Stock Code:4105

TTY BIOPHARM COMPANY LIMITED

Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: 3F., No. 3-1, Park St., Nangang Dist., Taipei City 115, Taiwan
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The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors
TTY Biopharm Company Limited:

Opinion

We have audited the accompanying financial statements of TTY Biopharm Company Limited ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of PharmaEngine, Inc. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for certain equity-accounted investees, are based solely on the report of another auditor. The investment in PharmaEngine, Inc. accounted for using the equity method constituted 9.32% and 9.72% of total assets as of December 31, 2023 and 2022, respectively, and the related share of profit of associates accounted for using the equity method constituted 3.49% and 4.20% of pre-tax net income for the years ended December 31, 2023 and 2022, respectively.

Key Audit Matters

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

1. Occurrence of revenue from selling pharmaceuticals and chemical drugs

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

   Key audit matters:

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

   Auditing procedures performed:

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

2. Inventory valuation

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

   Key audit matters:

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

   Auditing procedures performed:

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines it is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

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

Notes to Readers

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

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

(English Translation of Financial Statements Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 6(a)and (s))	$ 518,381	6	299,611	4
1150	Notes receivable, net (notes 6(b)and (s))	18,969	-	18,559	-
1170	Accounts receivable, net (notes 6(b)and (s))	1,057,996	11	987,347	11
1180	Accounts receivable due from related parties, net (notes 6(b), (s)and 7)	90,255	1	61,576	1
1200	Other receivables, net (notes 6(s)and 7)	28,683	-	23,913	-
130X	Inventories (note 6(c))	985,066	11	937,866	11
1410	Prepayments	64,908	1	32,733	-
1470	Other current assets (note 6(i))	4,132	-	4,361	-
		2,768,390	30	2,365,966	27
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(d) and (s))	11,992	-	14,562	-
1550	Investments accounted for using equity method, net (note 6(e))	3,566,941	39	3,555,460	40
1600	Property, plant and equipment (note 6(f))	2,252,718	24	2,399,332	27
1755	Right-of-use assets	6,256	-	1,768	-
1760	Investment property, net(note 6(g))	111,912	1	112,633	1
1780	Intangible assets (note 6(h))	151,583	2	163,549	2
1840	Deferred tax assets(note 6(m))	46,815	1	44,914	1
1915	Prepayments for business facilities	15,583	-	5,667	-
1920	Refundable deposits paid(note 6(s))	42,297	-	25,453	-
1984	Other non-current financial assets(notes 6(i), (r), (s)and 8)	177,056	2	150,709	2
1990	Other non-current assets (note 6(i))	71,684	1	17,655	-
		6,454,837	70	6,491,702	73
	Total assets	$ 9,223,227	100	8,857,668	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(j)and (s))	$ 1,450,000	16	1,350,000	15
2130	Contract liabilities-current(note 6(p))	12,792	-	28,229	-
2150	Notes payable (note 6(s))	55,688	1	62,245	1
2170	Accounts payable (note 6(s))	221,854	2	214,006	2
2230	Current tax liabilities	153,709	2	141,341	2
2200	Other payables (notes 6(q)and (s))	580,023	6	538,730	6
2280	Current lease liabilities(note 6(s))	3,252	-	1,309	-
2300	Other current liabilities	14,345	-	21,305	-
2320	Long-term liabilities, current portion (notes 6(k)and (s))	-	-	400,000	5
		2,491,663	27	2,757,165	31
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(k)and (s))	400,000	5	-	-
2570	Deferred tax liabilities (note 6(m))	318,745	4	305,443	4
2580	Non-current lease liabilities (note 6(s))	3,047	-	467	-
2640	Net defined benefit liability, non-current (note 6(l))	27,402	-	40,814	-
2645	Guarantee deposits received(notes 6(s)and 7)	3,149	-	3,149	-
2650	Credit balance of investments accounted for using equity method (note 6(e))	4,481	-	3,606	-
2670	Other non-current liabilities (note 6(s))	33,400	-	88,600	1
		790,224	9	442,079	5
	Total liabilities	3,281,887	36	3,199,244	36
	Equity (note 6(n)):				
3100	Capital stock	2,486,500	27	2,486,500	28
3200	Capital surplus (note 6(e))	316,618	3	312,180	4
3310	Legal reserve	1,389,227	15	1,278,935	15
3320	Special reserve	198,071	2	198,071	2
3350	Unappropriated retained earnings	1,594,709	17	1,447,515	16
3400	Other equity interest	(43,785)	-	(64,777)	(1)
	Total equity	5,941,340	64	5,658,424	64
	Total liabilities and equity	$ 9,223,227	100	8,857,668	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue** (notes 6(p)and 7)	$ 4,897,249	100	4,492,904	100
5000	**Operating costs** (notes 6(c), (l)and 12)	2,022,980	41	1,867,348	42
	Gross profit	2,874,269	59	2,625,556	58
5910	Less:Unrealized profit (loss) from sales	20,922	-	18,253	-
5920	Add:Realized profit (loss) from sales	18,253	-	18,474	-
	Gross profit, net	2,871,600	59	2,625,777	58
6000	**Operating expenses (notes6 6(h), (l)and 12):**				
6100	Selling expenses	945,842	19	817,520	18
6200	Administrative expenses (note 6(q))	327,872	7	310,945	7
6300	Research and development expenses	274,581	6	307,611	7
6450	Expected credit losses (note 6(b))	-	-	230	-
		1,548,295	32	1,436,306	32
	Net operating income	1,323,305	27	1,189,471	26
	Non-operating income and losses (notes 6(r)and 7):				
7100	Interest income	2,671	-	1,182	-
7010	Other income	14,360	-	14,370	-
7020	Other gains and losses, net	(69,367)	(1)	35,430	1
7050	Finance costs, net	(34,801)	(1)	(22,491)	-
7070	Share of profit of subsidiaries and associates accounted for using equity method, net (note 6(e))	181,385	4	148,986	3
		94,248	2	177,477	4
	Profit before tax	1,417,553	29	1,366,948	30
7950	Less: Income tax expenses (note 6(m)):	289,044	6	272,557	6
	Profit for the period	1,128,509	23	1,094,391	24
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	(Losses) gains on remeasurements of defined benefit plans (note 6(l))	(25,959)	(1)	8,530	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(2,570)	-	4,062	-
8330	Share of other comprehensive loss of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	19,534	1	(4,183)	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss	(8,995)	-	8,409	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation	1,053	-	166,734	4
8380	Share of other comprehensive (loss) income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(10)	-	31	-
8399	Income tax related to components of other comprehensive loss that may be reclassified to profit or loss	(1,963)	-	(33,351)	(1)
	Components of other comprehensive (loss) income that may be reclassified to profit or loss	(920)	-	133,414	3
8300	**Other comprehensive (loss) income for the period, net of tax**	(9,915)	-	141,823	3
	Total comprehensive income for the period	**$ 1,118,594**	**23**	**1,236,214**	**27**
	Earnings per share, net of tax (note 6(o))				
	Basic earnings per share	**$**	**4.54**		**4.40**
	Diluted earnings per share	**$**	**4.53**		**4.40**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	Share capital		Retained earnings			Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance on January 1, 2022	$ 2,486,500	311,876	1,198,617	133,709	1,235,223	(216,773)	18,703	(198,070)	5,167,855
Net income	-	-	-	-	1,094,391	-	-	-	1,094,391
Other comprehensive income	-	-	-	-	8,530	133,414	(121)	133,293	141,823
Total comprehensive income	-	-	-	-	1,102,921	133,414	(121)	133,293	1,236,214
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	80,318	-	(80,318)	-	-	-	-
Special reserve appropriated	-	-	-	64,362	(64,362)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(745,949)	-	-	-	(745,949)
Other changes in capital surplus:									
Changes in equity of investments accounted for using equity method	-	66	-	-	-	-	-	-	66
Other changes in capital surplus	-	93	-	-	-	-	-	-	93
Changes in ownership interests in subsidiaries	-	145	-	-	-	-	-	-	145
Balance on December 31, 2022	2,486,500	312,180	1,278,935	198,071	1,447,515	(83,359)	18,582	(64,777)	5,658,424
Net income	-	-	-	-	1,128,509	-	-	-	1,128,509
Other comprehensive income	-	-	-	-	(25,959)	(920)	16,964	16,044	(9,915)
Total comprehensive income	-	-	-	-	1,102,550	(920)	16,964	16,044	1,118,594
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	110,292	-	(110,292)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(845,410)	-	-	-	(845,410)
Other changes in capital surplus:									
Changes in equity of investments accounted for using equity method	-	647	-	-	-	-	-	-	647
Other changes in capital surplus	-	109	-	-	-	-	-	-	109
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	8,787	-	8,787	8,787
Changes in ownership interests in subsidiaries	-	3,682	-	-	(3,493)	-	-	-	189
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	3,839	-	(3,839)	(3,839)	-
Balance on December 31, 2023	**$ 2,486,500**	**316,618**	**1,389,227**	**198,071**	**1,594,709**	**(75,492)**	**31,707**	**(43,785)**	**5,941,340**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	$ 1,417,553	1,366,948
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	147,062	152,125
Amortization expense	32,596	13,188
Expected credit losses	-	230
Interest expense	34,802	22,491
Interest income	(2,671)	(1,182)
Share of profit of investments accounted for using the equity method	(181,385)	(148,986)
Losses on disposal of property, plant and equipment	1,885	3,225
Losses on disposal of investments accounted for using equity method	8,787	-
Impairment loss on financial assets	26,950	-
Impairment loss on non-financial assets	54,466	734
Unrealized profit from sales	20,922	18,253
Realized profit from sales	(18,253)	(18,474)
Others	(2,496)	(6,475)
Total adjustments to reconcile profit (loss)	122,665	35,129
Changes in operating assets and liabilities:		
Notes receivable	(410)	(29)
Accounts receivable	(99,328)	(37,657)
Other receivable	(5,227)	(3,779)
Inventories	(47,200)	(69,021)
Other current assets	(31,783)	(13,805)
Total changes in operating assets	(183,948)	(124,291)
Current contract liabilities	(15,437)	(11,870)
Notes payable	(61,756)	(49,749)
Accounts payable	7,848	98,229
Other payable	(13,044)	96,502
Other current liabilities	(6,960)	6,858
Net defined benefit liability	(39,370)	(3,253)
Total changes in operating liabilities	(128,719)	136,717
Total changes in operating assets and liabilities	(312,667)	12,426
Total adjustments	(190,002)	47,555
Cash inflow generated from operations	1,227,551	1,414,503
Interest received	2,671	1,182
Dividends received	106,716	117,419
Interest paid	(34,364)	(22,552)
Income taxes paid	(267,239)	(262,843)
Net cash flows from operating activities	1,035,335	1,247,709
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(10,500)
Proceeds from disposal of investments accounted for using equity method	89,132	-
Acquisition of property, plant and equipment	(57,983)	(80,870)
Proceeds from disposal of property, plant and equipment	7,012	9,352
(Increase) decrease in refundable deposits paid	(16,843)	3,913
Acquisition of intangible assets	(21,052)	(28,980)
Decrease in other financial assets	602	294
Increase in prepayments for business facilities	(14,977)	(5,021)
Increase in other non-current assets	(54,029)	(45,959)
Net cash flows used in investing activities	(68,138)	(157,771)
Cash flows from (used in) financing activities:		
Increase in short-term loans	10,280,000	10,870,000
Decrease in short-term loans	(10,180,000)	(11,170,000)
Proceeds from long-term borrowings	400,000	400,000
Repayments of long-term borrowings	(400,000)	(400,000)
Decrease in guarantee deposits received	-	(488)
Payment of lease liabilities	(3,140)	(5,293)
Cash dividends paid	(845,410)	(745,949)
Dividends unclaimed by shareholders	109	93
Net cash flows used in financing activities	(748,441)	(1,051,637)
Effect of exchange rate changes on cash and cash equivalents	14	9
Net increase in cash and cash equivalents	218,770	38,310
Cash and cash equivalents at beginning of period	299,611	261,301
Cash and cash equivalents at end of period	**$ 518,381**	**299,611**

