00 %	100.00 %	
The Company	American Taiwan Biopharma Philippines Inc.	Selling medicine	87.00 %	87.00 %	87.00 %	
The Company	TSH Biopharm Co., Ltd.	Selling medicine	56.48 %	56.48 %	56.48 %	
The Company	EnhancX Biopharm Inc.	Developing medicine	20.83 %	20.83 %	20.83 %	
The Company	Chuang Yi Biotech Co., Ltd.	Selling Functional food	38.12 %	38.12 %	- %	(Note 1 and 5)
Worldco International Co., Ltd.	Worldco Biotech (Beijing) Pharmaceutical Ltd.	Market consulting regarding medicine	- %	100.00 %	100.00 %	(Note 2)
Worldco International Co., Ltd.	Worldco Biotech (Chengdu) Pharmaceutical Ltd.	Selling medicine	100.00 %	100.00 %	100.00 %	
Xudong Haipu International Co., Ltd.	EnhancX Biopharm Inc.	Developing medicine	29.17 %	29.17 %	29.17 %	
Xudong Haipu International Co., Ltd.	TTY Biopharm Korea Co., Ltd.	Selling medicine	100.00 %	100.00 %	100.00 %	
Xudong Haipu International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Selling medicine	50.00 %	50.00 %	50.00 %	

(Continued)

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

Investor	Subsidiary	Nature of business	Shareholding			Notes
			September 30, 2020	December 31, 2019	September 30, 2019	
Worldco International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Selling medicine	50.00 %	50.00 %	50.00 %	
EnhanX Biopharm Inc.	EnhanX Biopharm B.V.	Developing medicine	100.00 %	100.00 %	100.00 %	(Note 3)
TSH Biopharm Co., Ltd.	Chuang Yi Biotech Co., Ltd.	Selling Functional food	4.89 %	4.89 %	- %	(Note 1 and 5)
Chuang Yi Biotech Co., Ltd.	Immortal Fame Global Ltd.	Import and export trading and investment activities	100.00 %	100.00 %	- %	(Note 1 and 5)
Chuang Yi Biotech Co., Ltd.	Chuang Yi (Hong Kong) Biotech Co., Ltd.	Selling Functional food	100.00 %	100.00 %	- %	(Note 1、4 and 5)
Immortal Fame Global Ltd.	Chuang Yi (Shanghai) Trading Co., Ltd.	Selling Functional food	100.00 %	100.00 %	- %	(Note 1 and 5)

(Note 1) In December 2019, the Group participated in the capital increase of Chuang Yi Biotech Co., Ltd., which increased the shareholding ratio of the Group to 43.01%. Because the Group obtained the control over Chuang Yi Biotech Co., Ltd., it is listed as a subsidiary of the consolidated financial statements. Please refer to Notes 6(g) of the consolidated financial statements for the business combination.

(Note 2) The registration of Worldco Biotech (Beijing) Pharmaceutical Ltd. had been cancelled in January 2020.

(Note 3) In July 2019, EnhanX Biopharm Inc. established EnhanX Biopharm B.V. as a wholly owned subsidiary, and thus, EnhanX Biopharm B.V. is listed as a subsidiary of the consolidated financial statements.

(Note 4) In order to simplify the organizational structure and reduce operating costs, the Group decided to liquidate Chuang Yi (Hong Kong) Biotech Co., Ltd. on June 29, 2020.

(Note 5) Non-significant subsidiary whose financial statements have not been reviewed.

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

(c) Income taxes

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

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

(Continued)

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

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

(d) Employee benefits

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

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

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

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2019.

(a) Judgement of whether the Group has substantive control over its investees

Although the Group holds 17.77% of the outstanding voting shares as the largest shareholder of PharmaEngine Inc., the shareholding ratio is quite equal to the second largest shareholder. In addition, the Group does not obtain more than half of the seats on Board of Directors and the Group cannot dominate the operating activities, human resource activities and financial activities. Therefore, the Group only has significant influence over PharmaEngine, Inc..

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2019. Please refer to Note 6 in the consolidated financial statements for the year ended December 31, 2019.

(a) Cash and cash equivalents

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand	\$ 3,125	3,157	3,104
Cash in banks	1,098,015	1,137,917	951,654
Time deposits	<u>1,239,276</u>	<u>1,281,084</u>	<u>1,332,293</u>
Total	<u><u>\$ 2,340,416</u></u>	<u><u>2,422,158</u></u>	<u><u>2,287,051</u></u>

(i) The above cash and cash equivalents were not pledged as collateral.

(Continued)

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

- (ii) Time deposits which do not meet the definition of cash equivalents are accounted for under other financial assets—current and noncurrent, please refer to Note 6(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 assets at fair value through profit or loss

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Financial assets designated at fair value through profit or loss			
Domestic preferred stock ETFS	\$ <u>-</u>	<u>5,874</u>	<u>6,009</u>

The above financial assets were not pledged as collateral.

(c) Financial asset at fair value through other comprehensive income

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Equity investments at fair value through other comprehensive income:			
Domestic common stock – Lumosa Therapeutics Co., Ltd.	\$ 66,717	199,486	164,402
Domestic common stock – Handa Pharmaceuticals, Inc.	53,048	78,278	79,144
Domestic common stock – Cathay Financial Holding Co., Ltd.	-	5,281	4,908
Domestic common stock – Fubon Financial Holding Co., Ltd.	-	13,920	13,365
Domestic preferred stock – Fubon Financial Holding Co., Ltd. Preferred Shares B	156,250	160,750	159,750
Domestic preferred stock – Union Bank of Taiwan Preferred Shares A	20,840	21,920	21,960
International preferred stock – CellMax Ltd.	49,271	49,271	49,271
	<u>\$ 346,126</u>	<u>528,906</u>	<u>492,800</u>

(Continued)

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

- (i) The Group designated the investments as equity securities at fair value through other comprehensive income because the Group intends to hold the investments for long-term strategic purposes.
- (ii) As part of its strategy, the Group sold its shares amounting to \$201,817 thousand, resulting in a gain of \$132,474 thousand, which was reclassified from other comprehensive income to retained earnings for the nine months ended September 30, 2020.
- (iii) Please refer to Note 6(t) for information on credit and market risk.
- (iv) The above financial assets were not pledged as collateral.
- (d) Notes receivable and accounts receivable (including related parties)

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	\$ 28,958	34,719	29,629
Accounts receivable	830,734	957,142	1,104,419
Accounts receivable-related parties	5,970	27,778	23,585
Less: Allowance for expected credit losses	<u>(21,750)</u>	<u>(22,038)</u>	<u>(27,500)</u>
	<u>\$ 843,912</u>	<u>997,601</u>	<u>1,130,133</u>

The Group applies the simplified approach to assess its expected credit losses, that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life. To measure the expected credit losses, notes receivable and accounts receivables have been grouped based on the credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	September 30, 2020		
	Face value of notes receivable and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not past due	\$ 840,703	0%~1%	3,389
1 to 90 days past due	6,644	4%~6%	276
91 to 180 days past due	473	50%~55%	243
More than 181 days past due	<u>17,842</u>	100%	<u>17,842</u>
	<u>\$ 865,662</u>		<u>21,750</u>

(Continued)

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

	December 31, 2019		
	Face value of notes receivable and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not past due	\$ 986,990	0%~1%	2,262
1 to 90 days past due	13,403	4%~6%	537
91 to 180 days past due	16	55%~60%	9
More than 181 days past due	<u>19,230</u>	100%	<u>19,230</u>
	<u>\$ 1,019,639</u>		<u>22,038</u>
	September 30, 2019		
	Face value of notes receivable and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not past due	\$ 1,126,878	0%~1%	6,869
1 to 90 days past due	10,171	0%~1%	47
More than 181 days past due	<u>20,584</u>	100%	<u>20,584</u>
	<u>\$ 1,157,633</u>		<u>27,500</u>

The movements in the allowance for expected credit losses were as follows:

	For the nine months ended September 30,	
	2020	2019
Balance at January 1	\$ 22,038	27,483
Expected credit losses recognized	-	17
Expected credit losses reversed	<u>(288)</u>	-
Balance at September 30	<u>\$ 21,750</u>	<u>27,500</u>

As of September 30, 2020, December 31, 2019 and September 30, 2019, the notes receivable and accounts receivable for the Group were not pledged as collateral.

