

**BENQ MEDICAL TECHNOLOGY CORP.
AND SUBSIDIARIES**

**Consolidated Financial Statements and
Independent Auditors' Review Report**

For the Three Months Ended March 31, 2022 and 2021

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

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Independent Auditors' Review Report

The Board of Directors

BENQ MEDICAL TECHNOLOGY CORP.

Foreword

We have reviewed the Consolidated Balance Sheets as of March 31, 2022 and 2021, and Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows for January 1 to March 31, 2022 and 2021, as well as Notes to consolidated financial statements (including summary of significant accounting policies) of BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES. The Management is responsible for preparing the consolidated financial statements with fair representation in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standards ("IAS") 34, "Interim Financial Reporting" as endorsed by Financial Supervisory Commission of the Republic of China of the Republic of China ("FSC"). Our responsibility is to express a conclusion based on our review of the consolidated financial statements.

Scope of Review

We conducted our review in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity." The process of reviewing the consolidated financial statements includes making enquiries (mainly to personnel in charge of financial and accounting matters), analyzing, and other reviewing procedures. The scope of review is substantially less than the scope of an audit. As such, we may not be able to obtain assurance on all significant matters that an audit could otherwise provide, and therefore we are unable to express an audit opinion.

Conclusion

Based on the results of our review, nothing has come to our attention that the consolidated financial statements are in any incompliance of "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34, "Interim Financial Reporting" as endorsed by FSC, such

that the consolidated financial position of BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES for March 31, 2022 and 2021, and the consolidated financial performance and cash flows statement from January 1 to March 31, 2022 and 2021 are not fairly represented.

KPMG
Taipei, Taiwan (Republic of China)
April 26, 2022

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
March 31, 2022 and 2021. Reviewed but unaudited in pursuant to Generally Accepted Auditing Standards.
BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2022, and December 31 and March 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022.3.31		2021.12.31		2021.3.31				2022.3.31		2021.12.31		2021.3.31	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(1))	\$ 641,381	19	369,850	19	227,538	13	2100	Short-term loans (Note 6(12) and 8)	\$ 189,793	6	50,271	3	82,251	5
1150-1170	Notes and accounts receivable (Note 6(3) and (21))	457,981	14	179,076	9	163,879	9	2150-2170	Notes and accounts payable	370,563	11	124,389	6	126,452	7
1181	Accounts receivable - related parties (Note 6(3)(21) and 7)	26,703	1	22,197	1	21,235	1	2181	Accounts payable - related parties (Note 7)	49,084	2	24,337	1	10,314	1
1200	Other receivables	6,743	-	3,454	-	1,294	-	2200	Other payable (Note 6(22))	178,647	5	136,664	7	116,310	7
1212	Other receivables - related parties (Note 7)	18,261	-	1,812	-	114	-	2220	Other payable - related parties (Note 7)	4,845	-	1,901	-	2,816	-
130x	Inventories (Note 6(4))	287,566	9	211,390	11	209,687	12	2230	Current income tax liabilities	32,179	1	18,511	1	14,794	1
1410-1470	Prepayments and other current assets (Note 7)	52,982	2	30,980	2	38,261	2	2250	Provisions for liabilities - current (Note 6(15))	10,363	-	9,822	-	7,950	-
1476	Other financial assets-current (Note 6(2) and 8)	60,124	2	51,423	3	92,789	6	2280	Lease liabilities-current (Note 6(14) and 7)	57,130	2	30,817	2	31,378	2
Total current assets		1,551,741	47	870,182	45	754,797	43	2300	Other current liabilities (Note 6(21))	58,394	2	31,942	2	24,792	1
Non-current assets:								2322	Long-term loans due within a year (Note 6(13))	5,000	-	35,000	2	34,972	2
1518	Financial assets measured at fair value through other comprehensive income - non-current	210	-	-	-	-	-	Total current liabilities		955,998	29	463,654	24	452,029	26
1550	Investments accounted for using the equity method (Note 6(5))	30,539	1	131,116	7	29,893	2	2540	Long-term loans (Note 6(13))	430,000	13	331,250	17	125,028	7
1600	Property, plant and equipment (Note 6(7), 7 and 8)	870,472	27	668,713	34	720,174	40	2570	Deferred income tax liabilities	23,835	1	9,254	1	9,881	1
1755	Right-of-use assets (Note 6(8))	101,227	3	74,035	4	85,550	5	2640	Net defined benefit liabilities - non-current	3,127	-	3,146	-	3,335	-
1760	Investment properties - net (Note 6(9) and 8)	499,492	15	79,448	4	48,803	3	2580	Lease liabilities-non-current (Note 6(14) and 7)	225,338	7	44,409	2	55,192	3
1780	Intangible assets (Note 6(6) and (10))	156,956	5	86,834	4	92,361	5	2645	Guarantee deposit received	8,627	-	3,797	-	5,141	-
1840	Deferred income tax assets	20,024	1	19,621	1	9,814	-	Total non-current liabilities		690,927	21	391,856	20	198,577	11
1900	Other non-current assets (Note 6(11))	44,503	1	25,347	1	33,844	2	Total liabilities		1,646,925	50	855,510	44	650,606	37
Total non-current assets		1,723,423	53	1,085,114	55	1,020,439	57	Equity attributable to shareholders of the parent company (Note 6(19))							
								3110	Common stock	445,660	14	445,660	23	445,660	25
								3200	Capital Surplus	297,921	9	297,921	15	297,921	17
								3300	Retained earnings	362,822	11	297,443	15	318,501	18
								3400	Other equity	(1,271)	-	(2,946)	-	(3,050)	-
								Total equity attributable to shareholders of the parent company		1,105,132	34	1,038,078	53	1,059,032	60
								36XX	Non-controlling interests (Note 6(6)(19))	523,107	16	61,708	3	65,598	3
								Total equity interest		1,628,239	50	1,099,786	56	1,124,630	63
Total assets		NT\$ 3,275,164	100	1,955,296	100	1,775,236	100	Total liabilities and equity		\$ 3,275,164	100	1,955,296	100	1,775,236	100

(Please see Notes to Consolidated Financial Statements)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed but unaudited in pursuant to Generally Accepted Auditing Standards.
BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		January to March 2022		January to March 2021	
		Amount	%	Amount	%
4000	Operating revenues (Note 6(21), 7 and 14)	\$ 615,021	100	331,567	100
5000	Operating costs (Note 6(4)(7)(8)(9)(10)(14)(16)(17)(22), 7 and 12)	(436,924)	(71)	(211,189)	(64)
	Gross profit	178,097	29	120,378	36
5910	Less: Unrealized sales profit	(1,162)	-	-	-
	Realized gross profit	176,935	29	120,378	36
	Operating expenses (Note 6 (3)(7)(8)(9)(10)(14)(17)(22), 7 and 12):				
6100	Selling expenses	(104,814)	(17)	(70,017)	(22)
6200	General and administrative expenses	(45,854)	(8)	(30,157)	(9)
6300	Research and development expenses	(8,711)	(1)	(11,420)	(3)
6450	Reversal of gains on loss allowance for expected credit losses	2,004	-	(1,230)	-
	Total operating expenses	(157,375)	(26)	(112,824)	(34)
	Operating income	19,560	3	7,554	2
	Non-operating income and expenses (Note 6(5)(6)(14)(16)(23) and 7):				
7100	Interest income	188	-	221	-
7010	Other income	84,717	14	3,679	1
7020	Other gains and losses	1,626	-	81	-
7050	Financing costs	(2,646)	-	(899)	-
7375	Share of profit of joint ventures accounted for using equity method	(524)	-	(161)	-
	Total non-operating income and expenses	83,361	14	2,921	1
	Income before income tax	102,921	17	10,475	3
7950	Less: Income tax expense (Note 6(18))	(4,351)	(1)	(3,112)	(1)
	Net income	98,570	16	7,363	2
	Other comprehensive income (loss) (Note 6(5)(19)):				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	566	-	46	-
8370	Share of other comprehensive income of joint ventures accounted for using the equity method	1,109	-	99	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		1,675	-	145	-
	Other comprehensive income for the period	1,675	-	145	-
	Total comprehensive income for the period	\$ 100,245	16	7,508	2
	Profit attributable to:				
8610	shareholders of the parent company	\$ 87,662	14	4,879	1
8620	Non-controlling interests	10,908	2	2,484	1
		\$ 98,570	16	7,363	2
	Comprehensive income (loss) attributable to:				
8710	shareholders of the parent company	\$ 89,337	14	5,024	1
8720	Non-controlling interests	10,908	2	2,484	1
		\$ 100,245	16	7,508	2
	Earnings per share (Unit: New Taiwan dollars, Note 6(20))				
9750	Basic earnings per share	\$ 1.97		0.11	
9850	Diluted earnings per share	\$ 1.96		0.11	

(Please see Notes to Consolidated Financial Statements)

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BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
March 31, 2022, and December 31 and March 31, 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of the parent company						Other equity interests	Total equity attributable to shareholders of the parent company	Non-controlling interests	Total equity interest
	Retained earnings					Exchange differences on translation of foreign operations				
	Common stock	Capital Surplus	Legal reserve	Special reserve	Undistribut ed earnings		Subtotal			
Balance as of January 1, 2021	\$ 445,660	297,921	95,973	3,309	214,340	313,622	(3,195)	1,054,008	63,114	1,117,122
Net income	-	-	-	-	4,879	4,879	-	4,879	2,484	7,363
Other comprehensive income for the period	-	-	-	-	-	-	145	145	-	145
Total comprehensive income for the period	-	-	-	-	4,879	4,879	145	5,024	2,484	7,508
Balance as of March 31, 2021	\$ 445,660	297,921	95,973	3,309	219,219	318,501	(3,050)	1,059,032	65,598	1,124,630
Balance as of January 1, 2022	\$ 445,660	297,921	102,356	3,195	191,892	297,443	(2,946)	1,038,078	61,708	1,099,786
Net income	-	-	-	-	87,662	87,662	-	87,662	10,908	98,570
Other comprehensive income for the period	-	-	-	-	-	-	1,675	1,675	-	1,675
Total comprehensive income for the period	-	-	-	-	87,662	87,662	1,675	89,337	10,908	100,245
Earnings appropriation and distribution:										
Cash dividends of ordinary shares	-	-	-	-	(22,283)	(22,283)	-	(22,283)	-	(22,283)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	450,491	450,491
Balance as of March 31, 2022	\$ 445,660	297,921	102,356	3,195	257,271	362,822	(1,271)	1,105,132	523,107	1,628,239

(Please see Notes to Consolidated Financial Statements)