See accompanying notes to financial statements.

(1) Company history

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

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

The financial statements were authorized for issuance by the Board of Directors on March 8, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

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

(Continued)

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies:

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

(a) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial assets at fair value through other comprehensive income are measured at fair value;

2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, and the upper-limit as explained in Note 4(q).

(ii) Functional and presentation currency

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

(Continued)

(c) Foreign currencies

(i) Foreign currencies transactions

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

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

(ii) Foreign operations

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

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

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

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

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

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

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

(Continued)

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

(i) It is expected to be settled in normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

(f) Financial instruments

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

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

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

3) Impairment of financial assets

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

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

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

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

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

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than its payment term;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Impairment provision for financial assets measured at amortized cost are recognized in profit or loss and deducted from the carrying amount of the assets.

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

4) Derecognition of financial assets

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

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

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(g) Inventories

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

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

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

(h) Investment in associates

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

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

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

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

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

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

(i) Subsidiaries

The subsidiaries in which the Company holds a controlling interest are accounted for under the equity method in the non-consolidated financial statements. Under the equity method, the net income, other comprehensive income, and equity in the non-consolidated financial statements are the same as those attributable to the owners of the parent in the consolidated financial statements.

Changes in ownership of the subsidiaries are recognized as equity transactions.

(j) Investment property

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

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

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

(Continued)

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

Buildings	2-60 years
Machinery equipment	1-29 years
Transportation equipment	5-8 years
Office and other equipment	1-30 years

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

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

(iv) Reclassification as investment property

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

(Continued)

(l) Leases

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

(i) As a lessee

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

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

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

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

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

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

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise an extension or termination option; or

— there is any lease modifications

(Continued)

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

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

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

(ii) As a lessor

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

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

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

(m) Intangible assets

(i) Recognition and measurement

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

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

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

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

1) Patents and franchise 10-15 years

2) Computer software cost 1-10 years

3) Other intangible assets 5 years

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

(n) Impairment of non-financial assets

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

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

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

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

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

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

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

(o) Provisions

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

(p) Revenue recognition

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

1) Sale of goods

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

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

2) Authorization revenue

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

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

3) Financing components

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

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfil a contract

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

a) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;

b) the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

c) the costs are expected to be recovered.

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

(q) Employee benefits

(i) Defined contribution plans

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

(Continued)

(ii) Defined benefit plans

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

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

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

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

(iii) Other long-term employee benefits

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

(iv) Short-term employee benefits

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

(r) Income taxes

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

(Continued)

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

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

    1) the same taxable entity; or

    2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

(s) Earnings per share

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

(t) Operating segments

Please refer to the consolidated financial statements of TTY Biopharm Company Limited for the years ended December 31, 2023 and 2022.

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

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

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

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

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 2,496	2,613
Cash in banks	515,885	296,998
	$ 518,381	**299,611**

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

(Continued)

TTY BIOPHARM COMPANY LIMITED
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(ii) Time deposits which do not meet the definition of cash equivalents are accounted for under other non-current financial assets.

(iii) Please refer to Note 6(s) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

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

	December 31, 2023	December 31, 2022
Notes receivables	$ 18,969	18,559
Accounts receivables	1,058,422	987,773
Accounts receivables–related parties	90,255	61,576
Less: allowance for expected credit losses	(426)	(426)
	$ 1,167,220	1,067,482

The Company applies the simplified approach to evaluating its expected credit losses (ECLs), i.e., the Company recognizes the impairment provision for lifetime ECLs for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics that represent the customer's ability to pay all amounts due under the terms of the contract, and forward-looking information has been incorporated. Analysis of the expected credit losses on note and accounts receivable is as follows:

	December 31, 2023		
	Face value of notes and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not overdue	$ 1,163,282	0%	-
1 to 90 days overdue	2,796	0%	-
91 to 180 days overdue	1,460	21.78%	318
Past due more than 181 days	108	100%	108
	$ 1,167,646		426

	December 31, 2022		
	Face value of notes and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not overdue	$ 1,044,890	0%	-
1 to 90 days overdue	22,904	1.36%	312
More than 181 days overdue	114	100%	114
	$ 1,067,908		426

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

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

	For the years ended December 31, 2023	2022
Balance at January 1	$ 426	196
Expected credit losses recognized	-	230
Balance at December 31	**$ 426**	**426**

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

(c) Inventories

	December 31, 2023	December 31, 2022
Merchandise	$ 226,863	166,760
Finished goods	175,680	162,492
Work in process	281,116	250,536
Raw materials	177,745	214,243
Materials	63,159	56,341
Subtotal	924,563	850,372
Goods in transit	137,896	175,806
Total	1,062,459	1,026,178
Less: allowance for inventory market decline and obsolescence	(77,393)	(88,312)
Net amount	**$ 985,066**	**937,866**

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

	For the years ended December 31, 2023	2022
Inventories have been sold	$ 2,015,224	1,832,145
Costs of service	3,545	3,798
Write-down of inventories from cost to net realizable value and disposal of inventories	4,211	31,405
	$ 2,022,980	**1,867,348**

(ii) As of December 31, 2023 and 2022, the aforesaid inventories were not pledged as collateral.

