

**TTY BIOPHARM COMPANY LIMITED
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2021 and 2020**

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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 March 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, 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 \$230,474 thousand and \$285,756 thousand, constituting 2.42% and 3.00% of consolidated total assets as of March 31, 2021 and 2020, respectively, total liabilities amounting to \$109,044 thousand and \$249,994 thousand, constituting 3.37% and 7.73% of consolidated total liabilities as of March 31, 2021 and 2020, respectively, and total comprehensive income (loss) amounting to \$(3,072) thousand and \$(3,620) thousand, constituting (1.58)% and (3.07)% of consolidated total comprehensive income (loss) for the three months ended March 31, 2021 and 2020, respectively.

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 \$349,291 thousand and \$289,045 thousand as of March 31, 2021 and 2020, respectively, and the related share of profit which amounting to \$16,633 thousand and \$10,430 thousand for the three-month periods ended respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain 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 March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020, 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 \$890,592 thousand and \$791,679 thousand, constituting 9.37% and 8.31% of consolidated total assets as of March 31, 2021 and 2020, respectively, and the related share of profit of associates accounted for using the equity method amounting to \$13,449 thousand and \$8,671 thousand, constituting 5.31% and 2.68% of consolidated total profit before tax for the three months ended March 31, 2021 and 2020, respectively.

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

KPMG

Taipei, Taiwan (Republic of China)
May 6, 2021

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2021 and 2020

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2021, December 31, 2020, and March 31, 2020

(Expressed in Thousands of New Taiwan Dollar)

Assets		March 31, 2021		December 31, 2020		March 31, 2020		Liabilities and Equity		March 31, 2021		December 31, 2020		March 31, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a) and (s))	\$ 2,554,552	27	2,223,730	24	2,582,936	28	2100	Short-term borrowings (note 6(j), (s) and 8)	\$ 1,715,070	18	1,715,070	18	1,471,070	15
1120	Current financial assets at fair value through other comprehensive income (note 6(c) and (s))	63,365	1	62,216	1	98,257	1	2130	Contract liabilities-current (note 6 (p))	14,943	-	16,285	-	12,049	-
1150	Notes receivable, net (note 6(d), (s))	37,928	-	33,766	-	37,155	-	2150	Notes payable (note 6(s))	3,628	-	5,864	-	3,048	-
1170	Accounts receivable, net (note 6(d), (s))	879,019	9	974,648	10	976,257	10	2170	Accounts payable (note 6(s))	120,723	1	153,576	2	126,203	1
1180	Accounts receivable due from related parties, net (note 6(d), (s) and 7)	17,180	-	24,854	-	20,191	-	2200	Other payables (note 6(s))	431,452	5	497,016	5	486,518	5
1200	Other receivables, net (note 6(s)and 7)	11,928	-	16,483	-	110,159	1	2230	Current tax liabilities	161,297	2	110,127	1	248,831	3
130X	Inventories (note 6 (e))	1,045,030	11	1,110,501	12	828,023	9	2300	Other current liabilities	33,497	-	34,185	-	165,780	2
1410	Prepayments	66,664	1	64,146	1	51,353	1	2320	Long-term liabilities, current portion (note 6(k), (s) and 8)	15,732	-	16,543	-	360,796	4
1476	Other current financial assets (note 6(i) and (s))	271,252	3	280,186	3	336,110	4			2,496,342	26	2,548,666	26	2,874,295	30
1470	Other current assets (note 6(i))	8,503	-	8,011	-	36,090	-	Non-current liabilities:							
		<u>4,955,421</u>	<u>52</u>	<u>4,798,541</u>	<u>51</u>	<u>5,076,531</u>	<u>54</u>	2540	Long-term borrowings (note 6(k), (s) and 8)	408,756	4	412,051	4	19,567	-
Non-current assets:								2570	Deferred tax liabilities	271,826	3	271,826	3	282,077	3
1510	Non-current financial assets at fair value through profit or loss (note 6(b) and (s))	-	-	-	-	1,557	-	2640	Net defined benefit liability, non-current	44,525	1	45,500	-	55,822	1
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c) and (s))	226,051	3	226,241	3	302,146	4	2645	Guarantee deposits received (note 6(s))	3,023	-	2,430	-	2,428	-
1550	Investments accounted for using the equity method, net (note 6(f))	1,239,883	13	1,221,736	13	1,080,724	11	2670	Other non-current liabilities	11,651	-	2,268	-	1,023	-
1600	Property, plant and equipment (note 6(h))	2,570,499	27	2,584,740	28	2,370,400	25			<u>739,781</u>	<u>8</u>	<u>734,075</u>	<u>7</u>	<u>360,917</u>	<u>4</u>
1760	Investment property, net	136,744	1	137,270	1	99,903	1	Total liabilities		<u>3,236,123</u>	<u>34</u>	<u>3,282,741</u>	<u>33</u>	<u>3,235,212</u>	<u>34</u>
1780	Intangible assets	127,833	1	132,898	1	134,496	1	Equity attributable to owners of parent (note 6(n)):							
1840	Deferred tax assets	61,795	1	61,798	1	45,750	-	3100	Share capital	2,486,500	26	2,486,500	27	2,486,500	26
1915	Prepayments for business facilities	5,288	-	4,975	-	206,045	2	3200	Capital surplus (note 6(f))	324,850	3	337,997	4	338,576	4
1920	Refundable deposits paid (note 6(s))	23,150	-	22,019	-	29,033	-	3310	Legal reserve	1,093,808	12	1,093,808	12	1,003,556	11
1981	Cash surrender value of life insurance (note 6(s))	-	-	-	-	13,657	-	3320	Special reserve	110,154	1	110,154	1	110,154	1
1984	Other non-current financial assets (note 6(i), (s) and 8)	151,504	2	159,514	2	153,337	2	3350	Unappropriated retained earnings	1,751,849	18	1,555,016	17	1,842,351	19
1990	Other non-current assets (note 6(i))	11,075	-	11,077	-	8,567	-	3400	Other equity interest	(140,955)	(1)	(133,709)	(1)	(56,806)	(1)
		<u>4,553,822</u>	<u>48</u>	<u>4,562,268</u>	<u>49</u>	<u>4,445,615</u>	<u>46</u>		Equity attributable to owners of parent:	5,626,206	59	5,449,766	60	5,724,331	60
Total assets		<u>\$ 9,509,243</u>	<u>100</u>	<u>9,360,809</u>	<u>100</u>	<u>9,522,146</u>	<u>100</u>	36XX	Non-controlling interests (note 6(n))	646,914	7	628,302	7	562,603	6
								Total equity		6,273,120	66	6,078,068	67	6,286,934	66
								Total liabilities and equity		<u>\$ 9,509,243</u>	<u>100</u>	<u>9,360,809</u>	<u>100</u>	<u>9,522,146</u>	<u>100</u>

