Savior Lifetec Corporation and Subsidiaries

Consolidated Financial Report and Independent Auditors' Review Report

Q1 of 2024 and 2023

Address: No. 29, Kezhong Rd., Zhunan Township, Miaoli County

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Independent Auditors' Report

To Savior Lifetec Corporation:

Foreword

We have reviewed the accompanying consolidated balance sheets of Savior Lifetec Corporation (the "Company") and its subsidiaries as of March 31, 2024 and 2023 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity, and the consolidated statements of cash flows for the three-month period ended March 31, 2024 and 2023, and the notes to the financial statements (including a summary of significant accounting). Compiling fairly presented consolidated financial statements according to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 "Interim Financial Reporting" approved and issued into effect by the Financial Supervisory Commission is the responsibility of the management. The CPA is responsible for making conclusions based on the review result.

Scope of Applicability

The CPA conducts review pursuant to ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." The procedures carried out during the review of consolidated financial statements include inquiries (mainly to the personnel in charge of financial and accounting matters), analytical procedures and other review procedures. The scope of a review is obviously narrower than the scope of an audit. Hence, the CPA may not identify the material matters that can be identified during an audit and, thus, cannot give audit opinions.

Conclusions

According to the auditing result, no facts that any and all of the material disclosures of the consolidated financial statements mentioned above were not prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the IAS 34 "Interim Financial Reporting" approved and issued into effect by the Financial Supervisory Commission and, thus, the consolidated financial position of Savior Lifetec Corporation and its subsidiaries as at March 31, 2024 and 2023, and the consolidated business performance and consolidated cash flow for the three-month period ended March 31, 2024 and 2023 that were not fairly presented are identified.

Deloitte & Touche

Cheng Hsu-Jan, CPA	Hsieh Tung-Ju, CPA
Financial Supervisory Commission Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1010028123	Financial Supervisory Commission Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1090347472

May 3, 2024

Savior Lifetec Corporation and Its Subsidiaries

Consolidated Balance Sheet

March 31, 2024 and December 31 and March 31, 2023

Unit: NTD thousand

		March 31, 2024		December 31, 2023		March 31, 2023	
Code	Assets	Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Notes 6 and 24)	$ 1,193,766	31	$ 1,082,919	28	$ 1,159,815	27
1110	Financial assets carried at fair value through profit or loss – current (Note 7)	114,578	3	48,215	1	5,830	-
1136	Financial assets carried at amortized cost – current (Notes 6 and 24)	198,000	5	206,058	6	505,115	12
1150	Net notes receivable (Note 8)	2,898	-	1,932	-	4,066	-
1170	Net accounts receivable (Notes 8 and 17)	178,072	5	273,100	7	242,619	5
1200	Other accounts receivable (Note 8)	7,494	-	9,236	-	4,409	-
1220	Current Tax Assets	7,060	-	4,926	-	2,267	-
130X	Inventories (Note 9)	838,138	21	860,044	23	1,071,735	25
1410	Prepayments	65,136	2	53,406	2	37,064	1
1470	Other current assets	5,957	-	6,374	-	3,801	-
11XX	Total current assets	2,611,099	67	2,546,210	67	3,036,721	70
	Non-current assets						
1510	Financial assets carried at fair value through profit or loss – non-current (Note 7)	-	-	-	-	37,819	1
1535	Financial assets carried at amortized cost – non-current (Notes 6 and 24)	4,040	-	4,040	-	-	-
1550	Investments Accounted for Using the Equity Method (Note 11)	146,466	4	146,961	4	-	-
1600	Property, plant and equipment (Notes 12 and 24)	829,362	21	860,365	22	967,168	23
1755	Right-of-use assets (Note 13)	264,175	7	255,384	7	258,706	6
1780	Intangible assets	2,027	-	2,599	-	4,672	-
1900	Other non-current assets (Note 24)	30,504	1	7,112	-	2,933	-
15XX	Total non-current assets	1,276,574	33	1,276,461	33	1,271,298	30
1XXX	Total assets	$ 3,887,673	100	$ 3,822,671	100	$ 4,308,019	100
Code	Liability and equity						
	Current liabilities						
2130	Contract liabilities – current (Note 17)	$ 6,055	-	$ 19,802	1	$ 51,841	1
2170	Accounts payable	56,928	2	54,197	1	27,395	1
2200	Other payables (Note 15)	110,307	3	113,483	3	62,449	2
2230	Current Tax Liabilities	8	-	8	-	-	-
2280	Lease liabilities – current (Note 13)	13,338	-	13,337	-	11,260	-
2320	Corporate bonds payable due within one year (Note 14)	-	-	-	-	529,844	12
2399	Other current liabilities	60	-	91	-	1,092	-
21XX	Total current liabilities	186,696	5	200,918	5	683,881	16
	Non-current Liabilities						
2580	Lease liabilities – non-current (Note 13)	266,480	7	257,039	7	260,495	6
25XX	Total non-current liabilities	266,480	7	257,039	7	260,495	6
2XXX	Total liabilities	453,176	12	457,957	12	944,376	22
	Equity attributable to the company shareholders (Note 16)						
3110	Common stock	3,173,991	82	3,173,991	83	3,172,316	74
3200	Capital surplus	135,127	3	135,127	4	134,038	3
	Retained earnings						
3310	Legal reserve	4,634	-	4,634	-	996	-
3320	Special reserve	8,960	-	8,960	-	8,960	-
3350	Undistributed earnings	101,103	3	30,030	1	33,727	1
3300	Total retained earnings	114,697	3	43,624	1	43,683	1
31XX	Total equity attributable to owners of the company	3,423,815	88	3,352,742	88	3,350,037	78
36XX	Non-controlling interests	10,682	-	11,972	-	13,606	-
3XXX	Total equity	3,434,497	88	3,364,714	88	3,363,643	78
	Total liabilities and equity	$ 3,887,673	100	$ 3,822,671	100	$ 4,308,019	100

The attached notes are part of the Consolidated Financial Statements.

Chairman: Concord Consulting Inc. Managerial Officer: Chen Chih-Fang Accounting Officer: Lin Kuo-Wei

Representative: Rebecca Lee

Savior Lifetec Corporation and Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to March 31, 2024 and 2023

Unit: NTD thousand, except for earnings (loss) per share in NT$

		January 1 to March 31, 2024		January 1 to March 31, 2023	
Code		Amount	%	Amount	%
4000	Operating revenue (Note 17)	$259,192	100	$221,892	100
5000	Operating costs (Notes 9 and 18)	(205,433)	(79)	(168,715)	(76)
5900	Operating Gross Profit	53,759	21	53,177	24
	Operating expenses (Notes 8, 18 and 23)				
6100	Selling expenses	(9,080)	(4)	(8,522)	(4)
6200	Administrative expenses	(27,101)	(10)	(18,243)	(8)
6300	Research and development expenses	(20,740)	(8)	(31,362)	(14)
6450	Gain on Reversal of Expected Credit Impairment	-	-	1,049	-
6000	Total operating expenses	(56,921)	(22)	(57,078)	(26)
6900	Net operating loss	(3,162)	(1)	(3,901)	(2)
	Non-operating income and expenses (Note 18)				
7100	Interest revenue	9,894	4	11,319	5
7010	Other income	2,044	1	707	-
7020	Other gains and losses	63,618	24	(8,360)	(4)
7050	Financial cost	(2,116)	(1)	(3,324)	(1)
7060	Share of profit or loss of affiliates recognized using the equity method	(495)	-	-	-
7000	Total non-operating income and expenses	72,945	28	342	-

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(Brought forward)

Code		January 1 to March 31, 2024 Amount	%	January 1 to March 31, 2023 Amount	%
7900	Net profit (loss) before tax	$ 69,783	27	($ 3,559)	(2)
7950	Income tax expense	-	-	-	-
8200	Current net income (loss)	69,783	27	(3,559)	(2)
8500	Current total comprehensive income	$ 69,783	27	($ 3,559)	(2)
	Net Income (loss) Attributable To:				
8610	Owners of the Company	$ 71,073	27	($ 2,660)	(1)
8620	Non-controlling interests	(1,290)	-	(899)	(1)
8600		$ 69,783	27	($ 3,559)	(2)
	Comprehensive Income Attributable To:				
8710	Owners of the Company	$ 71,073	27	($ 2,660)	(1)
8720	Non-controlling interests	(1,290)	-	(899)	(1)
8700		$ 69,783	27	($ 3,559)	(2)
	Earnings (Loss) per share (Note 20)				
9750	Basic	$ 0.22		($ 0.01)	
9850	Diluted	$ 0.22		($ 0.01)	

The attached notes are part of the Consolidated Financial Statements.