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BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	January to March 2022	January to March 2021
Cash flows provided by operating activities:		
Profit before income tax	\$ 102,921	10,475
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	41,023	21,338
Amortization	3,294	3,276
Interest expense	2,646	899
Interest income	(188)	(221)
Gains on lease modification	(66)	(207)
Share of losses of joint ventures accounted for using equity method	524	161
Gain on disposals of property, plant and equipment	(361)	-
Unrealized sales profit	1,162	-
Gain recognized in bargain purchase transaction	(81,089)	-
Total adjustments to reconcile profit (loss)	(33,055)	25,246
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	28,498	29,307
Accounts receivable - related parties	(4,506)	(17,875)
Other receivables	22,887	350
Other receivables - related parties	(16,449)	(64)
Inventories	(25,138)	(5,124)
Prepayments and other current assets	2,780	(7,883)
Total changes in operating assets	8,072	(1,289)
Changes in operating liabilities:		
Notes and accounts payable	(38,955)	(9,884)
Accounts payable - related parties	24,747	910
Other payables	(47,124)	(38,739)
Other payables - related parties	2,944	786
Provisions for liabilities	503	(2,351)
Other current liabilities	18,803	(1,664)
Net defined benefit liabilities	(19)	(207)
Total changes in operating liabilities	(39,101)	(51,149)
Total changes in operating assets and liabilities	(31,029)	(52,438)
Total adjustments	(64,084)	(27,192)
Cash provided by (used in) operations	38,837	(16,717)
Interest received	196	214
Interest paid	(2,566)	(889)
Income tax paid	2,957	-
Net cash inflow (outflow) provided by operating activities	39,424	(17,392)

(Please see Notes to Consolidated Financial Statements)

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BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (continued from the preceding page)
For the Three Months Ended March 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	January to March 2022	January to March 2021
Cash flows used in investing activities:		
Net cash inflow from merger and acquisition of subsidiaries	\$ 76,241	-
Acquisition of property, plant and equipment	(3,934)	(13,691)
Proceeds from disposals of property, plant and equipment	574	-
Decrease (Increase) in refundable deposits	129	(1,536)
Acquisition of intangible assets	(973)	(256)
Increase in other financial assets	(5,924)	(4,358)
Decrease (Increase) in other non-current assets	799	(2,249)
Net cash inflow (outflow) provided by investing activities	66,912	(22,090)
Cash flows used in financing activities:		
Increase in short-term loans	110,222	2,017
Increase in long-term loans	100,000	90,000
Repayments of long-term loans	(31,250)	(70,000)
Increase (decrease) in guarantee deposit received	30	(1,543)
Payment of lease liabilities	(14,278)	(8,550)
Net cash inflow used in financing activities	164,724	11,924
Effect of changes in foreign exchange rates	471	41
Net increase (decrease) in cash and cash equivalents for the current period	271,531	(27,517)
Cash and cash equivalents at the beginning of the period	369,850	255,055
Cash and cash equivalents at the end of the period	\$ 641,381	227,538

(Please see Notes to Consolidated Financial Statements)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed but unaudited in pursuant to Generally Accepted Auditing Standards.

BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2022 and 2021

(Unless stated otherwise, all amounts are expressed in thousands of New Taiwan Dollar)

1. History and Organization

BENQ MEDICAL TECHNOLOGY CORP. (hereafter the Company), formerly known as Trident Medical Corp., received authorization from the Ministry of Economic Affairs for its incorporation on March 21, 1989, at 7F, No. 46, Zhouzi St., Neihu Dist., Taipei 11493, Taiwan. The main business operation of the Company and Subsidiaries (hereafter the Group) includes the manufacturing, installation, maintenance, repair of medical devices and various types of medical equipment, and the wholesales and retailing of medical devices and equipment, medication and health supplements, as well as the provision of leasing, management and consultation services of medical devices.

2. Authorization of the Consolidated Financial Statements

These Consolidated Financial Statements were approved by the Board of Directors on April 26, 2022 before being issued.

3. Application of New Standards, Amendments, and Interpretations

- (1) Effects of the adoption of new standards, amendments, and interpretations as endorsed by the Financial Supervisory Commission (FSC) of the Republic of China

The Group began to apply the following amendments to International Financial Reporting Standards from January 1, 2022 onward, and there has been no significant impact on the Group's Consolidated Financial Statements.

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"
- Annual improvements to IFRS standards 2018~2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

- (2) New standards, amendments and interpretations that have yet endorsed by FSC

IFRS, IAS, IFRIC and SIC that have been issued by the International Accounting Standards Board (IASB) but have yet to be endorsed and issued into effect by the FSC, and which may be relevant to the Group:

Newly issued or amended standards and interpretation	Main content of the amendments	Effective date by International Accounting Standard Board
Amendments to IAS 1, “Classification of Liabilities as Current or Non-current”	<p>The amendments are made to promote consistency in application and assist companies in determining if a liability or other liabilities with unclear settlement dates are current (due in or within one year) or non-current.</p> <p>The amendments also clarify the regulation pertaining to the settlement of liability by its own equity instruments.</p>	January 1, 2023

The Group is evaluating the impact of the above IFRSs and Interpretation on the Consolidated Financial Statements and business operations. The relevant impact shall be disclosed once the evaluation is concluded.

The Group expects the following new standards, amendments and interpretations that have yet to be endorsed by FSC shall not pose a significant impact on the Consolidated Financial Statements.

- Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- 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”

4. Summary of Significant Accounting Policies

(1) Statement of compliance

These Consolidated Financial Statements are prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereafter “the Preparation Regulations”) and the IAS 34, “Interim Financial Reporting” as endorsed by FSC. These Consolidated Financial Statements do not include all necessary disclosure as in the yearly consolidated financial statements prepared in accordance with IFRSs, IASs, Interpretations and SIC Interpretations as endorsed by FSC (hereafter “Taiwan-IFRSs”).

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Except for the following, the significant accounting policies of these Consolidated Financial Statements are identical to the Consolidated Financial Statements for 2021. For more information, please see Note 4 to Consolidated Financial Statements for 2021.

(2) Basis of consolidation

The basis of consolidation of these Consolidated Financial Statements are identical to the Consolidated Financial Statements for 2021. For more information, please see Note 4(3) to Consolidated Financial Statements for 2021.

1. Subsidiaries included in the Consolidated Financial Statements

Subsidiaries included in these Consolidated Financial Statements:

<u>Investor-</u>	<u>Subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>			<u>Description</u>
			<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>	
The Company	Asiaconnect International Co., Ltd. ("Asiaconnect")	Sales of medical consumables and equipment and wholesaling and retailing of information software	99.75%	99.75%	99.75%	
The Company	Highview Investments Limited ("Highview")	Investment and holding company	100.00%	100.00%	100.00%	
The Company	LILY Medical Corporation ("LILY")	Wholesaling and retailing of medical consumables and equipment	100.00%	100.00%	100.00%	
The Company	BenQ AB DentCare Corporation ("BABD")	Wholesaling and retailing of medical consumables and equipment	88.00%	88.00%	88.00%	
The Company	BenQ Healthcare Corporation ("BHS")	Wholesaling and retailing of medical consumables and equipment	100.00%	100.00%	100.00%	
The Company	Eastech Co., Ltd ("Eastech")	Wholesaling and retailing of medical consumables and equipment	70.00%	70.00%	70.00%	
The Company	Concord Medical Co., Ltd. ("Concord")	Sale of medical drugs, leasing of medical equipment and provision of management consultation services	40.00%	-	-	(Note 1)
LILY	LILY Medical (Suzhou) Co., Ltd. ("ALS")	Wholesaling and retailing of medical consumables and equipment	100.00%	100.00%	100.00%	
Highview	BenQ Medical Technology (Shanghai) Ltd. ("BMTS")	Agency of international and entrepot trade business	100.00%	100.00%	100.00%	

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Name of investor	Subsidiary	Main business activities	Ownership (%)			Description
			2022.3.31	2021.12.31	2021.3.31	
BHS	New Best Hearing International Trade Co., Ltd. ("NBHIT")	Wholesaling and retailing of medical consumables and equipment	52.00%	52.00%	52.00%	
BHS	CKCARE Co., Ltd. ("CKCARE")	Sales of medical drugs	60.00%	-	-	(Note 2)

(Note 1): The Group has a shareholding of 40% of Concord and represents the single largest shareholder.

The remaining 60% shareholding of Concord does not concentrate on any specific shareholder, and as per the participation level of shareholders in the previous general shareholder's meeting, the Group proved to possess more than half of the total voting rights amongst the shareholders attending the meeting. Thus, the Group deems itself to have control over Concord, which shall be integrated into the Consolidated Financial Statements.

(Note 2): In January 2022, the Group acquired the control of the company and it has become a subsidiary of the Group, which shall be integrated into the Consolidated Financial Statements.

2. Subsidiaries not included in the Consolidated Financial Statements: None.

(3) Employee benefits

The defined benefit pension plans of the interim period are computed based on the year-to-date pension cost rate derived using actuarial valuation at the end of the preceding year, adjusted for significant market fluctuation, reduction, settlement or other significant one-off events.

(4) Income tax

In pursuant to the IAS 34, "Interim Financial Reporting," paragraph B12, the Group measures and discloses the Income tax expense for the interim period.

The income tax expense is computed by multiplying the net Income before Income tax expense of the interim period with the effective tax rate for the full financial year best estimated by the Management, and fully recognized as the current income tax expense.

For income tax expenses recognized directly in equity or other comprehensive profit and loss items, it is measured using the appropriate tax rate expected to realize or when settled, on the temporary difference arising between the carrying amount of assets and liabilities for financial reporting purposes, and their tax bases.

5. Critical Accounting Judgments and key sources of Estimates and Assumptions on Uncertainty

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

In pursuant to the Preparation Regulations and the IAS 34, “Interim Financial Reporting” as endorsed by FSC, when preparing for these Consolidated Financial Statements, the Management are required to make judgment, estimates and assumptions, which will impact the adoption of accounting policies and the reporting of assets, liabilities, income, and expenses. The actual amount might differ from the estimated amount.

For the preparation of the Consolidated Financial Statements, the Management makes critical accounting judgments, estimates and assumptions on uncertainty using the accounting policies of the Group, consistent with Note 5 of the Consolidated Financial Reports for 2021.

6. Significant Accounts Disclosure

Except for the following, the details of significant accounts of these Consolidated Financial Statements does not differ with the Consolidated Financial Statements for 2021. For more information, please see Note 6 to the Consolidated Financial Statements for 2021.