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

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2021 and 2020

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

		For the three months ended March 31			
		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (note 6(p) and 7)	\$ 964,056	100	1,093,467	100
5000	Operating costs (note 6(e), (l) and 12)	<u>355,364</u>	<u>37</u>	<u>386,468</u>	<u>35</u>
	Gross profit	608,692	63	706,999	65
5910	Less: Unrealized profit (loss) from sales	4,175	-	11,491	1
5920	Add: Realized profit (loss) from sales	<u>6,734</u>	<u>1</u>	<u>11,903</u>	<u>1</u>
	Gross profit, net	<u>611,251</u>	<u>64</u>	<u>707,411</u>	<u>65</u>
6000	Operating expenses (note 6(l), (q) and 12):				
6100	Selling expenses	229,595	24	248,346	23
6200	Administrative expenses	95,431	10	99,930	9
6300	Research and development expenses	67,118	7	75,281	7
6450	Expected credit loss (note 6(d))	(55)	-	113	-
	Total operating expenses	<u>392,089</u>	<u>41</u>	<u>423,670</u>	<u>39</u>
	Net operating income	<u>219,162</u>	<u>23</u>	<u>283,741</u>	<u>26</u>
	Non-operating income and expenses:				
7100	Interest income (note 6(r))	1,872	-	6,713	-
7010	Other income (note 6(r))	2,835	-	7,423	1
7020	Other gains and losses, net (note 6(r) and 7)	3,881	-	11,314	1
7050	Finance costs, net (note 6(r))	(4,789)	-	(4,676)	-
7060	Share of profit of associates accounted for using the equity method, net (note 6(f))	<u>30,082</u>	<u>3</u>	<u>19,102</u>	<u>2</u>
7055	Total non-operating income and expenses	<u>33,881</u>	<u>3</u>	<u>39,876</u>	<u>4</u>
	Profit before tax	253,043	26	323,617	30
7950	Less: Income tax expenses (note 6(m))	<u>51,193</u>	<u>5</u>	<u>64,376</u>	<u>6</u>
	Profit for the period	<u>201,850</u>	<u>21</u>	<u>259,241</u>	<u>24</u>
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	957	-	(112,705)	(10)
8320	Share of other comprehensive income (loss) of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	5,930	1	(9,556)	(1)
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	<u>6,887</u>	<u>1</u>	<u>(122,261)</u>	<u>(11)</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation	(13,771)	(1)	(19,232)	(2)
8370	Share of other comprehensive income of associates accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	78	-	60	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive loss that will be reclassified to profit or loss	<u>(13,693)</u>	<u>(1)</u>	<u>(19,172)</u>	<u>(2)</u>
8300	Other comprehensive income (loss)	<u>(6,806)</u>	<u>-</u>	<u>(141,433)</u>	<u>(13)</u>
	Total comprehensive income for the period	<u>\$ 195,044</u>	<u>21</u>	<u>117,808</u>	<u>11</u>
	Profit attributable to:				
8610	Owners of parent	\$ 203,144	21	253,571	23
8620	Non-controlling interests	(1,294)	-	5,670	1
		<u>\$ 201,850</u>	<u>21</u>	<u>259,241</u>	<u>24</u>
	Comprehensive income attributable to:				
	Owners of parent	\$ 195,898	21	153,633	14
	Non-controlling interests	(854)	-	(35,825)	(3)
		<u>\$ 195,044</u>	<u>21</u>	<u>117,808</u>	<u>11</u>
	Earnings per share, net of tax (note 6(o))				
9750	Basic earnings per share	<u>\$ 0.82</u>		<u>1.02</u>	
9850	Diluted earnings per share	<u>\$ 0.82</u>		<u>1.02</u>	

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 three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent										Non-controlling interests	Total equity
	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			
Balance at 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	-	-	-	-	253,571	-	-	-	253,571	5,670	259,241	
Other comprehensive income	-	-	-	-	-	(19,067)	(80,871)	(99,938)	(99,938)	(41,495)	(141,433)	
Total comprehensive income	-	-	-	-	253,571	(19,067)	(80,871)	(99,938)	153,633	(35,825)	117,808	
Appropriation and distribution of retained earnings:												
Other changes in capital surplus:												
Changes in equity of investments accounted for using the equity method	-	62	-	-	-	-	-	-	62	-	62	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(2,997)	-	2,997	2,997	-	-	-	
Balance on March 31, 2020	\$ 2,486,500	338,576	1,003,556	110,154	1,842,351	(99,791)	42,985	(56,806)	5,724,331	562,603	6,286,934	
Balance on January 1, 2021	\$ 2,486,500	337,997	1,093,808	110,154	1,555,016	(146,611)	12,902	(133,709)	5,449,766	628,302	6,078,068	
Net income	-	-	-	-	203,144	-	-	-	203,144	(1,294)	201,850	
Other comprehensive income	-	-	-	-	-	(13,716)	6,470	(7,246)	(7,246)	440	(6,806)	
Total comprehensive income	-	-	-	-	203,144	(13,716)	6,470	(7,246)	195,898	(854)	195,044	
Other changes in capital surplus:												
Changes in equity of investments accounted for using the equity method	-	8	-	-	-	-	-	-	8	-	8	
Difference between consideration value and carrying amount of subsidiaries acquired or disposed	-	(13,155)	-	-	(6,311)	-	-	-	(19,466)	19,466	-	
Balance on March 31, 2021	\$ 2,486,500	324,850	1,093,808	110,154	1,751,849	(160,327)	19,372	(140,955)	5,626,206	646,914	6,273,120	

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 three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollar)

	For the three months ended March 31	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 253,043	323,617
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	34,583	34,308
Amortization expenses	5,185	4,797
(Reversal of) allowance for expected credit losses	(55)	113
Net losses on financial assets or liabilities at fair value through profit or loss	-	1,571
Interest expenses	4,789	4,676
Interest income	(1,872)	(6,713)
Dividend income	-	(60)
Shares of profit of investments accounted for using the equity method	(30,082)	(19,102)
Losses on disposal of property, plant and equipment	68	13
Gains on disposal of investments	-	(1,727)
Unrealized profit from sales	4,175	11,491
Realized profit from sales	(6,734)	(11,903)
Total adjustments to reconcile profit (loss)	<u>10,057</u>	<u>17,464</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(4,162)	(2,436)
Accounts receivable	103,294	(33,649)
Other receivables	4,378	9,607
Inventories	65,323	30,676
Prepayments and other current assets	(3,049)	6,582
Total changes in operating assets	<u>165,784</u>	<u>10,780</u>
Changes in operating liabilities:		
Contract liabilities	(1,323)	(4,629)
Notes payable	(2,236)	1,594
Accounts payable	(32,620)	(53,651)
Other payable	(65,468)	(88,209)
Other current liabilities	(4,999)	18,247
Net defined benefit liability	(975)	(434)
Total changes in operating liabilities	<u>(107,621)</u>	<u>(127,082)</u>
Total changes in operating assets and liabilities	<u>58,163</u>	<u>(116,302)</u>
Total adjustments	<u>68,220</u>	<u>(98,838)</u>
Cash inflow generated from operations	321,263	224,779
Interest received	1,872	6,713
Dividends received	7,593	8,047
Interest paid	(4,840)	(4,482)
Income taxes paid	(11)	(110)
Net cash flows from operating activities	<u>325,877</u>	<u>234,947</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	15,799
Proceeds from disposal of financial assets at fair value through profit or loss	-	2,746
Acquisition of property, plant and equipment	(7,784)	(8,746)
Proceeds from disposal of property, plant and equipment	6	12
(Increase) decrease in refundable deposits paid	(1,131)	2,100
Acquisition of intangible assets	(120)	(280)
Decrease in other financial assets	16,944	1,805
Increase in prepayments for business facilities	(484)	(6,239)
(Increase) decrease in other non-current assets	(1)	119
Net cash flows from investing activities	<u>7,430</u>	<u>7,316</u>
Cash flows (used in) financing activities:		
Increase in short-term loans	1,300,000	1,320,000
Decrease in short-term loans	(1,300,000)	(1,410,000)
Proceeds from long-term borrowings	-	10,000
Repayments of long-term borrowings	(4,106)	(1,881)
Increase in guarantee deposits received	594	-
Payment of lease liabilities	-	(910)
Net cash flows used in financing activities	<u>(3,512)</u>	<u>(82,791)</u>
Effect of exchange rate changes on cash and cash equivalents	1,027	1,306
Net increase in cash and cash equivalents	<u>330,822</u>	<u>160,778</u>
Cash and cash equivalents at beginning of period	<u>2,223,730</u>	<u>2,422,158</u>
Cash and cash equivalents at end of period	<u>\$ 2,554,552</u>	<u>2,582,936</u>

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

Notes to the Consolidated Financial Statements

March 31, 2021 and 2020

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

(1) Company history

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on May 6, 2021.