(Continued)

(d) Financial asset measured at fair value through other comprehensive income－non-current

	December 31, 2023	December 31, 2022
The equity instrument measured at fair value through other comprehensive income:		
Domestic unlisted common stock－ExoOne Bio. Co., Ltd.	**$ 11,992**	**14,562**

(i) The Company holds such investment in the equity instrument as the long-term strategic investment that is not held for trading purposes; thus, it is categorized as the equity instrument measured at fair value through other comprehensive income.

(ii) In April 2022, the Company participated in the capital increase of ExoOne Bio. Co., Ltd. with the amount of $10,500 thousand and acquired 7.78% equity interests, consisting of 700 thousand common shares. For the year ended December 31, 2023, the Company did not participate in the capital increase of ExoOne Bio. Co., Ltd., resulting in its shareholding ratio to decrease to 5.94%.

(iii) Please refer to Note 6(s) for credit and market risk information.

(iv) The above financial assets were not pledged as collateral.

(e) Investments accounted for using equity method

The Company’s financial information for equity-accounted investees at the reporting date was as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 2,206,247	2,250,447
Associates	1,356,213	1,301,407
	$ 3,562,460	**3,551,854**

(i) Subsidiaries

Please refer to the consolidated financial report for the years ended December 31, 2023 and 2022.

(ii) Associates

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

	December 31, 2023	December 31, 2022
Carrying amount	**$ 859,603**	**861,252**
Fair value	**$ 2,728,948**	**3,233,351**

(Continued)

TTY BIOPHARM COMPANY LIMITED
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2) For the years ended December 31, 2023 and 2022, as PharmaEngine, Inc. amortized the compensation cost of employee stock options, and the compensation cost of amortized restricted stock awards, and employee stock options expired, the Company's equity has changed and its capital reserve was credit by $647 thousand and $66 thousand, respectively. For the year ended December 31, 2023, the Company's shareholding ratio had no change. For the year ended December 31, 2022, the Company's shareholding ratio dropped from 18.01% to 18.00%.

(iii) Associate that had materiality was as follows:

			Equity ownership	
Associate	**Nature of relationship**	**Country of registration**	**December 31, 2023**	**December 31, 2022**
PharmaEngine, Inc.	Research for new drugs and drug development especially for Asian diseases	Taiwan	18.00 %	18.00 %

The following was the summary of financial information about the Company's significant associate. In order to reflect the adjustments for fair value in acquisition of shares and differences in accounting policies, adjustment for the amounts presented on the financial statements of associates in accordance with IFRSs has been made to such financial information:

・Summary financial information on PharmaEngine, Inc.

	December 31, 2023	**December 31, 2022**
Current assets	$ 3,923,020	3,926,084
Non-current assets	30,899	40,458
Current liabilities	(83,863)	(78,737)
Non-current liabilities	(7,143)	(15,728)
Net assets	**$ 3,862,913**	**3,872,077**
Net assets attributable to investee owners	**$ 3,862,913**	**3,872,077**

	For the years ended December 31,	
	2023	**2022**
Revenue	**$ 767,669**	**654,383**
Profit from continuing operations	$ 274,650	318,783
Other comprehensive loss	-	-
Total comprehensive income	**$ 274,650**	**318,783**
Comprehensive income attributable to investee owners	**$ 274,650**	**318,783**

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

	For the years ended December 31,	
	2023	**2022**
Net assets attributable to the Company, January 1	$ 696,974	709,349
Changes in capital surplus of affiliated companies	647	66
Comprehensive income attributable to the Company	49,438	57,400
Cash dividends received from associates	(51,734)	(69,841)
Net assets attributable to the Company, December 31	695,325	696,974
Add: Goodwill	164,278	164,278
Carrying amount of interest in associates, December 31	**$ 859,603**	**861,252**

(iv) Summary financial information on individually insignificant associates

The following was the summary financial information about individually insignificant associates that were accounted for under the equity method:

	December 31, 2023	**December 31, 2022**
Carrying amount of interest in individually insignificant associates	**$ 496,610**	**440,155**

	For the years ended December 31,	
	2023	**2022**
Attributable to the Company:		
Profit from continuing operations	$ 81,901	58,984
Other comprehensive (loss) income	(495)	37,008
Total comprehensive income	**$ 81,406**	**95,992**

(v) Collateral

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

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Land	Building and construction	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Cost:								
Balance on January 1, 2023	$ 897,051	1,417,903	819,661	5,085	542,223	18,679	77,085	3,777,687
Additions	-	9,073	10,234	-	29,731	-	8,945	57,983
Disposals	-	(144)	(31,790)	-	(45,265)	(9,635)	-	(86,834)
Reclassifications	-	20,095	25,112	-	33,810	-	(77,085)	1,932
Balance on December 31, 2023	**$ 897,051**	**1,446,927**	**823,217**	**5,085**	**560,499**	**9,044**	**8,945**	**3,750,768**

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

	Land	Building and construction	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Balance on January 1, 2022	$ 897,051	1,405,851	782,224	5,601	521,080	21,500	95,000	3,728,307
Additions	-	18,002	13,974	-	24,939	3,710	20,245	80,870
Disposals	-	(7,141)	(19,587)	(516)	(3,043)	(7,451)	-	(37,738)
Reclassifications	-	1,191	43,050	-	(753)	920	(38,160)	6,248
Balance on December 31, 2022	$ **897,051**	**1,417,903**	**819,661**	**5,085**	**542,223**	**18,679**	**77,085**	**3,777,687**
Depreciation and impairment:								
Balance on January 1, 2023	$ -	505,808	451,768	5,085	407,105	8,589	-	1,378,355
Depreciation for the year	-	64,453	45,376	-	31,535	1,802	-	143,166
Impairment loss	-	-	54,466	-	-	-	-	54,466
Disposals	-	(144)	(30,942)	-	(40,954)	(5,897)	-	(77,937)
Balance on December 31, 2023	$ **-**	**570,117**	**520,668**	**5,085**	**397,686**	**4,494**	**-**	**1,498,050**
Balance on January 1, 2022	$ -	449,515	418,669	5,176	378,587	4,841	-	1,256,788
Depreciation for the year	-	63,434	46,151	398	30,932	5,079	-	145,994
Impairment loss	-	-	-	-	734	-	-	734
Disposals	-	(7,141)	(13,052)	(489)	(2,964)	(1,515)	-	(25,161)
Reclassifications	-	-	-	-	(184)	184	-	-
Balance on December 31, 2022	$ **-**	**505,808**	**451,768**	**5,085**	**407,105**	**8,589**	**-**	**1,378,355**
Carrying amounts:								
Balance on December 31, 2023	$ **897,051**	**876,810**	**302,549**	**-**	**162,813**	**4,550**	**8,945**	**2,252,718**
Balance on January 1, 2022	$ **897,051**	**956,336**	**363,555**	**425**	**142,493**	**16,659**	**95,000**	**2,471,519**
Balance on December 31, 2022	$ **897,051**	**912,095**	**367,893**	**-**	**135,118**	**10,090**	**77,085**	**2,399,332**

(i) Due to the amendments in relevant regulations, the Company's machinery equipment needed to be upgraded, which will cause a huge cost of reinvestment. The Company assess the reinvestment has no substantial benefit. Thus, the Company decided to halt its investment, and instead, recognized the impairment loss of $54,466 thousand as other gains and losses in September 2023.

(ii) Collateral

As of December 31, 2023 and 2022, the property, plant and equipment were not pledged as collateral.

(g) Investment property

	Land	Building and construction	Total
Cost:			
Balance on January 1, 2023	$ **99,769**	**29,188**	**128,957**
Balance on December 31, 2023	$ **99,769**	**29,188**	**128,957**
Balance on January 1, 2022	$ **99,769**	**29,188**	**128,957**
Balance on December 31, 2022	$ **99,769**	**29,188**	**128,957**

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

		Land	Building and construction	Total
Depreciation and impairment:				
Balance on January 1, 2023	$	-	16,324	16,324
Depreciation		-	721	721
Balance on December 31, 2023	$	**-**	**17,045**	**17,045**
Balance on January 1, 2022	$	-	15,561	15,561
Depreciation		-	763	763
Balance on December 31, 2022	$	**-**	**16,324**	**16,324**
Carrying amount:				
Balance on December 31, 2023	$	**99,769**	**12,143**	**111,912**
Balance on January 1, 2022	$	**99,769**	**13,627**	**113,396**
Balance on December 31, 2022	$	**99,769**	**12,864**	**112,633**
Fair value:				
Balance on December 31, 2023				$ **337,836**
Balance on December 31, 2022				$ **319,322**

(i) The fair value of investment property was evaluated based on the recent market transactions on arm's-length terms.