(1) Cash and cash equivalents

	<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
Cash on hand and revolving funds	\$ 3,223	1,553	1,202
Demand deposits and checking accounts	578,658	312,797	161,218
Time deposits with an initial maturity date within three months	<u>59,500</u>	<u>55,500</u>	<u>65,118</u>
	<u>\$ 641,381</u>	<u>369,850</u>	<u>227,538</u>

(2) Other financial assets-current

	<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
Restricted bank deposit	\$ -	-	299
Time deposits with an initial maturity date of more than three months	<u>60,124</u>	<u>51,423</u>	<u>92,490</u>
	<u>\$ 60,124</u>	<u>51,423</u>	<u>92,789</u>

The estimation of the Group is based on the collection of contractual cash flows when the asset reaches maturity. The cash flows of the financial asset consist of principal and interest on the principal amount outstanding. Therefore, it is measured at amortized cost.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

(3) Notes and accounts receivable (measured at amortized cost)

	<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
Notes receivable	\$ 89,119	6,608	11,932
Accounts receivable	373,420	176,761	155,680
Less: Loss allowance	<u>(4,558)</u>	<u>(4,293)</u>	<u>(3,733)</u>
	457,981	179,076	163,879
Accounts receivable - related parties	<u>26,703</u>	<u>22,197</u>	<u>21,235</u>
	<u>\$ 484,684</u>	<u>201,273</u>	<u>185,114</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

The Group applies the simplified approach to make an estimation for the expected credit losses of notes and accounts receivable, i.e. measuring the lifetime expected credit losses and includes forward-looking information. Analysis of expected credit loss on notes and accounts receivable of the Group is as follows:

	2022.3.31		
	Gross carrying amount notes and accounts receivable	Weighted-average expected credit loss	Loss allowance for expected credit losses
Current	\$ 430,699	0.30%	1,275
Less than 90 days overdue	28,198	2.60%	732
91 - 180 days overdue	975	13.64%	133
181 - 270 days overdue	540	53.89%	291
More than 365 days overdue	2,127	100.00%	2,127
	<u>\$ 462,539</u>		<u>4,558</u>
	2021.12.31		
	Gross carrying amount notes and accounts receivable	Weighted-average expected credit loss	Loss allowance for expected credit losses
Current	\$ 167,445	0.47%	782
1 - 90 days overdue	12,006	2.32%	279
91 - 180 days overdue	1,077	36.30%	391
More than 365 days overdue	2,841	100.00%	2,841
	<u>\$ 183,369</u>		<u>4,293</u>
	2021.3.31		
	Gross carrying amount notes and accounts receivable	Weighted-average expected credit loss	Loss allowance for expected credit losses
Current	\$ 144,762	0.27%	387
Less than 90 days overdue	14,903	1.16%	173
91 - 180 days overdue	2,014	19.27%	388
181 - 270 days overdue	1,200	15.25%	183
271 - 365 days overdue	4,228	49.60%	2,097
More than 365 days overdue	505	100.00%	505
	<u>\$ 167,612</u>		<u>3,733</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

As of March 31, 2022, and December 31 and March 31, 2021, the Group has no expected credit losses from accounts receivable - related parties. The aging analysis is as follows:

	2022.3.31	2021.12.31	2021.3.31
Current	\$ 15,478	18,390	21,235
Less than 90 days overdue	11,225	3,807	-
	<u>\$ 26,703</u>	<u>22,197</u>	<u>21,235</u>

Movements of the loss allowance for notes and accounts receivable of the Group is as follows:

	January to March 2022	January to March 2021
Beginning balance	\$ 4,293	2,503
Impairment losses	-	1,230
Reversal of impairment losses	(2,004)	-
Impairment losses due to merger and acquisition	2,269	-
End balance	<u>\$ 4,558</u>	<u>3,733</u>

(4) Inventory

	2022.3.31	2021.12.31	2021.3.31
Raw materials	\$ 75,789	72,189	80,384
Work-in-progress	28,499	27,055	28,069
Finished goods	33,076	25,531	23,200
Merchandise Inventories	147,391	82,055	68,092
Inventories in transit	2,811	4,560	9,942
	<u>\$ 287,566</u>	<u>211,390</u>	<u>209,687</u>

Cost of goods sold relating to Inventories expenses for the current period:

	January to March 2022	January to March 2021
Cost of inventories sold	\$ 411,297	209,294
Inventories loss due to falling prices	7,382	3,040
Gains on physical inventory	-	(1,145)
	<u>\$ 418,679</u>	<u>211,189</u>

The write-down of inventories above was the amount in inventories written down to net realizable value.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

(5) Investments accounted for using the equity method

The investments accounted for using the equity method at the reporting date are as follows:

	<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
Joint venture	\$ 30,539	31,116	29,893
Prepayments for investments	-	100,000	-
	<u>\$ 30,539</u>	<u>131,116</u>	<u>29,893</u>

1. Joint ventures

The joint ventures that the Group accounted for using the equity method are not significant. The financial information is listed below and the amounts integrated into the Consolidated Financial Statements are as follows:

<u>Investee company</u>	<u>Main business activities</u>	<u>Carrying amount</u>		
		<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
TDX Medical Technology (Jiangsu) Co., Ltd (TDX)	Wholesaling and retailing of medical consumables and equipment	<u>\$ 30,539</u>	<u>31,116</u>	<u>29,893</u>

The profit and loss of the joint venture attributable to the Group are as follows:

	<u>January to March 2022</u>	<u>January to March 2021</u>
Loss for the period	\$ (524)	(161)
Other comprehensive income (loss)	1,109	99
Total comprehensive income (loss)	<u>\$ 585</u>	<u>(62)</u>

2. As of December 31, 2021, the prepayments for investments amounting to NT\$100,000 were for payment for 25% of the privately placed shares of Concord. Please see Note 6(6) for more details.

(6) Subsidiaries

1. Acquisition of subsidiary - Concord Medical Co., Ltd.

On December 27, 2021, the Board of Director resolved that apart from participating in the cash capital increase via private placement to acquire 25% of the shares of Concord Medical Co., Ltd. (hereafter Concord), the Group also acquired 15% of the shares of Concord via public tender offer on January 20, 2022. In conclusion, the Group has accumulated a shareholding of 40% of Concord and represents the single largest shareholder. Although it holds less than half of the total voting rights, considering the remaining shareholding of Concord does not concentrate on any specific shareholder,

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

and as per the participation level of shareholders in the previous general shareholder's meeting, the Group proved to possess more than half of the total voting rights amongst the shareholders attending the meeting. Thus, the Company deems itself to have control over Concord, which shall be integrated into the Consolidated Financial Statements.

The main business activities of Concord include sale of medical drugs, leasing of medical equipment and provision of management consultation services. The acquisition of Concord allows the Group to expand the sales distribution channels of medical management services and medical consumables and optimize the medical related services, thus expanding the diversity of medical services.

(1) Consideration transferred

On December 30, 2021, the Group acquired a shareholding of 25% of Concord with cash of NT\$100,000 thousand by participating in the private placement. Furthermore, via public tender offer, on January 20, 2022, the Group acquired a shareholding of 15% of Concord with cash of NT\$90,000 thousand. No contingent consideration or other equity instrument serves as consideration transferred.

(2) According to IFRS, the identifiable assets and liabilities arising from the acquisition at fair value should be measured as at the acquisition date. The valuation conducted by experts appointed by the Group is as follows:

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

Consideration transferred:

Cash	\$	190,000
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Add: Non-controlling interests (measured at non-controlling interest's proportionate share of the fair value of identifiable net assets)		406,633
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Identifiable net assets acquired at fair value:

Cash and cash equivalents	\$	206,843	
Notes and accounts receivable		312,836	
Inventories		13,363	
Other receivables		12,474	
Other current financial assets -		2,777	
Prepayments and other current assets		25,682	
Property, plant and equipment		143,993	
Right-of-use assets		5,841	
Investment properties		424,700	
Intangible asset		1,745	
Deferred income tax assets		403	
Refundable Deposits		3,656	
Other non-current assets		6,036	
Contract liabilities - current		(38)	
Income tax payable		(5,964)	
Notes and accounts payable		(257,718)	
Other payables		(14,315)	
Lease liabilities (current and non-current)		(189,200)	
Other current liabilities		(1,628)	
Other non-current liabilities		(4,800)	
Deferred income tax liabilities		(8,964)	677,722

Gain recognized in bargain purchase transaction		<u><u>\$ (81,089)</u></u>
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BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

In the event that the Group learns of new information regarding facts and circumstances that existed as of the acquisition date within one year from the acquisition date, in which the Group is able to identify the adjustment to be made to the aforementioned provisional amounts or additional provisions for liabilities that existed as of the acquisition date, the Group shall make amendments to the accounting treatment of the acquisition.

(3) Pro forma information

From January 20, 2022 (acquisition date) to March 31, 2022, the operating results of Concord have been consolidated into the Consolidated Statements of Comprehensive Income of the Group, in which the sales revenue and net profit amounted to NT\$154,293 thousand and NT\$9,353 thousand respectively. If the acquisition had occurred on January 1, 2022, the pro forma projection for sales revenue and net profit after tax of the Group for the period between January 1 to March 31, 2022 would amount to NT\$656,125 thousand and NT\$100,399 thousand, respectively.

2. Acquisition of subsidiary - CKCARE Co., Ltd.

On November 24, 2021, the Board of Directors approved by resolution the acquisition of a 60% shareholding of CKCARE Co., Ltd. (hereafter CKCARE) by the subsidiary of the Group, BenQ Healthcare Corporation (hereafter BHS). From the acquisition date (January 3, 2022) onward, CKCARE shall be incorporated into the Consolidated Financial Statements. The main business of CKCARE are running regional professional chain compounding pharmacies which mainly engages in sale of over-the-counter drugs, baby formula, paper products and medical devices. The acquisition of CKCARE allows the Group to expand the sales distribution channels of medical products and optimize the medical related services, thus expanding the diversity of medical services.

(1) Consideration transferred

According to the equity interest transfer agreement, on January 3, 2022, the Company purchased a 60% stake of CKCARE with cash payment of NT\$105,300 thousand, and without contingent consideration or other equity instrument as consideration transferred.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

(2) According to IFRS, the identifiable assets and liabilities arising from the acquisition at fair value should be measured as at the acquisition date. The valuation conducted by experts appointed by the Group is as follows:

Consideration transferred:

Cash	\$	105,300
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Add: Non-controlling interests (measured at non-controlling interest's proportionate share of the fair value of identifiable net assets)		43,858
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Identifiable net assets acquired at fair value:

Cash and cash equivalents	\$	64,698
Notes and accounts receivable		1,474
Other receivables		18,340
Inventories		37,675
Property, plant and equipment		74,802
Intangible asset - branding		20,417
Intangible asset - customer relationship		9,648
Intangible asset - computer software		220
Right-of-use assets		16,510
Financial assets measured at fair value through		210

other comprehensive income

Refundable Deposits		746
Short-term loans		(29,300)
Notes and accounts payable		(27,411)
Other payables		(49,817)
Lease liabilities (current and non-current)		(16,533)
Other current liabilities		(6,021)
Deferred income tax liabilities		(6,013)
		109,645

Goodwill		\$ 39,513
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The amounts for the aforementioned intangible assets -branding and customer relationship are tentative and awaiting the final valuation of the assets. The Group shall monitor the aforementioned item consistently during the measurement period.

In the event that the Group learns of new information regarding facts and circumstances that existed as of the acquisition date within one year from the acquisition date, in which the Group is able to identify the adjustment to be made to the

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

aforementioned provisional amounts or additional provisions for liabilities that existed as of the acquisition date, the Group shall make amendments to the accounting treatment of the acquisition.

(3) Intangible asset

Intangible asset -- branding is amortized over the estimated future economic useful life of 10 years according to straight-line amortization.

Intangible asset -- customer relationship is amortized over the estimated future economic useful life of 12 years according to straight-line amortization.

Goodwill is mainly arising from the profitability of CKCARE in the retail pharmacy market. No income tax effect is expected.

(4) Pro forma information

From January 3, 2022 (acquisition date) to March 31, 2022, the operating results of CKCARE have been consolidated into the Consolidated Statements of Comprehensive Income of the Group, in which the sales revenue and net profit amounted to NT\$67,877 thousand and NT\$1,753 thousand respectively. If the acquisition had occurred on January 1, 2022, the pro forma projection for sales revenue and net profit after tax of the Group for the period between January 1 to March 31, 2022 would amount to NT\$615,021 thousand and NT\$98,570 thousand, respectively.