Chairman: Concord Consulting Inc.

Representative: Rebecca Lee

Managerial Officer: Chen Chih-Fang

Accounting Officer: Lin Kuo-Wei

Savior Lifetec Corporation and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to March 31, 2024 and 2023

Unit: NTD thousand

Code		Equity attributable to the company shareholders						Non-controlling interests	Total equity
				Retained earnings					
		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total		
A1	Balance on January 1, 2023	$3,172,166	$ 133,941	$ 996	$ 8,960	$ 36,387	$3,352,450	$ 14,505	$3,366,955
D1	Net loss for the three-month periods ended March 31, 2023	-	-	-	-	(2,660)	(2,660)	(899)	(3,559)
D3	Other comprehensive income after tax for the three-month periods ended March 31, 2023	-	-	-	-	-	-	-	-
D5	Total comprehensive income for the three-month periods ended March 31, 2023	-	-	-	-	(2,660)	(2,660)	(899)	(3,559)
N1	Exercise of employee stock options	150	97	-	-	-	247	-	247
Z1	Balance on March 31, 2023	$3,172,316	$ 134,038	$ 996	$ 8,960	$ 33,727	$3,350,037	$ 13,606	$3,363,643
A1	Balance on January 1, 2024	$3,173,991	$ 135,127	$ 4,634	$ 8,960	$ 30,030	$3,352,742	$ 11,972	$3,364,714
D1	Net income for the three-month period ended March 31, 2024	-	-	-	-	71,073	71,073	(1,290)	69,783
D3	Other comprehensive income after tax for the three-month periods ended March 31, 2024	-	-	-	-	-	-	-	-
D5	Total comprehensive income for the three-month periods ended March 31, 2024	-	-	-	-	71,073	71,073	(1,290)	69,783
Z1	Balance on March 31, 2024	$3,173,991	$ 135,127	$ 4,634	$ 8,960	$ 101,103	$3,423,815	$ 10,682	$3,434,497

The attached notes are part of the Consolidated Financial Statements.

Chairman: Concord Consulting Inc.
Representative: Rebecca Lee

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Accounting Officer: Lin Kuo-Wei

Savior Lifetec Corporation and Subsidiaries

Consolidated Statement of Cash Flows

January 1 to March 31, 2024 and 2023

Unit: NTD thousand

Code		January 1 to March 31, 2024	January 1 to March 31, 2023
	Cash flows from operating activities		
A10000	Current net profit (loss) before tax	$ 69,783	($ 3,559)
A20010	Income and Expenses:		
A20300	Gain on Reversal of Expected Credit Impairment	-	(1,049)
A20100	Depreciation expense	36,935	48,036
A20200	Amortization expense	627	829
A22400	Share of profit or loss of affiliates recognized using the equity method	495	-
A20900	Financial cost	2,116	3,324
A21200	Interest revenue	(9,894)	(11,319)
A23800	Inventory devaluation and revaluation gain	(5,087)	(23)
A20400	Net earnings of financial assets measured at fair value through profit or loss	(28,999)	(4,715)
A24100	Unrealized net loss (gain) of foreign exchange	(914)	5,121
A30000	Changes in operating assets and liabilities		
A31115	Financial assets are compulsorily measured at fair value through profit or loss	(37,364)	-
A31130	Notes receivable	(966)	(807)
A31150	Accounts receivable	97,019	48,789
A31180	Other accounts receivable	214	(858)
A31200	Inventories	26,993	(35,376)
A31230	Prepayments	(11,730)	74,462
A31240	Other current assets	417	(872)
A32125	Contract liabilities	(13,747)	(14,860)
A32130	Notes payable	-	(120)
A32150	Accounts payable	2,388	(42,304)
A32180	Other payables	1,178	(40,001)
A32230	Other current liabilities	(31)	889
A33000	Cash from operations	129,433	25,587
A33100	Interest received	11,425	11,319
A33300	Interest paid	(2,116)	(2,085)
A33500	Income Tax Paid	(2,134)	(1,099)

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(Brought forward)

Code		January 1 to March 31, 2024	January 1 to March 31, 2023
AAAA	Net cash inflow from operating activities	136,608	33,722
	Cash flows from investing activities		
B00040	Acquisition of financial assets carried at amortized cost	($ 103,062)	$ -
B00050	Disposal of financial assets carried at amortized cost	111,120	50,000
B02700	Purchase of property, plant and equipment	(30,417)	(7,907)
B04500	Purchase of intangible assets	(55)	-
B03800	Decrease in guarantee deposit paid	-	549
BBBB	Net cash inflow (outflow) from investing activities	(22,414)	42,642
	Cash flows from financing activities		
C04020	Lease liability principal repayment	(3,347)	(2,789)
C04800	Exercise of employee stock options	-	247
CCCC	Net cash outflow from financing activities	(3,347)	(2,542)
EEEE	Current increase in cash and cash equivalents	110,847	73,822
E00100	Balance of cash and cash equivalents at the beginning of the period	1,082,919	1,085,993
E00200	Balance of cash and cash equivalents at the end of the period	$ 1,193,766	$ 1,159,815

The attached notes are part of the Consolidated Financial Statements.

Chairman: Concord Consulting Inc. Representative: Rebecca Lee

Managerial Officer: Chen Chih-Fang

Accounting Officer: Lin Kuo-Wei

Savior Lifetec Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

January 1 to March 31, 2024 and 2023

(Amounts in NTD thousand, Unless Otherwise Specified)

I Company History

Savior Lifetec Corporation (hereinafter referred to as the Company) was established on January 30, 2004, upon approval from the Ministry of Economic Affairs. The major business items of the Company and its subsidiaries (collectively, "the consolidated entities") are the research, development, design, manufacture, and sale of carbapenem generics, injection generics, controlled-release generics, the development of new dosage forms and drugs, and the APIs, excipients, intermediates, and dosage forms of the aforementioned products. The Company also provides medicine manufacturer technology and services. The Company has traded on Taipei Exchange as of September 8, 2015.

The consolidated financial statements are stated with the Company's functional currency, i.e. NTD, as the presentation currency.

II Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved by the Board of Directors on May 3, 2024.

III Application of new and amended standards and interpretations

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRS accounting standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Application of the amended IFRS accounting standards endorsed and issued into effect by the FSC as of 2024 does not have a significant effect on the consolidated entities' accounting policies.

(2) The IFRS accounting standards issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, amended and revised standards and interpretations	Effective date announced by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”	To be decided
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparison Information”	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable to the reporting period of the year as of January 1, 2025. At the time of initial application of the amendments, the comparative period shall not be restated, but the effects shall be recognized in the retained earnings or exchange differences of foreign operations under equity (as appropriate) on the date of initial application, as well as the related affected assets and liabilities.

The consolidated entities evaluate that the amendments to said standards or interpretation are not expected to have significant effects on them. Until the date of publication of the consolidated financial statements, the consolidated entities are continuously assessing the possible impact that the application of said amendments to standards and interpretation will have on their financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV Summary of significant accounting policies

(1) Statement of compliance

This consolidated financial report was prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS 34 “Interim Financial Reporting” approved and issued into effect by the Financial Supervisory Commission. The consolidated financial statements do not include all the IFRS disclosures required by the annual financial report.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for the financial instruments at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1. Level 1: The quoted price on an active market for identical assets or liabilities that are accessible to the Company on the measurement date (before adjustment).
2. Level 2: It refers to the 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).
3. Level 3: The inputs that are not observable for assets or liabilities.

(3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Operating income of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective date of acquisition or until the date of disposal, as appropriate. Adjustments have been made to the financial statements of subsidiaries to allow their accounting policies to be consistent with those used by the consolidated entities. During the preparation of the consolidated financial statements, the transaction, account balance, revenue, and expense among entities were eliminated completely. Subsidiaries' total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if it results in losses for non-controlling interests.

Changes in the consolidated entities' ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the consolidated entities' interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The price difference between the adjustment value of non-controlling interest and the fair value of paid or collected consideration shall be stated into equity directly and also attributed to the owners of the Company.

Please refer to Note 10 and Table 4 for details of subsidiaries, percentage of ownership and business lines.