(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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on April 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	The amendments clarify that the ‘costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows: <ul style="list-style-type: none"> ● the incremental costs – e.g. direct labor and materials; and ● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. 	January 1, 2022

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”

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- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

(a) Statement of compliance

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

Except for accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of consolidation

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

Investor	Subsidiary	Nature of business	Shareholding			Notes
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	Xudong Haipu International Co., Ltd.	Investing activities	100.00 %	100.00 %	100.00 %	
The Company	Worldco International Co., Ltd.	Investing activities and selling medicine	100.00 %	100.00 %	100.00 %	
The Company	American Taiwan Biopharma Philippines Inc.	Selling medicine	87.00 %	87.00 %	87.00 %	
The Company	TSH Biopharm Co., Ltd.	Selling medicine	56.48 %	56.48 %	56.48 %	
The Company	EnhanX Biopharm Inc.	Developing medicine	20.83 %	20.83 %	20.83 %	
The Company	Chuang Yi Biotech Co., Ltd.	Selling Functional food	49.05 %	38.12 %	38.12 %	(Note 2 and 3)
Worldco International Co., Ltd.	Worldco Biotech (Chengdu) Pharmaceutical Ltd.	Selling medicine	100.00 %	100.00 %	100.00 %	
Worldco International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Selling medicine	50.00 %	50.00 %	50.00 %	
Xudong Haipu International Co., Ltd.	EnhanX Biopharm Inc.	Developing medicine	29.17 %	29.17 %	29.17 %	
Xudong Haipu International Co., Ltd.	TTY Biopharm Korea Co., Ltd.	Selling medicine	100.00 %	100.00 %	100.00 %	

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Investor	Subsidiary	Nature of business	Shareholding			Notes
			March 31, 2021	December 31, 2020	March 31, 2020	
Xudong Haipu International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Selling medicine	50.00 %	50.00 %	50.00 %	
EnhancX Biopharm Inc.	EnhancX Biopharm B.V.	Developing medicine	100.00 %	100.00 %	100.00 %	
TSH Biopharm Co., Ltd.	Chuang Yi Biotech Co., Ltd.	Selling Functional food	3.89 %	4.89 %	4.89 %	(Note 2 and 3)
Chuang Yi Biotech Co., Ltd.	Immortal Fame Global Ltd.	Import and export trading and investment activities	100.00 %	100.00 %	100.00 %	(Note 3)
Chuang Yi Biotech Co., Ltd.	Chuang Yi (Hong Kong) Biotech Co., Ltd.	Selling Functional food	- %	100.00 %	100.00 %	(Note 1)
Immortal Fame Global Ltd.	Chuang Yi (Shanghai) Trading Co., Ltd.	Selling Functional food	100.00 %	100.00 %	100.00 %	(Note 3)

(Note 1) 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. And the liquidation was completed on February 25, 2021.

(Note 2) 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 Biotech Co., Ltd., to acquire 6,364 thousand shares of Chuang Yi Biotech Co., Ltd. with the authorization fee of the distribution contract. The Group's shareholding ratio in Chuang Yi Biotech Co., Ltd. will increase from 43.01% to 52.94%. The legal procedures have already been completed on January 25, 2021.

(Note 3) Non-significant subsidiary whose financial statements have not been reviewed.

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

(c) Income taxes

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

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

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

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(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.

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, 2020. For related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2020.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the consolidated interim financial statements for the current period and the consolidated financial statements for the year ended December 31, 2020. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2020.

(a) Cash and cash equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 2,807	2,840	3,285
Cash in banks	1,253,275	1,024,730	1,297,436
Time deposits	<u>1,298,470</u>	<u>1,196,160</u>	<u>1,282,215</u>
Total	<u>\$ 2,554,552</u>	<u>2,223,730</u>	<u>2,582,936</u>

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

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(b) Financial assets at fair value through profit or loss

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Financial assets designated at fair value through profit or loss			
Domestic preferred stock ETFs	\$ -	-	<u>1,557</u>

The above financial assets were not pledged as collateral.

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Equity investments at fair value through other comprehensive income:			
Domestic common stock—Lumosa Therapeutics Co., Ltd.	\$ 63,365	62,216	135,697
Domestic common stock—Handa Pharmaceuticals, Inc.	-	-	43,235
Domestic preferred stock—Fubon Financial Holding Co., Ltd. Preferred Shares B	155,500	156,250	152,000
Domestic preferred stock—Union Bank of Taiwan Preferred Shares A	21,280	20,720	20,200
International preferred stock—CellMax Ltd.	49,271	49,271	49,271
	<u>\$ 289,416</u>	<u>288,457</u>	<u>400,403</u>

- (i) The Group designated the investments as equity securities at fair value through other comprehensive income because the Group intends to hold the investments for long-term strategic purposes.
- (ii) The Group did not dispose any strategic investments for the three months ended March 31, 2021. As part of its strategy, the Group sold its shares amounting to \$15,799 thousand, and resulting in a loss of \$5,307 thousand, of which attributable to the Group amounting \$2,997 thousand for the three months ended March 31, 2020. The loss on disposal of strategic investments has already reclassified from other comprehensive income to retained earnings.
- (iii) Please refer to Note 6(s) for information on credit and market risk.
- (iv) The above financial assets were not pledged as collateral.

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

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

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	\$ 37,928	33,766	37,155
Accounts receivable	900,905	996,589	998,408
Accounts receivable-related parties	17,180	24,854	20,191
Less: Allowance for expected credit losses	<u>(21,886)</u>	<u>(21,941)</u>	<u>(22,151)</u>
	<u>\$ 934,127</u>	<u>1,033,268</u>	<u>1,033,603</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The allowance for expected loss were determined as follows:

	March 31, 2021		
	Face value of notes receivable and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not past due	\$ 922,120	0%~1%	1,096
1 to 90 days past due	16,394	20%	3,291
91 to 180 days past due	8	100%	8
More than 181 days past due	<u>17,491</u>	100%	<u>17,491</u>
	<u>\$ 956,013</u>		<u>21,886</u>
	December 31, 2020		
	Face value of notes receivable and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not past due	\$ 1,021,479	0%~1%	3,208
1 to 90 days past due	15,257	4%~6%	718
91 to 180 days past due	1,015	50%~55%	557
More than 181 days past due	<u>17,458</u>	100%	<u>17,458</u>
	<u>\$ 1,055,209</u>		<u>21,941</u>

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	March 31, 2020		
	Face value of notes receivable and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not past due	\$ 1,016,033	0%~1%	2,662
1 to 90 days past due	21,074	4%~6%	843
91 to 180 days past due	2	50%~52%	1
More than 181 days past due	18,645	100%	18,645
	<u>\$ 1,055,754</u>		<u>22,151</u>

The movements in the allowance for notes and trade receivables were as follows:

	For the three months ended March 31,	
	2021	2020
Balance at January 1	\$ 21,941	22,038
Expected credit losses recognized	-	113
Expected credit losses reversed	(55)	-
Balance at March 31	<u>\$ 21,886</u>	<u>22,151</u>

As of March 31, 2021, December 31, 2020 and March 31, 2020, the notes receivable and accounts receivable for the Group were not pledged as collateral.

(e) Inventories

	March 31, 2021	December 31, 2020	March 31, 2020
Merchandise	\$ 256,867	298,612	325,972
Finished goods	256,879	311,059	198,893
Work in process	120,918	82,882	106,639
Raw materials	335,165	330,108	234,891
Materials	<u>57,297</u>	<u>56,892</u>	<u>34,253</u>
Subtotal	1,027,126	1,079,553	900,648
Goods in transit	<u>89,307</u>	<u>108,821</u>	<u>49,866</u>
Total	1,116,433	1,188,374	950,514
Less: Allowance for inventory market decline and obsolescence	<u>(71,403)</u>	<u>(77,873)</u>	<u>(122,491)</u>
Net amount	<u>\$ 1,045,030</u>	<u>1,110,501</u>	<u>828,023</u>

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

	For the three months ended March 31,	
	2021	2020
Inventories have been sold	\$ 354,628	387,064
Cost of services	-	24
Write-off of inventories from cost to net realizable value and obsolete inventories	736	(620)
	\$ 355,364	386,468

- (ii) As of March 31, 2021, December 31, 2020 and March 31, 2020, 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:

	March 31, 2021	December 31, 2020	March 31, 2020
Associates	\$ 1,239,883	1,221,736	1,080,724

- 1) As of March 31, 2021, December 31, 2020 and March 31, 2020 the associate which the Group invested had a quoted market price were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Carrying value	\$ 890,592	877,057	791,679
Fair value	\$ 1,870,170	1,497,688	1,113,566

- 2) For the three months ended March 31, 2021 and 2020, PharmaEngine, Inc. amortized the compensation cost of employee stock options, which resulted in a change in the shareholding ratio, and such change was credit of \$8 thousand and \$62 thousand, respectively, to its capital reserve. For the three months ended March 31, 2021 and 2020, the Group's shareholding ratio has not changed.