3. Subsidiaries that the Group has material non-controlling interests

Subsidiaries in which the Group has material non-controlling interests were as follows:

Subsidiary	Principal place of business/country of incorporation	Percentage of ownership and voting rights held by non-controlling interests		
		2022.3.31	2021.12.31	2021.3.31
NBHIT	Taiwan	48%	48%	48%
Concord	Taiwan	60%	-	-
CKCARE	Taiwan	40%	-	-

The summarized financial information of subsidiaries prepared in accordance with IFRSs endorsed by FSC was as follows. The information includes the fair value adjustment made by the Group during the acquisition as at the acquisition date:

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

(1) The summarized financial information of NBHIT:

	2022.3.31	2021.12.31	2021.3.31
Current assets	\$ 109,939	105,153	97,321
Non-current assets	129,755	126,404	131,833
Current liabilities	(79,177)	(81,475)	(59,887)
Non-current liabilities	(34,287)	(30,191)	(34,647)
Net assets	<u>\$ 126,230</u>	<u>119,891</u>	<u>134,620</u>
The carrying amount in non-controlling interests	<u>\$ 47,071</u>	<u>44,028</u>	<u>51,098</u>

	January to March 2022	January to March 2021
Net sales	<u>\$ 79,834</u>	<u>63,835</u>
Net income	\$ 6,338	4,600
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	<u>\$ 6,338</u>	<u>4,600</u>
Net income attributable to non-controlling interests	<u>\$ 3,042</u>	<u>2,208</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 3,042</u>	<u>2,208</u>

	January to March 2022	January to March 2021
Cash flows provided by operating activities	\$ 9,102	(6,636)
Cash flows used in investing activities	(8,816)	(8,203)
Cash flows used in financing activities	(5,725)	(5,229)
Net decrease in cash and cash equivalents	<u>\$ (5,439)</u>	<u>(20,068)</u>
Cash dividends paid to non-controlling interests	<u>\$ -</u>	<u>-</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

(2) The summarized financial information of Concord:

	2022.3.31
Current assets	\$ 573,986
Non-current assets	572,413
Current liabilities	(278,848)
Non-current liabilities	<u>(180,476)</u>
Net assets	<u>\$ 687,075</u>
The carrying amount in non-controlling interests	<u>\$ 412,245</u>
	2022.1.20~ 2022.3.31
Net sales	<u>\$ 154,293</u>
Net income	\$ 9,353
Other comprehensive income (loss)	<u>-</u>
Total comprehensive income (loss)	<u>\$ 9,353</u>
Net income attributable to non-controlling interests	<u>\$ 5,612</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 5,612</u>
	2022.1.20~ 2022.3.31
Cash flows provided by operating activities	\$ 55,878
Cash flows used in investing activities	(8,920)
Cash flows used in financing activities	<u>(4,417)</u>
Increase in cash and cash equivalents	<u>\$ 42,541</u>
Cash dividends paid to non-controlling interests	<u>\$ -</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

(3) The summarized financial information of CKCARE:

	<u>2022.3.31</u>
Current assets	\$ 127,755
Non-current assets	159,394
Current liabilities	(119,135)
Non-current liabilities	<u>(17,103)</u>
Net assets	<u>\$ 150,911</u>
The carrying amount in non-controlling interests	<u>\$ 44,559</u>
	<u>2022.1.3～ 2022.3.31</u>
Net sales	<u>\$ 67,877</u>
Net income	\$ 1,753
Other comprehensive income (loss)	<u>-</u>
Total comprehensive income (loss)	<u>\$ 1,753</u>
Net income attributable to non-controlling interests	<u>\$ 701</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 701</u>
	<u>2022.1.3～ 2022.3.31</u>
Cash flows provided by operating activities	\$ (29,511)
Cash flows used in investing activities	-
Cash flows used in financing activities	<u>(1,119)</u>
Net decrease in cash and cash equivalents	<u>\$ (30,630)</u>
Cash dividends paid to non-controlling interests	<u>\$ -</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

(7) Property, plant and equipment

Movements of the costs, accumulated depreciation and impairment loss of property, plant and equipment of the Group are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Instruments</u>	<u>Leasehold improvement</u>	<u>Office and other equipment</u>	<u>Total</u>
Cost:							
Balance as of January 1, 2022	\$ 282,492	362,715	213,152	-	53,659	78,829	990,847
Acquisition through business combination (Note 6(6))	64,368	-	920	267,598	102,156	18,572	453,614
Additions	-	65	2,448	2,150	1,226	657	6,546
Disposals	-	-	(6,289)	(16,848)	-	(519)	(23,656)
Other reclassification	-	-	-	-	-	1,891	1,891
Effect of changes in foreign exchange rates	-	-	-	-	-	53	53
Balance as of March 31, 2022	\$ 346,860	362,780	210,231	252,900	157,041	99,483	1,429,295
Balance as of January 1, 2021	\$ 314,314	362,715	185,275	-	49,208	75,458	986,970
Additions	-	-	9,443	-	594	520	10,557
Disposals	-	-	(60)	-	-	-	(60)
Reclassification	-	-	8,781	-	-	-	8,781
Effect of changes in foreign exchange rates	-	-	-	-	-	5	5
Balance as of March 31, 2021	\$ 314,314	362,715	203,439	-	49,802	75,983	1,006,253
Accumulated depreciation and impairment loss:							
Balance as of January 1, 2022	\$ -	69,773	154,485	-	29,093	68,783	322,134
Acquisition through business combination (Note 6(6))	-	-	193	158,456	66,025	10,145	234,819
Depreciation	-	2,689	7,392	8,179	4,819	2,184	25,263
Disposals	-	-	(6,172)	(16,752)	-	(519)	(23,443)
Effect of changes in foreign exchange rates	-	-	-	-	-	50	50
Balance as of March 31, 2022	\$ -	72,462	155,898	149,883	99,937	80,643	558,823
Balance as of January 1, 2021	\$ -	59,037	126,445	-	22,284	66,083	273,849
Depreciation	-	2,684	6,569	-	1,657	1,376	12,286
Disposals	-	-	(60)	-	-	-	(60)
Effect of changes in foreign exchange rates	-	-	-	-	-	4	4
Balance as of March 31, 2021	\$ -	61,721	132,954	-	23,941	67,463	286,079
Carrying value:							
March 31, 2022	\$ 346,860	290,318	54,333	103,017	57,104	18,840	870,472
January 1, 2022	\$ 282,492	292,942	58,667	-	24,566	10,046	668,713
March 31, 2021	\$ 314,314	300,994	70,485	-	25,861	8,520	720,174

For information on the property, plant and equipment of the Group serving as collateral for a credit line of bank loans, please see Note 8.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

(8) Right-of-use assets

Movements of the costs and depreciation of buildings that the Group leases as office spaces and branch offices, and transportation equipment are as follows:

	Buildings	Transportation equipment	Total
Cost of right-of-use assets:			
Balance as of January 1, 2022	\$ 145,530	9,710	155,240
Acquisition through business combination (Note 6(6))	25,586	1,215	26,801
Additions	14,976	836	15,812
Lease modification	41	-	41
Write-off	(8,464)	(1,709)	(10,173)
Effect of changes in foreign exchange rates	126	-	126
Balance as of March 31, 2022	<u><u>\$ 177,795</u></u>	<u><u>10,052</u></u>	<u><u>187,847</u></u>
Balance as of January 1, 2021	\$ 138,795	8,962	147,757
Additions	11,022	1,230	12,252
Effect of changes in foreign exchange rates	15	-	15
Balance as of March 31, 2021	<u><u>\$ 149,832</u></u>	<u><u>10,192</u></u>	<u><u>160,024</u></u>
Accumulated depreciation of right-of-use assets:			
Balance as of January 1, 2022	\$ 75,511	5,694	81,205
Acquisition through business combination (Note 6(6))	3,439	1,011	4,450
Depreciation for the current period	10,509	595	11,104
Write-off	(8,464)	(1,709)	(10,173)
Effect of changes in foreign exchange rates	34	-	34
Balance as of March 31, 2022	<u><u>\$ 81,029</u></u>	<u><u>5,591</u></u>	<u><u>86,620</u></u>
Balance as of January 1, 2021	\$ 61,467	4,336	65,803
Depreciation for the current period	8,022	638	8,660
Effect of changes in foreign exchange rates	11	-	11
Balance as of March 31, 2021	<u><u>\$ 69,500</u></u>	<u><u>4,974</u></u>	<u><u>74,474</u></u>
Carrying value:			
March 31, 2022	<u><u>\$ 96,766</u></u>	<u><u>4,461</u></u>	<u><u>101,227</u></u>
January 1, 2022	<u><u>\$ 70,019</u></u>	<u><u>4,016</u></u>	<u><u>74,035</u></u>
March 31, 2021	<u><u>\$ 80,332</u></u>	<u><u>5,218</u></u>	<u><u>85,550</u></u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

(9) Investment properties

	Self-owned		Right-of-use assets	
	Land	Buildings	Buildings	Total
Cost:				
Balance as of January 1, 2022	\$ 31,822	54,762	-	86,584
Acquisition through business combination (Note 6(6))	193,261	72,131	232,770	498,162
Disposals	-	(795)	-	(795)
Balance as of March 31, 2022	\$ 225,083	126,098	232,770	583,951
Balance as of January 1, 2021 (i.e. balance as of March 31, 2021)	\$ -	54,762	-	54,762
Accumulated depreciation:				
Balance as of January 1, 2022	\$ -	7,136	-	7,136
Acquisition through business combination (Note 6(6))	-	17,132	56,330	73,462
Depreciation	-	948	3,708	4,656
Disposals	-	(795)	-	(795)
Balance as of March 31, 2022	\$ -	24,421	60,038	84,459
Balance as of January 1, 2021	\$ -	5,567	-	5,567
Depreciation	-	392	-	392
Balance as of March 31, 2021	\$ -	5,959	-	5,959
Carrying amount:				
March 31, 2022	\$ 225,083	101,677	172,732	499,492
January 1, 2022	\$ 31,822	47,626	-	79,448
March 31, 2021	\$ -	48,803	-	48,803
Fair value:				
March 31, 2022				\$ 754,641
December 31, 2021				\$ 333,649
March 31, 2021				\$ 293,680

For investment properties leased to third parties, the proportion of land ownership, and right-of-use assets sub-leased to other parties, please see Note 6(16). The fair value evaluation of the aforementioned self-owned investment properties was performed by the management based on transaction prices of similar properties in the same area or by

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Notes to Consolidated Financial Statements (continued)

independent valuer. As for the right-of-use assets that are for sub-leasing purposes, the fair value evaluation is estimated by discounting future cash flow. The inputs to valuation technique for the aforementioned fair value are level 3 inputs.

For investment properties serving as collateral for a credit line of bank loans, please see Note 8.