(Continued)

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

(e) Inventories

	September 30, 2020	December 31, 2019	September 30, 2019
Merchandise	\$ 373,242	392,915	244,031
Finished goods	329,568	147,440	121,623
Work in process	86,208	125,802	106,288
Raw materials	324,267	162,170	205,410
Materials	<u>54,758</u>	<u>36,532</u>	<u>39,408</u>
Subtotal	1,168,043	864,859	716,760
Goods in transit	<u>70,978</u>	<u>123,244</u>	<u>71,980</u>
Total	1,239,021	988,103	788,740
Less: Allowance for inventory market decline and obsolescence	<u>(47,379)</u>	<u>(129,418)</u>	<u>(39,813)</u>
Net amount	<u>\$ 1,191,642</u>	<u>858,685</u>	<u>748,927</u>

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Cost of goods sold	\$ 373,126	388,231	1,089,683	1,155,137
Cost of services provided	-	3,447	24	3,447
Provision on inventory market price decline	<u>1,301</u>	<u>1,511</u>	<u>2,456</u>	<u>2,091</u>
	<u>\$ 374,427</u>	<u>393,189</u>	<u>1,092,163</u>	<u>1,160,675</u>

(ii) As of September 30, 2020, December 31, 2019 and September 30, 2019, the inventories were not pledged as collateral.

(f) 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:

	September 30, 2020	December 31, 2019	September 30, 2019
Associates	<u>\$ 1,109,814</u>	<u>1,100,878</u>	<u>1,189,407</u>

(Continued)

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

- 1) As of September 30, 2020, December 31, 2019 and September 30, 2019, the associate which the Group invested had a quoted market price as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Carrying value	<u>\$ 783,837</u>	<u>782,858</u>	<u>876,926</u>
Fair value	<u>\$ 1,577,875</u>	<u>1,771,876</u>	<u>2,179,435</u>

- 2) For the nine months ended September 30, 2020 and 2019, PharmaEngine, Inc. amortized stock compensation cost, exercised employee stock options, and repurchased and also cancelled the treasury stocks, which resulted in a change in the shareholding ratio, and such change was debit of \$488 thousand and \$10,541 thousand, respectively, to its capital reserve. For the nine months ended September 30, 2020 and 2019, the Group's shareholding ratio rose from 17.76% to 17.77% and 15.52% to 17.76%, respectively.

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

Associate	Nature of relationship	Country of registration	Equity ownership		
			September 30, 2020	December 31, 2019	September 30, 2019
PharmaEngine, Inc.	Research for new drugs and drug development especially for Asian diseases	Taiwan	17.77 %	17.76 %	17.76 %

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

- Summary financial information on PharmaEngine, Inc.

	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 3,561,847	3,578,332	3,657,387
Non-current assets	63,420	65,060	28,172
Current liabilities	(125,043)	(138,443)	(160,230)
Non-current liabilities	<u>(13,681)</u>	<u>(21,954)</u>	<u>(6,667)</u>
Net assets	<u>\$ 3,486,543</u>	<u>3,482,995</u>	<u>3,518,662</u>
Net assets attributable to non-controlling interests	<u>\$ 619,559</u>	<u>618,580</u>	<u>624,914</u>
Net assets attributable to investee owners	<u>\$ 2,866,984</u>	<u>2,864,415</u>	<u>2,893,748</u>

(Continued)

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Operating revenue	\$ <u>95,668</u>	<u>81,570</u>	<u>269,547</u>	<u>239,112</u>
Profit from continuing operations	\$ 18,386	23,673	81,592	79,509
Other comprehensive income (loss)	43	(126)	(476)	(196)
Total Comprehensive income	\$ <u>18,429</u>	<u>23,547</u>	<u>81,116</u>	<u>79,313</u>
Comprehensive income attributable to non-controlling interests	\$ <u>3,274</u>	<u>2,981</u>	<u>14,406</u>	<u>11,675</u>
Comprehensive income attributable to investee owners	\$ <u>15,155</u>	<u>20,566</u>	<u>66,710</u>	<u>67,638</u>

	For the nine months ended September 30,	
	2020	2019
Net assets attributable to the Group, January 1	\$ 618,580	573,462
Changes in capital surplus of associates	(488)	(10,541)
Comprehensive income attributable to the Group	14,406	11,675
Cash dividends received from associates	(12,939)	(22,870)
Addition of investments for the period	-	73,188
Net assets attributable to the Group, September 30	619,559	624,914
Add: Goodwill	164,278	164,278
Carrying amount of interest in associates, September 30	\$ <u>783,837</u>	<u>789,192</u>

(iii) Summary financial information on individually insignificant associates

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

	September 30, 2020	December 31, 2019	September 30, 2019
Carrying amount of individually insignificant associates' equity	\$ <u>325,977</u>	<u>318,020</u>	<u>400,215</u>

(Continued)

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Attributable to the Group:				
Profit from continuing operations	\$ 18,711	18,070	45,105	27,908
Other comprehensive (loss) income	(19,036)	(3,924)	(31,926)	15,599
Comprehensive income	<u>\$ (325)</u>	<u>14,146</u>	<u>13,179</u>	<u>43,507</u>

(iv) Collateral

As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group did not provide any investment accounted for using the equity method as collaterals.

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

Except for the investment of PharmaEngine, Inc., the other investments were accounted for by the equity method, the related share of profit or loss and other comprehensive income of those investments were recognized based on the financial statements that have not been reviewed.

(g) Business combination

As of December 31, 2019, the Group acquired shares of Chuang Yi Biotech Co., Ltd. (Chuang Yi) through public market for \$45,784 thousand, and participated in its capital increase for \$93,360 thousand, obtaining 15.47% of its shares in stages, resulting in the Group to acquire 43.01% shares of Chuang Yi and obtained control over it.

(i) Recognized amounts of assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Cash and cash equivalents	\$ 114,250
Accounts receivables and other receivables	106,438
Inventories	11,418
Refundable product rights – current	31,558
Property, plant, and equipment	2,118
Right-of-use assets	3,061
Intangible assets	3,886
Other assets	43,542
Long-term and short-term borrowings	(133,314)
Accounts payables and other payables	(27,221)
Refundable liabilities – current	(110,653)
Other liabilities	(5,701)
Total identifiable net assets acquired	<u>\$ 39,382</u>

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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(ii) Goodwill

Goodwill arising from the acquisition has been recognized as follows.

Consideration transferred	\$ 93,360
Add: non-controlling in the acquiree, if any (proportionate share of the fair value of the identifiable net assets)	22,444
Add: fair value of pre-existing interest in Chuang Yi	6,264
Less: fair value of identifiable net assets	<u>(39,382)</u>
Goodwill	<u><u>\$ 82,686</u></u>
Less: impairment loss	<u>(82,686)</u>
Book value at December 31, 2019	<u><u>\$ -</u></u>

Goodwill comes from the products' expected selling value of Chuang Yi and the ability to broaden its channels, which are expected to generate synergy in the integration of Chuang Yi and the Group. However, in February 2020, Belviq, the product which Chuang Yi sells, was considered to have a higher risk of getting cancer, according to the result of a clinical trial conducted by Food and Drug Administration in the U.S. Therefore, Eisai, the vendor of the drug, recalled its public trading permission in the U.S. The Food and Drug Administration in Taiwan (TFDA) also required Chuang Yi to cease the sales of the product and reevaluate the safety of the drug, resulting in the Group to recognize an impairment on the goodwill.

(iii) Due to cessation of the sales of the product, Belviq, the Group already adjusted the related assets, liabilities and income (loss) in its consolidated financial statements. For the further information, please refer to Note 11 of the consolidated financial statements for the year ended December 31, 2019. Adjustments according to actual situation were as follows:

1) Inventories

As of December 31, 2019, the Group held the inventory of Belviq with carrying amount of \$168,990 thousand, wherein the Group was entitled to an estimated refund of \$84,495 thousand from Eisai. Thus, the Group recognized as purchase returns and provision on inventory market price declined each amounting to \$84,495 thousand. For the nine months ended September 30, 2020, the Group disposed the inventory of Belviq and wrote off the related provision amounting to \$84,495 thousand. Please refer to Note 6(e) for information on inventories.

2) Refundable product rights (Listed in other current assets)

On February 14, 2019, Chuang Yi launched a plan to recall Belviq in accordance with Rule No. 1091401400 issued by TFDA. Chuang Yi estimated refundable product rights from the end consumers based on the quantity and amount of the product sold to pharmacies, clinics, other channels and distributors, and the number of days after the prescription. As of December 31, 2019, the expected cost of recalling the inventories was estimated for \$62,311 thousand as refundable product rights, and also adjusted the operating cost amounting to \$31,155 thousand.

(Continued)

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

As of September 30, 2020, the actual cost of recalling the inventories was \$64,663 thousand, and the estimated difference had been recognized as current operating cost. Please refer to Note 6(j) for information on other current assets.

3) Other receivables

In the period between the Belviq being recalled and signing the settlement with Eisai, the Group held the inventory of Belviq with carrying amount \$233,653 thousand, including the refundable product rights \$64,663 thousand. The Group was entitled to an estimated refund of \$115,923 thousand from Eisai, which was recognized as other receivables. As of September 30, 2020, the receivables were collected.