(4) Other significant accounting policies

In addition to the following notes, please also refer to the summarization of the significant accounting policies in the 2023 consolidated financial statements.

Income tax expense

The tax expenses include the sum of current and deferred income taxes. The interim income tax is evaluated based on the year; the tax rate applicable to the expected total annual earnings is applied to calculate the interim pre-tax incomes.

V Major sources of uncertainties to significant account judgments, estimates, and assumptions

The major sources of uncertainties to significant account judgments, estimates, and assumptions adopted herein are identical to those applied in the 2023 consolidated financial statements.

VI Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on Hand	$ 401	$ 393	$ 415
Check and demand deposits	252,365	100,287	555,075
Cash equivalents (Investment due within three (3) months initially)			
Bank time deposits	941,000	934,239	604,325
Reverse re-purchase agreements	-	48,000	-
	$1,193,766	$1,082,919	$1,159,815

Until March 31, 2024 and December 31 and March 31, 2023, the bank time deposits due more than three months initially (stated as financial assets carried at amortized cost) have amounted to NT$202,040 thousand, NT$210,098 thousand and NT$505,115 thousand.

For the details about the consolidated entities' bank deposits and time deposits pledged or provided as security, please refer to Note 24.

VII. Financial instruments carried at fair value through profit or loss

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets – current			
Mandatorily as at Fair Value Through Profit or Loss			
Non-derivative financial assets			
— Domestic emerging stocks	$ 38,437	$ 36,302	$ -
— Foreign listed/OTC stocks	76,141	11,913	5,830
	$114,578	$ 48,215	$ 5,830
Financial assets – non-current			
Mandatorily as at Fair Value Through Profit or Loss			
Non-derivative financial assets			
- Domestic emerging stocks	$ -	$ -	$ 37,819

VIII. Notes receivable, accounts receivable and other receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable			
Total carrying amount carried at amortized cost	$ 2,898	$ 1,932	$ 4,066
Accounts receivable			
Total carrying amount carried at amortized cost	$178,072	$273,100	$243,504
Less: Allowance loss	-	-	(885)
	$178,072	$273,100	$242,619
Other accounts receivable	$ 7,494	$ 9,236	$ 4,409

(1) Notes and accounts receivable

The consolidated entities' average credit period for the sale of goods ranges from 30 days to 90 days. The accounts receivable are collected without interest. When determining the recoverability of accounts receivable, the consolidated entities shall consider any changes in the credit quality of the accounts receivable from the date of initial granting of the loan until the balance sheet date.

The consolidated entities recognize loss allowance for accounts receivable based on the lifetime expected credit loss, according to the streamlined approach under IFRS 9. The lifetime expected credit losses are calculated using the reserve matrix, by considering the customers' past default records and current financial position as well as the industrial economic situations, in addition to GDP forecast and industrial outlook. As the consolidated entities' credit loss history shows that there is no significant difference among the loss patterns of different customer bases, the reserve matrix doesn't further divide the customer bases, but only establishes the expected credit losses based on the number of days for which the accounts receivable becomes overdue.

The consolidated entities write off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery expected by the consolidated entities. For accounts receivables that have been written off, the consolidated entities continue to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The loss allowance for accounts receivable measured by the consolidated entities using the reserve matrix is as follows:

March 31, 2024

	Not overdue	Overdue 1–90 days	Overdue 91–180 days	Overdue 181–270 days	Overdue 271–360 days	Overdue more than 360 days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	100%	
Total Carrying Amount	$ 128,647	$ 52,319	$ 4	$ -	$ -	$ -	$ 180,970
Loss allowance (lifetime expected credit loss)	-	-	-	-	-	-	-
Amortized Cost	$ 128,647	$ 52,319	$ 4	$ -	$ -	$ -	$ 180,970

December 31, 2023

	Not overdue	Overdue 1–90 days	Overdue 91–180 days	Overdue 181–270 days	Overdue 271–360 days	Overdue more than 360 days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	100%	
Total Carrying Amount	$ 208,686	$ 66,346	$ -	$ -	$ -	$ -	$ 275,032
Loss allowance (lifetime expected credit loss)	-	-	-	-	-	-	-
Amortized Cost	$ 208,686	$ 66,346	$ -	$ -	$ -	$ -	$ 275,032

March 31, 2023

	Not overdue	Overdue 1–90 days	Overdue 91–180 days	Overdue 181–270 days	Overdue 271–360 days	Overdue more than 360 days	Total
Expected credit loss rate	0.102%	3.609%	5.860%	10.115%	22.270%	100%	
Total Carrying Amount	$ 229,524	$ 18,046	$ -	$ -	$ -	$ -	$247,570
Loss allowance (lifetime expected credit loss)	(234)	(651)	-	-	-	-	(885)
Amortized Cost	$ 229,290	$ 17,395	$ -	$ -	$ -	$ -	$246,685

The information about changes in loss allowance on the Company’s accounts receivable is specified as follows:

	January 1 to March 31, 2024	January 1 to March 31, 2024
Balance – beginning	$ -	$ 1,934
Less: Reversal of impairment loss in the current period	-	(1,049)
Balance – ending	$ -	$ 885

(2) Other accounts receivable:

When any objective evidence shows impairment on other receivables, the Company shall evaluate the amount of impairment individually. There should be no other receivables that were already past due but for which the consolidated entities have not yet recognized the loss allowance, on the balance sheet date.

IX. Inventory

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	$ 232,358	$ 315,667	$ 384,429
Work in process	444,872	415,560	333,847
Raw materials	160,908	128,817	353,459
	$ 838,138	$ 860,044	$1,071,735

On March 31, 2024 and December 31 and March 31, 2023, the allowances for inventory devaluation and loss amounted to NT$76,347 thousand, NT$81,434 thousand and NT$120,037 thousand.

For the three-month periods ended March 31, 2024 and 2023, the cost of sales sold included the inventory devaluation and revaluation gain amounting to NT$5,087 thousand and NT$23 thousand, respectively.

Cost of sales

	January 1 to March 31, 2024	January 1 to March 31, 2023
Cost of sold inventory	$194,813	$150,350
Inventory devaluation and revaluation gain	(5,087)	(23)
Unamortized manufacturing expense	3,679	6,920
Labor cost	12,028	11,468
	$205,433	$168,715

The recovery of allowance for inventory valuation losses was mainly due to the recovery of the net realizable value of inventories.

X. Subsidiaries

The subsidiaries included in the consolidated financial statements:

The entities in the consolidated financial statements are as follows:

			Percentage of ownership		
Name of investor	Name of subsidiary	Nature of business	March 31, 2024	December 31, 2023	March 31, 2023
The Company	SLC BioPharm Co., Ltd.	Biotechnology R&D and wholesale of western pharmaceutical	100	100	100
The Company	Ruize Biotechnology Co., Ltd.	International Trade, Wholesale of Medical Devices and Retail Sale of Medical Apparatus	33.33	33.33	33.33
The Company	Pengrui Construction Co., Ltd. (Note)	Urban renewal and reconstruction business and investment consulting business	100	100	-
SLC BioPharm Co., Ltd.	Ruize Biotechnology Co., Ltd.	International Trade, Wholesale of Medical Devices and Retail Sale of Medical Apparatus	17.67	17.67	17.67

Note: The consolidated entities established Pengrui Construction Co., Ltd. on July 25, 2023, wholly owned by the consolidated entities.

XI. Investments using equity method

The consolidated entities’ affiliates are listed as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Individual insignificant affiliate			
Huan Pin Construction Co., Ltd.	$ 146,466	$ 146,961	$ -

Name	Percentage of ownership and voting rights		
	March 31, 2024	December 31, 2023	March 31, 2023
Huan Pin Construction Co., Ltd.	35%	35%	-

In order to develop the business of Pengrui Construction Co., Ltd., the consolidated entities subscribed for 10,500 and 4,200 thousand common shares from Huan Pin Construction Co., Ltd. at the price of NT$105,000 and NT$42,000 thousand in cash on August 29 and December 13, 2023, respectively.

For information about the business nature of said joint ventures, principal business place and country where the company is registered, please refer to the “Information on Names and Locations of Investees, etc.” specified in table 4.