(ii) As of December 31, 2023 and 2022, the Company's investment properties were not pledged as collateral.

(h) Intangible assets

The costs, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2023 and 2022, were as follows:

		Computer software	Patent and franchise	Other Intangible assets	Total
Cost:					
Balance on January 1, 2023	$	23,215	92,193	74,226	189,634
Additions		6,971	14,081	-	21,052
Disposals		(2,403)	-	-	(2,403)
Reclassifications		-	-	(422)	(422)
Balance on December 31, 2023	$	**27,783**	**106,274**	**73,804**	**207,861**
Balance on January 1, 2022	$	21,901	37,749	-	59,650
Additions		8,286	1,500	19,194	28,980
Disposals		(6,972)	-	-	(6,972)
Reclassifications		-	52,944	55,032	107,976
Balance on December 31, 2022	$	**23,215**	**92,193**	**74,226**	**189,634**

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TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

		Computer software	Patent and franchise	Other Intangible assets	Total
Amortization and impairment loss:					
Balance on January 1, 2023	$	6,959	14,984	4,142	26,085
Amortization for the period		6,571	9,094	16,931	32,596
Disposals		(2,403)	-	-	(2,403)
Balance on December 31, 2023	**$**	**11,127**	**24,078**	**21,073**	**56,278**
Balance on January 1, 2022	$	9,252	10,617	-	19,869
Amortization for the period		4,679	4,367	4,142	13,188
Disposals		(6,972)	-	-	(6,972)
Balance on December 31, 2022	**$**	**6,959**	**14,984**	**4,142**	**26,085**
Carrying amount:					
Balance on December 31, 2023	**$**	**16,656**	**82,196**	**52,731**	**151,583**
Balance on January 1, 2022	**$**	**12,649**	**27,132**	**-**	**39,781**
Balance on December 31, 2022	**$**	**16,256**	**77,209**	**70,084**	**163,549**

(i) Amortization expenses

Amortization expenses of intangible assets for the years ended December 31, 2023 and 2022, were recorded in the following items in the statements of comprehensive income:

		For the years ended December 31	
		2023	**2022**
Operating costs	$	17,666	4,551
Operating expenses		14,930	8,637
	$	**32,596**	**13,188**

(ii) Collateral

As of December 31, 2023 and 2022, the aforementioned intangible assets were not pledged as collateral.

(i) Other financial assets and other assets

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

		December 31, 2023	December 31, 2022
Other non-current financial assets	$	177,056	150,709
Long-term prepayments		69,603	10,840
Other current assets		4,132	4,361
Other non-current assets		2,081	6,815
	$	**252,872**	**172,725**

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

(i) Other non-current financial assets were bank deposits that did not qualify as cash and cash equivalents.

(ii) Long-term prepayments were paid for intangible assets before the intangible assets are ready for use. Please refer to Note 9 for the relevant unrecognized contractual commitments.

(iii) Please refer to Note 8 for the Company's information on collateral.

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 1,450,000	1,350,000
Unused credit lines	$ 1,760,008	1,689,068
Range of interests rates	1.61%~1.68%	1.28%~1.79%

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

(k) Long-term borrowings

The long-term borrowings were summarized as follows:

	December 31, 2023			
	Currency	Interest rate	Maturity	Amount
Unsecured bank loans	NTD	1.881%	2025	$ 400,000
Less: current portion				-
Total				$ 400,000
Unused credit lines				$ 100,000

	December 31, 2022			
	Currency	Interest rate	Maturity	Amount
Unsecured bank loans	NTD	1.8488%	2023	$ 400,000
Less: current portion				(400,000)
Total				$ -
Unused credit lines				$ 300,000

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

TTY BIOPHARM COMPANY LIMITED
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(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 75,489	80,573
Fair value of plan assets	(48,087)	(39,759)
Net defined benefit liabilities	**$ 27,402**	**40,814**

The Company's employee benefit liabilities were as below:

	December 31, 2023	December 31, 2022
Vacation liability	**$ 11,610**	**7,138**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company' s Bank of Taiwan labor pension reserve account balance amounted to $48,087 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations of the Company were as follows:

	For the years ended December 31,	
	2023	2022
Defined benefit obligation, January 1	$ 80,573	96,593
Current service costs and interest	1,080	729
Remeasurement on the net defined benefit liabilities (assets):		
—Actuarial loss arising from changes in financial assumptions	122	(5,886)
—Experience adjustment	26,223	1,345
Benefits paid	(32,509)	(12,208)
Defined benefit obligations, December 31	**$ 75,489**	**80,573**

3) Movements in the fair value of defined benefit plan assets

The movements in the fair value of the plan assets for the Company were as follows:

	For the years ended December 31,	
	2023	2022
Fair value of plan assets, January 1	$ 39,759	43,996
Interest revenue	528	220
Remeasurement on the net defined liabilities (assets):		
—Return on plan assets excluding interest income	386	3,989
Contributions made	39,923	3,762
Benefits paid	(32,509)	(12,208)
Fair value of plan assets, December 31	**$ 48,087**	**39,759**

4) Expenses recognized in profit or loss

The Company' s pension expenses recognized in profit or loss for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	2022
Current service cost	$ 45	251
Net interest of net liabilities (assets) for defined benefit obligation	507	258
	$ 552	**509**

(Continued)

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Notes to the Financial Statements

	For the years ended December 31, 2023	2022
Operating costs	$ 155	134
Selling expenses	120	115
Administrative expenses	120	135
Research and development expenses	157	125
	$ 552	**509**

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31, 2023	2022
Accumulated amount, January 1	$ 2,660	11,190
Recognized during the year	25,959	(8,530)
Accumulated amount, December 31	**$ 28,619**	**2,660**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.28 %	1.30 %
Future salary increase rate	3.00 %	3.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $2,831 thousand.

The weighted-average lifetime of the defined benefit plan is 2 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increase	Decrease
December 31, 2023		
Discount rate (Fluctuation of 0.25%)	$ (1,504)	1,548
Future salary increasing rate (Fluctuation of 0.25%)	1,332	(1,303)

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

		Influences of defined benefit obligations	
		Increase	**Decrease**
December 31, 2022			
Discount rate (Fluctuation of 0.25%)	$	(1,498)	1,540
Future salary increasing rate (Fluctuation of 0.25%)		1,312	(1,285)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs under defined contribution plans, which had been allocated to the Bureau of Labor Insurance amounted to $32,388 thousand and $32,953 thousand for the years ended December 31, 2023 and 2022, respectively.

(m) Income taxes

(i) Income tax expense

The components of income tax for the years ended December 31, 2023 and 2022 were as follows:

		For the years ended December 31,	
		2023	**2022**
Current tax expense			
Current period	$	280,759	259,790
Adjustment for prior periods		(1,153)	1,103
		279,606	260,893
Deferred tax expense			
Origination and reversal of temporary differences		9,438	11,664
Income tax expense from continuing operations	**$**	**289,044**	**272,557**

(Continued)

TTY BIOPHARM COMPANY LIMITED
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The amount of income tax recognized in other comprehensive income for the years ended December 31, 2023 and 2022 was as follows:

	For the years ended December 31, 2023	2022
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive loss of subsidiaries and associates accounted for using equity method	$ (1,963)	(33,351)

Reconciliation of income tax and profit before tax for the years ended December 31, 2023 and 2022 is as follows:

	For the years ended December 31, 2023	2022
Profit before income tax	$ 1,417,553	1,366,948
Income tax using the Company's domestic tax rate	$ 283,511	273,390
Share of profit of investments accounted for using equity method	(24,469)	(26,788)
Permanent difference	14,715	13,091
Change in provision in prior periods	(1,153)	1,103
Undistributed earnings additional tax	11,632	-
Non-deductible expenses	6,557	5,243
Others	(1,749)	6,518
	$ 289,044	272,557

(ii) Deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

	Gain on foreign investments	Reserve for land revaluation increment tax	Others	Total
Deferred tax liabilities:				
Balance on January 1, 2023	$ 242,550	60,871	2,022	305,443
Recognized in profit or loss	10,411	-	928	11,339
Recognized in other comprehensive income	1,963	-	-	1,963
Balance on December 31, 2023	$ 254,924	60,871	2,950	318,745
Balance on January 1, 2022	$ 199,648	60,871	-	260,519
Recognized in profit or loss	9,551	-	2,022	11,573
Recognized in other comprehensive income	33,351	-	-	33,351
Balance on December 31, 2022	$ 242,550	60,871	2,022	305,443

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

	Defined benefit plan	Gain or loss on valuation of inventory	Others	Total
Deferred tax assets:				
Balance on January 1, 2023	$ 4,924	17,662	22,328	44,914
Recognized in profit or loss	(4,924)	(2,184)	9,009	1,901
Balance on December 31, 2023	**$ -**	**15,478**	**31,337**	**46,815**
Balance on January 1, 2022	$ 5,575	15,345	24,085	45,005
Recognized in profit or loss	(651)	2,317	(1,757)	(91)
Balance on December 31, 2022	**$ 4,924**	**17,662**	**22,328**	**44,914**

(iii) Assessment of tax

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

(n) Capital and other equity

As of December 31, 2023 and 2022, the authorized capital of the Company amounted to $5,000,000, with a par value of $10 per share, which consisted of 500,000 thousand shares of common stock. The paid-in capital was $2,486,500, which consisted of 248,650 thousand shares. All issued shares were paid up upon issuance.