(10) Intangible asset

	Goodwill	Computer software	Customer relationships and sales channels	Other intangible assets	Total
Costs:					
Balance as of January 1, 2022	\$ 56,873	13,481	48,011	27,582	145,947
Acquisition through business combination (Note 6(6))	39,513	3,834	9,648	20,732	73,727
Addition	-	973	-	-	973
Write-off	-	(1,339)	-	(1,089)	(2,428)
Reclassification	-	900	-	-	900
Balance as of March 31, 2022	<u>\$ 96,386</u>	<u>17,849</u>	<u>57,659</u>	<u>47,225</u>	<u>219,119</u>
Balance as of January 1, 2021	\$ 56,873	27,017	48,011	29,582	161,483
Addition	-	256	-	-	256
Write-off	-	(605)	-	-	(605)
Balance as of March 31, 2021	<u>\$ 56,873</u>	<u>26,668</u>	<u>48,011</u>	<u>29,582</u>	<u>161,134</u>
Accumulated amortization:					
Balance as of January 1, 2022	\$ -	9,099	28,533	21,481	59,113
Acquisition through business combination (Note 6(6))	-	2,089	-	95	2,184
Amortization	-	781	1,179	1,334	3,294
Write-off	-	(1,339)	-	(1,089)	(2,428)
March 31, 2022	<u>\$ -</u>	<u>10,630</u>	<u>29,712</u>	<u>21,821</u>	<u>62,163</u>
Balance as of January 1, 2021	\$ -	22,396	24,634	19,072	66,102
Amortization	-	1,190	1,517	569	3,276
Write-off	-	(605)	-	-	(605)
Reclassification	-	-	(1,038)	1,038	-
Balance as of March 31, 2021	<u>\$ -</u>	<u>22,981</u>	<u>25,113</u>	<u>20,679</u>	<u>68,773</u>
Carrying value:					
March 31, 2022	<u>\$ 96,386</u>	<u>7,219</u>	<u>27,947</u>	<u>25,404</u>	<u>156,956</u>
January 1, 2022	<u>\$ 56,873</u>	<u>4,382</u>	<u>19,478</u>	<u>6,101</u>	<u>86,834</u>
March 31, 2021	<u>\$ 56,873</u>	<u>3,687</u>	<u>22,898</u>	<u>8,903</u>	<u>92,361</u>

According to IAS 36, the goodwill acquired by the Group must undergo assessment for impairment at least once a year. Pursuant to the assessment for impairment conducted by the Group on December 31, 2021, goodwill has not suffered any impairment. For details, please see Note 6(10) to the Consolidated Financial Report for 2021. On March 31, 2022, the Group conducted an assessment based on the sales revenue meeting target for the period between January 1, 2022 and March 31, 2022, and concluded that no impairment was incurred.

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Notes to Consolidated Financial Statements (continued)

(11) Other non-current assets

	2022.3.31	2021.12.31	2021.3.31
Prepayments for equipment	\$ 9,630	6,681	13,832
Pension plan assets	3,017	2,833	3,033
Refundable Deposits	20,106	15,833	16,979
Long-term accounts receivable	6,907	-	-
Other receivables -long-term	4,630	-	-
Others	213	-	-
	<u>\$ 44,503</u>	<u>25,347</u>	<u>33,844</u>

(12) Short-term loans

	2022.3.31	2021.12.31	2021.3.31
Unsecured bank loans	\$ 160,493	50,271	82,251
Secured bank loans	29,300	-	-
	<u>\$ 189,793</u>	<u>50,271</u>	<u>82,251</u>
Unused credit facilities	<u>\$ 1,344,287</u>	<u>1,124,993</u>	<u>1,194,396</u>
Interest rate bracket	<u>0.91%~1.59%</u>	<u>0.68%~1.10%</u>	<u>0.73%~2.09%</u>

For assets pledged as collateral to secure bank loans, please see Note 8.

(13) Long-term loans

	2022.3.31	2021.12.31	2021.3.31
Unsecured bank loans	\$ 435,000	366,250	160,000
Less: current portion of long-term debt	(5,000)	(35,000)	(34,972)
	<u>\$ 430,000</u>	<u>331,250</u>	<u>125,028</u>
Unused credit facilities	<u>\$ 400,000</u>	<u>460,000</u>	<u>535,000</u>
Interest rate bracket	<u>1.05%~1.78%</u>	<u>1.03%~1.19%</u>	<u>1.10%~1.29%</u>

For assets pledged as collateral to secure credit line of bank loans, please see Note 8.

(14) Lease liabilities

The lease liabilities of the Group are as follows:

	2022.3.31	2021.12.31	2021.3.31
Current	<u>\$ 57,130</u>	<u>30,817</u>	<u>31,378</u>
Non-current	<u>\$ 225,338</u>	<u>44,409</u>	<u>55,192</u>

Please see Note 6(24) for the maturity profile of financial instruments.

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Notes to Consolidated Financial Statements (continued)

Profit and loss recognized are as follows:

	January to March 2022	January to March 2021
Interest expense of lease liabilities	<u>\$ 1,023</u>	<u>350</u>
Current lease payments not included as lease liability measurement	<u>\$ 682</u>	<u>1,262</u>
Short-term lease expense	<u>\$ 1,258</u>	<u>829</u>

Items recognized in Cash Flows Statement:

	January to March 2022	January to March 2021
Total cash outflow for leases	<u>\$ 17,241</u>	<u>10,991</u>

1. Lease of buildings

Pertaining to office spaces and branch offices of the Group, the lease tenors for office spaces range from 3 to 20 years, and for branch offices, 3 to 9 years, of which some of the leases have a renewal option for tenor as per the original lease contract. Part of the right-of-use assets are subleased to other parties to earn rental income. For more information, please see Note 6(9).

2. Other leases

The lease tenors of transportation equipment of the Group range from one to five years. Of which, some lease tenor of transportation equipment is one year and thus deemed to be short-term leases. The Group chooses to adopt recognition exemption and does not recognize the relevant right-of-use assets and lease liabilities.

(15) Provision for product warranties

	2022.3.31	2021.12.31	2021.3.31
Provision for product warranty	<u>\$ 10,363</u>	<u>9,822</u>	<u>7,950</u>

From January 1 to March 31, 2022 and 2021, the Group did not have major changes in the provision for product warranty. For details, please see Note 6(15) to Consolidated Financial Statements for 2021.

(16) Operating leases - lessor

The Group leases out its investment properties and instruments. As almost all of the risk and reward of the ownership of the properties have not been transferred, the lease contracts are classified as operating leases.

The maturity analysis of the lease payments receivable showing the undiscounted lease payments after the reporting date is as follows:

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Notes to Consolidated Financial Statements (continued)

	<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
Less than 1 year	\$ 71,287	5,760	5,760
1 to 2 years	28,273	5,280	5,760
2 to 3 years	6,893	-	3,840
3 to 4 years	1,664	-	-
4 to 5 years	1,664	-	-
More than 5 years	2,913	-	-
Total undiscounted lease payments	<u>\$ 112,694</u>	<u>11,040</u>	<u>15,360</u>

For the period between January 1 to March 31, 2022, the rental income given rise by investment properties amounted to NT\$7,827 thousand, of which, NT\$6,385 thousand was recognized as operating revenue, and the remaining NT\$1,442 thousand was recognized as non-operating income and expenses. For the period between January 1 to March 31, 2021, the rental income given rise by investment properties amounted to NT\$1,442 thousand and was recognized as non-operating income and expenses.

(17) Employee benefits

1. Defined benefit plans

As no significant market fluctuation, reduction, settlement or other significant one-off events have occurred since the last yearly reporting date, the Group has adopted actuarial valuation as at December 31, 2021 and 2020 for pension cost measurement and pension cost for interim period disclosure.

Under the defined benefit plans of the Group, the details of pension expenses are as follows:

	<u>January to March 2022</u>	<u>January to March 2021</u>
Operating costs	\$ 11	10
Operating expenses	(11)	-
	<u>\$ -</u>	<u>10</u>

2. Defined contribution plans

Under the procedure for defined contribution plans of the Group, the pension expenses reported are as follows:

	<u>January to March 2022</u>	<u>January to March 2021</u>
Operating costs	\$ 1,258	1,342
Operating expenses	3,183	2,646
	<u>\$ 4,441</u>	<u>3,988</u>

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Notes to Consolidated Financial Statements (continued)

(18) Income tax

1. Income tax expense

	January to March 2022	January to March 2021
Current income tax expense	<u>\$ 4,351</u>	<u>3,112</u>

2. From January 1 to March 31, 2022 and 2021, no income tax had been directly recognized under equity and other comprehensive income or loss items.

3. Income tax audit

The Company's income tax returns for the years through 2019 have been examined and approved by the R.O.C. income tax authorities.

(19) Capital and other equity interests

Except for the following, from January 1 to March 31, 2022 and 2021, there was no major change in capital and other equity interests. For details, please see Notes 6(19) of Consolidated Financial Statements for 2021.

1. Common shares

As of March 31, 2022, and December 31 and March 31, 2021, the Company's authorized share capital amounted to NT\$1,500,000 thousand, NT\$1,500,000 thousand and NT\$520,000 thousand respectively, with par value of NT\$10 per share. The number of common stocks amounted to 150,000 thousand shares, 150,000 thousand shares and 52,000 thousand shares respectively, of which 44,566 thousand shares were issued and outstanding.

2. Capital Surplus

	2022.3.31	2021.12.31	2021.3.31
Additional paid-in capital in excess of par issued	<u>\$ 297,921</u>	<u>297,921</u>	<u>297,921</u>

3. Retained earnings

According to the Article of Incorporation, any profit that the Company makes shall be first appropriated for tax payment, recovering of past losses, and 10% of the appropriation goes to legal reserve, as well as setting aside for or reversing special reserve. The remaining balance of the annual net profit, together with unappropriated earnings from the beginning of the year, if any, can be distributed as dividends after the profit distribution or loss off-setting plan proposed by the Board of Directors is approved during the Shareholders' meeting. For the aforementioned earning distribution, if a cash dividend is distributed, the Board of Directors is authorized to approve and report to the Shareholders' meeting.

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The Company adopts a residual dividend policy to enhance future growth and sustainable development. If profit is available, the distribution of dividends shall not be lower than 10% of the net profit for the year. The dividend distribution should take into account the future development of operational scale and the cash flows need. The yearly cash dividend disbursed shall not be lower than 10% of the cash and stock dividends combined.