XII. Property, plant and equipment

	March 31, 2024	December 31, 2023	March 31, 2023
House and building	$634,458	$642,092	$667,453
Machinery and equipment	125,726	143,355	204,962
Test equipment	2,647	2,922	3,897
Office equipment	361	190	829
Leasehold improvement	3,712	4,164	6,674
Other equipment	41,088	45,818	59,280
Uncompleted construction and equipment to be tested	21,370	21,824	24,073
	$829,362	$860,365	$967,168

Except the recognized depreciation expenses, no major additions to, disposal of or impairment on the consolidated entities’ property, plant and equipment has taken place for the three-month periods ended March 31, 2024 and 2023. Depreciation expenses are provided on a straight-line basis over useful years shown as follows:

House and building	
Factory premises and employee dormitory	20–51 years

Housing accessories	3–15 years
Machinery and equipment	3–20 years
Test equipment	5–9 years
Office equipment	3–6 years
Leasehold improvement	2–11 years
Other equipment	3–20 years

For the amounts of property, plant and equipment furnished to secure loans, please refer to Note 24.

XIII. Lease agreement

(1) Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying Amount of Right-of-use Assets			
Land	$248,087	$236,966	$241,723
Buildings	9,595	11,481	16,319
Transport equipment	1,995	2,189	664
Other assets	4,498	4,748	-
	$264,175	$255,384	$258,706

	January 1 to March 31, 2024	January 1 to March 31, 2023
Depreciation expenses of right-of-use assets		
Land	$ 1,668	$ 1,585
Buildings	1,886	1,769
Transport equipment	194	109
Other assets	250	-
	$ 3,998	$ 3,463

Except the recognized depreciation expenses, no major additions to, sublet of, or impairment on, the consolidated entities' right-of-use assets has taken place for the three-month periods ended March 31, 2024 and 2023.

(2) Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
The Carrying amount of the lease liability			
Current	$ 13,338	$ 13,337	$ 11,260
Non-current	$266,480	$257,039	$260,495

Discount rates of lease liabilities are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	3.00%	3.00%	3.00%
Buildings	2.66～3.00%	2.66～3.00%	3.00%
Transport equipment	3.00～3.09%	3.00～3.09%	3.00%
Other equipment	3.09%	3.09%	-

(3) Important lease activities and terms

The underlying assets of the consolidated entities' lease transactions include land, buildings, and company cars. Lease contracts usually have a term of 2 to 20 years. Lease contracts are negotiated individually and contain different terms and conditions. There are no restrictions in the contract, except that the assets under the lease shall not be used as collateral for loans. Upon termination of the lease period, the consolidated entities retain no preemptive right to purchase said lease.

For the objects specified in the variable lease payment terms of the consolidated entities' lease contract that are linked to the adjustment of the announced land price at the site of the consolidated entities' factory or the rental rate for lease of the state-owned land, the lease liabilities are reassessed because of the change in the lease payment resulting from the aforementioned rental adjustment in 2024 Q1, and the right-of-use assets is adjusted based on the remeasurement to the amount of NT$12,789 thousand.

(4) Other Leasing Information

	January 1 to March 31, 2024	January 1 to March 31, 2023
Expenses of Short-term Leases	$ 138	$ 156
Lease expense on low-value assets	$ 44	$ 49
Total cash (outflow) from lease	$ 5,645	$ 5,046

XIV. Corporate bonds payable

	March 31, 2023
2020 2nd domestic secured convertible corporate bond	$530,257
Less: Discount of corporate bonds payable	(413)
Less: Stated as the current portion	(529,844)
	$ -

The issue conditions of the 2020 2nd domestic secured convertible corporate bonds issued by the consolidated entities on May 25, 2020, are described below:

(1) Total amount and par value: The total amount was NT$700,000 thousand with a par value of NT$100 thousand. All the bonds were issued at par value.

(2) Duration: 3 years from May 25, 2020, to May 25, 2023.

(3) Coupon rate: 0%.

(4) Principal repayment date and method: With the exception of the holders converting the bonds to common stocks of the consolidated entities according to the issuance rules, the consolidated entities exercising early redemption according to the issuance rules, or the consolidated entities repurchasing the bonds at the premises of the securities firm and canceling them, the consolidated entities make repayment on a lump-sum basis against the convertible corporate bonds held by the holders at par value of the bonds plus interest compensation (0.7519% of the par value; real yield of 0.25%) on the maturity date.

(5) Conversion period: With the exception of the suspension period of transfer registration required by laws or the issuance rules, the holders of the bonds may apply to the consolidated entities for conversion to common stocks of the consolidated entities according to the issuance rules during the period from the date following the expiration of three months since the issuance of the convertible corporate bonds (August 26, 2020) to the maturity date (May 25, 2023). The convertible corporate bonds shall be converted to the new common stocks issued by the consolidated entities pursuant to the issuance rules.

(6) Conversion price and its adjustment: The conversion price at the time of issuance was set to NT$26.25 per share. However, the conversion price may be adjusted using the formula specified in the issuance rules after issuance of the convertible corporate bonds if the consolidated entities' issued (or privately placed) common stocks increase, the cash dividend distributed against common stocks occupies more than 1.5% of the market price per share, or the consolidated entities issue (or privately places) other securities with common stock conversion or subscription options. The consolidated entities have adjusted the conversion price to NT$24.78 due to the distribution of cash dividends from capital surplus and issuance of common stocks for capital increase since September 10, 2021.

(7) The rights and obligations of the new shares issued for conversion are the same as those of the consolidated entities' common stocks.

(8) Call option of the consolidated entities: The consolidated entities may call the convertible corporate bonds in cash at par value during the period from the date following expiration of three months upon issuance of the convertible corporate bonds (August 26, 2020) to 40 days prior to expiration of the duration (April 15, 2023) if the closing price of the consolidated entities' common stocks on the stock exchange market exceeds the then applicable conversion price by more than 30% for 30 consecutive business days, or the balance of the outstanding convertible corporate bonds is less than 10% of the initial total issue price.

(9) According to the issuance rules, all the convertible corporate bonds that have been called (including repurchases from the secondary market) or repaid by the consolidated entities or converted by the holders shall be canceled and may not be sold or issued again.

Said convertible corporate bonds consist of liabilities and equity elements. The equity elements are expressed as capital surplus – stock options under the equity. The effective interest rate initially recognized for the liability elements is 0.94%. The call option is carried at fair value through profit or loss. Liability and equity elements are specified as follows:

Issue price (less the trading cost of $6,600 thousand)	$ 693,400
Equity elements	(9,153)
Value of call option	1,470
Liability elements on the date of issuance	685,717
Interest calculated based on the effective interest rate, 0.94%	15,437
Corporate bonds payable converted to common stocks	(170,897)
Redemption of corporate bonds	(530,257)
Liability elements on March 31, 2023	$ -

When issuing the convertible corporate bonds referred to in the previous paragraph, the consolidated entities separated the conversion option classified as equality from debt components and stated them as "capital surplus – warrant" to the amount of NT$9,153 thousand, respectively, according to IAS 32 "Financial Instruments: Presentation." The embedded put option was dealt with separately according to IAS 39 "Financial Instruments: Recognition and Measurement" because it is not closely related to the economic characteristics and risks of the debt instruments in the main contract. The net value of the embedded call option was stated as "financial assets carried at fair value through profit or loss." The effective interest rate of the debt in the contract after the separation was 0.94%.

Said convertible corporate bonds with a total par value of NT$173,700 thousand have been converted to 6,617 thousand common stocks on March 31, 2023, and all the remaining convertible corporate bonds with a total par value of NT$526,300 thousand were redeemed on May 25, 2023.

XV. Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Salaries and bonuses payable	$ 33,077	$ 51,991	$ 13,783
Severance pay payable	16,015	-	-
Remuneration payable to employees and directors	5,757	2,820	2,000
Equipment payment payable	1,104	6,195	1,382
Service fee payable	1,035	8,628	6,740
Others	53,319	43,849	38,544
	$110,307	$113,483	$ 62,449

Due to the adjustment of the overall operation strategy, the consolidated entitles' domicile was relocated to the Southern Taiwan Science Park. The relocation plan has been started before the end of the financial reporting day; therefore, the consolidated entities have recognized the liability reserve for the expected restructuring cost of NT$16,015 thousand.

XVI. Equity

(1) Capital stock

Ordinary Shares

	March 31, 2024	December 31, 2023	March 31, 2023
Authorized number of shares (thousand shares)	350,000	350,000	350,000
Capital stock	$3,500,000	$3,500,000	$3,500,000
The number of issued and outstanding shares with paid-in capital (thousand shares)	317,399	317,399	317,232
Issued capital stock	$3,173,991	$3,173,991	$3,172,316

The common stocks are issued with par value of NT$10 per share with one voting right and the right to collect dividends for each.