4) Refundable liabilities

As of December 31, 2019, Chuang Yi was expected to pay the aforementioned customers \$133,823 thousand to be offset against the carrying amount of accounts receivable \$44,828 thousand, which resulted in the refundable liability of \$88,995 thousand, Chuang Yi recognized it as other current liabilities.

As of September 30, 2020, the refund to the customer was \$75,242 thousand, and Chuang Yi recognized the estimated difference as current operating sales.

5) Intangible assets

The patent of Belviq was a cash generating unit, and its recoverable amount was estimated based on its value-in-use. Since the product is no longer sold in the market and its related patent will not have any future economic benefits, Chuang Yi recognized an impairment loss of \$63,390 thousand on December 31, 2019.

6) Other payables

As of December 31, 2019, Chuang Yi estimated the recalling expense of Belviq was \$4,000 thousand, and recognized it as other payables.

For the nine month ended September 30, 2020, Chuang Yi paid the recalling expense of Belviq amounting to \$4,372 thousand, and the estimated difference was recognized as current operating expense.

On July 16, 2020, the drug license of Belviq (Rule No. 027218) had been abolished in accordance with Rule No. 1091405749 issued by TFDA and the relevant provisions of the Pharmaceutical Affairs Law.

On September 3, 2020, Chuang Yi and Eisai signed a settlement, Eisai committed to compensate the recalling expense and the cost of inventories. On September 30, 2020, Chuang Yi received the compensation, and wrote off the related other receivables. For the remaining balance amounting to \$75,761 thousand, Chuang Yi recognized it as compensation income. Please refer to Note 6(s).

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

(h) Material non-controlling interests of subsidiaries

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

<u>Subsidiary</u>	<u>Country of registration</u>	<u>Ownership and voting rights ratio</u>		
		<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
TSH Biopharm Co., Ltd.	Taiwan	56.48 %	56.48 %	56.48 %
EnhancX Biopharm Inc.	Taiwan	50.00 %	50.00 %	50.00 %
Chuang Yi Biotech Co., Ltd.	Taiwan	43.01 %	43.01 %	- %

On June 29, 2020, a resolution was decided by the board of directors meeting that the Company will participate in the capital increase of its subsidiary, Chuang Yi, to acquire 6,364 thousand shares of Chuang Yi with the authorization fee of the distribution contract. The Company's shareholding ratio in Chuang Yi will increase from 43.01% to 52.94%. The legal procedures have yet to be completed.

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

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current assets	\$ 885,550	885,884	839,312
Non-current assets	322,769	376,788	411,032
Current liabilities	(99,632)	(138,792)	(119,478)
Non-current liabilities	-	-	(1,061)
Net assets	<u>\$ 1,108,687</u>	<u>1,123,880</u>	<u>1,129,805</u>
Net assets attributable to non-controlling interest	<u>\$ 482,377</u>	<u>489,032</u>	<u>491,470</u>

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Operating revenue	<u>\$ 100,252</u>	<u>131,404</u>	<u>322,991</u>	<u>388,398</u>
Profit	\$ 18,602	45,524	50,022	79,214
Other comprehensive (loss) income	(11,096)	(10,208)	3,901	(8,853)
Comprehensive income	<u>\$ 7,506</u>	<u>35,316</u>	<u>53,923</u>	<u>70,361</u>
Profit attributable to non-controlling interest	<u>\$ 8,023</u>	<u>19,697</u>	<u>21,727</u>	<u>34,336</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 3,194</u>	<u>15,255</u>	<u>23,425</u>	<u>30,483</u>

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

	For the nine months ended September 30,	
	2020	2019
Cash flows from operating activities	\$ 6,461	82,656
Cash flows from (used in) investing activities	183,283	(7,702)
Cash flows used in financing activities	(72,294)	(64,752)
Net increase in cash	\$ 117,450	10,202

(ii) Summary financial information on EnhanX Biopharm Inc.

	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 46,715	57,248	66,898
Non-current assets	109,474	119,799	112,602
Current liabilities	(1,681)	(2,560)	(3,296)
Non-current liabilities	(119)	(119)	-
Net assets	\$ 154,389	174,368	176,204
Net assets attributable to non-controlling interests	\$ 77,194	87,184	88,102

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Operating revenue	\$ -	-	-	-
Loss	(6,467)	(10,438)	(20,021)	(24,087)
Other comprehensive income (loss)	71	(134)	42	(134)
Comprehensive loss	\$ (6,396)	(10,572)	(19,979)	(24,221)
Loss attributable to non-controlling interest	\$ (3,234)	(5,219)	(10,011)	(12,044)
Comprehensive loss attributable to non-controlling interest	\$ (3,199)	(5,286)	(9,990)	(12,111)

	For the nine months ended September 30,	
	2020	2019
Cash flows used in operating activities	\$ (20,141)	(15,656)
Net decrease in cash	\$ (20,141)	(15,656)

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

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

	September 30, 2020	December 31, 2019
Current assets	\$ 298,786	301,549
Non-current assets	74,183	14,722
Current liabilities	(245,275)	(260,576)
Non-current liabilities	(32,682)	(16,313)
Net assets	<u>\$ 95,012</u>	<u>39,382</u>
Net assets attributable to non-controlling interests	<u>\$ 54,147</u>	<u>22,444</u>
	For the three months ended	For the nine months ended
	September 30, 2020	September 30, 2020
Operating revenue	<u>\$ 25,214</u>	<u>73,256</u>
Profit	\$ 63,334	55,723
Other comprehensive loss	(7)	(93)
Comprehensive income	<u>\$ 63,327</u>	<u>55,630</u>
Profit attributable to non-controlling interest	<u>\$ 36,094</u>	<u>31,756</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 36,090</u>	<u>31,703</u>
		For the nine months ended
		September 30, 2020
Cash flows from operating activities		\$ 77,025
Cash flows used in investing activities		(229)
Cash flows from financing activities		24,038
Effect of exchange rates changes on cash and cash equivalents		(90)
Net increase in cash		<u>\$ 100,744</u>

(i) Property, plant and equipment

	Land	Building and construction	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Cost:								
Balance on January 1, 2020	\$ 816,169	1,316,857	674,001	5,938	491,997	10,589	149,785	3,465,336
Additions	117,345	11,088	2,344	-	13,301	-	4,093	148,171
Disposals	-	(1,827)	(2,476)	(154)	(2,796)	-	-	(7,253)
Reclassification	(30,617)	(13,522)	96	-	2,264	-	200,238	158,459
Adjustment for foreign currency translation	-	-	(4)	-	-	2	-	(2)
Balance on September 30, 2020	<u>\$ 902,897</u>	<u>1,312,596</u>	<u>673,961</u>	<u>5,784</u>	<u>504,766</u>	<u>10,591</u>	<u>354,116</u>	<u>3,764,711</u>

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

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Balance on January 1, 2019	\$ 816,169	1,312,651	671,995	5,755	461,807	7,076	148,911	3,424,364
Additions	-	3,286	4,401	183	10,549	-	981	19,400
Disposals	-	(1,546)	(939)	(819)	(2,599)	-	-	(5,903)
Reclassification	-	(679)	1,285	819	2,430	-	(3,485)	370
Adjustment for foreign currency translation	-	180	-	-	(30)	3	-	153
Balance on September 30, 2019	<u>\$ 816,169</u>	<u>1,313,892</u>	<u>676,742</u>	<u>5,938</u>	<u>472,157</u>	<u>7,079</u>	<u>146,407</u>	<u>3,438,384</u>
Accumulated depreciation:								
Balance on January 1, 2020	\$ -	377,556	345,217	3,601	337,164	7,521	-	1,071,059
Depreciation	-	47,877	29,177	752	23,206	924	-	101,936
Disposals	-	(1,827)	(2,449)	(134)	(2,572)	-	-	(6,982)
Reclassification	-	(6,279)	-	-	-	-	-	(6,279)
Adjustment for foreign currency translation	-	-	(1)	-	4	2	-	5
Balance on September 30, 2020	<u>\$ -</u>	<u>417,327</u>	<u>371,944</u>	<u>4,219</u>	<u>357,802</u>	<u>8,447</u>	<u>-</u>	<u>1,159,739</u>
Balance on January 1, 2019	\$ -	317,892	315,588	2,606	309,848	4,099	-	950,033
Depreciation	-	50,970	27,092	929	22,302	531	-	101,824
Disposals	-	(1,546)	(939)	(187)	(2,382)	-	-	(5,054)
Reclassification	-	(815)	-	-	-	-	-	(815)
Adjustment for foreign currency translation	-	9	-	-	(29)	3	-	(17)
Balance on September 30, 2019	<u>\$ -</u>	<u>366,510</u>	<u>341,741</u>	<u>3,348</u>	<u>329,739</u>	<u>4,633</u>	<u>-</u>	<u>1,045,971</u>
Carrying value:								
Balance on January 1, 2020	<u>\$ 816,169</u>	<u>939,301</u>	<u>328,784</u>	<u>2,337</u>	<u>154,833</u>	<u>3,068</u>	<u>149,785</u>	<u>2,394,277</u>
Balance on September 30, 2020	<u>\$ 902,897</u>	<u>895,269</u>	<u>302,017</u>	<u>1,565</u>	<u>146,964</u>	<u>2,144</u>	<u>354,116</u>	<u>2,604,972</u>
Balance on January 1, 2019	<u>\$ 816,169</u>	<u>994,759</u>	<u>356,407</u>	<u>3,149</u>	<u>151,959</u>	<u>2,977</u>	<u>148,911</u>	<u>2,474,331</u>
Balance on September 30, 2019	<u>\$ 816,169</u>	<u>947,382</u>	<u>335,001</u>	<u>2,590</u>	<u>142,418</u>	<u>2,446</u>	<u>146,407</u>	<u>2,392,413</u>