(i) Capital surplus

The ending balance of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Share capital	$ 484	484
Long-term investment	315,222	310,893
Other	912	803
	$ 316,618	**312,180**

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

(ii) Retained earnings

According to the Articles of Incorporation, the current year's earnings, if any, at the end of fiscal year, shall pay tax first and recover accumulated losses before contributing 10% for legal reserve. However, this shall not be applied if legal reserve hereto has already reached the amount of share capital. After residual amount from aforementioned calculation is added to unappropriated earnings from previous period, a contribution or reversal to special reserved shall then be conducted in accordance with regulations or competent authority's requirements.

At the end of each fiscal year, the Board of Directors will propose an earnings distribution based on considerations of the Company's profits, capital and financial structure, future business needs, accumulated earnings and legal reserve, market competition conditions as well as shareholders' interests. The proposal hereto shall be submitted to Annual General Meeting for resolution before being executed accordingly.

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

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

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

1) Legal reserve

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

2) Special reserve

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

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In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a special reserve was appropriated from the undistributed earnings equivalent to the debit balance of cumulative translation differences of $82,429 thousand and unrealized revaluation increments of $27,725 thousand. When relevant assets are used, disposed or reclassified, the original proportion of the special reserve can be reversed to distribute surplus.

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

As of December 31, 2023 and 2022, the special reserve amounted both at to $198,071 thousand.

3) Earnings distribution

Earnings distribution for 2022 and 2021 was resolved in the special resolution of the Board of Directors and the general meeting of shareholders on March 14, 2023 and May 26, 2022, respectively. The appropriation for dividends to ordinary shareholders is as follows:

	2022		2021	
	Amount per share (dollars)	**Amount**	**Amount per share (dollars)**	**Amount**
Dividends distributed to ordinary shareholders				
Cash	$ 3.40	845,410	3.00	745,949

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

	2023	
	Amount per share (dollars)	**Amount**
Dividends distributed to ordinary shareholders		
Cash	$ 3.50	870,275

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

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

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2023	$ (83,359)	18,582	(64,777)
Exchange differences on foreign operations	14	-	14
Disposal of foreign operation income reclassified to profit or loss	8,787	-	8,787
Share of exchange differences of subsidiaries and associates accounted for using equity method	(934)	-	(934)
Unrealized losses on financial assets measured at fair value through other comprehensive income	-	(2,570)	(2,570)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(3,839)	(3,839)
Unrealized gains from financial assets measured at fair value through other comprehensive income, subsidiaries and associates accounted for using equity method	-	19,534	19,534
Balance on December 31, 2023	**$ (75,492)**	**31,707**	**(43,785)**
Balance on January 1, 2022	$ (216,773)	18,703	(198,070)
Exchange differences on foreign operations	9	-	9
Share of exchange differences of subsidiaries and associates accounted for using equity method	133,405	-	133,405
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	4,062	4,062
Disposal of equity instruments measured at fair value through other comprehensive income reclassified to retained earnings	-	(4,183)	(4,183)
Balance on December 31, 2022	**$ (83,359)**	**18,582**	**(64,777)**

(o) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows:

	For the years ended December 31, 2023	2022
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	**$ 1,128,509**	**1,094,391**
Weighted average number of ordinary shares	248,650	248,650
	$ 4.54	**4.40**

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TTY BIOPHARM COMPANY LIMITED
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	For the years ended December 31, 2023	2022
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (diluted)	$ 1,128,509	1,094,391
Weighted average number of ordinary shares	248,650	248,650
Effect of employees' compensation	426	356
Weighted average number of ordinary shares (diluted)	249,076	249,006
	$ 4.53	4.40

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31, 2023					
	Oncology Business Unit	Intensive Care Business Unit	HealthCare Business Unit	Export and CDMO Business Unit	Other Business Unit	Total
Primary geographical markets:						
Taiwan	$ 2,318,402	1,013,214	566,895	285,850	10,221	4,194,582
America	-	-	-	247,098	18,611	265,709
Other countries	52,504	-	-	346,915	37,539	436,958
	$ 2,370,906	1,013,214	566,895	879,863	66,371	4,897,249
Major products/services lines:						
Medicine and functional food	$ 2,318,402	1,013,214	565,661	769,205	-	4,666,482
Services	-	-	1,234	2,354	27,243	30,831
Royalty	52,504	-	-	108,304	39,128	199,936
	$ 2,370,906	1,013,214	566,895	879,863	66,371	4,897,249

	For the year ended December 31, 2022					
	Oncology Business Unit	Intensive Care Business Unit	HealthCare Business Unit	Export and CDMO Business Unit	Other Business Unit	Total
Primary geographical markets:						
Taiwan	$ 2,204,701	899,617	581,660	298,009	2,133	3,986,120
America	-	-	-	5,431	55,112	60,543
Other countries	46,600	-	-	350,904	48,737	446,241
	$ 2,251,301	899,617	581,660	654,344	105,982	4,492,904

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	For the year ended December 31, 2022					
	Oncology Business Unit	Intensive Care Business Unit	HealthCare Business Unit	Export and CDMO Business Unit	Other Business Unit	Total
Major products/services lines:						
Medicine and functional food	$ 2,204,701	899,617	581,054	648,253	-	4,333,625
Services	-	-	606	6,091	20,882	27,579
Royalty	46,600	-	-	-	85,100	131,700
	$ 2,251,301	899,617	581,660	654,344	105,982	4,492,904

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2020
Contract liability	$ 12,792	28,229	40,099

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

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were $28,035 thousand and $16,367 thousand, respectively.

(q) Remunerations to employees and directors

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

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration at $29,189 thousand and $24,328 thousand, respectively, and directors' remuneration both at $14,950 thousand. These amounts were calculated by using the Company's profit before tax for the period before deducting the amounts of the remuneration to employees and directors based on the Company' s Articles of Incorporation, and the amount was recognized under operating expenses. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022.

(r) Non-operating income and expenses

(i) Interest income

The details of total interest income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31, 2023	2022
Interest income from bank deposits	$ 2,671	1,182

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Notes to the Financial Statements

(ii) Other income

The details of other income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Rent revenue	$ 14,360	14,370

(iii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Losses on disposal of property, plant and equipment	$ (1,885)	(3,225)
Losses on disposal of investments	(8,787)	-
Foreign exchange (losses) income	(458)	6,697
Impairment losses of financial assets	(26,950)	-
Impairment losses of non-financial assets	(54,466)	(734)
Others	23,179	32,692
	$ (69,367)	35,430

(iv) Finance costs

The details of finance costs for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Interest expense	$ 34,663	22,316
Other finance costs	138	175
	$ 34,801	22,491

(s) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the Company's maximum amount exposed to credit risk. Such maximum credit exposure on December 31, 2023 and 2022, amounted to $1,167,646 thousand and $1,067,908 thousand, respectively.

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Notes to the Financial Statements

2) Concentration of credit risk

In order to lower the credit risk on accounts receivable, the Company continually evaluates clients' financial situation and also assesses the possibility of collecting accounts receivable and recognizes an "allowance for expected credit loss". Expected credit losses are always within the administrative personnel's expectations. As of December 31, 2023 and 2022, the accounts receivable from the Company's top ten customers represented 20% and 16%, respectively, of accounts receivable.