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

Associate	Nature of relationship	Country of registration	Equity ownership		
			March 31, 2021	December 31, 2020	March 31, 2020
PharmaEngine, Inc.	Research for new drugs and drug development especially for Asian diseases	Taiwan	17.77 %	17.77 %	17.76 %

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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.

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 4,238,341	4,169,858	3,622,182
Non-current assets	30,423	37,053	58,080
Current liabilities	(172,750)	(184,462)	(128,517)
Non-current liabilities	(8,711)	(11,316)	(19,084)
Net assets	<u>\$ 4,087,303</u>	<u>4,011,133</u>	<u>3,532,661</u>
Net assets attributable to non-controlling interests	<u>\$ 726,314</u>	<u>712,779</u>	<u>627,401</u>
Net assets attributable to investee owners	<u>\$ 3,360,989</u>	<u>3,298,354</u>	<u>2,905,260</u>

	For the three months ended March 31,	
	2021	2020
Operating revenue	<u>\$ 115,645</u>	<u>83,741</u>
Profit from continuing operations	\$ 75,685	48,827
Other comprehensive income	440	493
Total comprehensive income	<u>\$ 76,125</u>	<u>49,320</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 13,527</u>	<u>8,759</u>
Comprehensive income attributable to investee owners	<u>\$ 62,598</u>	<u>40,561</u>
Net assets attributable to the Group, January 1	\$ 712,779	618,580
Changes in capital surplus of associates	8	62
Comprehensive income attributable to the Group	<u>13,527</u>	<u>8,759</u>
Net assets attributable to the Group, March 31	726,314	627,401
Add: Goodwill	<u>164,278</u>	<u>164,278</u>
Carrying amount of interest in associates, March 31	<u>\$ 890,592</u>	<u>791,679</u>

- (iii) Summary financial information on individually insignificant associates

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

	March 31, 2021	December 31, 2020	March 31, 2020
Carrying amount of individually insignificant associates	<u>\$ 349,291</u>	<u>344,679</u>	<u>289,045</u>

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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	For the three months ended	
	March 31,	
	2021	2020
Attributable to the Group:		
Profit from continuing operations	\$ 16,633	10,431
Other comprehensive loss	(6,987)	(31,831)
Total comprehensive income	\$ 9,646	(21,400)

(iv) Collateral

As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group did not provide any investment accounted for using equity method as collateral.

(g) Material non-controlling interests of subsidiaries

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

Subsidiary	Country of registration	Ownership and voting rights ratio		
		March 31, 2021	December 31, 2020	March 31, 2020
TSH Biopharm Co., Ltd.	Taiwan	56.48 %	56.48 %	56.48 %
EnhanX Biopharm Inc.	Taiwan	50.00 %	50.00 %	50.00 %
Chuang Yi Biotech Co., Ltd.	Taiwan	52.94 %	43.01 %	43.01 %

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.

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 951,841	943,841	843,324
Non-current assets	276,239	276,298	310,499
Current liabilities	(95,344)	(98,618)	(101,541)
Non-current liabilities	(3,318)	(4,418)	-
Net assets	\$ 1,129,418	1,117,103	1,052,282
Net assets attributable to non-controlling interest	\$ 489,505	485,946	457,814

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	For the three months ended March 31,	
	2021	2020
Operating revenue	<u>\$ 101,747</u>	<u>131,989</u>
Profit	\$ 9,459	23,506
Other comprehensive income (loss)	964	(95,105)
Comprehensive income (loss)	<u>\$ 10,423</u>	<u>(71,599)</u>
Profit attributable to non-controlling interest	<u>\$ 4,208</u>	<u>10,171</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 4,628</u>	<u>(31,218)</u>
Cash flows from (used in) operating activities	\$ 19,848	(27,231)
Cash flows (used in) from investing activities	(5,482)	10,228
Cash flows used in financing activities	(1,086)	(1,060)
Net increase (decrease) in cash	<u>\$ 13,280</u>	<u>(18,063)</u>

(ii) Summary financial information on EnhanX Biopharm Inc.

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 38,511	42,556	55,775
Non-current assets	104,409	106,875	114,405
Current liabilities	(1,443)	(2,334)	(1,479)
Non-current liabilities	-	-	(119)
Net assets	<u>\$ 141,477</u>	<u>147,097</u>	<u>168,582</u>
Net assets attributable to non-controlling interests	<u>\$ 70,739</u>	<u>73,548</u>	<u>84,208</u>

	For the three months ended March 31,	
	2021	2020
Operating revenue	<u>\$ -</u>	<u>-</u>
Loss	\$ (5,511)	(5,755)
Other comprehensive loss	(109)	(30)
Comprehensive loss	<u>\$ (5,620)</u>	<u>(5,785)</u>
Loss attributable to non-controlling interest	<u>\$ (2,755)</u>	<u>(2,877)</u>
Comprehensive loss attributable to non-controlling interest	<u>\$ (2,810)</u>	<u>(2,892)</u>
Cash flows used in operating activities	\$ (3,780)	(4,343)
Net decrease in cash	<u>\$ (3,780)</u>	<u>(4,343)</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 233,519	280,751	277,486
Non-current assets	73,957	84,790	8,270
Current liabilities	(100,799)	(234,943)	(219,631)
Non-current liabilities	(26,856)	(15,185)	(30,363)
Net assets	<u>\$ 179,821</u>	<u>115,413</u>	<u>35,762</u>
Net assets attributable to non-controlling interests	<u>\$ 86,516</u>	<u>68,612</u>	<u>20,381</u>

	For the three months ended March 31,	
	2021	2020
Operating revenue	\$ <u>39,128</u>	<u>23,633</u>
Loss	\$ (5,762)	(3,615)
Other comprehensive income (loss)	171	(5)
Comprehensive loss	<u>\$ (5,591)</u>	<u>(3,620)</u>
Loss attributable to non-controlling interest	<u>\$ (2,712)</u>	<u>(2,060)</u>
Comprehensive loss attributable to non-controlling interest	<u>\$ (2,631)</u>	<u>(2,063)</u>
Cash flows from operating activities	\$ 7,799	20,228
Cash flows used in investing activities	(125)	-
Cash flows used in financing activities	(4,106)	(31,881)
Effect of exchange rates changes on cash and cash equivalents	173	-
Net increase (decrease) in cash	<u>\$ 3,741</u>	<u>(11,653)</u>

(h) Property, plant and equipment

The details of the property, plant and equipment of the Group for the three months ended March 31, 2021 and 2020 were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Carrying value:								
Balance on January 1, 2021	\$ 902,897	880,465	326,494	1,337	148,384	1,836	323,327	2,584,740
Balance on March 31, 2021	\$ 902,897	877,056	318,344	1,102	158,109	1,528	311,463	2,570,499
Balance on January 1, 2020	\$ 816,169	939,301	328,784	2,337	154,833	3,068	149,785	2,394,277
Balance on March 31, 2020	\$ 816,169	925,574	320,160	2,083	153,869	2,760	149,785	2,370,400

(i) The Group has no significant additions, dispositions, impairments, or reversals of the property, plant and equipment for the three months ended March 31, 2021 and 2020. Please refer to Note 12(a) for the depreciation amount for the current period. For other relevant information, please refer to Note 6(j) of the consolidated financial statements for the year ended December 31, 2020.