(i) Collateral

As of September 30, 2020, December 31, 2019 and September 30, 2019, the property, plant and equipment were not pledged as collateral.

(ii) Construction in progress

As of the reporting date, construction in progress has incurred expenditure amounted to \$354,116 thousand, and there were no capitalized loan cost for the nine months ended September 30, 2020 and 2019.

(iii) As of September 30, 2020, December 31, 2019 and September 30, 2019, the carrying value of right-of-use assets amounted to \$7,008 thousand, \$4,178 thousand and \$5,119 thousand, respectively, which were recognized as "Building and construction" and "Transportation equipment".

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

(j) Other financial assets and other assets

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

	September 30, 2020	December 31, 2019	September 30, 2019
Other current financial assets	\$ 266,668	332,889	428,750
Other non-current financial assets	152,155	158,363	153,505
Long-term prepayments	16,237	7,935	43,366
Others	<u>7,246</u>	<u>45,927</u>	<u>10,996</u>
	<u>\$ 442,306</u>	<u>545,114</u>	<u>636,617</u>

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

(k) Short-term borrowings

The short-term borrowings were summarized as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Secured bank loans	\$ 68,070	111,070	-
Unsecured bank loans	<u>2,000,000</u>	<u>1,450,000</u>	<u>1,750,000</u>
	<u>\$ 2,068,070</u>	<u>1,561,070</u>	<u>1,750,000</u>
Unused credit line	<u>\$ 1,029,733</u>	<u>1,117,021</u>	<u>1,197,461</u>
Range of interest rates	<u>0.77%~2.00%</u>	<u>0.86%~1.80%</u>	<u>0.88%~0.98%</u>

- (i) For the nine months ended June 30, 2020 and 2019, the Group proceeded from short-term borrowings amounting to \$4,270,000 thousand with an interest rate of 0.77%~2.00% and \$3,600,000 thousand with an interest rate of 0.88%~0.98%, respectively; the repayment amounted to \$3,763,000 thousand and \$3,000,000 thousand, respectively. Please refer to Note 6(s) for disclosure of interest expense.
- (ii) Please refer to Note 6(t) for interest and credit risk exposure.
- (iii) Please refer to Note 8 for the collateral for short-term borrowings.

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

(l) Long-term borrowings

The long-term borrowings were summarized as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Secured bank loans	\$ 32,682	16,313	-
Unsecured bank loans	400,000	355,931	350,000
Less: Current portion	(16,467)	(355,931)	(350,000)
Total	<u>\$ 416,215</u>	<u>16,313</u>	<u>-</u>
Unused long-term credit line	<u>\$ 300,000</u>	<u>450,000</u>	<u>450,000</u>
Range of interest rates	<u>0.989%~1.945%</u>	<u>1.146%~1.700%</u>	<u>1.140%~1.180%</u>

There were no significant issues, repurchases and repayments of long-term borrowings for the nine months ended September 30, 2020 and 2019. Please refer to Note 6(s) for related disclosure of interest expense, Note 6(t) for related risk exposure information and Note 8 for the collateral for long-term borrowings.

(m) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2019 and 2018.

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Operating cost	\$ 93	134	280	402
Selling expenses	88	125	263	374
Administrative expenses	44	64	133	191
Research and development expenses	59	83	177	249
Total	<u>\$ 284</u>	<u>406</u>	<u>853</u>	<u>1,216</u>

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

(ii) Defined contributions plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months and nine months ended September 30, 2020 and 2019, were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Operating cost	\$ 2,493	2,137	8,321	6,350
Selling expenses	3,546	2,139	10,005	6,394
Administrative expenses	1,742	1,252	5,112	3,620
Research and development expenses	1,430	1,423	4,753	4,280
Total	<u>\$ 9,211</u>	<u>6,951</u>	<u>28,191</u>	<u>20,644</u>

(n) Income Tax

(i) Income tax expense

The components of income tax for the three months and nine months ended September 30, 2020 and 2019 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Current tax expense				
Current period	\$ 52,607	78,197	164,354	217,960
Adjustment for prior periods	641	13	641	13
Additional Surtax on Undistributed Retained Earnings	-	-	-	9,611
Income tax expense from continuing operations	<u>\$ 53,248</u>	<u>78,210</u>	<u>164,995</u>	<u>227,584</u>

(ii) Status of approval on income tax

The Company's income tax return for the year 2017 has been examined by the tax authorities, wherein the year 2016 has not been examined.

(Continued)

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

(o) Capital and other equity

There was no significant change for capital and other equity for the nine months ended September 30, 2020 and 2019. For other related information, please refer to Note 6(s) of the consolidated financial statements for the year ended December 31, 2019.

(i) Capital surplus

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

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Share capital	\$ 484	484	484
Long term investment	<u>337,542</u>	<u>338,030</u>	<u>337,794</u>
	<u>\$ 338,026</u>	<u>338,514</u>	<u>338,278</u>

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

(ii) Retained earnings

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

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

1) Legal reserve

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

(Continued)

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

2) Special reserve

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

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

In accordance with the aforesaid Rule, a special reserve is set aside from the current year's net income after tax and prior year's undistributed earnings at an amount equal to the debit balance of contra accounts in shareholders' equity. When the debit balance of any of these contra accounts in shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of contra accounts in shareholder's equity shall qualify for additional distributions. As of September 30, 2020 and 2019, the special reserve appropriated from the undistributed earnings both amounted to \$110,154 thousand.

3) Earnings distribution

On June 12, 2020 and June 25, 2019, the general meeting of shareholders resolved to appropriate 2019 and 2018 earnings, respectively. The appropriation and dividends per share were as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Amount per share (dollars)</u>	<u>Amount</u>	<u>Amount per share (dollars)</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ 4.00	<u>994,599</u>	4.50	<u>1,118,925</u>

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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(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 on January 1, 2020	\$ (80,724)	120,859	40,135
Exchange differences on foreign operations	(70,874)	-	(70,874)
Exchange differences of associates accounted for using the equity method	(85)	-	(85)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	17,338	17,338
Unrealized losses from financial assets measured at fair value through other comprehensive income, associates accounted for using the equity method	-	(6,112)	(6,112)
Disposal of investments in equity instruments designated at fair value through other comprehensive income reclassified to retained earning	-	(100,987)	(100,987)
Balance on September 30, 2020	<u>\$ (151,683)</u>	<u>31,098</u>	<u>(120,585)</u>
Balance on January 1, 2019	\$ (56,694)	103,515	46,821
Exchange differences on foreign operations	22,982	-	22,982
Exchange differences of associates accounted for using the equity method	(74)	-	(74)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(8,357)	(8,357)
Unrealized gains from financial assets measured at fair value through other comprehensive income, associates accounted for using the equity method	-	(1,702)	(1,702)
Balance on September 30, 2019	<u>\$ (33,786)</u>	<u>93,456</u>	<u>59,670</u>

(iv) Non-controlling interests

	For the nine months ended September 30,	
	2020	2019
Balance on January 1	\$ 598,428	587,592
Attributable to non-controlling interests:		
Profit	44,120	22,490
Exchange differences on translation in foreign operations	(48)	(79)
Unrealized gains (loss) on financial assets	1,699	(3,850)
Cash dividend distributed	(30,079)	(26,737)
Balance on September 30	<u>\$ 614,120</u>	<u>579,416</u>