3) Credit risk of receivables

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

Other financial assets measured at amortized cost include other receivables, time deposits, refundable deposits paid and other financial assets. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. With regards to how the financial instruments are considered to have low credit risk, please refer to Note 4(f). The Company recognized its unrecoverable impairment loss of $26,950 thousand as other financial assets in 2023. There was no expected credit loss after an assessment was made in 2022.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	2-3 years	4-5 years
December 31, 2023					
Non-derivative financial liabilities					
Bank loans	$ 1,850,000	1,866,059	1,460,926	405,133	-
Non-interest-bearing liabilities (including related parties)	890,965	890,965	857,565	33,400	-
Lease liabilities	6,299	6,433	3,349	3,084	-
Guarantee deposits received	3,149	3,149	3,149	-	-
	$ 2,750,413	**2,766,606**	**2,324,989**	**441,617**	**-**
December 31, 2022					
Non-derivative financial liabilities					
Bank loans	$ 1,750,000	1,759,343	1,759,343	-	-
Non-interest-bearing liabilities (including related parties)	903,581	903,581	814,981	88,600	-
Lease liabilities	1,776	1,793	1,321	472	-
Guarantee deposits received	3,149	3,149	3,149	-	-
	$ 2,658,506	**2,667,866**	**2,578,794**	**89,072**	**-**

The Company 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) Currency risk

1) Exposure to foreign currency risk

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

		December 31, 2023			December 31, 2022	
		Foreign Currency	**Exchange Rate**	**NTD**	**Foreign Currency**	**Exchange Rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 6,472	30.7050	198,724	2,839	30.7100	87,188
JPY	65,083	0.2172	14,136	185,734	0.2324	43,165
EUR	310	33.9800	10,536	187	32.7200	6,122
Non-monetary items						
USD	50,123	30.7050	1,539,016	48,213	30.7100	1,480,633
CNY	29,822	4.3270	129,040	48,068	4.4080	211,882
THB	428,699	0.9017	386,558	394,733	0.8941	352,931
TRY	-	-	-	6,528	1.6410	10,712
Financial liabilities						
Monetary items						
USD	600	30.7050	18,421	181	30.71	5,894
JPY	50,352	0.2172	10,936	20,770	0.2324	4,827

2) Sensitivity analysis

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

A strengthening (weakening) of 1% of the NTD against the USD, JPY and EUR as of December 31, 2023 and 2022 would have increased (decreased) the net profit after tax by $1,552 thousand and $1,006 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange are summarized as a single amount. For the years ended December 31, 2023 and 2022, the foreign exchange gains (loss), including both realized and unrealized, amounted to $(458) thousand and $6,697 thousand, respectively.

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(iv) Interest rate analysis

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

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

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

If the interest rate had increased/decreased by 0.25%, the Company's after-tax net income would have decreased/increased by $1,755 thousand and $1,084 thousand for the years ended December 31, 2023 and 2022, respectively with all other variable factors remaining constant.

(v) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31,			
	2023		2022	
Security Price at the reporting date	**Other Comprehensive income after tax**	**Profit or loss after tax**	**Other Comprehensive income after tax**	**Profit or loss after tax**
Increase by 10%	$ 1,199	-	1,456	-
Decrease by 10%	$ (1,199)	-	(1,456)	-

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

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

	December 31, 2023				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through other comprehensive income					
Domestic unlisted stock	$ 11,992	-	-	11,992	11,992

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	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 518,381	-	-	-	-
Notes and accounts receivable (including related parties)	1,167,220	-	-	-	-
Other receivables (including related parties)	28,683	-	-	-	-
Other financial assets	177,056	-	-	-	-
Refundable deposits paid	42,297	-	-	-	-
	1,933,637	-	-	-	-
Total	$ 1,945,629	-	-	11,992	11,992
Financial liabilities measured at amortized cost					
Bank loans	$ 1,850,000	-	-	-	-
Notes and accounts payable (including related parties)	277,542	-	-	-	-
Other payables (including related parties)	580,023	-	-	-	-
Lease liabilities	6,299	-	-	-	-
Guarantee deposit received	3,149	-	-	-	-
Other non-current liabilities	33,400	-	-	-	-
Total	$ 2,750,413	-	-	-	-

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income					
Domestic stock- listed company at Stock Exchange	$ 14,562	-	-	14,562	14,562
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 299,611	-	-	-	-
Notes and accounts receivable (including related parties)	1,067,482	-	-	-	-
Other receivables (including related parties)	23,913	-	-	-	-
Other financial assets	150,709	-	-	-	-
Refundable deposits paid	25,453	-	-	-	-
Total	$ 1,581,730	-	-	14,562	14,562

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	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Bank loans	$ 1,750,000	-	-	-	-
Notes and accounts payable (including related parties)	276,251	-	-	-	-
Other payables (including related parties)	538,730	-	-	-	-
Lease liabilities	1,776	-	-	-	-
Guarantee deposit received	3,149	-	-	-	-
Other non-current liabilities	88,600	-	-	-	-
Total	$ 2,658,506	-	-	-	-

2) Fair value hierarchy

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

4) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

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

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

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

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

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

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

●Equity instruments without a public quotation: The fair value is estimated based on the transaction prices of the stocks of the companies engaged in the same or similar business in the active market. The value multipliers implied by these prices and relevant transaction information determine the value of the evaluated companies and the liquidity discount is taken into consideration.

5) Transfer between levels

There was no change in valuation techniques for financial instruments measured at fair value for the years ended December 31, 2023 and 2022, so there was no transfer between levels.

6) Reconciliation of level 3 fair values:

	Fair value through other comprehensive income
	Equity instruments without quoted price
Balance as of January 1, 2023	$ 14,562
Recognized in other comprehensive income	(2,570)
Balance as of December 31, 2023	**$ 11,992**

(Continued)

	Fair value through other comprehensive income
	Equity instruments without quoted price
Balance as of January 1, 2022	$ -
Recognized in other comprehensive income	4,062
Additions	10,500
Balance as of December 31, 2022	**$ 14,562**

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

The Company' s financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through other comprehensive income - equity investments.

The significant unobservable inputs of the equity investments without an active market are individually, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income－equity investments without an active market	Comparable companies method	·Discount for lack of market liquidity (December 31, 2023 and 2022 the rate were both 27.30%)	·The higher the discount for lack of market liquidity, the lower the fair value

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

The Company' s measurement on the fair value of financial instruments is deemed reasonable. However, use of different valuation models or assumptions may lead to different results. The following is the effect on other comprehensive income from financial assets categorized within Level 3 if the inputs used in valuation models have changed:

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	Input	Change	Other comprehensive income	
			Favorable	Unfavorable
December 31, 2023				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	$ 165	(165)
December 31, 2022				
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted of liquidity	1%	200	(200)

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

(t) Financial risk management

(i) Overview

The Company has exposed to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company’ s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company’ s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company’ s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(Continued)

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers and security investments.

1) Accounts receivable and other receivables

The Company’s credit policy is to transact with creditworthy customers and to obtain collateral to mitigate risks arising from financial loss due to default. The Company transacts with customers with credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company assesses the ratings based on other publicly available financial information and the records of transactions with its customers. The Company continuously monitors the exposure to credit risk and counterparty credit ratings, and evaluates the customers’ credit ratings and credit limits via annual review and approval by the finance department to manage the credit exposure.

The Company did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investment

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company’s finance department. The Company only deals with banks and other external parties with good credit rating and with financial institutions, corporate organizations, and government agencies which are graded above investment grade, management does not expect any counterparty to fail to meet its obligation hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company’ s policy stipulates that financial guarantees can only be provided to controlled subsidiaries. Furthermore, the Company did not provide any endorsement guarantee to external parties as of December 31, 2023 and 2022.

(iv) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’ s approach to manage liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as changes in foreign exchange rates, interest rates, and equity instrument prices, will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

(u) Capital management

The Company's objectives in capital management are to safeguard the capacity to continue as a going concern, to continue to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Company's debt-to-equity ratio at the end of the reporting date was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 3,281,887	3,199,244
Less: cash and cash equivalents	(518,381)	(299,611)
Net debt	2,763,506	2,899,633
Total capital	5,941,340	5,658,424
Adjusted capital	**$ 8,704,846**	**8,558,057**
Debt to equity ratio	**31.75%**	**33.88%**

(7) Related-party transactions:

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Company
TSH Biopharm Co., Ltd.	A subsidiary
Xudong Haipu International Co., Ltd.	A subsidiary
Worldco International Co., Ltd.	A subsidiary
American Taiwan Biopharma Philippines	A subsidiary
EnhanX Inc.	A subsidiary
TTY Biopharm Turkey Saglik Urunleri Sanayi ve Ticaret Limited Sirketi	A subsidiary (Note)
Chuang Yi Biotech Co., Ltd.	A subsidiary
TTY Biopharm Mexico S.A. de C.V.	A subsidiary
American Taiwan Biopharm (Thailand)	An associate
PharmaEngine, Inc.	An associate

Note: TTY-Turkey had been liquidated on October 27, 2023.