The changes in the Company's capital stock were primarily caused by employees' exercise of their stock options.

(2) Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
It can be applied for the make-up of losses, cash distribution, or capitalization (1)			
Issuance of shares at a premium	$108,661	$108,661	$106,810
Employee stock options transfer-in	19,584	19,584	20,346
Invalid convertible corporate bonds stock options	6,882	6,882	-
Not used for any purposes.			
Stock options	-	-	6,882
	$135,127	$135,127	$134,038

1. Such capital surplus can be used to make up for losses. Meanwhile, when the Company suffers no losses, it can be applied for cash distribution or capitalization. However, it is limited to a certain percentage of the annual paid-in capital for the purpose of capitalization.

(3) Retained Earnings and Dividend Policy

The Company has resolved to pass the amended Articles of Incorporation at the shareholders' meeting on June 1, 2022 to expressly that the Company shall authorize the Board of Directors to distribute the bonus and dividend to be distributed in cash per special resolution.

According to the earnings distribution policy under the Company's amended Articles of Incorporation, if there is a surplus after account settlement of the fiscal year, the Company shall pay applicable taxes pursuant to laws and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve. Subsequently, the Company shall contribute or reverse special reserve pursuant to laws. The balance, if any, plus the accumulated undistributed earnings in the past years, shall be distributed as dividends to shareholders per the motion for distribution of earnings proposed by the Board of Directors as resolved by a shareholders' meeting. According to the dividend policy, the Company shall set aside no less than 50% of the distributable earnings for the allocation of shareholder bonuses. However, shareholder bonus may not be distributed if the accumulated distributable earnings are less than 3% of the paid-in capital. The payment may be made in cash or shares and the dividend in cash shall not be less than 5% of the total dividend. If the earnings referred to in the preceding paragraph are distributed in the form of cash dividends, the Board of Directors shall be authorized to make a resolution and report to the shareholders' meeting.

According to the earnings distribution policy under the Company's Articles of Incorporation before the amendments, if there is a surplus after account settlement of the fiscal year, the Company shall pay applicable taxes pursuant to laws and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve. Subsequently, the Company shall contribute or reverse special reserve pursuant to laws. The balance, if any, plus the accumulated undistributed earnings in the past years, shall be distributed as dividends to shareholders per the motion for distribution of earnings proposed by the Board of Directors as resolved by a shareholders' meeting. The dividend policy of the Company is to set aside no less than 50% of distributable earnings for allocation of shareholder bonuses. It may be paid in cash or shares, of which the dividend in cash shall not be less than 5% of the total dividend. Please refer to Note 18(6) "Remuneration to Employees and Directors" for the distribution of remuneration to the employees and directors prescribed in the Company's Articles of Incorporation.

The Company shall set aside a legal reserve unless its total amount has reached the amount of the Company's total paid-in capital. The legal reserve may be used to offset a deficit. Where the Company doesn't operate at a loss, the part of the legal reserve in excess of 25% of the paid-in capital could be applied for capitalization and may be allocated in cash as well.

The Company's 2023 and 2022 earnings appropriation plans are stated as follows:

	2023	2022
Legal reserve	$ 3,003	$ 3,638
Special reserve	$ -	$ -
Cash dividend	$ 27,027	$ 32,749
Cash dividend per share (NT$)	$ 0.0851	$ 0.1032

Said cash dividends were resolved to be distributed by the Board of Directors meeting on May 3, 2024 and May 5, 2023, respectively. The other earnings appropriation plan for 2022 was also resolved by the annual general meeting on June 15, 2023. The other earnings appropriation plan for 2023 is still pending resolution by the annual general meeting to be convened on June 14, 2024.

XVII. Operating Revenue

Product and service type	January 1 to March 31, 2024	January 1 to March 31, 2023
Revenue from customer contracts		
Revenue from the sale of products	$243,548	$205,566
Labor service revenue	15,644	16,326
	$259,192	$221,892

(1) Remark on customer contracts

1. The revenue from R&D services and process design of the consolidated entities is generated from the development of new drugs and process designs as described below:
   (1) The consolidated entities entered into a process design agreement with Customer Z in November 2018 to provide process design services for the setup of oral tablet production lines for the new drug SLC-029.

      The income from the process design was mainly based on the transaction price allocated to the contractual obligations and recognized according to the progress of these obligations. The completion percentage of the services was determined based on the proportion of the actually disbursed cost in the estimated total cost. Process validation and batch production will be conducted after the setup of the production lines for batch manufacturing before mass production of the new drug. The consolidated entities will recognize a service income based on the progress.
   (2) The consolidated entities entered into the technology transfer and batch production contracts with Customer X in June 2022. Under the contracts, the consolidated entities allocated the transaction price primarily based on the contract performance obligations at the stages, including technology transfer, batch production and product test, and recognized the revenue when the contract performance obligation was satisfied.
   (3) The consolidated entities entered into the process design contracts with Customer Y in July 2023. Under the contracts, the consolidated entities allocated the transaction price primarily based on the contract performance obligations at the stages, including the process development, development of analysis method and experimental sample stability research and recognized the revenue when the contract performance obligation was satisfied.
2. The fee-splitting under drug license and authorized sale is as follows:

   The consolidated entities authorize an international leading pharmaceutical company as the sole agent to sell the ertapenem injection medicine for which the consolidated entities have acquired the drug license in the USA. In addition to receiving a fixed upfront payment based on the progress according to the agreement, the consolidated entities and the pharmaceutical company are subject to a fee splitting and profit sharing mechanism according to the agreement, and the consolidated entities recognize an agreed percentage of the net profit defined in the agreement in revenue in consideration of the sales status of the pharmaceutical company.

(2) Contract Balance

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable (Note 8)	$178,072	$273,100	$242,619
Contract liabilities – current	$ 6,055	$ 19,802	$ 51,841

(3) Breakdown of revenue from customer contracts

January 1 to March 31, 2024

	Antibiotics	Others	Total
Customer contract income recognized at a certain time point	$226,927	$ 24,025	$250,952
Income recognized individually along the timeline	-	8,240	8,240
	$226,927	$ 32,265	$259,192

January 1 to March 31, 2023

	Antibiotics	Others	Total
Customer contract income recognized at a certain time point	$187,867	$ 21,335	$209,202
Income recognized individually along the timeline	-	12,690	12,690
	$187,867	$ 34,025	$221,892

XVIII. Net profit (loss) before tax item

(1) Interest revenue

	January 1 to March 31, 2024	January 1 to March 31, 2023
Bank deposits	$ 8,833	$ 7,315
Financial assets carried at amortized cost	870	3,808
Others	191	196
	$ 9,894	$ 11,319

(2) Other gains and losses

	January 1 to March 31, 2024	January 1 to March 31, 2023
Profit on financial assets measured at fair value through profit or loss	$ 28,999	$ 4,715
Net foreign exchange gain (loss)	34,660	(12,765)
Others	(41)	(310)
	$ 63,618	($ 8,360)

(3) Financial cost

	January 1 to March 31, 2024	January 1 to March 31, 2023
Bank loan	$ -	$ 32
Corporate bonds payable	-	1,240
Interest on Lease Liabilities	2,116	2,052
	$ 2,116	$ 3,324

(4) Depreciation and impairment expenses

	January 1 to March 31, 2024	January 1 to March 31, 2023
Property and equipment	$ 32,937	$ 44,573
Right-of-use assets	3,998	3,463
Intangible assets	627	829
	$ 37,562	$ 48,865
Summarization of depreciation expenses by function		
Operating costs	$ 28,463	$ 34,475
Operating expenses	8,472	13,561
	$ 36,935	$ 48,036
Summarization of amortization expenses by function		

(Continued on the next page)

(Brought forward)

	January 1 to March 31, 2024	January 1 to March 31, 2023
Operating costs	$ 558	$ 582
Operating expenses	69	247
	$ 627	$ 829

(5) Employee benefit expense

	January 1 to March 31, 2024	January 1 to March 31, 2023
Short-term employee benefits		
Payroll expense	$ 65,669	$ 59,233
Labor and health insurance expense	6,271	6,639
Post-employment Benefits	3,031	3,042
Other employee benefit	4,982	3,031
Resignation benefits	18,527	-
Total employee benefit expense	$ 98,480	$ 71,945
Summarization by function		
Operating costs	$ 64,417	$ 48,840
Operating expenses	34,063	23,105
	$ 94,480	$ 71,945

(6) Remuneration to employees and directors

According to the Articles of Incorporation, if there is profit for the year, the Company shall set aside no less than 3% thereof as remuneration to employees and no more than 3% as remuneration to directors. However, the profit must first be used to cover the Company’s cumulative loss, if any. The estimated remuneration to employees and directors for the three-month period ended March 31, 2024 is stated as follows:

Estimated ratio

	January 1 to March 31, 2024
Remuneration to Employees	3.3%
Remuneration to Directors	2.2%

Amount

	January 1 to March 31, 2024
Remuneration to Employees	$ 2,482
Remuneration to Directors	$ 1,655

Since the Company generated net losses for the three-month periods ended March 31, 2023, no estimates were made.