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(p) Earnings per share

For the three months and nine months ended September 30, 2020 and 2019, the Company's earnings per share was calculated as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Basic earnings per share				
Profit attributable to ordinary shareholders of the company	\$ <u>222,433</u>	<u>316,304</u>	<u>661,564</u>	<u>868,948</u>
Weighted average number of ordinary shares	<u>248,650</u>	<u>248,650</u>	<u>248,650</u>	<u>248,650</u>
	<u>\$ 0.89</u>	<u>1.27</u>	<u>2.66</u>	<u>3.49</u>
Diluted earnings per share				
Profit attributable to ordinary shareholders of the company (diluted)	\$ <u>222,433</u>	<u>316,304</u>	<u>661,564</u>	<u>868,948</u>
Weighted average number of ordinary shares	248,650	248,650	248,650	248,650
Effect of employees' compensation	188	74	287	300
Weighted average number of ordinary shares (diluted)	<u>248,838</u>	<u>248,724</u>	<u>248,937</u>	<u>248,950</u>
	<u>\$ 0.89</u>	<u>1.27</u>	<u>2.66</u>	<u>3.49</u>

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2020					
	Oncology Business Unit	Health Care Unit	Anti- Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	Other Segment	Total
Primary geographical markets:						
Taiwan	\$ 560,628	64,413	221,599	99,832	26,930	973,402
Europe	4,037	-	-	-	-	4,037
Other countries	43,946	-	-	-	3,054	47,000
	<u>\$ 608,611</u>	<u>64,413</u>	<u>221,599</u>	<u>99,832</u>	<u>29,984</u>	<u>1,024,439</u>
Major products/services lines:						
Medicine and functional food	\$ 603,535	64,413	221,599	99,832	28,269	1,017,648
Services	4,886	-	-	-	1,715	6,601
Royalty	190	-	-	-	-	190
	<u>\$ 608,611</u>	<u>64,413</u>	<u>221,599</u>	<u>99,832</u>	<u>29,984</u>	<u>1,024,439</u>

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

For the three months ended September 30, 2019						
	Oncology Business Unit	Health Care Unit	Anti- Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	Other Segment	Total
Primary geographical markets:						
Taiwan	\$ 580,773	57,248	195,216	128,338	1,309	962,884
Europe	119,629	-	-	-	-	119,629
Other countries	51,918	9,481	388	2,317	3,202	67,306
	<u>\$ 752,320</u>	<u>66,729</u>	<u>195,604</u>	<u>130,655</u>	<u>4,511</u>	<u>1,149,819</u>
Major products/services lines:						
Medicine and functional food	\$ 737,285	66,729	195,604	120,928	3,202	1,123,748
Services	15,035	-	-	9,727	1,309	26,071
	<u>\$ 752,320</u>	<u>66,729</u>	<u>195,604</u>	<u>130,655</u>	<u>4,511</u>	<u>1,149,819</u>
For the nine months ended September 30, 2020						
	Oncology Business Unit	Health Care Unit	Anti- Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	Other Segment	Total
Primary geographical markets:						
Taiwan	\$ 1,631,288	150,292	620,161	321,481	77,509	2,800,731
Europe	12,199	-	-	-	-	12,199
Other countries	194,209	-	2,557	-	9,309	206,075
	<u>\$ 1,837,696</u>	<u>150,292</u>	<u>622,718</u>	<u>321,481</u>	<u>86,818</u>	<u>3,019,005</u>
Major products/services lines:						
Medicine and functional food	\$ 1,820,795	150,292	621,150	321,294	82,437	2,995,968
Services	15,367	-	1,568	187	4,381	21,503
Royalty	1,534	-	-	-	-	1,534
	<u>\$ 1,837,696</u>	<u>150,292</u>	<u>622,718</u>	<u>321,481</u>	<u>86,818</u>	<u>3,019,005</u>
For the nine months ended September 30, 2019						
	Oncology Business Unit	Health Care Unit	Anti- Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	Other Segment	Total
Primary geographical markets:						
Taiwan	\$ 1,661,089	161,650	590,519	383,171	6,414	2,802,843
Europe	351,271	-	-	-	-	351,271
Other countries	168,325	20,011	388	4,478	8,028	201,230
	<u>\$ 2,180,685</u>	<u>181,661</u>	<u>590,907</u>	<u>387,649</u>	<u>14,442</u>	<u>3,355,344</u>
Major products/services lines:						
Medicine and functional food	\$ 2,161,293	181,661	590,907	356,890	8,028	3,298,779
Services	19,392	-	-	30,759	6,414	56,565
	<u>\$ 2,180,685</u>	<u>181,661</u>	<u>590,907</u>	<u>387,649</u>	<u>14,442</u>	<u>3,355,344</u>

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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(ii) Contract balances

	September 30, 2020	December 31, 2019	September 30, 2019
Contract liability	\$ <u>14,758</u>	<u>16,678</u>	<u>8,881</u>

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

The amount of revenue recognized for the nine months ended September 30, 2020 and 2019 that were included in the contract liability at the beginning of the period were \$9,294 thousand and \$4,593 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. Employees who are entitled to receive the above mentioned employee remuneration, in share or cash, include the employees of the Company's subsidiaries who meet certain specific requirements.

For the three months and nine months ended September 30, 2020 and 2019, the Company accrued and recognized its employee remuneration amounting to \$4,233 thousand, \$5,854 thousand, \$12,504 thousand and \$16,553 thousand, respectively, as well as its remuneration to directors amounting to \$2,822 thousand, \$3,902 thousand, \$8,336 thousand and \$11,035 thousand, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and recognized under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year.

For the years ended December 31, 2019 and 2018, the Company accrued and recognized its employee remuneration amounting to \$23,195 thousand and \$23,893 thousand, respectively, and its remuneration to directors each amounting to \$14,950 thousand. The related information can be accessed from the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2019 and 2018.

(s) Non-operating income and expenses

(i) Interest income

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Interest income from bank deposits	\$ <u>1,704</u>	<u>9,685</u>	<u>13,172</u>	<u>30,371</u>

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(ii) Other income

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Rent income	\$ 2,339	2,634	11,260	8,723
Compensation income (Note 6(g))	75,761	-	75,761	-
Other income, others	2,756	-	2,756	-
	<u>\$ 80,856</u>	<u>2,634</u>	<u>89,777</u>	<u>8,723</u>

(iii) Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Losses on disposal of property, plant and equipment	\$ (243)	(622)	(258)	(830)
Gains on disposals of investments	-	-	1,707	-
Dividend income	6,360	6,112	6,420	6,250
Foreign exchange (losses) gains	(4,765)	1,763	(9,295)	5,133
Gains (Losses) on financial assets at fair value through profit or loss	-	42	(1,558)	513
Other gains and losses	(1,717)	32,930	10,930	54,917
	<u>\$ (365)</u>	<u>40,225</u>	<u>7,946</u>	<u>65,983</u>

(iv) Finance costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Interest expenses	\$ 4,689	3,760	13,698	10,236

(t) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to Note 6(y) of the consolidated financial statements for the year ended December 31, 2019.

(i) Credit risk

For credit risk exposure of notes and accounts receivable, please refer to Note 6(d).

For the information of financial assets measured at amortized cost which includes other receivables and time deposit, please refer to Note 6(j). All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. In regard to how the financial instruments are considered to have low credit risk, please refer to Note 4(g) of the consolidated financial statements for the year ended December 31, 2019.

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>
September 30, 2020					
Non-derivative financial liabilities					
Bank loans	\$ 2,500,752	2,512,305	2,092,578	419,727	-
Non-interest-bearing liabilities (including related parties)	582,194	582,194	582,194	-	-
Guarantee deposits received	<u>2,427</u>	<u>2,427</u>	<u>2,427</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,085,373</u>	<u>3,096,926</u>	<u>2,677,199</u>	<u>419,727</u>	<u>-</u>
December 31, 2019					
Non-derivative financial liabilities					
Bank loans	\$ 1,933,314	1,937,249	1,920,550	12,524	4,175
Non-interest-bearing liabilities (including related parties)	756,046	756,046	756,046	-	-
Guarantee deposits received	<u>2,428</u>	<u>2,428</u>	<u>2,428</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,691,788</u>	<u>2,695,723</u>	<u>2,679,024</u>	<u>12,524</u>	<u>4,175</u>
September 30, 2019					
Non-derivative financial liabilities					
Bank loans	\$ 2,100,000	2,104,851	2,104,851	-	-
Non-interest-bearing liabilities (including related parties)	666,533	666,533	666,533	-	-
Guarantee deposits received	<u>2,951</u>	<u>2,951</u>	<u>2,951</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,769,484</u>	<u>2,774,335</u>	<u>2,774,335</u>	<u>-</u>	<u>-</u>

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

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

(iii) Market risk

1) Currency risk

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

	September 30, 2020			December 31, 2019			September 30, 2019		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 14,862	29.10	432,484	18,311	29.98	548,964	16,649	31.04	516,785
CNY	6,629	4.27	28,299	6,530	4.31	28,112	6,216	4.35	27,040
JPY	91,318	0.28	25,167	124,946	0.27	34,346	67,320	0.29	19,286
EUR	311	34.15	10,621	1,598	33.59	53,677	1,882	33.95	63,894
<u>Nonmonetary items</u>									
USD	48,039	29.10	1,397,944	47,993	29.98	1,438,824	47,626	31.04	1,478,305
CNY	51,116	4.27	218,215	51,489	4.31	221,659	52,790	4.35	229,637
THB	294,947	0.92	272,590	265,077	1.01	267,728	260,430	1.02	265,769

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

A strengthening (weakening) of 1% of the NTD against the USD, CNY, JPY and EUR as of September 30, 2020 and 2019 would have increased (decreased) the net profit after tax by \$3,973 thousand and \$5,016 thousand, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the nine months ended September 30, 2020 and 2019, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(9,295) thousand and \$5,133 thousand, respectively.