By resolutions of the Board meeting on March 7, 2022 and April 22, 2021, the cash dividend of earnings distribution for 2021 and 2020 is as follows:

	2021		2020	
	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)	Amount
Dividends per share:				
Cash	\$ 0.50	<u><u>22,283</u></u>	1.00	<u><u>44,566</u></u>

4. Other equity interest (net after tax)

Exchange differences on translation of foreign operations

	January to March 2022	January to March 2021
Beginning balance	\$ (2,946)	(3,195)
Foreign exchange differences arising from the translation of foreign operations	566	46
Shares of foreign currency translation differences of joint ventures	<u>1,109</u>	<u>99</u>
End balance	<u><u>\$ (1,271)</u></u>	<u><u>(3,050)</u></u>

5. Non-controlling interests (net after-tax)

	January to March 2022	January to March 2021
Beginning balance	\$ 61,708	63,114
Equity attributable to non-controlling interests:		
Net income	10,908	2,484
Increase in non-controlling interests	<u>450,491</u>	<u>-</u>
End balance	<u><u>\$ 523,107</u></u>	<u><u>65,598</u></u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

(20) Earnings per share (EPS)

1. Basic EPS

	<u>January to March 2022</u>	<u>January to March 2021</u>
Net profit attributable to shareholders of the Company	<u>\$ 87,662</u>	<u>4,879</u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>44,566</u>	<u>44,566</u>
Basic EPS (NT\$)	<u>\$ 1.97</u>	<u>0.11</u>

2. Diluted EPS

	<u>January to March 2022</u>	<u>January to March 2021</u>
Net profit attributable to shareholders of the Company	<u>\$ 87,662</u>	<u>4,879</u>
Weighted-average number of ordinary shares outstanding (basic) (in thousands)	44,566	44,566
Effect of dilutive potential common stock (in thousands)		
Effect of employee bonuses	<u>263</u>	<u>151</u>
Weighted-average number of ordinary shares outstanding (diluted) (in thousands)	<u>44,829</u>	<u>44,717</u>
Diluted EPS (NT\$)	<u>\$ 1.96</u>	<u>0.11</u>

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Notes to Consolidated Financial Statements (continued)

(21) Revenue from contracts with customers

1. Disaggregation of revenue

	<u>January to March 2022</u>	<u>January to March 2021</u>
Primary geographical markets:		
Taiwan	\$ 494,373	199,501
Mainland China	63,139	96,693
India	7,367	8,791
Others	50,142	26,582
	<u>\$ 615,021</u>	<u>331,567</u>
Main products:		
Medical equipment	\$ 114,720	126,458
Medical consumables	157,981	113,830
Medical services	342,320	91,279
	<u>\$ 615,021</u>	<u>331,567</u>
Timing of Revenue Recognition:		
Revenue recognized at a point in time	\$ 590,936	331,567
Revenue recognized over time	7,338	-
Lease income	16,747	-
	<u>\$ 615,021</u>	<u>331,567</u>

2. Contract balances

	<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
Notes and accounts receivable (including related parties)	\$ 489,242	205,566	188,847
Less: Loss allowance	(4,558)	(4,293)	(3,733)
	<u>\$ 484,684</u>	<u>201,273</u>	<u>185,114</u>
Contract liabilities (listed as other current liabilities)	<u>\$ 45,239</u>	<u>25,242</u>	<u>21,825</u>

For disclosure on notes and accounts receivable and the related loss allowance, please refer to Note 6(3).

The changes in contract liabilities are mainly due to the timing difference between product transferred or service rendered, i.e. satisfying contractual obligations by the Group and payment made by customers.

The contract liabilities as of January 1, 2022 and 2021 that were recognized as receivables between January 1 and March 31, 2022 and 2021 were NT\$14,768 thousand

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Notes to Consolidated Financial Statements (continued)

and NT\$15,430 thousand respectively.

(22) Remuneration to employees and Directors

According to the Articles of Incorporation, if any profit is available, 5% to 20% should be set aside as employee compensation and no more than 1% should be set aside as Directors' remuneration. However, the profit should be appropriated to offset the accumulated deficit first, if any. The aforementioned employees eligible for stock options or cash compensation may include employees of affiliated companies that meet certain conditions.

The compensation of employees for January 1 to March 31, 2022 and 2021 amounting to NT\$7,311 thousand and NT\$487 thousand respectively, and the remuneration of Directors amounting to NT\$609 thousand and NT\$41 thousand respectively, were estimated by multiplying pre-tax income prior to being deducted by remuneration to employees and Directors of the period with the distribution percentage of remuneration to employees and Directors. The compensation and remuneration were classified as the Costs of revenue or expenses for the period. If the actual disbursement in the following year differs from the estimated amount, the difference is treated as change in accounting estimation, and recognized in the profit and loss in the next annual period.

The estimated amounts of employee compensation for 2021 and 2020 amounted to NT\$2,007 thousand and NT\$6,707 thousand respectively; and the estimated amounts of Director remuneration amounted to NT\$167 thousand and NT\$559 thousand respectively. The aforementioned amounts did not differ from the employee compensation and Director remuneration approved by the Board, and were all disbursed in cash. For details, please see the Market Observation Post System.

(23) Non-operating income and loss

1. Interest income

	January to March 2022	January to March 2021
Interest income from bank deposits	<u>\$ 188</u>	<u>221</u>

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Notes to Consolidated Financial Statements (continued)

2. Other income

	January to March 2022	January to March 2021
Rental income	\$ 3,008	3,174
Gain recognized in bargain purchase transaction (Note 6(6))	81,089	-
Others	620	505
	<u>\$ 84,717</u>	<u>3,679</u>

3. Other gains and losses

	January to March 2022	January to March 2021
Gain on disposals of property, plant and equipment	\$ 361	-
Net foreign currency exchange gains (losses)	1,199	(126)
Gains on lease modification	66	207
	<u>\$ 1,626</u>	<u>81</u>

4. Financing costs

	January to March 2022	January to March 2021
Interest expense of bank loans	1,623	549
Financial expense of lease liabilities	1,023	350
	<u>\$ 2,646</u>	<u>899</u>

(24) Financial instruments

Except for the following, the fair value of the financial instruments and the credit, liquidity and market risks exposed due to the financial instruments have no significant changes. For details, please see Notes 6(24) and (25) of Consolidated Financial Statements for 2021.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

1. Categories of financial instruments

(1) Financial assets

	<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
Financial assets measured at fair value through other comprehensive income:			
	\$ 210	-	-
Financial assets measured at amortized cost:			
Cash and cash equivalents	641,381	369,850	227,538
Notes and accounts receivable and other receivables			
(including related parties)	509,688	206,539	186,522
Other financial assets-current	60,124	51,423	92,789
Other non-current assets - refundable deposits	20,106	15,833	16,979
Other non-current assets - long-term receivables	11,537	-	-
	<u>\$ 1,243,046</u>	<u>643,645</u>	<u>523,828</u>

(2) Financial liabilities

	<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
Financial liabilities measured at amortized cost:			
Short-term loans	\$ 189,793	50,271	82,251
Notes and accounts payable and other payables			
(including related parties)	603,139	287,291	255,892
Lease liabilities (current and non-current)	282,468	75,226	86,570
Long-term debt (including current portion)	435,000	366,250	160,000
Guarantee deposit received	8,627	3,797	5,141
	<u>\$ 1,519,027</u>	<u>782,835</u>	<u>589,854</u>

2. Fair value

(1) Financial instruments not measured at fair value

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

The Management of the Group opines that carrying values of financial assets and liabilities of the Group measured at amortized cost in the consolidated financial statements are similar to their fair values.

(2) Financial instruments measured at fair value

The following financial instruments are measured at fair value on a recurring basis. The following table provides analysis of financial instrument measured at fair value subsequent to the initial recognition according to observable inputs from level 1 to 3. The definitions of fair value hierarchy are as follows:

- A. Level 1 inputs: Similar assets or liabilities with quoted prices in an active market (unadjusted).
- B. Level 2 inputs: Apart from quoted prices in level 1 inputs, the inputs for assets or liabilities are directly (i.e. prices) or indirectly (i.e. derived from prices) observable.
- C. Level 3 inputs: The inputs for assets or liabilities are not based on observable market information (non-observable parameters).

	2022.3.31			
	Fair value			
	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total
Financial assets measured at fair value through other comprehensive income:				
Share of non-public companies	\$ -	-	210	210

(3) Fluctuation of level 3 inputs:

	January to March 2022
	Financial assets measured at fair value through other comprehensive income
Balance as of January 1	\$ -
Acquired from merger and acquisition	210
Balance as of March 31	\$ 210

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Notes to Consolidated Financial Statements (continued)

(4) Valuation technique and inputs of financial instruments measured at fair value

Fair value of level 3 inputs for share of non-public companies are fair value measured using the market approach. The determination takes into consideration recent financing activities and net worth of the Company, market condition and other economic indicators. Meanwhile, material and yet unobservable inputs are mainly liquidity discount. Nevertheless, as the potential fluctuation of liquidity discount shall not give rise to material potential financial influence, the quantification information is deemed not to be necessary for disclosure.

3. Credit risk

Credit risk is the risk of financial loss to the Group when a counterparty of a financial asset transaction fails to meet its contractual obligations. It arises primarily from bank deposits (including bank deposits listed under other financial assets - current), accounts receivable and other financial assets. The maximum exposure to credit risk amounts to the carrying amount in the Group's financial assets.

The Group's bank deposits are in reputable financial institutions, resulting in no significant credit risk.

The transactions of the Group have not concentrated on a group of customers or a single customer. The Group has established a credit policy and determined the credit limit of specific customers according to their financial status pursuant to the policy. The Group shall also evaluate the customer financial condition on a regular basis to reduce credit risk. For information on maximum exposure to credit risk that arises from notes and accounts receivable, please see Note 6(3).

4. Liquidity risk

Liquidity risk is the risk that arises when the Group has difficulty in settling its financial liabilities either by cash or other financial assets. The Group manages its liquidity risk by monitoring the current and medium to long-term cash demand regularly and maintaining adequate cash and cash equivalents and line of credit at banking facilities. As at March 31, 2022, and December 31 and March 31, 2021, the unused credit facilities of the Group amounted to NT\$1,744,287 thousand, NT\$1,584,993 thousand and NT\$1,729,396 thousand respectively.

The following table summarizes the maturity profile of the Group's financial liabilities based on the earliest repayment dates and is prepared according to the contractual undiscounted payments.

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	Contractual cash flows	Within 6 months	6-12 months	1-2 years	More than 2 years
March 31, 2022					
Non-derivative financial liabilities:					
Short-term loans	\$ 189,793	189,793	-	-	-
Long-term debt (including current portion)	445,004	4,902	5,799	353,311	80,992
Notes and accounts payable and other payables (including related parties)	603,139	603,139	-	-	-
Guarantee deposit received	8,627	245	-	-	8,382
Lease liabilities	303,298	31,710	29,366	52,746	189,476
	\$ 1,549,861	829,789	35,165	406,057	278,850
December 31, 2021					
Non-derivative financial liabilities					
Short-term loans	\$ 50,271	50,271	-	-	-
Long-term debt (including current portion)	373,014	33,913	4,780	254,171	80,150
Notes and accounts payable and other payables (including related parties)	287,291	287,291	-	-	-
Guarantee deposit received	3,797	205	-	-	3,592
Lease liabilities	76,524	16,852	14,600	24,347	20,725
	\$ 790,897	388,532	19,380	278,518	104,467
March 31, 2021					
Non-derivative financial liabilities					
Short-term loans	\$ 82,251	82,251	-	-	-
Long-term debt (including current portion)	163,899	3,431	33,372	66,322	60,774
Notes and accounts payable and other payables (including related parties)	255,892	255,892	-	-	-
Guarantee deposit received	5,141	150	-	-	4,991
Lease liabilities	89,094	17,490	15,115	24,406	32,083
	\$ 596,277	359,214	48,487	90,728	97,848

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Notes to Consolidated Financial Statements (continued)

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

5. Market risk

(1) Foreign exchange risk

The financial assets and liabilities of the Group that exposed to significant foreign exchange risk:

	2022.3.31			2021.12.31			2021.3.31		
	Foreign currency (in thousands)	Exchange rate	NT\$ (in thousands)	Foreign currency (in thousands)	Exchange rate	NT\$ (in thousands)	Foreign currency (in thousands)	Exchange rate	NT\$ (in thousands)
Financial assets									
Monetary									
Items									
USD	\$ 4,694	28.600	134,248	3,980	27.680	110,116	3,450	28.530	98,429
Financial liabilities									
Monetary									
Items									
USD	1,861	28.600	53,225	1,712	27.680	47,388	2,124	28.530	60,598

The foreign exchange risk of the Group is mainly due to translation differences, gains, or losses of cash and cash equivalents, accounts receivable (including related-party transactions), accounts payable (including related-party transactions), other receivables (including related-party transactions), other payables (including related-party transactions), and bank loans in foreign currencies. As of March 31, 2022 and 2021, if NTD depreciated/appreciated 1% against USD, all variables remained unchanged, the net profit before tax for January 1 to March 31, 2022 and 2021 would increase/decrease NT\$810 thousand and NT\$378 thousand respectively. Both periods adopted the same basis for analysis.