(Continued)

(b) Significant transactions with related parties

(i) Operating revenue

	For the years ended December 31, 2023	2022
Subsidiaries	$ 264,133	219,290
Associates	123,594	95,343
	$ 387,727	314,633

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

2) Prices charged for sales transactions with domestic subsidiaries were based on market quotation. The average credit term for notes and accounts receivable pertaining to such sales transactions was 1-3 months.

(ii) Service revenue

Recognized item	Category	For the years ended December 31, 2023	2022
Service revenue	Subsidiaries	$ 985	808
	Associates	1,665	13
		$ 2,650	821

The transaction terms were discussed and agreed by both sides, and revenue was collected by the stage of completion of the contract.

(iii) Royalty revenue

Recognized item	Category	For the years ended December 31, 2023	2022
Royalty revenue	Subsidiary-Worldco International Co., Ltd.	$ 52,504	46,600

(iv) Rent revenue

Recognized item	Category	For the years ended December 31, 2023	2022
Rent revenue	Subsidiary-TSH Biopharm Co., Ltd.	$ 4,608	4,605
	Subsidiaries	412	412
		$ 5,020	5,017

Rent was based on recent market transactions on arm's-length terms.

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

(v) Other gains

Recognized item	Category	For the years ended December 31, 2023	2022
Other gains	Subsidiary-TSH Biopharm Co., Ltd.	$ 5,390	5,577
	Subsidiary-Chuang Yi Biotech Co., Ltd.	6,650	7,574
	Subsidiaries	233	543
	Associate-American Taiwan Biopharm (Thailand)	12,520	12,430
		$ 24,793	**26,124**

1) The other gains from subsidiaries included warehouse fees, technology service fees, commissioned research expense and bookkeeping fees. Warehouse fees are determined by industry rates, and the payment is received within 60 days after the invoice date. The Company uses cost-plus pricing for technology service fees and commissioned research expense, and the payment is received within 60 days after the invoice date. For the bookkeeping fees, the credit term is 3 months.

2) Based on management services agreements, the associates should pay the Company for development in the pharmaceutical industry or registration of pharmaceutical products. The credit term for the gains from development in the pharmaceutical industry or registration of pharmaceutical products is three months.

(c) Assets and liabilities with related parties

Recognized item	Category	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiaries	$ 49,540	45,150
	Associates	40,715	16,426
		$ 90,255	**61,576**
Other receivables	Subsidiary-American Taiwan Biopharma Philippines	$ 5,026	5,589
	Subsidiaries	2,454	2,315
	Associates-American Taiwan Biopharm (Thailand)	3,341	3,669
		$ 10,821	**11,573**
Guarantee deposit received	Subsidiaries	**$ 835**	**835**

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

TTY BIOPHARM COMPANY LIMITED

Notes to the Financial Statements

(d) Key management personnel compensation

	For the years ended December 31, 2023	2022
Salaries and other short-term employee benefits	$ 56,920	50,966
Post-employment benefits	232	324
	$ 57,152	**51,290**

(8) Pledged assets:

As of December 31, 2023 and 2022, pledged assets were as follows:

Asset	Purpose of pledge	December 31, 2023	December 31, 2022
Other non-current financial asset	Guarantee for provision attachment	**$ 149,380**	**149,380**

(9) Commitments and contingencies:

(a) The Company's unfinished contracts as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Total price of unfinished contracts		
Purchase of equipment and construction engineering	**$ 55,220**	**40,124**
Acquisition of intangible assets	**$ 479,264**	**159,975**
Acquisition of raw material	**$ 103,011**	**103,016**
Unpaid amount		
Purchase of equipment and construction engineering	**$ 39,366**	**16,660**
Acquisition of intangible assets	**$ 411,161**	**143,237**
Acquisition of raw material	**$ 28,786**	**47,984**

(b) As of December 31, 2023 and 2022, the financial institutions provide guarantee for the import and sale of medicine amounted to $89,992 thousand and $60,933 thousand, respectively.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

(12) Other:

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

By function / By item	For the years ended December 31,					
	2023			2022		
	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	$ 232,878	475,180	708,058	231,009	480,777	711,786
Health and labor insurance	22,752	36,955	59,707	21,522	37,303	58,825
Pension	12,256	20,684	32,940	11,747	21,715	33,462
Director's remuneration	-	31,122	31,122	-	30,330	30,330
Others	11,691	56,567	68,258	6,788	49,631	56,419
Depreciation	119,829	27,233	147,062	117,388	34,737	152,125
Amortization	17,666	14,930	32,596	4,551	8,637	13,188

For the years ended December 31, 2023 and 2022, the information of the number of employees and employee benefit expense were as follows:

	For the years ended December 31, 2023	2022
Number of employees	553	575
Number of directors who were not employees	8	8
The average employee benefit	$ 1,594	1,518
The average salaries and wages	$ 1,299	1,255
Percentage of average employee salary expense	3.51 %	5.46 %
Remuneration of supervisor	$ -	-

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

The Company's Articles of Incorporation stipulates that when directors perform their duties in the Company, remuneration shall be paid no matter whether the Company is in a loss or not. The remuneration of directors shall be determined by the participation and contribution of the directors and may be paid at such level as generally adopted by the enterprises of the same industry. The remuneration of independent directors of the Company is evaluated by the remuneration committee according to the Company's "Director's Remuneration Policy" and approved by the board of directors. Remuneration of general directors is paid in accordance with the Company's Articles of Incorporation, and no more than 2% for directors' remuneration when there is profit for the year. The directors' remuneration is determined based on the "Rules and Procedures of Board of Directors and Functional Committee Performance Evaluation" to evaluate the overall performance of directors and the board of directors. Items evaluated by the directors include, mastery of the Company goals and tasks, understanding of directors' responsibilities, participation in company operations, management and communication of internal relationship, professional and continuous education of directors, and internal control. The directors should also give remuneration in resonate with the Company's overall operating performance. Directors of the Company release remuneration based on the Company's operating performance, personal operating participation and evaluation, and the relevance of future risks, it then submit to the board of directors for approval after reviewing the Company's remuneration policy.

In accordance with the Company's Articles of Incorporation stipulate that if there is a profit in the current year, 0.5% to 10% shall be allocated as employee compensation. The Company's employee remuneration includes salaries and bonuses. Salary is based on the Company's "Salary Structure" with reference to peer industry standards and titles, academic (economic) qualifications, professional capabilities, and responsibilities; bonuses are based on employee's annual performance to evaluate, such as annual work goal achievement rate, core functional indicators (trust and results-oriented, integrity and teamwork, proactive and ambition, and customer-oriented) and management function indicators, etc. The Company has separately formulated a performance standard reward plan, hoping to encourage its employees to create greater operating benefits for the company.

(b) The Company donated $106,027 thousand and $77,317 thousand to medical related foundations and associations to support non-profit organizations developing drugs and promoting disease prevention and correct dosage for the years ended December 31, 2023 and 2022, respectively.

(c) With regard to the ex-chairman of the Company, Rong-Jin Lin (Mr. Lin), for his offense of aggravated breach of trust under the Securities and Exchange Act that has been put on trial several times, on December 23, 2021, the Supreme Court handed his case back to the Taiwan High Court for retrial, wherein it was still in progress as of the reporting date. On the other hand, on September 6, 2017, the relevant incidental civil action was later transferred to the civil court for further trial as a different case.

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TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

(d) On May 31, 2016, the Company filed a claim with the Cantonal Court of Zug in Switzerland against Inopha AG (Inopha) for all 13 licensing agreements between the Company and Inopha being declared null and void, and further sought an order that Inopha returns all the benefits it had gained from the 13 agreements. The case is still in progress at Cantonal Court of Zug in Switzerland.

(e) On May 30, 2016, Janssen Pharmaceutica NV (Janssen) filed a request for arbitration with the WIPO Arbitration and Mediation Center, at the Company’s request, to confirm whether the monies incurred from the agreement in dispute belong to the Company or Inopha. The case was suspended. As of December 31, 2022, the monies incurred from the agreement in dispute in the amount of $21,456 thousand euros have been deposited into the escrow account by Janssen.

(f) With regards to the dispute on the Risperidone Contract entered into between the Company and Center Laboratories, Inc. (referred to as the CLI), the Company considered the signing of the agreement to be incompliance with the relevant procedures and legal requirements, hence, should be deemed as invalid. However, CLI disagreed with the Company's viewpoint and filed an action for declaratory judgment of the said contract, as a civil lawsuit, against the Company in the Taipei District Court on July 1, 2016. The case has been put on trial several times, and on May 18, 2023, original ruling was declared to be invalid by the Supreme Court, and the case had been handed back to the Taiwan High Court for retrial.

(g) On February 28, 2020, the Company filed a civil lawsuit to the Labor Court Dresden of Germany against Denis Optiz, the beneficiary owner of Inopha AG. The case is still in progress at Labor Court Dresden of Germany.