2) Interest rate analysis

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

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

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

If the interest rate had increased/decreased by 0.25%, the Group's after-tax net income would have decreased/increased by \$2,447 thousand and \$937 thousand for the nine months ended September 30, 2020 and 2019, respectively with all other variable factors remaining constant.

3) Other market value risk

For the nine months ended September 30, 2020 and 2019, 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:

	For the nine months ended September 30,			
	2020		2019	
	Other Comprehensive income after tax	Net income	Other Comprehensive income after tax	Net income
Prices of securities at the reporting date	\$			
Increasing 10%	<u>34,613</u>	<u>-</u>	<u>49,280</u>	<u>601</u>
Decreasing 10%	<u>(34,613)</u>	<u>-</u>	<u>(49,280)</u>	<u>(601)</u>

(iv) Fair value of financial instruments

1) Fair value hierarchy

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 lease liabilities, disclosure of fair value information is not required:

	September 30, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic stock in listed company at Stock Exchange	\$ 177,090	177,090	-	-	177,090
Domestic stock in listed company at Taipei Exchange	66,717	66,717	-	-	66,717
Domestic stock in listed company at emerging stock market	53,048	53,048	-	-	53,048
International stock	<u>49,271</u>	<u>-</u>	<u>-</u>	<u>49,271</u>	<u>49,271</u>
subtotal	<u>346,126</u>	<u>296,855</u>	<u>-</u>	<u>49,271</u>	<u>346,126</u>

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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	September 30, 2019				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,287,051	-	-	-	-
Notes receivable and accounts receivable (including related party)	1,130,133	-	-	-	-
Other receivables (including related party)	72,528	-	-	-	-
Other financial assets	582,255	-	-	-	-
Cash surrender value of life insurance	13,357	-	-	-	-
Refundable deposits paid	27,908	-	-	-	-
subtotal	<u>4,113,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,612,041</u>	<u>449,538</u>	<u>-</u>	<u>49,271</u>	<u>498,809</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 2,100,000	-	-	-	-
Notes payable and accounts payable (including related party)	213,213	-	-	-	-
Other payables (including related party)	453,320	-	-	-	-
Guarantee deposit received	2,951	-	-	-	-
Total	<u>\$ 2,769,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Fair value hierarchy

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

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

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

4) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

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

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

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

5) Transfer between levels

There was no change in valuation techniques for financial instruments measured at fair value for the nine months ended in September 30, 2020 and 2019, so there was no transfer between levels.

6) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance at January 1, 2020	\$ <u>49,271</u>
Balance at September 30, 2020	\$ <u>49,271</u>
Balance at January 1, 2019	\$ -
Purchase	<u>49,271</u>
Balance at September 30, 2019	\$ <u>49,271</u>

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

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

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through other comprehensive income - equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> ·Weighted average cost of capital (On September 30, 2020 and December 31, 2019 were both 14.27%) ·Discount for lack of market liquidity (On September 30, 2020 and December 31, 2019 were both 20.6%) 	·The higher the weighted average cost of capital and 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 valuation models and assumptions used to measure the fair value of financial instruments are reasonable. However, the use of different valuation models or assumptions may result in different measurements. The following is the effect of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used in valuation models have changed:

	<u>Input</u>	<u>Change</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
September 30, 2020				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	646	(646)
December 31, 2019				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	646	(646)

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.

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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(u) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(z) of the consolidated financial statements for the year ended December 31, 2019.

(v) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2019. Also, there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2019. Please refer to Note 6(aa) of the consolidated financial statements for the year ended December 31, 2019 for further details.

(7) Related-party transactions:

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
American Taiwan Biopharm (Thailand)	An associate
Chuang Yi Biotech Co., Ltd.	An associate (Note)
Shangta Pharmaceutical Co., Ltd.	Other related party
Chun-Hui, Chang	Other related party

Note: As of December 31, 2019, the Group obtained control over Chuang Yi Biotech Co., Ltd. and listed it as a subsidiary of the Group. Before that date, Chuang Yi Biotech Co., Ltd. was an associate of the Group.

(b) Significant transactions with related parties

(i) Sales revenue

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

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Associates	\$ 6,389	26,033	46,278	62,964
Other related parties	121	-	348	-
	<u>\$ 6,510</u>	<u>26,033</u>	<u>46,626</u>	<u>62,964</u>

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

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(ii) Purchase

The amounts of significant purchases by the Group from related parties were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Associates	\$ -	2,971	-	6,147

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms are Net 30 days, which were no different from the payment terms given by other vendors.

(iii) Rent income

The Group's rent income for related party was as follows:

<u>Recognized item</u>	<u>Category</u>	For the three months ended		For the nine months ended	
		September 30,		September 30,	
		2020	2019	2020	2019
Rent income	Associate	\$ -	783	-	2,349

The rentals charged to related parties are determined based on the local market prices.

(iv) Other gains

<u>Recognized item</u>	<u>Category</u>	For the three months ended		For the nine months ended	
		September 30,		September 30,	
		2020	2019	2020	2019
Other gains	Associates	\$ -	252	-	643
	Associate-American Taiwan Biopharm (Thailand)	3,095	3,194	9,447	9,414
		<u>\$ 3,095</u>	<u>3,446</u>	<u>9,447</u>	<u>10,057</u>

The credit term for other gains from development in the pharmaceutical industry is three months.

(c) Assets and liabilities with related parties

<u>Recognized item</u>	<u>Category</u>	September 30,	December 31,	September 30,
		2020	2019	2019
Notes receivable	Associates	\$ -	-	645
Accounts receivable	Associates	\$ 5,929	27,668	23,585
	Other related parties	41	110	-
		<u>\$ 5,970</u>	<u>27,778</u>	<u>23,585</u>

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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<u>Recognized item</u>	<u>Category</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Other receivables	Associate-American Taiwan Biopharm (Thailand)	\$ 3,503	16,481	17,376
	Associates	-	-	338
	Other related parties	-	826	-
Other receivables-loans to associates	Associates-Chuang Yi Biotech Co., Ltd.	-	-	50,000
		<u>\$ 3,503</u>	<u>17,307</u>	<u>67,714</u>
Notes and accounts payables	Associates	<u>\$ -</u>	<u>-</u>	<u>3,135</u>
Other payables	Other related parties	<u>\$ 6,640</u>	<u>-</u>	<u>-</u>

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

(d) Key management personnel compensation

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Salaries and other short-term employee benefits	\$ 17,743	22,041	63,993	68,963
Post-employment benefits	277	310	940	920
	<u>\$ 18,020</u>	<u>22,351</u>	<u>64,933</u>	<u>69,883</u>

(8) Collateral:

The carrying amounts of collateral were as follows:

<u>Asset</u>	<u>Purpose of pledge</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Other current and non-current asset-reserve account	Bank loan	\$ 21,129	29,126	-
Other financial assets-non-current	Guarantee for provision attachment	149,380	149,380	149,380
		<u>\$ 170,509</u>	<u>178,506</u>	<u>149,380</u>

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

(9) Commitments and contingencies:

- (a) As of September 30, 2020, December 31, 2019 and September 30, 2019, due to the purchase of equipment, construction engineering, and entrusted research, the total price of unfinished contracts amounted to \$555,718 thousand, \$548,721 thousand and \$625,907 thousand, and the unpaid amount was \$157,579 thousand, \$161,866 thousand and \$176,269 thousand, respectively.
- (b) As of September 30, 2020, December 31, 2019 and September 30, 2019, the financial institutions provide guarantee for the sale of medicine amounted to \$70,267 thousand, \$92,983 thousand and \$52,539 thousand, respectively.
- (c) In June 2015, the Taiwan Taipei District Prosecutors Office (TTDPO) filed a charge against the ex-chairman of the Company, Rong-Jin Lin (Mr. Lin), for the offense of aggravated breach of trust under the Securities and Exchange Act. According to the verdict rendered by the Taipei District Court on September 1, 2017, Mr. Lin was found guilty for violating the Securities and Exchange Act. However, Mr. Lin disagreed with the decision made by the Taipei District Court; therefore, appealed to the Taiwan High Court. On the other hand, on April 23, 2018, the TTDPO requested the Taiwan High Court to review both cases of Mr. Lin' s offense concerning the aggravated breach of trust under the Securities and Exchange Act, and the dispute on the contract entered into by the Company and Center Laboratories, Inc. regarding the drug called "Risperdone". However, on May 27, 2020, the Taiwan High Court rejected the above request, and such case regarding the drug called " Risperidone" was rejected by Taiwan High Court and further investigated by TTDPO. Consequently, it also acquitted Mr. Lin on the case with regards to the aggravated breach of trust, wherein Taiwan High Prosecutors Office was dissatisfied with the verdict, hence, further appealed to the Taiwan Supreme Court. On September 29,2020, TTDPO requested the Taiwan Supreme Court to review both cases of Mr. Lin' s offense concerning the aggravated breach of trust under the Securities and Exchange Act, and the dispute on the contract entered into by the Company and Center Laboratories, Inc. regarding the drug called " Risperdone". On September 6, 2017, the relevant incidental civil action was later transferred to the civil court for further trial as a different case. As of June 29, 2018, the Company supplemented and raised the amount of its damage claim against Mr. Lin in the incidental civil action of the second appeal, which was also appealed to the Taiwan Supreme Court.
- (d) On May 31, 2016, the Company filed a request with the Swiss Cantonal Court of Zug to nullify all 13 licensing agreements it had entered into with Inopha AG (Inopha), and demanded that Inopha return all the benefits it had gained from the agreements. The case is still in progress.
- (e) On May 30, 2016, Janssen Pharmaceutical NV (Janssen) filed a request for arbitration with the WIPO Arbitration and Mediation Center, at the Company' s request, to confirm whether the royalties belong to the Company or Inopha. The case was suspended. As of September 30, 2020, the amount of contract revenue \$21,595 thousand euros has been deposited in the trust account.
- (f) With regard to the dispute on the Risperidone Contract entered into by and between the Company and Center Laboratories, Inc. (CLI), CLI filed an administrative actions for declaration of such Contract, as a civila lawsuit, against the Company in the Taipei District Court on July 1, 2016. The Taipei District Court ruled in favor of CLI on March 1, 2018, and the appeal to the Taiwan High Court by the Company, had been dismissed on March 11, 2020. Therefore, the Company filed an appeal to the Supreme Court on April 10, 2020.

(Continued)

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 Germany Labor Court of Dresden against Denis Optiz, who is the beneficiary owner of Inopha AG, which is still in progress in the Germany Labor Court of Dresden.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

By item	By function					
	For the three months ended September 30,					
	2020			2019		
	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	\$ 55,544	166,261	221,805	56,751	157,750	214,501
Health and labor insurance	4,960	11,045	16,005	4,264	9,672	13,936
Pension	2,586	6,909	9,495	2,271	5,086	7,357
Others	1,083	7,167	8,250	5,226	17,638	22,864
Depreciation expense	26,184	7,966	34,150	25,656	8,401	34,057
Amortization expense	108	4,958	5,066	73	4,778	4,851

By item	By function					
	For the nine months ended September 30,					
	2020			2019		
	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	\$ 173,525	512,534	686,059	161,795	461,497	623,292
Health and labor insurance	15,101	32,675	47,776	13,074	28,355	41,429
Pension	8,601	20,443	29,044	6,752	15,108	21,860
Others	4,453	29,077	33,530	13,276	57,924	71,200
Depreciation expense	79,234	23,747	102,981	77,140	25,450	102,590
Amortization expense	325	14,443	14,768	260	14,302	14,562

- (b) Seasonality of operations:

The Group's operations are not affected by seasonal factors or cyclical factors.

- (c) Others

The Group donated \$30,714 thousand and \$27,336 thousand to related medical foundations and associations to support non-profit organizations developing drugs and promoting disease prevention and correct dosage for the nine months ended September 30, 2020 and 2019, respectively.

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 2020:

(i) Fund financing to other parties:

(In Thousands of Dollar)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 4)	Ending balance (Note 5)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	Chuang Yi Biotech Co., Ltd.	Receivables from related parties	Yes	50,000	50,000	50,000	2.366%	2	-	Operating capital	-	-	-	1,035,476	1,035,476
1	Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd. (Beijing)	Receivables from related parties	Yes	34,920 USD 1,200	-	-	0.5%	2	-	Operating capital	-	-	-	219,807 CNY 51,489	219,807 CNY 51,489
1	Worldco International Co., Ltd.	The Company	Receivables from related parties	Yes	72,750 USD 2,500	72,750 USD 2,500	-	0.9%	2	-	Operating capital	-	-	-	87,924 CNY 20,596	87,924 CNY 20,596

The exchange rate of USD to NTD as of the reporting date was 1:29.10.

The exchange rate of CNY to NTD as of the reporting date was 1:4.269.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

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

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

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

Note 4): The highest balance of financing to other parties as of September 30, 2020.

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

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

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of September 30, 2020 (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	Ending balance				Note
				Shares/Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	
TSH Biopharm Co., Ltd.	Lumosa Therapeutics Co., Ltd. common stock	-	Financial assets measured at fair value through other comprehensive income– current	1,765	66,717	1.50 %	66,717	
"	Handa Pharmaceuticals Inc. common stock	-	Financial assets measured at fair value through other comprehensive income–non-current	2,457	53,048	2.13 %	53,048	
"	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	"	2,500	156,250	0.38 %	156,250	
"	Union Bank of Taiwan Preferred Shares A	-	"	400	20,840	0.20 %	20,840	
"	CellMax Ltd. preferred stock	-	"	1,593	49,271	2.03 %	49,271	

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Lumosa Therapeutics Co., Ltd. Common stock	Financial asset at fair value through other comprehensive income—non-current	-	-	1,600	55,040	-	-	1,600	70,172	70,172	-	-	-
TSH Biopharm Co., Ltd.	Lumosa Therapeutics Co., Ltd. Common stock	Financial asset at fair value through other comprehensive income—current	-	-	4,199	144,446	-	-	2,434	111,433	110,940	493	1,765	66,717

- (v) Acquisition of individual real estate with amount exceeding NTD\$300 million or 20% of the Company's paid-in capital: None
- (vi) Disposal of individual real estate with amount exceeding NTD\$300 million or 20% of the Company's paid-in capital: None
- (vii) Related-party purchases or sales exceeding NTD\$100 million or 20% of the Company's paid-in capital: None
- (viii) Receivables from related parties exceeding NTD\$100 million or 20% of the Company's paid-in capital: None
- (ix) Trading in derivative instruments: None

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions between the company and its subsidiaries:

(In Thousands of New Taiwan Dollar)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Worldco. International Co., Ltd.	1	Royalty revenue	50,382	By contract	1.67%
0	"	TSH Biopharm Co., Ltd.	1	Sales revenue	87,185	"	2.89%
0	"	"	1	Other receivables	1,910	"	0.02%
0	"	"	1	Rent income	3,120	"	0.10%
0	"	"	1	Selling expense	1,530	"	0.05%
0	"	"	1	Other income	4,149	"	0.14%
0	"	"	1	Accounts receivable	6,581	"	0.07%
0	"	American Taiwan Biopharma Phils Inc.	1	Accounts receivable	5,649	"	0.06%
0	"	"	1	Other receivables	7,050	"	0.08%
0	"	"	1	Sales revenue	4,840	"	0.16%
0	"	Chuang Yi Biotech Co., Ltd.	1	Accounts receivable	21,575	"	0.23%
0	"	"	1	Other receivables	53,922	"	0.58%
0	"	"	1	Prepaid capital shares	70,000	"	0.75%
0	"	"	1	Rent income	2,349	"	0.08%
0	"	"	1	Sales revenue	23,167	"	0.77%
1	EnhanX Biopharm Inc.	The Company	2	Prepayments	1,061	"	0.01%

Note 1): Company numbering as follows:

- 1.Parent company – 0
- 2.Subsidiary starts from 1

Note 2): The numbering of the relationship between transaction parties as follows:

- 1.Parent company to subsidiary – 1
- 2.Subsidiary to parent company – 2
- 3.Subsidiary to subsidiary – 3