The gains and losses on foreign exchange of monetary items (including realized and unrealized ones) to the functional currency of the Group and the parent company (NTD) are as follows:

	January to March 2022		January to March 2021	
	Foreign exchange gains (loss)	Average forex rate	Foreign exchange gains (loss)	Average forex rate
NTD	\$ 1,202	-	(110)	-
RMB	(5)	4.4106	(4)	4.3261

(2) Interest rate risk

The Group's bank loans carry floating interest rates. To mitigate the interest rate risk, the Group periodically assesses the interest rates of different banks and currencies

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

and maintains good relationships with financial institutions for a lower financing cost. The Group also strengthens the management of working capital to reduce the dependence on bank loans and diversify the risk arising from the fluctuation of interest rates.

The following sensitivity analysis is based on the risk exposure to floating-interest-rate of bank loans as at the reporting date. The sensitivity analysis assumes the liabilities recorded as of the reporting date had been outstanding for the entire period. The internal reporting of the Group to the Management on the fluctuation of 1% increase or decrease in yearly interest rate also represents the evaluation of the Management on the reasonable changes of the interest rate.

If the yearly interest rate increases/decreases 1%, all variables remained unchanged, the net profit before tax of the Group for January 1 to March 31, 2022 and 2021 would increase/decrease NT\$1,562 thousand and NT\$606 thousand respectively.

(25) Financial risk management

The goal and policy of the financial risk management of the Group and the disclosure made at Notes 6(25) of Consolidated Financial Statements for 2021 undergo no significant changes.

(26) Capital management

The goal, policy and procedures of capital management of the Group does not differ from the disclosure made at the Consolidated Financial Statements for 2021. For details, please see Notes 6(26) of Consolidated Financial Statements for 2021.

(27) Investing and financing activities not affecting current cash flow

1. For the acquisition of right-of-use assets through leases, please see Note 6(8).

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

2. Reconciliation of liabilities arising from financing activities were as follows:

			<u>Non-cash changes</u>		
	<u>2022.1.1</u>	<u>Cash flows</u>	<u>Change of lease</u>	<u>Acquisition through a business combination</u>	<u>2022.3.31</u>
Short-term loans	\$ 50,271	110,222	-	29,300	189,793
Long-term loans	366,250	68,750	-	-	435,000
Lease liabilities	75,226	(14,278)	15,787	205,733	282,468
Guarantee deposit received	3,797	30	-	4,800	8,627
Liabilities from financing activities	<u>\$ 495,544</u>	<u>164,724</u>	<u>15,787</u>	<u>239,833</u>	<u>915,888</u>

			<u>Non-cash changes</u>	
	<u>2021.1.1</u>	<u>Cash flows</u>	<u>Change of lease</u>	<u>2021.3.31</u>
Short-term loans	\$ 80,234	2,017	-	82,251
Long-term loans	140,000	20,000	-	160,000
Lease liabilities	83,075	(8,550)	12,045	86,570
Guarantee deposit received	6,684	(1,543)	-	5,141
Liabilities from financing activities	<u>\$ 309,993</u>	<u>11,924</u>	<u>12,045</u>	<u>333,962</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

7. Related-party Transactions

(1) Parent company and ultimate controlling company

BenQ Corporation is the parent company of the Company. Qisda Corporation is the ultimate controlling company of the Company. Its indirect ownership of the outstanding common stocks amounts to 54.96%, and its consolidated financial statements are made available to the public.

(2) Related party name and categories

During the reporting period of these Consolidated Financial Statements, the related parties that transacted with the Group were as follows:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Qisda Corporation (Qisda)	Ultimate controlling company of the Group
BenQ Corporation (BenQ)	The parent company of the Group
TDX Medical Technology (Jiangsu) Co., Ltd (TDX)	Joint venture of the Group
Suzhou Trident Original Medical Technology Co., Ltd. (STOMT)	Subsidiary of joint venture, TDX
Other related parties:	
BenQ Asia Pacific Corp.	Subsidiary of BenQ
BenQ GURU Corp.	Subsidiary of BenQ
BenQ Co., Ltd.	Subsidiary of BenQ
BenQ Technology (Shanghai) Co., Ltd.	Subsidiary of BenQ
BenQ Intelligent Technology (Shanghai) Co., Ltd	Subsidiary of BenQ
BenQ Materials Corporation (BMC)	Subsidiary of Qisda
BenQ Material (Suzhou), Co., Ltd.	Subsidiary of BMC
Sigma Medical Supplies Corporation (SMS)	Subsidiary of BMC
Nanjing BenQ Hospital Co., Ltd.	Subsidiary of Qisda
BenQ Medical (Shanghai) Co., Ltd	Subsidiary of Qisda
K2 MEDICAL (THAILAND) CO., LTD.	Subsidiary of Qisda
K2 International Medical Inc.	Subsidiary of Qisda
Ace Pillar Co., Ltd.	Subsidiary of Qisda
Golden Spirit Co., Ltd.	Subsidiary of Qisda
Data Image Corporation	Subsidiary of Qisda
Aewin Technologies Co., Ltd	Subsidiary of Qisda

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

Global Intelligence Network Co., Ltd.	Subsidiary of Qisda
Sysage Technology Co., Ltd.	Subsidiary of Qisda
BenQ Dialysis Technology Corporation	Subsidiary of Qisda
Partner Tech Corporation	Subsidiary of Qisda
Alpha Networks Inc.	Subsidiary of Qisda
DFI Inc.	Subsidiary of Qisda
Darfon Electronics Corporation (Darfon)	Associates of Qisda
Darad Innovation Corporation	Subsidiary of Darfon
Q.S.Control Corporation	Associates of Qisda
AU Optronics Corporation (AU Optronics)	Corporate shareholder of Qisda Corporation accounted using the equity method
AUO Education Service Corporation	Subsidiary of AU Optronics
BenQ Foundation	Substantive related party of Qisda

(3) Related-party transactions

1. Operating revenues

The sales to related parties were as follows:

	January to March 2022	January to March 2021
Ultimate controlling company	\$ 1,527	54
Joint venture	1,011	1,121
Other related parties	12,596	13,264
	<u>\$ 15,134</u>	<u>14,439</u>

Except for some merchandise with different specifications, the sales to related parties by the Group were not comparable to the sales prices for third-party customers. For the other transactions, there were no significant differences between the sales prices for related parties and those for third-party customers. Meanwhile, the credit period did not significantly differ from normal sales.

2. Purchases

The purchases made by the Group with related parties were as follows:

	January to March 2022	January to March 2021
Ultimate controlling company	\$ 30,542	7,121
Joint venture	7,497	14,321
Other related parties	6,407	4,173
	<u>\$ 44,446</u>	<u>25,615</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

The conditions of procurement between the Group and the related parties above do not differ significantly from transactions with an external party.

3. Leases

- (1) The Group leases factory plant and offices from Qisda and the rental was set by referring to the rental market of the area. In August 2021, the Group signed an agreement with Qisda to lease an office and recognized right-of-use assets and lease liabilities of the same amount, i.e. NT\$ 2,007 thousand. For the periods between January 1 and March 31, 2022 and 2021, the interest expenses amounted to NT\$88 thousand and NT\$117 thousand respectively. As of March 31, 2022 and December 31 and March 31, 2021, the lease liabilities balances amounted to NT\$21,014 thousand, NT\$23,211 thousand and NT\$27,612 thousand respectively.
- (2) The Group has leased offices from Qisda and other related parties, and the agreements are short-term leases. The Group opted for exemption of recognition and did not recognize the related right-of-use assets and lease liabilities. For January 1 to March 31, 2022 and 2021, the rental expense amounted to NT\$219 thousand and NT\$226 thousand respectively. On March 31, 2022 and 2021, the related payables are classified under other payables.

4. Acquisition and disposal of property, plant and equipment

For January 1 to March 31, 2022, the Group purchased fixed assets from other related parties which amounted to NT\$2,150 thousand. As of March 31, 2022, the related payables are classified under other payables.

5. Others

- (1) The service rendered to the Group by the ultimate controlling company, the parent company and other related parties for the period between January 1 and March 31, 2022 and 2021 amounted to NT\$226 thousand and NT\$191 thousand respectively. As at March 31, 2022 and 2021, the related payables were classified under other payables.
- (2) The Group has been making purchases from joint venture, STOMT. The payment terms agreed on payment in advance. As of March 31, 2022, and December 31, 2021 and March 31, 2021, the prepayments for purchases amounted to NT\$2,631 thousand, NT\$4,667 thousand and NT\$9,542 thousand respectively, and was classified as prepayments and other current assets.
- (3) The Company and its parent company, BenQ Corp. entered into a trademark licensing agreement. BenQ Corp. authorized the Company to use its trademark on products and services. The trademark licensing stipulated by the contract took effect on June 10,

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

2014 and shall end upon termination by either party.

6. Receivables from related parties

The receivables from related parties of the Group are as follows:

<u>Account</u>	<u>Related-party categories</u>	<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
Accounts receivable - related parties	Ultimate controlling company	\$ -	289	8
Accounts receivable - related parties	Joint venture	16,610	16,987	7,840
Accounts receivable - related parties	Other related parties	10,093	4,921	13,387
Other receivables - related parties	Ultimate controlling company	17,868	1,476	-
Other receivables - related parties	Other related parties	393	336	114
		<u>\$ 44,964</u>	<u>24,009</u>	<u>21,349</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

7. Payables to related parties

The payables to related parties of the Group are as follows:

Account	Related-party categories	2022.3.31	2021.12.31	2021.3.31
Accounts payable - related parties	Ultimate controlling company	\$ 39,155	18,026	2,470
Accounts payable - related parties	Joint venture	1,171	1,581	1,872
Accounts payable - related parties	Other related parties	8,758	4,730	5,972
Other payables - related parties	Ultimate controlling company	1,225	1,376	1,954
Other payables - related parties	Parent company	119	-	375
Other payables - related parties	Joint venture	-	9	136
Other payables - related parties	Other related parties	3,501	516	351
Lease liabilities - current	Ultimate controlling company	8,873	8,838	8,342
Lease liabilities - non-current	Ultimate controlling company	12,141	14,373	19,270
		\$ 74,943	49,449	40,742

(4) Transaction with key management personnel

Compensation for key management personnel:

	January to March 2022	January to March 2021
Short-term employee benefits	\$ 3,135	2,461
Post-employment benefits	27	27
	\$ 3,162	2,488

8. Pledged Assets

The carrying value of pledged assets of the Group is as follows:

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Significant unrecognized contractual commitments:

	2022.3.31	2021.12.31	2021.3.31
1. Letter of credit issued and yet to be used	\$ 34,000	-	-

10. Significant Loss from Disaster: None.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

11. Significant Subsequent Events: None.

12. Others

(1) Employee benefits, depreciation, and amortization are as follows:

Category	Item	January to March 2022			January to March 2021		
		Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits							
	Salaries	27,812	76,388	104,200	33,421	48,449	81,870
	Insurance	2,769	7,201	9,970	3,449	5,065	8,514
	Pension	1,269	3,172	4,441	1,352	2,646	3,998
	Other employee benefits	2,062	1,698	3,760	2,230	1,368	3,598
Depreciation		27,546	13,477	41,023	11,943	9,395	21,338
Amortization		292	3,002	3,294	364	2,912	3,276

(2) The impact of seasonal or cyclical factors is not material to the operation of the Group.