(h) On May 14, 2021, the Company was penalized by the Fair Trade Commission for concerted action due to the agreement it entered with Lotus Pharmaceutical Co., Ltd. on February 4, 2009 regarding the exclusive right to sell "Furil Capsules". On July 12, 2021, the Company filed a complaint with the Taipei High Administrative Court to revoke the above penalty. The case is still in progress by the Taipei High Administrative Court.

(i) On July 21, 2023, Taiwan Shilin District Prosecutors Office and the Ministry of Justice Investigation Bureau (referred to as the Investigation Bureau) came to the Company to investigate the drug contract case due to the Company filed against breach of trust cases on March 24, 2022 based on whistleblower letters, and the Investigation Bureau reviewed and selected the Company's transaction documents related to certain drugs from July 2011 to July 2023, The case is under investigation.

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TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on the Company's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the year ended December 31, 2023:

(i) Loans to other parties:None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	Chuang Yi Biotech Co., Ltd.	2	1,188,268	50,000	-	-	-	- %	2,970,670	Y	N	N

Note1: The numbering is as follows:
1. The issuer is coded "0".
2. Subsidiaries are sequentially numbered from 1 by company.

Note2: The 7 types of relationship between the guarantor and parties being endorsed/guaranteed were as follows:
1. An investee company that has a business relationship with the Company.
2. An investee in which the Company holds directly and indirectly over 50% of voting shares.
3. An investee in which the Company and its subsidiaries directly and indirectly hold over 50% of voting shares.

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TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

4. An investee in which the Company holds directly and indirectly over 90% of voting shares.
5. An investee that has provided guarantees to the Company, and vice versa, due to contractual requirements.
6. An investee in which the Company conjunctly invests with other shareholders, and for which the Company has provided endorsement/guarantee in proportion to its shareholding percentage.
7. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note3: The amount of guarantee/endorsement to a Company shall not exceed 20% and the total amount of guarantee/endorsement to others shall not exceed 50% of the worth of the Company in the latest financial statements.
The amount of guarantee/endorsement to a Company shall not exceed 20% and the total amount of guarantee/endorsement to others shall not exceed 50% of the worth of the Company and its subsidiaries in their latest financial statements.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollar)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	ExoOne Bio. Co., Ltd. Common Stock	-	Financial assets measured at fair value through other comprehensive income–non-current	700	11,992	5.94 %	11,992	
TSH Biopharm Co., Ltd.	Lumosa Therapeutics Co., Ltd. Common Stock	-	Financial assets measured at fair value through other comprehensive income– current	1,160	79,228	0.70 %	79,228	
〃	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets measured at fair value through other comprehensive income–non-current	2,500	149,750	0.38 %	149,750	
〃	Union Bank of Taiwan Preferred Shares A	-	〃	400	20,520	0.20 %	20,520	
〃	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	〃	58	3,188	0.02 %	3,188	
〃	CellMax Ltd. Preferred Stock	-	〃	1,593	9,017	0.62 %	9,017	

(Continued)

TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/Sale	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Chuang Yi Biotech Co., Ltd.	The subsidiary	Sale	(180,969)	(3.88)%	90 days T/T	Normal	No different to other clients	35,954	3.08%	
The Company	American Taiwan Biopharm (Thailand)	Associates	Sale	(123,594)	(2.65)%	90 days T/T	Normal	No different to other clients	40,715	3.49%	
Chuang Yi Biotech Co., Ltd.	The Company	The parent company	Purchase	180,969	96.99%	90 days T/T	Normal	No different to other vendors	(35,954)	(95.28)%	

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock: None

(ix) Trading in derivative instruments: None

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TTY BIOPHARM COMPANY LIMITED

Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Xudong Haipu International Co., Ltd.	Cayman Is.	Investing activities	303,998	303,998	25,000	100.00 %	1,428,964	34,998	34,998	Subsidiary
The Company	Worldco International Co., Ltd.	Hong Kong	Selling chemical medicine	15,825	158,254	3,960	100.00 %	129,040	187	187	Subsidiary
The Company	American Taiwan Biopharma Philippines	Philippines	Selling chemical medicine	32,904	32,904	481	87.00 %	(4,481)	(7,169)	(3,493)	Subsidiary
The Company	TSH Biopharm Co., Ltd.	Taiwan	Selling chemical medicine	227,449	227,449	21,687	56.48 %	621,458	62,243 (Note1)	34,998	Subsidiary
The Company	EnhanX Biopharm Inc.	Taiwan	Developing chemical medicine	50,000	50,000	5,000	20.83 %	540	(75,155)	(15,655)	Subsidiary
The Company	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	250,951	250,951	7,432	23.12 %	30,726	(763)	1,511	Subsidiary
The Company	TTY Biopharm Turkey Saglik Urunleri Sanayi ve Ticaret Limited Sirketi	Turkey	Selling chemical medicine	-	13,863	-	- %	-	(2,500)	(2,500)	Subsidiary (Note2)
The Company	PharmaEngine, Inc.	Taiwan	Developing chemical medicine	536,559	536,559	25,867	18.00 %	859,603	274,650	49,438	Investments accounted for using equity method
The Company	American Taiwan Biopharm (Thailand)	Thailand	Selling chemical medicine	2,966	2,966	380	40.00 %	386,558	126,100	50,440	Investments accounted for using equity method
The Company	Gligio International Limited (HK)	Hong Kong	Selling chemical medicine	2,685	2,685	620	40.00 %	110,052	78,653	31,461	Investments accounted for using equity method
Xudong Haipu International Co., Ltd.	EnhanX Biopharm Inc.	Taiwan	Developing chemical medicine	70,000	70,000	7,000	29.17 %	12,244	(75,155)	(21,922)	Subsidiary
Xudong Haipu International Co., Ltd.	TTY Biopharm Korea Co., Ltd.	Korea	Selling chemical medicine	59,404	43,834	449	100.00 %	11,270	(8,532)	(8,532)	Subsidiary
Xudong Haipu International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Mexico	Selling chemical medicine	26,638	26,638	17,500	50.00 %	8,336	(7,098)	(3,549)	Subsidiary
Worldco International Co., Ltd.	TTY Biopharm Mexico S.A. de C.V.	Mexico	Selling chemical medicine	26,638	26,638	17,500	50.00 %	8,336	(7,098)	(3,549)	Subsidiary
EnhanX Biopharm Inc.	EnhanX Biopharm B.V.	Netherlands	Developing chemical medicine	3,538	3,538	100	100.00 %	1,108	(364)	(364)	Subsidiary
TSH Biopharm Co., Ltd.	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	200,262	40,252	16,590	51.60 %	169,121	(763)	(3,499)	Subsidiary
Chuang Yi Biotech Co., Ltd.	Immortal Fame Global Ltd.	Samoa	Import and export trading and investment activities	16,820	16,820	568	100.00 %	2,162	(196)	(196)	Subsidiary

Note1: Net income (losses) of investee was calculated at the level of the consolidated group.

Note2: TTY-Turkey had been liquidated on October 27, 2023.

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TTY BIOPHARM COMPANY LIMITED
Notes to the Financial Statements

(c) Information on investment in Mainland China:

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

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Worldco Biotech Pharmaceutical Ltd. (Chengdu)	Selling chemical medicine	51,491 CNY 11,900	(2)	87,103 CNY 20,130	-	-	87,103 CNY 20,130	498 CNY 114	100 %	498 CNY 114	49,960 CNY 11,546	-
Chuang Yi (Shanghai) Trading Co., Ltd.	Selling functional food	15,353 USD 500	(2)	15,353 USD 500	-	-	15,353 USD 500	(197) CNY (45)	100 %	(197) CNY (45)	2,126 CNY 491	-

The exchange rate of USD to NTD as of the reporting date was 1:30.705, and the average exchange rate of USD to NTD as of the reporting period was 1:31.1277.The exchange rate of CNY to NTD as of the reporting date was 1:4.327, and the average exchange rate of CNY to NTD as of the reporting period is 1:4.3862.

Note 1): Investment methods are classified into the following four categories.
1.Remittance from third-region companies to invest in Mainland China.
2.Through the establishment of third-region companies, then investing in Mainland China.
3.Through transfer of investment to third-region existing companies, then investing in Mainland China.
4.Others.

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

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TTY BIOPHARM COMPANY LIMITED

Notes to the Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 102,456	NTD 1,450,136 (USD 47,228)	NTD 3,564,804

(iii) Significant transactions: None

(d) Major shareholders:

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

(14) Segment information:

Please refer to the consolidated financial report for the years ended December 31, 2023 and 2022.