Changes in the amount after the publication date of the annual consolidated financial report will be treated as changes in accounting estimates and adjusted in the following year.

The 2023 and 2022 remunerations to employees and directors were resolved as follows by the Board of Directors on March 8, 2024 and May 5, 2023:

Amount

	2023	2022
Remuneration to Employees	$ 1,000	$ 1,200
Remuneration to Directors	$ 620	$ 800

There was no difference between the amount of actual remuneration distributed to the employees and directors in 2023 and 2022 and the amount recognized in the 2023 and 2022 consolidated financial statements.

Please visit the Market Observation Post System (MOPS) for information on employee remuneration and directors' remuneration approved by the Board of Directors.

XIX. Income tax

(1) Main elements of total income tax expenses recognized in profit or loss

	January 1 to March 31, 2024	January 1 to March 31, 2023
Current income tax		
Those generated in the current period	$ -	$ -
Deferred income tax		
Those generated in the current period	-	-
Total Income Tax Expense Recognized in Profit or Loss	$ -	$ -

(2) Authorization of income tax

The tax collection authority has authorized the profit-seeking enterprise income tax returns of the Company until 2021.

XX. Earnings (loss) per share

Unit: NTD per share

	January 1 to March 31, 2024	January 1 to March 31, 2023
Basic and diluted EPS (loss)	$ 0.22	($ 0.01)

The net income (loss) and weighted average number of common stocks used to calculate the earnings (loss) per share are enumerated below:

Current net income (loss)

	January 1 to March 31, 2024	January 1 to March 31, 2023
Net income (loss) used to calculate the basic and diluted earnings (loss) per share	$ 71,073	($ 2,660)

Number of shares

Unit: thousand shares

	January 1 to March 31, 2024	January 1 to March 31, 2023
The weighted average number of common stocks used to calculate the earnings (loss) per share	317,399	317,222
Effect of dilutive potential common stocks：		
Employee stock options	1	-
Remuneration to employees	163	-
The weighted average number of common stocks used to calculate the diluted earnings (loss) per share	317,563	317,222

If the consolidated entities offer to settle the remuneration to employees in cash or shares, when calculating diluted earnings per share, the consolidated entities need to assume that the entire amount of the remuneration to employees will be settled in shares, and the resulting potential shares shall be included in the weighted average number of common stocks used in the computation of diluted earnings per share, as the effect is dilutive. Such a dilutive effect on the potential shares should be included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the next year.

Due to the anti-dilutive effect of the outstanding share warrants in the three-month period ended March 31, 2024, it was not included in the calculation of diluted earnings per share. The Company's convertible bonds and stock options issued during the three-month period ended March 31, 2023 have an anti-dilutive effect, so they are not included in the calculation of diluted earnings per share.

XXI. Share-based payment agreement

The consolidated entities didn’t issue additional employee stock options for the three-month periods ended March 31, 2024 and 2023. The information about the outstanding employee stock options is specified as follows:

	January 1 to March 31, 2024		January 1 to March 31, 2023	
Employee stock options	Unit (thousand)	Weighted average exercise price (NT$)	Unit (thousand)	Weighted average exercise price (NT$)
Outstanding shares, beginning	670	$ 22.93	1,242	$ 21.99
Forfeited in this period	(519)	24.80	(213)	23.68
Exercised in this period	-	-	(15)	16.50
Overdue and expired in this period	-	-	-	-
Outstanding shares, ending	151	16.50	1,014	21.71
Exercisable shares, ending	151	16.50	1,014	21.71

The remuneration costs recognized by the consolidated entities were both NT$0 thousand for the three-month periods ended March 31, 2024 and 2023.

XXII. Financial instruments

(1) Fair value information – Financial instruments not carried at fair value

March 31, 2023

	Carrying Amount	Level 1	Level 2	Level 3
Financial liabilities				
Corporate bonds payable	$529,844	$ -	$529,405	$ -

For said Level 2 fair value measurement, the binary tree-based model for the valuation of convertible bonds is used to estimate the fair value.

(2) Fair value information – Financial instruments at fair value on a recurring basis

1. Fair Value Hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets carried at fair value through profit or loss				
Domestic emerging stocks	$ 38,437	$ -	$ -	$ 38,437
Foreign listed/OTC stocks	76,141	-	-	76,141
	$ 114,578	$ -	$ -	$ 114,578

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets carried at fair value through profit or loss				
Domestic emerging stocks	$ 36,302	$ -	$ -	$ 36,302
Foreign listed/OTC stocks	11,913	-	-	11,913
	$ 48,215	$ -	$ -	$ 48,215

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets carried at fair value through profit or loss				
Domestic emerging stocks	$ 37,819	$ -	$ -	$ 37,819
Foreign listed/OTC stocks	5,830	-	-	5,830
	$ 43,649	$ -	$ -	$ 43,649

There was no transfer of fair value measurement between Level 1 and Level 2 for the three-month periods ended March 31, 2024 and 2023.

2. Evaluation technology or input for Level 3 fair value measurement.

The consolidated entities' issuance of secured convertible bonds in the second quarter of 2020 resulted in a redemption value of NT$1,470 thousand, and its fair value was NT$0 thousand as of March 31, 2023. For the details about the issuance conditions of the convertible corporate bonds issued by the consolidated entities, please refer to Note 14.

Derivatives – The fair value for the call option of bonds was measured based on the binary tree-based model for the valuation of convertible bonds. Volatility was adopted as the significant unobservable input. Specifically, when the volatility increases, the fair value of the call option for the bonds increases relatively.

(3) Type of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets			
Measured at fair value through profit or loss	$ 114,578	$ 48,215	$ 43,649
Financial assets carried at amortized cost (Note 1)	1,588,748	1,581,763	1,918,012
Financial liabilities			
Financial liabilities carried at amortized cost (Note 2)	167,235	167,680	619,688

Note 1: The balances include the financial assets carried at amortized cost, such as cash and cash equivalents, financial assets carried at amortized cost, net notes receivable, net accounts receivable, other receivables and refundable deposits (stated as other non-current assets).

Note 2: The balances include the financial liabilities carried at amortized cost, such as accounts payable, other payables, and corporate bonds payable (including the current portion).

(4) Financial Risk Management Objectives and Policies

The major financial instruments of the consolidated entities include investment in equity instruments, accounts receivable, accounts payable, corporate bonds payable and lease liabilities. The routine operation of the consolidated entities is affected by many financial risks, including market risk (including the foreign exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management policy of the consolidated entities emphasizes unpredictable events in the financial market. We are dedicated to reducing the potential effect on the financial status and performance of the consolidated entities.

The financial department is responsible for carrying out the risk management tasks of the consolidated entities pursuant to the policies approved by the Board of Directors. The financial department works closely with the operating unit of the consolidated entities to identify, assess and avoid financial risk.

1. Market risk

The consolidated entities' operating activities expose them primarily to the financial risks of changes in foreign currency exchange rates (please refer to the following subparagraph (1)) and interest rates (please refer to the following subparagraph (2)).

(1) Foreign exchange rate risk

The consolidated entities engaged in foreign currency-denominated sales and purchases and, therefore, exposed themselves to the risk of foreign exchange rate changes.

For the carrying amount of the consolidated entities' non-functional currency-denominated monetary assets and liabilities (including the non-functional currency-denominated monetary items already written off in the consolidated financial statements) on the balance sheet date, please see Note 26.