13. Additional Disclosures

(1) Information on significant transactions

For January 1 to March 31, 2022, according to the Preparation Regulations, the information on significant transactions is as follows:

1. Financing provided to other parties: None.
2. Guarantees and endorsements provided to other parties: None.
3. Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and joint ventures):

Unit: NT\$ thousand/thousand shares

Company held	Type and name of securities	Relationship with securities issuer	Accounting item	End of period				Note
				Shares held	Carrying amount	Shareholding Percentage	Fair value	
CKCARE Co., Ltd.	Yao Lien Biotechnology Co., Ltd	-	Financial assets measured at fair value through other comprehensive income	17.50	210	0.20 %	210	

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

4. The accumulated purchase or sale amounts of a single marketable securities for the year exceed NT\$300 million or 20% of the paid-in capital:

Unit: thousand shares

Dealing company	Type and name of securities	Accounting item	Counterparty	Relationship	Beginning of period		Buy		Sell				End of period	
					Shares	Amount	Shares	Amount	Shares	Selling price	Book cost	Gains or losses of disposal	Shares	Amount (Note 2)
The Company	Shares of Concord Medical Co., Ltd.	Investment accounted for using the equity method	(Note 1)	-	8,333	100,000	5,000	90,000	-	-	-	-	13,333	274,586
BHS	Shares of CKCARE Co., Ltd.	Investment accounted for using the equity method	Natural person shareholders of CKCARE Co., Ltd.	-	-	-	4,362	105,300	-	-	-	-	4,362	106,352

(Note 1) Acquisition of common stock of companies in public tender offer.

(Note 2) Adjusted profit or loss accounted for using the equity method for the period and the other adjusted end balances.

5. Acquisition of real estate, which exceeds \$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate which exceeds \$300 million or 20% of the paid-in capital: None.
7. Total purchases from and sales to related parties which exceed \$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties which exceed \$100 million or 20% of the paid-in capital: None.
9. Transactions on derivative instruments: None.
10. Business relationships and significant intercompany transactions: None.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

(2) Information on investees:

For January 1 to March 31, 2022, the information on investees is as follows (excluding investments in Mainland China):

Unit: thousand shares

Name of investor	Name of investee	Location	Main Businesses and Products	Original investment Amount		Balance as of March 31, 2022			Net income (loss) of the investee	Investment income	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying amount			
The Company	Asiacore International Co., Ltd.	Neihu, Taipei	Wholesaling and retailing of medical equipment and information software	21,984	21,984	1,995	99.75%	27,152	(88)	26	(Note)
The Company	Highview Investments Limited	Samoa Islands	Investment and holding company	36,211	36,211	1,062	100.00%	10,686	633	633	(Note)
The Company	Lily Medical Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	185,000	185,000	10,000	100.00%	233,586	7,383	7,396	(Note)
The Company	BenQ AB DentCare Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	88,000	88,000	8,800	88.00%	60,943	1,708	1,574	(Note)
The Company	BenQ Healthcare Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	100,000	100,000	10,000	100.00%	153,327	12,660	12,660	(Note)
The Company	Easteck Co., Ltd.	Taiwan	Wholesaling and retailing of medical consumables and equipment	20,300	20,300	700	70.00%	33,423	4,720	3,145	(Note)
The Company	Concord Medical Co., Ltd.	Taiwan	Sales of medical drugs, leasing of medical equipment and providing management consultation services	190,000	100,000	133,333	40.00%	274,586	11,363	3,741	(Note)
BHS	New Best Hearing International Trade Co., Ltd.	Taiwan	Wholesaling and retailing of medical consumables and equipment	59,280	59,280	1,092	52.00%	79,108	7,082	3,296	(Note)
BHS	CKCARE Co., Ltd.	Taiwan	Retail of medical devices, over-the-counter drugs, and health supplements.	105,300	-	4,362	60.00%	106,352	2,323	1,052	(Note)

(Note) The above intercompany transactions have been eliminated when preparing the Consolidated Financial Statements.

(3) Information on investments in Mainland China:

1. Name, main businesses and products of the investee in Mainland China:

Investee in Mainland China	Main Businesses and Products	Total paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022 (Note 2)	Investment amount of outflow or inflow		Accumulated outflow of investment from Taiwan as of March 31, 2022	Net income (loss) of the investee	Percentage of ownership of direct and indirect investment	Investment income (loss)	Carrying value as of March 31, 2022 (Note 2)	Accumulated inward remittance of earnings as of March 31, 2022
					Outflow	Inflow						
BenQ Medical Technology (Shanghai) Ltd.	Agency of international and entrepot trade business	28,600 (USD 1,000 thousand)	(1)	28,600 (USD 1,000 thousand)	-	-	28,600 (USD 1,000 thousand)	633	100.00 %	633	14,004 (Note 3 and 5)	-
LILY Medical (Suzhou) Co., Ltd.	Wholesaling and retailing of medical consumables and equipment	6,006 (USD 210 thousand)	(2)	6,006 (USD 210 thousand)	-	-	6,006 (USD 210 thousand)	(147)	100.00 %	(147)	2,208 (Note 4 and 5)	-
TDX Medical Technology (Jiangsu) Co., Ltd.	Wholesaling and retailing of medical consumables and equipment	89,938 (RMB20,000 thousand)	(2)	35,975 (RMB 8,000 thousand)	-	-	35,975 (RMB 8,000 thousand)	(1,309)	40.00 %	(524)	30,539 (Note 4)	-
Suzhou Trident Original Medical Technology Co., Ltd.	Wholesaling and retailing of medical consumables and equipment	8,994 (RMB20,000 thousand)	(3)	2,000 (RMB 2,000 thousand)	-	-	-	(826)	22.00 %	(240)	7,719 (Note 4)	-

(Note 1) (1) Indirect investment in Mainland China through a holding company established in a third country; (2) Direct investment in Mainland China companies; (3) Investment through TDX Medical Technology (Jiangsu) Co., Ltd.

(Note 2) The amounts above are translated as per the following exchange rates: USD:NTD = 1:28.6000 and RMB:NTD = 1:4.4969.

(Note 3) Recognized based on reviewed and unaudited financial statements of investee companies by independent auditors of the parent company.

(Note 4) The recognition basis for the investment profit or loss is based on unaudited financial statements prepared by investee companies.

(Note 5) The intercompany transactions above have been eliminated when preparing the Consolidated Financial Statements.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

2. Limits on investments in Mainland China:

Unit: NT\$ thousand/foreign currency in thousand

Company Name	Accumulated investment in Mainland China as of March 31, 2022	Investment amounts authorized by Investment Commission, MOEA	Upper Limit on Investment authorized by Investment Commission, MOEA
The Company	64,575 (USD1,000 and RMB8,000)	80,852 (USD2,827)	663,079
LILY	6,006 (USD210)	6,006 (USD210)	105,482

3. Significant transactions with investee companies in Mainland China:

Name of related party	Nature of relationship with related party	Trading Terms					Notes and accounts receivable (payable)		Unrealized losses (gains)
		Type	Amount	Price	Term of payment	As compared with transactions with third parties	Balance	Percentage	
TDX Medical Technology (Jiangsu) Co., Ltd	Joint venture directly held by the Company	Purchases	1,165	Prices as per negotiation between both parties	EOM 60 days	No significant differences with transactions with third parties	(1,171)	1.77%	-
Suzhou Trident Original Medical Technology Co., Ltd.	Subsidiary of the Company's joint venture company	Purchases	94	Prices as per negotiation between both parties	Prepayment for purchases	No significant differences with transactions with third parties	-	-	-
TDX Medical Technology (Jiangsu) Co., Ltd	Joint venture directly held by the Company	Sales	1,011	Prices as per negotiation between both parties	EOM 60 days	(Note 1)	16,610	16.86%	(1,162)
BenQ Medical Technology (Shanghai) Ltd.	Subsidiary of the Company	Sales	1,522 (Note 2)	Prices as per negotiation between both parties	EOM 60 days	(Note 1)	608 (Note 2)	0.62%	(280)

(Note 1): The sales prices to related parties by the Company were not comparable to the sales prices for third-party customers as some of the product specifications were different. Meanwhile, the sales prices of the transactions did not significantly differ from regular sales.

(Note 2): The intercompany transactions above have been eliminated when preparing the Consolidated Financial Statements.

4. Provision of endorsement and guarantee, or collateral for direct investment in Mainland China or through a holding company established in a third country: Nil.
5. Provision of funds and loans for direct investment in Mainland China or through a holding company established in a third country: Nil.
6. Other significant transactions that affect the profit and loss or financial condition of the current period: Nil.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

(4) Information on Major Shareholders:

Unit: share		
Shareholder's Name	Share	Number of shares held
BenQ Corporation		19,353,427
Darby Venture Inc.		3,548,646
		43.43%
		7.96%

14. Segment Information

(1) General information

The reportable segments of operational divisions of the Group consist of R&D and manufacturing divisions, as well as medical services divisions. R&D and manufacturing divisions mainly engage in manufacturing, assembly, maintenance, and repair of medical equipment and facilities. The main business activities of medical services divisions are the wholesaling and retailing of medical devices, medical equipment, drugs and health supplements, as well as the provision of leasing, management and consultation services for medical devices.

The profit and loss of operating segments are mainly measured by the operating profit, which also serves as the basis for performance evaluation. The reported amounts are consistent with the reporting to the operational decision makers. In addition to the aforementioned, the accounting policies of the operating segments do not differ significantly from the material policies of the Group.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)

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

	January to March 2022			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 217,723	397,298	-	615,021
Intra-group revenue	4,688	381	(5,069)	-
Total segment revenue	\$ 222,411	397,679	(5,069)	615,021
Segment profit (loss)	\$ (14,862)	34,170	252	19,560
	January to March 2021			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 237,536	94,031	-	331,567
Intra-group revenue	13,326	189	(13,515)	-
Total segment revenue	\$ 250,862	94,220	(13,515)	331,567
Segment profit (loss)	\$ (1,974)	9,098	430	7,554