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(ii) Collateral

As of March 31, 2021, December 31, 2020 and March 31, 2020 the property, plant and equipment were not pledged as collateral.

(iii) Construction in progress

As of the reporting date, construction in progress has incurred expenditures amounting to \$311,463 thousand, and there were no capitalized loan cost for the three months ended March 31, 2021 and 2020.

(i) Other financial assets and other assets

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other current financial assets	\$ 271,252	280,186	336,110
Other non-current financial assets	151,504	159,514	153,337
Long-term prepayments	10,936	10,936	7,935
Others	<u>8,642</u>	<u>8,152</u>	<u>36,722</u>
	<u>\$ 442,334</u>	<u>458,788</u>	<u>534,104</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.

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Secured bank loans	\$ 65,070	65,070	71,070
Unsecured bank loans	<u>1,650,000</u>	<u>1,650,000</u>	<u>1,400,000</u>
	<u>\$ 1,715,070</u>	<u>1,715,070</u>	<u>1,471,070</u>
Unused credit line	<u>\$ 801,582</u>	<u>1,178,789</u>	<u>1,490,991</u>
Range of interest rates	<u>0.77%~2%</u>	<u>0.77%~2%</u>	<u>0.90%~1.69%</u>

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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- (i) For the three months ended March 31, 2021 and 2020, the Group had the additional short-term borrowings amounting to \$1,300,000 thousand with an interest rate of 0.77%~0.86% and \$1,320,000 thousand with an interest rate of 0.90%~1.69%, respectively; the repayment amounted to \$1,300,000 thousand and \$1,410,000 thousand, respectively. Please refer to Note 6(r) for disclosure of interest expense.
- (ii) Please refer to Note 6(s) for interest and credit risk exposure.
- (iii) Please refer to Note 8 for the collateral for short-term borrowings.
- (k) Long-term borrowings

The long-term borrowings were summarized as follows:

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Secured bank loans	\$ 24,488	28,594	19,567
Unsecured bank loans	400,000	400,000	360,796
Less: Current portion	<u>(15,732)</u>	<u>(16,543)</u>	<u>(360,796)</u>
Total	<u>\$ 408,756</u>	<u>412,051</u>	<u>19,567</u>
Unused long-term credit line	<u>\$ 100,000</u>	<u>300,000</u>	<u>450,000</u>
Range of interest rates	<u>0.986%~1.945%</u>	<u>0.987%~1.945%</u>	<u>1.146%~2.195%</u>

There were no significant issues, repurchases and repayments of long-term borrowings for the three months ended March 31, 2021 and 2020. Please refer to Note 6(r) for related disclosure of interest expense, Note 6(s) for related risk exposure information and Note 8 for the collateral for long-term borrowings.

- (l) 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, 2020 and 2019.

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

	<u>For the three months ended</u> <u>March 31,</u>	
	<u>2021</u>	<u>2020</u>
Operating cost	\$ 42	93
Selling expenses	35	88
Administrative expenses	33	44
Research and development expenses	<u>25</u>	<u>59</u>
Total	<u>\$ 135</u>	<u>284</u>

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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(ii) Defined contributions plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	For the three months ended March 31,	
	2021	2020
Operating cost	\$ 2,884	2,660
Selling expenses	3,831	2,956
Administrative expenses	1,926	1,556
Research and development expenses	1,760	1,568
Total	\$ 10,401	8,740

(m) Income Tax

(i) Income tax expense

The components of income tax for the three months ended March 31, 2021 and 2020 were as follows:

	For the three months ended March 31,	
	2021	2020
Current tax expense		
Current period	\$ 51,193	64,376
Income tax expense from continuing operations	\$ 51,193	64,376

(ii) The Company's income tax return for the year 2017 had been assessed by the tax authorities.

(n) Capital and other equity

There was no significant change in capital and other equity for the three months ended March 31, 2021 and 2020. For the related information, please refer to Note 6(r) of the consolidated financial statements for the year ended December 31, 2020.

(i) Capital surplus

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

	March 31, 2021	December 31, 2020	March 31, 2020
Share capital	\$ 484	484	484
Long term investment	324,366	337,513	338,092
	\$ 324,850	337,997	338,576

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

(ii) Retained earnings

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

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

1) Legal reserve

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

2) Special reserve

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

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

In accordance with the aforesaid Rule, a special reserve is set aside from the current year's net income after tax and prior year's undistributed earnings at an amount equal to the debit balance of contra accounts in shareholders' equity. When the debit balance of any of these contra accounts in shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of contra accounts in shareholder's equity shall qualify for additional distributions. As of March 31, 2021 and 2020, the special reserve appropriated from the undistributed earnings both amounted to \$110,154 thousand.

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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3) Earnings distribution

The company resolved the 2020 earnings distribution proposal by the board of directors on April 23, 2021 and the 2019 earnings distribution proposal by the general meeting of shareholders on June 12, 2020. The appropriation and dividends per share were as follows:

	<u>2020</u>		<u>2019</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>994,600</u>	4.00	<u>994,599</u>

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

	<u>Exchange differences on translation</u>	<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>	<u>Total</u>
Balance on January 1, 2021	\$ (146,611)	12,902	(133,709)
Exchange differences on foreign operations	(13,794)	-	(13,794)
Exchange differences of associates accounted for using the equity method	78	-	78
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	540	540
Unrealized gains from financial assets measured at fair value through other comprehensive income, associates accounted for using the equity method	-	5,930	5,930
Balance on March 31, 2021	<u>\$ (160,327)</u>	<u>19,372</u>	<u>(140,955)</u>
Balance on January 1, 2020	\$ (80,724)	120,859	40,135
Exchange differences on foreign operations	(19,155)	-	(19,155)
Exchange differences of associates accounted for using the equity method	88	-	88
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(71,315)	(71,315)
Unrealized gains from financial assets measured at fair value through other comprehensive income, associates accounted for using the equity method	-	(9,556)	(9,556)
Disposal of equity instrument measured at fair value through other comprehensive income which was transferred to retained earnings	-	2,997	2,997
Balance on March 31, 2020	<u>\$ (99,791)</u>	<u>42,985</u>	<u>(56,806)</u>

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Notes to the Consolidated Financial Statements

(iv) Non-controlling interests

	For the three months ended March 31,	
	2021	2020
Balance on January 1	\$ 628,302	598,428
Attributable to non-controlling interests:		
(Losses) profit	(1,294)	5,670
Exchange differences on translation in foreign operations	23	(105)
Unrealized gains (losses) on financial assets	417	(41,390)
Changes in ownership interest in subsidiaries	19,466	-
Balance on March 31	\$ 646,914	562,603

(o) Earnings per share

For the three months ended March 31, 2021 and 2020, the Company's earnings per share were calculated as follows:

	For the three months ended March 31,	
	2021	2020
Basic earnings per share		
Profit attributable to ordinary shareholders of the company	\$ <u>203,144</u>	<u>253,571</u>
Weighted average number of ordinary shares	<u>248,650</u>	<u>248,650</u>
	\$ 0.82	1.02
Diluted earnings per share		
Profit attributable to ordinary shareholders of the company (diluted)	\$ <u>203,144</u>	<u>253,571</u>
Weighted average number of ordinary shares	248,650	248,650
Effect of employees' compensation	338	377
Weighted average number of ordinary shares (diluted)	248,988	249,027
	\$ 0.82	1.02