Sensitivity analysis

The consolidated entities are primarily exposed to the fluctuation in foreign exchange rates in USD. For the significant assets and liabilities generated from the foreign currency-denominated transactions, the foreign currency-denominated assets and liabilities may offset each other based on the income generated from the changes in the foreign exchange rate in the market. Notwithstanding, as the consolidated entities' foreign currency-denominated assets are more than the foreign currency-denominated liabilities, the consolidated entities have to bear the foreign exchange rate risk.

The sensitivity analysis on the consolidated entities aims at the foreign currency-denominated monetary items on the balance sheet date, and their translation at the end of the year is adjusted by changes in exchange rates of 1%. When USD against NTD appreciates by 1%, the profit before tax for the three-month periods ended March 31, 2024 and 2023 will increase by NT$8,452 thousand and NT$12,433 thousand, respectively.

(2) Interest rate risk

As the Company borrows funds primarily at fixed interest rates, the interest rate risk arises.

The carrying amounts of the consolidated entities' financial assets and financial liabilities with exposure to interest rates on the balance sheet date are stated as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
with fair value interest rate risk			
- Financial liabilities	$ -	$ -	$ 529,844

(3) Other Price Risk

The equity securities market risk includes the risk arising from changes in the equity securities market price, namely the general market risk arising from changes in the overall market price. When the equity price declines by 1%, the consolidated entities' income before tax will decrease by NT$1,146 thousand and NT$436 thousand, respectively, due to the changes in the financial assets carried at fair value through profit or loss for the three-month periods ended March 31, 2024 and 2023.

2. Credit risk

Credit risk refers to the risk that a trading counterpart will default on its contractual obligations and thereby result in the risk of financial loss to the consolidated entities. Until the balance sheet date, the consolidated entities' maximum exposure to credit risk (irrespective of collaterals or other credit enhancement instruments, and irrevocable), which would cause a financial loss to the consolidated entities due to a trading counterpart's failure to discharge contractual obligation and the consolidated entities' provision of financial guarantee, would have primarily been caused by the carrying amount of the financial assets recognized in the consolidated balance sheets.

According to the documented internal credit policy, the consolidated entities must carry out customer management and credit risk analysis for each new customer before establishing payment terms and delivery conditions for the new customer. Internal risk control is performed in consideration of the financial status of the customer, previous experience and other factors to assess the credit quality of the customer. The credit facilities with respect to individual risks are determined by the Board of Directors pursuant to internal or external rating. Use of the credit facilities is monitored on a regular basis.

3. Liquidity risk

The cash flow forecast is implemented by the management of the consolidated entities and summarized by the financial department. The financial department monitors the forecast of the consolidated entities' liquidity demands to ensure sufficient funds for the business operation. The financial department also maintains adequate unused loan commitment limits at all times to ensure the consolidated entities will not act in violation of related loan limits or terms. The forecast is subject to consideration of the consolidated entities' financing plan, compliance with liability clauses, and conformity to the financial ratio in the internal balance sheet.

(1) Statement of liquidity and interest risk rate of non-derivative financial liabilities

The analysis of the remaining contractual maturity for the non-derivative financial liabilities is prepared based on the undiscounted cash flows of financial liabilities from the earliest date on which the consolidated entities (including the principal and estimated interest) can be required to pay. The analysis of the maturity dates for the consolidated entities' non-derivative financial liabilities is prepared based on the agreed repayment dates.

March 31, 2024

	Less than 3 months	3 months – 1 year	1–5 years	Over 5 years
Non-derivative financial liabilities				
Accounts payable	$ 54,419	$ 2,509	$ -	$ -
Other payables	107,903	2,404	-	-
Lease liabilities	5,463	16,087	54,683	379,648
	$167,785	$ 21,000	$ 54,683	$379,648

December 31, 2023

	Less than 3 months	3 months – 1 year	1–5 years	Over 5 years
Non-derivative financial liabilities				
Accounts payable	$ 51,574	$ 2,623	$ -	$ -
Other payables	111,500	1,983	-	-
Lease liabilities	5,323	15,946	54,695	363,680
	$168,397	$ 20,552	$ 54,695	$363,680

March 31, 2023

	Less than 3 months	3 months – 1 year	1–5 years	Over 5 years
Non-derivative financial liabilities				
Accounts payable	$ 24,905	$ 2,490	$ -	$ -
Other payables	49,756	12,693	-	-
Lease liabilities	4,842	14,417	55,235	372,074
Corporate bonds payable	530,257	-	-	-
	$609,760	$ 29,600	$ 55,235	$372,074

(2) Facility

	March 31, 2024	December 31, 2023	March 31, 2023
Bank facility			
- Amount already disbursed	$ -	$ -	$ -
- Amount not yet disbursed	730,000	370,000	680,000
	$ 730,000	$ 370,000	$ 680,000

XXIII. Transactions with related parties

The transactions, account balances, income, and expenses between the Company and its subsidiaries (the Company's related parties) have been eliminated upon consolidation and, therefore, are not disclosed in the Note.

Remuneration to key management

	January 1 to March 31, 2024	January 1 to March 31, 2023
Short-term employee benefits	$ 8,657	$ 5,583

Total amount of salary and compensation to directors and other key management are decided by the Remuneration Committee based on personal performance and market trend.

XXIV. Pledged and mortgaged assets

The following assets of the consolidated entities are provided as collateral for bank guarantees, bank facilities and right-of-use assets:

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits (stated as financial assets carried at amortized cost – current)	$ -	$ -	$ 295,365
Reserve account (stated as financial assets carried at amortized cost – current)	-	-	1
Time deposits (stated as financial assets measured at amortized cost – non-current)	4,040	4,040	-
Property, plant and equipment	606,175	612,879	634,622
Refundable deposits (stated as other non-current assets)	4,478	4,478	1,988
	$ 614,693	$ 621,397	$ 931,976

XXV. Significant contingent liabilities and unrecognized contractual commitments

The consolidated entities' significant commitments on the balance sheet date, in addition to those already specified in other notes, are specified as follows:

(1) As of March 31, 2024 and December 31 and March 31, 2023, the consolidated entities' letters of credit issued but not used amounted to US$74 thousand, US$73 thousand and US$0 thousand, respectively.

(2) The contractual commitments which the consolidated entities have not yet recognized are specified as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Purchase of property, plant and equipment	$ 68,179	$ 11,625	$ 10,814

XXVI. Information on the foreign currency assets and liabilities with significant impact

The following information is summarized according to the foreign currencies other than the functional currency of each of the consolidated entities. The foreign exchange rates disclosed are used to translate the foreign currency into functional currency. Foreign currency assets and liabilities with significant impact are as follows:

March 31, 2024

	Foreign Currency	Foreign exchange rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 27,558	32.00 (USD:NTD)	$ 881,866
Non-monetary items			
Financial assets carried at fair value through profit or loss			
USD	2,379	32.00 (USD:NTD)	$ 76,141
Foreign currency liabilities			
Monetary items			
USD	1,144	32.00 (USD:NTD)	$ 36,620
Non-monetary items			
USD	196	32.00 (USD:NTD)	$ 6,055

December 31, 2023

	Foreign Currency	Foreign exchange rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 30,128	30.705 (USD:NTD)	$ 925,069
Non-monetary items			
Financial assets carried at fair value through profit or loss			
USD	388	30.705 (USD:NTD)	$ 11,913
Foreign currency liabilities			
Monetary items			
USD	$ 1,006	30.705 (USD:NTD)	$ 30,891
Non-monetary items			
USD	652	30.705 (USD:NTD)	$ 19,802

March 31, 2023

	Foreign Currency	Foreign exchange rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 41,099	30.45 (USD:NTD)	$1,251,479
Non-monetary items			
Financial assets carried at fair value through profit or loss			
USD	191	30.45 (USD:NTD)	$ 5,830
Foreign currency liabilities			
Monetary items			
USD	268	30.45 (USD:NTD)	$ 8,154
Non-monetary items			
USD	1,694	30.45 (USD:NTD)	$ 51,570

(Unrealized) exchange gains or losses on foreign currency assets and liabilities with significant impact are specified as follows:

Functional currencies of entities holding foreign currencies	January 1 to March 31, 2024		January 1 to March 31, 2023	
	Foreign exchange rate	Net exchange (losses) gains	Foreign exchange rate	Net exchange (losses) gains
USD	32.00 (USD:NTD)	$ 957	30.45 (USD:NTD)	($ 2,599)

XXVII. Significant post-period items

In order to adjust the overall operation strategy, reduce operating costs and allocate resources effectively, the Board of Directors resolved on May 3, 2024 to change the registered office from Hsinchu Science Park to Southern Taiwan Science Park and also dispose of the real estate buildings and their ancillary equipment at No. 29 Kezhong Rd., Zhunan Township, Miaoli County. Meanwhile, the production of Active Pharmaceutical Ingredients (API), Meropenem, at the Zhunan Plant will be gradually switched to external procurement.