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

Note 4): The related-party transactions less than NTD1,000 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 are the information on investees for the nine months ended September 30, 2020 (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 September 30, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Xudong Haipu International Co., Ltd.	Cayman Is.	Investing activities	303,998	303,998	25,000	100.00 %	1,344,293	(2,511)	(2,511)	Subsidiary
The Company	Worldco International Co., Ltd.	Hong Kong	Selling chemical medicine	158,254	158,254	39,600	100.00 %	215,486	(2,796)	(2,796)	Subsidiary
The Company	American Taiwan Biopharma Phils Inc.	Philippines	Selling chemical medicine	32,904	32,904	481	87.00 %	(1,892)	4,067	3,539	Subsidiary
The Company	TSH Biopharm Co., Ltd.	Taiwan	Selling chemical medicine	227,449	227,449	21,687	56.48 %	616,383	50,022 (Note)	28,198	Subsidiary
The Company	EnhancX Biopharm Inc.	Taiwan	Developing chemical medicine	50,000	50,000	5,000	20.83 %	32,159	(20,021)	(4,170)	Subsidiary
The Company	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	180,951	180,951	10,282	38.12 %	(38,931)	55,723	21,242	Subsidiary
The Company	PharmaEngine, Inc.	Taiwan	Developing chemical medicine	536,559	536,559	25,867	17.77 %	783,837	81,592	14,491	Investments accounted for using the equity method
The Company	American Taiwan Biopharm	Thailand	Selling chemical medicine	2,966	2,966	380	40.00 %	272,590	80,783	32,313	Investments accounted for using the equity method
The Company	Gligio International Limited	Hong Kong	Selling chemical medicine	2,685	2,685	620	40.00 %	53,651	31,980	12,792	Investments accounted for using the equity method
Xudong Haipu International Co., Ltd.	EnhancX Biopharm Inc.	Taiwan	Developing chemical medicine	70,000	70,000	7,000	29.17 %	45,036	(20,021)	(5,840)	Subsidiary
Xudong Haipu International Co., Ltd.	TTY Biopharm Korea Co., Ltd.	Korea	Selling chemical medicine	43,834	43,834	318	100.00 %	24,512	(6,158)	(6,158)	Subsidiary
Xudong Haipu International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Mexico	Selling chemical medicine	13,822	13,822	8,750	50.00 %	6,381	(2,462)	(1,231)	Subsidiary
Worldco International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Mexico	Selling chemical medicine	13,822	13,822	8,750	50.00 %	6,381	(2,462)	(1,231)	Subsidiary
EnhancX Biopharm Inc.	EnhancX Biopharm B.V.	Netherlands	Developing chemical medicine	3,538	3,538	100	100.00 %	2,572	(399)	(399)	Subsidiary
TSH Biopharm Co., Ltd.	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	40,252	40,252	1,320	4.89 %	4,646	55,723	2,725	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 %	2,885	(1,388)	(1,388)	Subsidiary
Chuang Yi Biotech Co., Ltd.	Chuang Yi (Hong Kong) Biotech Co., Ltd.	Hong Kong	Selling functional food	4,734	4,734	1,200	100.00 %	2,305	(463)	(463)	Subsidiary

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

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated 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 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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2020	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	50,801 CNY 11,900	(2)	85,935 CNY 20,130	-	-	85,935 CNY 20,130	265 CNY 62	100 %	265 CNY 62	47,535 CNY 11,135	-
Chuang Yi (Shanghai) Trading Co., Ltd.	Selling functional food	14,550 USD 500	(2)	14,550 USD 500	-	-	14,550 USD 500	(1,348) CNY (317)	100 %	(1,348) CNY (317)	2,729 CNY 637	-

The exchange rate of USD to NTD as of the reporting date was 1:29.10, and the average exchange rate of USD to NTD for the reporting period was 1:29.841.

The exchange rate of CNY to NTD as of the reporting date was 1:4.269, and the average exchange rate of CNY to NTD for the reporting period was 1:4.256.

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.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 100,485	NTD 1,374,335 (USD 47,228)	NTD 3,106,428

(iii) Significant transactions: None

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Dawan Technology Company Limited		22,590,732	9.08 %

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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, Health Care Unit, Anti-Infection Business Unit, Domestic Cardiovascular and Gastrointestinal Drugs Business Unit, China Medicine Business Unit, etc. The Group has other operating segments that are below the quantitative criteria located in the Philippines.

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

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

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

<u>For the three months ended September 30, 2020</u>	<u>Oncology Business Unit</u>	<u>Health Care Unit</u>	<u>Anti- Infection Business Unit</u>	<u>Domestic Cardiovascular and Gastrointestinal Drugs Business Unit</u>	<u>China Medicine Business Unit</u>	<u>Other Segment</u>	<u>Adjustment and elimination</u>	<u>Total</u>
Revenue:								
Revenue from external customers	\$ 608,611	64,413	221,599	99,832	-	29,984	-	1,024,439
Intersegment revenues	69,820	-	-	420	-	-	(70,240)	-
Total revenue	<u>\$ 678,431</u>	<u>64,413</u>	<u>221,599</u>	<u>100,252</u>	<u>-</u>	<u>29,984</u>	<u>(70,240)</u>	<u>1,024,439</u>
Reportable segment profit or loss	<u>\$ 176,414</u>	<u>18,972</u>	<u>76,227</u>	<u>22,479</u>	<u>(7,211)</u>	<u>53,718</u>	<u>(23,823)</u>	<u>316,776</u>
<u>For the three months ended September 30, 2019</u>								
Revenue:								
Revenue from external customers	\$ 752,320	66,729	195,604	130,655	-	4,511	-	1,149,819
Intersegment revenues	69,219	-	-	749	-	-	(69,968)	-
Total revenue	<u>\$ 821,539</u>	<u>66,729</u>	<u>195,604</u>	<u>131,404</u>	<u>-</u>	<u>4,511</u>	<u>(69,968)</u>	<u>1,149,819</u>
Reportable segment profit or loss	<u>\$ 271,771</u>	<u>20,212</u>	<u>66,662</u>	<u>57,075</u>	<u>4,402</u>	<u>(9,558)</u>	<u>(1,554)</u>	<u>409,010</u>

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

For the nine months ended September 30, 2020	Oncology Business Unit	Health Care Unit	Anti- Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	China Medicine Business Unit	Other Segment	Adjustment and elimination	Total
Revenue:								
Revenue from external customers	\$ 1,837,696	150,292	622,718	321,481	-	86,818	-	3,019,005
Intersegment revenues	<u>166,341</u>	<u>-</u>	<u>-</u>	<u>1,510</u>	<u>-</u>	<u>-</u>	<u>(167,851)</u>	<u>-</u>
Total revenue	<u>\$ 2,004,037</u>	<u>150,292</u>	<u>622,718</u>	<u>322,991</u>	<u>-</u>	<u>86,818</u>	<u>(167,851)</u>	<u>3,019,005</u>
Reportable segment profit or loss	<u>\$ 558,774</u>	<u>39,212</u>	<u>216,266</u>	<u>61,840</u>	<u>(2,876)</u>	<u>36,713</u>	<u>(39,250)</u>	<u>870,679</u>
For the nine months ended September 30, 2019								
Revenue:								
Revenue from external customers	\$ 2,180,685	181,661	590,907	387,649	-	14,442	-	3,355,344
Intersegment revenues	<u>150,390</u>	<u>-</u>	<u>-</u>	<u>749</u>	<u>-</u>	<u>-</u>	<u>(151,139)</u>	<u>-</u>
Total revenue	<u>\$ 2,331,075</u>	<u>181,661</u>	<u>590,907</u>	<u>388,398</u>	<u>-</u>	<u>14,442</u>	<u>(151,139)</u>	<u>3,355,344</u>
Reportable segment profit or loss	<u>\$ 819,818</u>	<u>49,681</u>	<u>203,830</u>	<u>99,199</u>	<u>3,829</u>	<u>(16,830)</u>	<u>(40,505)</u>	<u>1,119,022</u>
Reportable segment assets								
Balance on September 30, 2020	<u>\$ 7,838,635</u>	<u>93,713</u>	<u>547,815</u>	<u>1,208,320</u>	<u>216,317</u>	<u>1,918,721</u>	<u>(2,512,712)</u>	<u>9,310,809</u>
Balance on December 31, 2019	<u>\$ 8,219,383</u>	<u>35,895</u>	<u>320,739</u>	<u>1,262,672</u>	<u>229,122</u>	<u>1,923,420</u>	<u>(2,438,515)</u>	<u>9,552,716</u>
Balance on September 30, 2019	<u>\$ 8,467,655</u>	<u>32,893</u>	<u>331,599</u>	<u>1,250,344</u>	<u>269,586</u>	<u>1,650,840</u>	<u>(2,482,159)</u>	<u>9,520,758</u>