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(p) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended March 31, 2021						
	Oncology Business Unit	Health Care Unit	Anti- Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	Other Segment	Total
Primary geographical markets:						
Taiwan	\$ 539,006	42,204	199,871	101,102	39,855	922,038
Europe	11,943	-	-	-	-	11,943
Other countries	27,155	-	23	-	2,897	30,075
	<u>\$ 578,104</u>	<u>42,204</u>	<u>199,894</u>	<u>101,102</u>	<u>42,752</u>	<u>964,056</u>
Major products/services lines:						
Medicine and functional food	\$ 566,074	42,204	199,894	101,102	41,895	951,169
Services	12,030	-	-	-	857	12,887
	<u>\$ 578,104</u>	<u>42,204</u>	<u>199,894</u>	<u>101,102</u>	<u>42,752</u>	<u>964,056</u>
For the three months ended March 31, 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	\$ 569,579	43,726	230,082	131,531	25,027	999,945
Europe	8,162	-	-	-	-	8,162
Other countries	78,238	-	1,783	-	5,339	85,360
	<u>\$ 655,979</u>	<u>43,726</u>	<u>231,865</u>	<u>131,531</u>	<u>30,366</u>	<u>1,093,467</u>
Major products/services lines:						
Medicine and functional food	\$ 645,910	43,726	230,297	131,336	28,842	1,080,111
Services	10,069	-	1,568	195	1,524	13,356
	<u>\$ 655,979</u>	<u>43,726</u>	<u>231,865</u>	<u>131,531</u>	<u>30,366</u>	<u>1,093,467</u>

(ii) Contract balances

	March 31, 2021	December 31, 2020	March 31, 2020
Contract liability	<u>\$ 14,943</u>	<u>16,285</u>	<u>12,049</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 three month ended March 31, 2021 and 2020 that were included in the contract liability balance at the beginning of the period were \$8,542 thousand and \$8,705 thousand, respectively.

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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(q) Remunerations to employees , directors and supervisors

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

For the three months ended March 31, 2021 and 2020, the Company accrued and recognized its employee remuneration amounting to \$3,895 thousand, \$4,831 thousand, respectively, as well as its remuneration to directors amounting to \$2,597 thousand, \$3,220 thousand, respectively. These amounts were calculated by using the Company's profit before tax for the period before deducting the amounts of the remuneration to employees and directors based on the Company's Articles of Associations, and the amount was 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, 2020 and 2019, the Company accrued and recognized its employee compensation both amounting to \$23,195 thousand, and its remuneration to directors both amounting to \$14,950 thousand. The actual distribution and related information can be accessed from the website of Market Observation Post System.

(r) Non-operating income and expenses

(i) Interest income

The details of total interest income for the three months ended March 31, 2021 and 2020 were as follows:

	For the three months ended March 31,	
	2021	2020
Interest income from bank deposits	\$ 1,872	6,713

(ii) Other income

The details of other income for the three months ended March 31, 2021 and 2020 were as follows:

	For the three months ended March 31,	
	2021	2020
Rent revenue	\$ 2,835	7,423

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(iii) Other gains and losses

The details of other gains and losses for the three months ended March 31, 2021 and 2020 were as follows:

	For the three months ended March 31,	
	2021	2020
Losses on disposal of property, plant and equipment	\$ (68)	(13)
Gains on disposal of investments	-	1,727
Dividend income	-	60
Foreign exchange (losses) gains	(862)	2,275
Losses on financial assets measured at fair value through profit or loss	-	(1,571)
Other gains and losses	4,811	8,836
	\$ 3,881	11,314

(iv) Finance costs

The details of finance costs for the three months ended March 31, 2021 and 2020 were as follows:

	For the three months ended March 31,	
	2021	2020
Interest expense	\$ 4,789	4,676

(s) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to Note 6(w) of the consolidated financial statements for the year ended December 31, 2020.

(i) Credit risk

For credit risk exposure of notes and accounts receivables, 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(i). 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, 2020.

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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>
March 31, 2021					
Non-derivative financial liabilities					
Bank loans	\$ 2,139,558	2,147,737	1,737,550	410,187	-
Non-interest-bearing liabilities (including related parties)	555,803	555,803	555,803	-	-
Guarantee deposits received	<u>3,023</u>	<u>3,023</u>	<u>3,023</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,698,384</u>	<u>2,706,563</u>	<u>2,296,376</u>	<u>410,187</u>	<u>-</u>
December 31, 2020					
Non-derivative financial liabilities					
Bank loans	\$ 2,143,664	2,153,025	1,738,526	414,499	-
Non-interest-bearing liabilities (including related parties)	656,456	656,456	656,456	-	-
Guarantee deposits received	<u>2,430</u>	<u>2,430</u>	<u>2,430</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,802,550</u>	<u>2,811,911</u>	<u>2,397,412</u>	<u>414,499</u>	<u>-</u>
March 31, 2020					
Non-derivative financial liabilities					
Bank loans	\$ 1,851,433	1,854,774	1,834,839	17,326	2,609
Non-interest-bearing liabilities (including related parties)	615,769	615,769	615,769	-	-
Guarantee deposits received	<u>2,428</u>	<u>2,428</u>	<u>2,428</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,469,630</u>	<u>2,472,971</u>	<u>2,453,036</u>	<u>17,326</u>	<u>2,609</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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(iii) Market risk

1) Currency risk

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

	March 31, 2021			December 31, 2020			March 31, 2020		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 10,831	28.54	309,117	10,416	28.48	296,648	14,793	30.23	447,118
CNY	2,665	4.344	11,577	2,647	4.377	11,586	6,559	4.26	27,909
JPY	93,393	0.26	24,282	95,362	0.28	26,349	129,252	0.28	35,925
EUR	146	33.48	4,888	152	35.02	5,323	1,572	33.24	52,253
IDR	483,452	0.002	967	760,275	0.002	1,543	-	-	-
<u>Nonmonetary items</u>									
USD	47,801	28.54	1,364,247	48,097	28.48	1,369,812	47,763	30.23	1,443,879
CNY	49,280	4.344	214,072	49,391	4.377	216,183	54,516	4.26	232,238
THB	324,312	0.91	295,124	299,410	0.96	287,434	263,593	0.93	244,351

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

A strengthening (weakening) of 1% of the NTD against the USD, CNY, JPY, EUR and IDR as of March 31, 2021 and 2020 would have increased (decreased) the net profit after tax by \$2,807 thousand and \$4,506 thousand, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2021 and 2020, the foreign exchange (losses) gains (including realized and unrealized portions) amounted to \$(862) thousand and \$2,275 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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Regarding the liabilities with variable interest rates, their sensitivity analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The fluctuation rate is expressed as the interest rate increases or decreases by 0.25%, which also represents the Group management's assessment of the reasonably possible interest rate change, when reporting to the internal management.

If the interest rate had increased/decreased by 0.25%, the Group's after-tax net income would have decreased/increased by \$1,776 thousand and \$743 thousand for the three months ended March 31, 2021 and 2020, respectively with all other variable factors remaining constant.

3) Other market price risk

For the three months ended March 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for profit or loss as illustrated below:

Prices of securities at the reporting date	For the three months ended March 31,			
	2021		2020	
	Other Comprehensive income after tax	Net income	Other Comprehensive income after tax	Net income
Increasing 10%	\$ 28,942	-	40,040	156
Decreasing 10%	\$ (28,942)	-	(40,040)	(156)

(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:

	March 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic stock in listed company at Stock Exchange	\$ 176,780	176,780	-	-	176,780
Domestic stock in listed company at Taipei Exchange	63,365	63,365	-	-	63,365
International stock	49,271	-	-	49,271	49,271
subtotal	289,416	240,145	-	49,271	289,416

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	March 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,554,552	-	-	-	-
Notes receivable and accounts receivable (including related party)	934,127	-	-	-	-
Other receivables (including related party)	11,928	-	-	-	-
Other financial assets	422,756	-	-	-	-
Refundable deposits paid	23,150	-	-	-	-
subtotal	<u>3,946,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,235,929</u>	<u>240,145</u>	<u>-</u>	<u>49,271</u>	<u>289,416</u>
Financial liabilities measured at amortized cost					
Bank loans	\$ 2,139,558	-	-	-	-
Notes payable and accounts payable (including related party)	124,351	-	-	-	-
Other payables (including related party)	431,452	-	-	-	-
Guarantee deposit received	3,023	-	-	-	-
Total	<u>\$ 2,698,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 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	\$ 176,970	176,970	-	-	176,970
Domestic stock in listed company at Taipei Exchange	62,216	62,216	-	-	62,216
International stock	49,271	-	-	49,271	49,271
subtotal	<u>288,457</u>	<u>239,186</u>	<u>-</u>	<u>49,271</u>	<u>288,457</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,223,730	-	-	-	-
Notes receivable and accounts receivable (including related party)	1,033,268	-	-	-	-
Other receivables (including related party)	16,483	-	-	-	-
Other financial assets	439,700	-	-	-	-
Refundable deposits paid	22,019	-	-	-	-
subtotal	<u>3,735,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,023,657</u>	<u>239,186</u>	<u>-</u>	<u>49,271</u>	<u>288,457</u>