XXVIII. Disclosure of notes

Information on (1) material transactions and (2) investees:

1. Loans to others: Table 1.
2. Endorsements/guarantees for others: None.
3. Securities – ending (excluding those controlled by invested subsidiaries and affiliates): Table 2.
4. Aggregate purchases or sales of the same marketable securities reaching NT$300 million or more than 20% of paid-in capital: None.
5. Acquisition of real estate reaching NT$300 million or more than 20% of paid-in capital: None.
6. Disposal of property reaching NT$300 million or more than 20% of paid-in capital: None.
7. Purchases or sales of goods from and to related parties reaching NT$100 million or more than 20% of paid-in capital: None.
8. Accounts receivable from related parties reaching NT$100 million or more than 20% of the paid-in capital: None.
9. Trading in derivatives: None.

10. Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts: Table 3.
11. Information on investees: Table 4.

(3) Information on investment in China

1. Investees' name, business operations, paid-in capital, investment method, capital inward or outward, shareholding ratio, current gains or losses, and recognized investment gains or losses, investment year end carrying amount, investment gain or loss inward, and investment limits in the mainland China: None.
2. Any of the following significant transactions with investees in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
   (1) Purchase amount and percentage and the related payables ending balance and percentage: None.
   (2) Sale amount and percentage and the related receivables ending balance and percentage: None.
   (3) The amount of property transactions and the amount of the resultant gains or losses: None.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.
   (5) The highest balance, end of period balance, interest rate range, and total current interest with respect to financing of funds: None.
   (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the provision or acceptance of services: None.

(4) Information on major shareholders

Name, number and percentage of shareholdings for shareholders with more than 5% of shareholdings: None.

XXIX. <u>Segment information</u>

The consolidated entities only need to disclose the business unit information about the medicine products department. The medicine products department is primarily engaged in medicine research, development, design, manufacturing and sales. The consolidated entities consist of only one single business unit and, therefore, have no segment information to be reported.

Loaning of funds to others by Savior Lifetec Corporation and Subsidiaries

Three-Month Period Ended March 31, 2024

Table 1

Unit: Amounts in NTD thousand, Unless Otherwise Specified

No. (Note 1)	Lender	Borrower	Transaction Items	Related party or not?	The highest balance in the current period	Balance – ending	The actual amount drawn down	Range of interest rates	Nature of loan	Business transaction amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Limit of loans to individual borrowers (Note 2)	Total limit of loans (Note 2)	Remarks
													Name	Value			
0	Savior Lifetec Corporation	SLC BioPharm Co., Ltd.	Other accounts receivable – related parties	Yes	$ 10,000	$ 10,000	$ -	2%	Short-term financing is required.	$ -	Operating turnover	$ -	None	$ -	$ 342,381	$ 684,763	—

Note 1: The sections are completed in the following manners:

(1) "0" for the issuer.

(2) The investees are coded sequentially beginning from “1” by company.

Note 2: The aggregate amount of the fund loaned by the Company to others shall not exceed 20% of the Company's net worth in the Company’s most recent financial statements audited or certified by the CPA. The limit on loans to any company or firm which needs short-term financing, if any, shall be no more than 10% of the Company's net worth in the Company’s most recent financial statements audited or certified by the CPA.

Savior Lifetec Corporation and Subsidiaries

Securities held at the end of the period

March 31, 2024

Table 2

Unit: Amounts in NTD thousand, Unless Otherwise Specified

Holding company	Type and name	Relationship with the issuer of marketable securities	Account title	End of period				Remarks
				Shares	Carrying Amount	Shareholding percentage	Fair value	
Savior Lifetec Corporation	Stock							
	Formosa Pharmaceuticals, Inc.	—	Financial assets carried at fair value through profit or loss – current	726,469	$ 38,437	0.54%	$ 38,437	Note 1
	Sana Biotechnology, Inc.	—	Financial assets carried at fair value through profit or loss – current	237,940	76,141	0.12%	76,141	Note 2

Note 1: The fair value was calculated based on the average transaction price on March 31, 2024

Note 2: The fair value was calculated based on the closing price on March 31, 2024.

Note 3: For information about investments in subsidiaries, please refer to Table 4.

Savior Lifetec Corporation and Subsidiaries

Business relationships and important transactions and amount thereof between the parent and subsidiaries and among subsidiaries

Three-Month Period Ended March 31, 2024

Table 3

Unit: NTD thousand

No. (Note 1)	Name of Trader	Counterparty	Relationship With Trader (Note 2)	Transaction			
				Subject	Amount	Transaction Terms	As a Percentage of Total Consolidated Revenue or Total Assets
0	The Company	SLC BioPharm Co., Ltd.	1	Rent revenue	$ 2,057	Subject to the price agreed by both parties	1%
		SLC BioPharm Co., Ltd.	1	Other accounts receivable – related parties	1,534	Subject to the price agreed by both parties	-

Note 1: The information on business transactions between the parent and subsidiaries shall be indicated in the number column. The number shall be filled in as follows:

(1) The parent company is coded “0”.

(2) The subsidiaries are coded sequentially beginning from “1” by company.

Note 2: There are three types of relationships with transaction parties. Just enter the code (if it is the same transaction between parent and subsidiary or between subsidiaries, there is no need for repeated disclosure. For example, if the parent company has disclosed a transaction between it and a subsidiary, the subsidiary does not need to disclose the transaction again; if a subsidiary has disclosed a transaction between it and another subsidiary, the latter does not need to disclose the transaction again):

(1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Between subsidiaries.

Note 3: The transaction amount as a percentage of the total consolidated revenue or total assets shall be calculated as the ratio of the ending balance to the total consolidated assets if it is an asset or liability item, or as the ratio of the interim cumulative amount to the total consolidated revenue if it is a profit or loss item.

Note 4: The Company may decide whether to list important transactions in this table based on the principle of materiality.

Note 5: Only the transactions amounting to more than NT$1 million are disclosed, and no corresponding transactions with related parties are disclosed separately.

Note 6: It was written off as a whole during the preparation of the consolidated financial statements.

Savior Lifetec Corporation and Subsidiaries

Information on Names and Locations of Investees, etc.

Three-Month Period Ended March 31, 2024

Table 4

Unit: NTD thousand

Name of investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Held at End of Period			Investment Income or Loss on Investees	Investment Income or Loss Recognized for this Period	Remarks
				End of Current Period	End of Last Year	Number of shares (thousand shares)	Percentage (%)	Carrying Amount			
The Company	SLC BioPharm Co., Ltd.	Taipei City	Biotechnology R&D and wholesale of western pharmaceutical	$ 60,000	$ 60,000	6,000	100	$ 10,823	($ 6,795)	($ 6,795)	Note 1
The Company	Ruize Biotechnology Co., Ltd.	Taichung City	International Trade, Wholesale of Medical Devices and Retail Sale of Medical Apparatus	10,000	10,000	1,000	33.33	7,266	(2,633)	(878)	Note 1
The Company	Pengrui Construction Co., Ltd.	Taipei City	Urban renewal and reconstruction business and investment consulting business	241,000	241,000	24,100	100	240,868	(261)	(261)	Note 1
SLC BioPharm Co., Ltd.	Ruize Biotechnology Co., Ltd.	Taichung City	International Trade, Wholesale of Medical Devices and Retail Sale of Medical Apparatus	5,300	5,300	530	17.67	3,852	(2,633)	(465)	Note 1
Pengrui Construction Co., Ltd.	Huan Pin Construction Co., Ltd.	Taipei City	Residential and building development, leasing and sales business, and urban renewal and reconstruction business	147,000	147,000	14,700	35	146,466	(1,416)	(495)	Notes 1 and 3

Note 1: Calculated based on the investee’s financial statements for the same period audited by CPAs.

Note 2: It was written off as a whole during the preparation of the consolidated financial statements.

Note 3: The Company's investees accounted for using the equity method