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	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Bank loans	\$ 2,143,664	-	-	-	-
Notes payable and accounts payable (including related party)	159,440	-	-	-	-
Other payables (including related party)	497,016	-	-	-	-
Guarantee deposit received	<u>2,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,802,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	March 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	<u>\$ 1,557</u>	<u>1,557</u>	<u>-</u>	<u>-</u>	<u>1,557</u>
Financial assets at fair value through other comprehensive income					
Domestic stock in listed company at Stock Exchange	\$ 172,200	172,200	-	-	172,200
Domestic stock in listed company at Taipei Exchange	135,697	135,697	-	-	135,697
Domestic stock in listed company at emerging stock market	43,235	43,235	-	-	43,235
International stock	<u>49,271</u>	<u>-</u>	<u>-</u>	<u>49,271</u>	<u>49,271</u>
subtotal	<u>400,403</u>	<u>351,132</u>	<u>-</u>	<u>49,271</u>	<u>400,403</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,582,936	-	-	-	-
Notes receivable and accounts receivable (including related party)	1,033,603	-	-	-	-
Other receivables (including related party)	110,159	-	-	-	-
Other financial assets	489,447	-	-	-	-
Cash surrender value of life insurance	13,657	-	-	-	-
Refundable deposits paid	<u>29,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
subtotal	<u>4,258,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,660,795</u>	<u>352,689</u>	<u>-</u>	<u>49,271</u>	<u>401,960</u>

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	March 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Bank loans	\$ 1,851,433	-	-	-	-
Notes payable and accounts payable (including related party)	129,251	-	-	-	-
Other payables (including related party)	486,518	-	-	-	-
Guarantee deposit received	2,428	-	-	-	-
Total	<u>\$ 2,469,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Fair value hierarchy

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

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

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

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

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

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.

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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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 three months ended March 31, 2021 and 2020, 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, 2021	\$ 49,271
Balance at March 31, 2021	\$ 49,271
Balance at January 1, 2020	\$ 49,271
Balance at March 31, 2020	\$ 49,271

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.

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through other comprehensive income - equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> · Weighted average cost of capital (On March 31, 2021, December 31, 2020 and March 31, 2020 were 13.32%, 13.32% and 14.27%, respectively.) · Discount for lack of market liquidity (On March 31, 2021, December 31, 2020 and March 31, 2020 were all 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>
March 31, 2021				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	487	(487)
December 31, 2020				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	487	(487)
March 31, 2020				
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.

- (t) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(x) of the consolidated financial statements for the year ended December 31, 2020.

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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(u) 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, 2020. Also, there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2020. Please refer to Note 6(y) of the consolidated financial statements for the year ended December 31, 2020 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
Shangta Pharmaceutical Co., Ltd.	Other related party

(b) Significant transactions with related parties

(i) Sales revenue

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

	For the three months ended March 31,	
	<u>2021</u>	<u>2020</u>
Associates	\$ 9,764	20,057
Other related parties	147	120
	<u>\$ 9,911</u>	<u>20,177</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.

(ii) Other gains

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

<u>Recognized item</u>	<u>Category</u>	For the three months ended March 31,	
		<u>2021</u>	<u>2020</u>
Other gains	Associates	\$ -	20
	Associate-American Taiwan Biopharm (Thailand)	3,127	3,192
		<u>\$ 3,127</u>	<u>3,212</u>

(Continued)

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

(c) Assets and liabilities with related parties

<u>Recognized item</u>	<u>Category</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts receivable	Associates	\$ 17,180	24,854	20,117
	Other related parties	-	-	74
		<u>\$ 17,180</u>	<u>24,854</u>	<u>20,191</u>
Other receivables	Associate-American Taiwan Biopharm (Thailand)	<u>\$ 3,532</u>	<u>3,515</u>	<u>11,333</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

Key management personnel compensation comprised:

	For the three months ended March 31,	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 25,308	28,786
Post-employment benefits	261	1,512
	<u>\$ 25,569</u>	<u>30,298</u>

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

<u>Pledged asset</u>	<u>Object</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other current and non-current asset-reserve account	Bank loan	\$ 21,131	21,131	20,124
Other financial assets-non-current	Guarantee for provision attachment	149,380	149,380	149,380
		<u>\$ 170,511</u>	<u>170,511</u>	<u>169,504</u>

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
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(9) Significant Commitments and contingencies:

- (a) As of March 31, 2021, December 31, 2020, and March 31, 2020, due to the purchase of equipment, construction engineering, and entrusted research, the total price of unfinished contracts amounted to \$360,214 thousand, \$506,798 and \$546,109 thousand, and the unpaid amount was \$136,545 thousand, \$142,930 thousand and \$220,010 thousand, respectively.
- (b) As of March 31, 2021, December 31, 2020, and March 31, 2020, the financial institutions provide guarantee for the sale of medicine amounted to \$71,211 thousand, \$71,211 and \$64,347 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 claim with the Cantonal Court of Zug in Switzerland against Inopha AG (Inopha) for all 13 licensing agreements between the Company and Inopha being declared null and void, and further sought an order that Inopha returns all the benefits it had gained from the 13 agreements. The case is still in progress.
- (e) On May 30, 2016, Janssen Pharmaceutica NV (Janssen) filed a request for arbitration with the WIPO Arbitration and Mediation Center, at the Company' s request, to confirm whether the monies incurred from the agreement in dispute belong to the Company or Inopha. The case was suspended. As of March 31, 2021, the monies incurred from the agreement in dispute in the amount of \$21,635 thousand euros have been deposited into the escrow account by Janssen.

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- (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 civil lawsuit, against the Company in the Taipei District Court on July 1, 2016. The Taipei District Court ruled in favor of CLI on March 1, 2018, and the appeal to the Taiwan High Court by the Company, had been dismissed on March 11, 2020. Therefore, the Company filed an appeal to the Supreme Court on April 10, 2020.
- (g) On February 28, 2020, the Company filed a civil lawsuit to the Labor Court Dresden of Germany against Denis Optiz, the beneficiary owner of Inopha AG. This case has been accepted by the Labor Court Dresden of Germany and is currently under progress.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

By item	By function		For the three months ended March 31,			
	2021			2020		
	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	\$ 55,655	170,846	226,501	56,027	173,681	229,708
Health and labor insurance	5,413	12,632	18,045	4,655	10,561	15,216
Pension	2,926	7,610	10,536	2,753	6,271	9,024
Others	721	9,874	10,595	1,649	12,439	14,088
Depreciation expense	25,935	8,648	34,583	26,637	7,671	34,308
Amortization expense	22	5,163	5,185	108	4,689	4,797

- (b) Seasonality of operations:

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

- (c) Others

The Group donated \$8,153 thousand and \$719 thousand to related medical foundations and associations to support non-profit organizations developing drugs and promoting disease prevention and correct dosage for the three months ended March 31, 2021 and 2020, respectively.

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Notes to Consolidated Financial Statements

(13) Other disclosures:

- (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2021:

- (i) Loans to other parties:

(In Thousands of New Taiwan Dollar)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 4)	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 parties	Reasons for short-term financing	Collateral		Maximum limit of fund financing (Note 3)
												Item	Value	
1	Worldco International Co., Ltd.	The Company	Receivables from related parties	Yes	USD 71,350 2,500	USD 71,350 2,500	-	0.9%	2	-	Operating capital	-	CNY 19,500 84,708	CNY 19,500 84,708

The exchange rate of USD to NTD as of the reporting date is 1:28.54.

The exchange rate of CNY to NTD as of the reporting date is 1:4.344.

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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 March 31, 2021.

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

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

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	
TSH Biopharm Co., Ltd.	Lumosa Therapeutics Co., Ltd. common stock	-	Financial assets measured at fair value through other comprehensive income—current	1,765	63,365	1.20 %	63,365
"	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets measured at fair value through other comprehensive income—non-current	2,500	155,500	0.38 %	155,500
"	Union Bank of Taiwan Preferred Shares A	-	"	400	21,280	0.20 %	21,280
"	CellMax Ltd. Preferred Stock	-	"	1,593	49,271	1.95 %	49,271

(In Thousands of New Taiwan Dollar)

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital: None
- (v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: None
- (vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None
- (vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital: None
- (viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital: None
- (ix) Information regarding trading in derivative financial instruments: None
- (x) Significant transactions and business relationship between the parent company and its subsidiaries:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	TSH Biopharm Co., Ltd.	1	Sales revenue	16,428	Based on contract	1.70%
0	"	"	1	Other receivables	1,776	"	0.02%
0	"	"	1	Other gains and losses	1,241	"	0.13%
0	"	"	1	Other income	1,111	"	0.12%
0	"	"	1	Accounts receivable	6,361	"	0.07%
0	"	American Taiwan Biopharma Phils Inc.	1	Accounts receivable	2,374	"	0.02%
0	"	"	1	Other receivables	7,050	"	0.07%
0	"	Chuang Yi Biotech Co., Ltd.	1	Accounts receivable	12,804	"	0.13%
0	"	"	1	Sales revenue	12,194	"	1.26%
0	"	TTY Biopharm Mexico S.A. de C.V.	1	Accounts receivable	1,086	"	0.01%
1	Xudong Haiyu International Co., Ltd.	"	3	Other receivables	4,326	"	0.05%

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1): The numbering is as follows:

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

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

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

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

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

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2021		Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership			
The Company	Xudong Haiyu International Co., Ltd.	Cayman Is.	Investing activities	303,998	303,998	25,000	100.00 %	1,309,863	(3,332)	Subsidiary
The Company	Worldco International Co., Ltd.	Hong Kong	Selling chemical medicine	158,254	158,254	39,600	100.00 %	211,227	(136)	Subsidiary
The Company	American Taiwan Biopharma Phils Inc.	Philippines	Selling chemical medicine	32,904	32,904	481	87.00 %	(2,318)	(265)	Subsidiary
The Company	TSH Biopharm Co., Ltd.	Taiwan	Selling chemical medicine	227,449	227,449	21,687	56.48 %	634,456	9,459 (Note)	Subsidiary
The Company	Enhax Biopharm Inc.	Taiwan	Developing chemical medicine	50,000	50,000	5,000	20.83 %	29,470	(5,511)	Subsidiary
The Company	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	250,951	180,951	16,646	49.05 %	17,214	(5,762)	Subsidiary
The Company	PharmaEngine, Inc.	Taiwan	Developing chemical medicine	536,559	536,559	25,867	17.77 %	890,592	75,685	Investments accounted for using equity method
The Company	American Taiwan Biopharm (Thailand)	Thailand	Selling chemical medicine	2,966	2,966	380	40.00 %	295,124	31,108	Investments accounted for using equity method
The Company	Gligio International Limited (HK)	Hong Kong	Selling chemical medicine	2,685	2,685	620	40.00 %	54,384	10,474	Investments accounted for using equity method

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Notes to Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2021		Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership			
Xudong Haiyu International Co., Ltd.	EnhancX Biopharm Inc.	Taiwan	Developing chemical medicine	70,000	70,000	7,000	29.17 %	51,944	(1,608)	Subsidiary
Xudong Haiyu International Co., Ltd.	TTY Biopharm Korea Co., Ltd.	Korea	Selling chemical medicine	43,834	43,834	318	100.00 %	19,873	(2,170)	Subsidiary
Xudong Haiyu International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Mexico	Selling chemical medicine	26,638	26,638	17,500	50.00 %	16,729	(1,218)	Subsidiary
Worldco International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Mexico	Selling chemical medicine	26,638	26,638	17,500	50.00 %	16,729	(1,218)	Subsidiary
EnhancX Biopharm Inc.	EnhancX Biopharm B.V.	Netherlands	Developing chemical medicine	3,538	3,538	100	100.00 %	2,328	(98)	Subsidiary
TSH Biopharm Co., Ltd.	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	40,252	40,252	1,320	3.89 %	6,995	(224)	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 %	2,949	56	Subsidiary

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

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of		Investment flows		Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated reinittance of earnings in current period
				January 1, 2021	March 31, 2021	Outflow	Inflow					
Worldco Biotech Pharmaceutical Ltd. (Chengdu)	Selling chemical medicine	51,694 CNY	(2)	87,445 CNY	87,445 CNY	-	-	223 CNY	100 %	223 CNY	48,731 CNY	-
Chuang Yi (Shanghai) Trading Co., Ltd.	Selling functional food	14,270 USD	(2)	14,270 USD	14,270 USD	-	-	57 CNY	100 %	57 CNY	2,845 CNY	-
		11,900 CNY		20,130 CNY	20,130 CNY			51 CNY		51 CNY	11,218 CNY	
		500 USD		500 USD	500 USD			13 CNY		13 CNY	655 CNY	

The exchange rate of USD to NTD as of the reporting date was 1:28.54, and the average exchange rate of USD to NTD for the reporting period was 1:29.390.

The exchange rate of CNY to NTD as of the reporting date was 1:4.344, and the average exchange rate of CNY to NTD for the reporting period was 1:4.370.

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

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

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

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 101,715	NTD 1,347,887 (USD 47,228)	NTD 3,375,724

(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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(14) Segment information:

(a) General information

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

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

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

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

For the three months ended March 31, 2021	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	\$ 578,104	42,204	199,894	101,102	-	42,752	-	964,056
Intersegment revenues	17,191	12,194	-	645	-	-	(30,030)	-
Total revenue	<u>\$ 595,295</u>	<u>54,398</u>	<u>199,894</u>	<u>101,747</u>	<u>-</u>	<u>42,752</u>	<u>(30,030)</u>	<u>964,056</u>
Reportable segment profit or loss	<u>\$ 164,272</u>	<u>15,212</u>	<u>72,466</u>	<u>11,873</u>	<u>(174)</u>	<u>(15,470)</u>	<u>4,864</u>	<u>253,043</u>
For the three months ended March 31, 2020								
Revenue:								
Revenue from external customers	\$ 655,979	43,726	231,865	131,531	-	30,366	-	1,093,467
Intersegment revenues	51,262	-	-	458	-	-	(51,720)	-
Total revenue	<u>\$ 707,241</u>	<u>43,726</u>	<u>231,865</u>	<u>131,989</u>	<u>-</u>	<u>30,366</u>	<u>(51,720)</u>	<u>1,093,467</u>
Reportable segment profit or loss	<u>\$ 217,526</u>	<u>9,530</u>	<u>84,294</u>	<u>29,893</u>	<u>5,769</u>	<u>(2,874)</u>	<u>(20,521)</u>	<u>323,617</u>
Reportable segment assets								
Balance on March 31, 2021	<u>\$ 8,121,280</u>	<u>84,182</u>	<u>456,988</u>	<u>1,228,079</u>	<u>215,529</u>	<u>1,813,982</u>	<u>(2,410,797)</u>	<u>9,509,243</u>
Balance on December 31, 2020	<u>\$ 7,956,767</u>	<u>89,717</u>	<u>472,931</u>	<u>1,220,139</u>	<u>214,178</u>	<u>1,883,533</u>	<u>(2,476,456)</u>	<u>9,360,809</u>
Balance on March 31, 2020	<u>\$ 8,209,199</u>	<u>43,345</u>	<u>385,546</u>	<u>1,153,823</u>	<u>229,784</u>	<u>1,896,989</u>	<u>(2,396,540)</u>	<u>9,522,146</u>