

Stock code: 4116

**BENQ MEDICAL TECHNOLOGY CORP.
AND SUBSIDIARIES**

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

For the Three Months Ended March 31, 2023 and 2022

Company Address: 7F, No. 46, Zhouzi St., Neihu Dist., Taipei 11493, Taiwan
Telephone: (02)8797-5533

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, 2023 and 2022, and Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows for January 1 to March 31, 2023 and 2022, 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 on Review Engagements of the Republic of China 2410 “Review of Interim 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, 2023 and 2022, and the consolidated financial performance and cash flows statement from January 1 to March 31, 2023 and 2022 are not fairly represented.

The engagement partners on the review resulting in this independent auditors' review report are Tang, Tzu-Chieh and Kao, Ching-Wen.

KPMG

Taipei, Taiwan (Republic of China)

April 26, 2023

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, 2023 and 2022. Reviewed but unaudited in pursuant to Standards on Auditing.
BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, and December 31 and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023.03.31		2022.12.31		2022.03.31				2023.03.31		2022.12.31		2022.03.31	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(1))	\$ 605,437	18	647,261	19	641,381	19	2100	Short-term loans (Note 6(12) and 8)	\$ 124,189	4	143,049	4	189,793	6
1150-1170	Notes and accounts receivable (Note 6(3) and (21))	471,532	14	506,640	15	457,981	14	2131	Contract liabilities-current (Note 6(21))	68,207	2	56,167	2	45,239	2
1181	Accounts receivable - related parties (Note 6(3),(21), and 7)	26,419	1	39,412	1	26,703	1	2150-2170	Notes and accounts payable	409,709	12	419,287	12	370,563	11
1200	Other receivables	8,012	-	9,324	-	6,743	-	2181	Accounts payable - related parties (Note 7)	12,114	-	13,498	-	49,084	2
1212	Other receivables - related parties (Note 7)	779	-	56	-	18,261	-	2200	Other payable (Note 6(19) and (22))	287,742	9	231,838	7	178,647	5
130x	Inventories (Note 6(4))	304,002	9	267,138	8	287,566	9	2220	Other payable - related parties (Note 7)	3,850	-	2,028	-	4,845	-
1410-1470	Prepayments and other current assets (Note 7)	73,201	2	59,584	2	52,982	2	2230	Current income tax liabilities	46,464	2	36,709	1	32,179	1
1476	Other financial assets-current (Note 6(2) and 8)	173,013	5	192,202	6	60,124	2	2250	Provisions for liabilities - current (Note 6(15))	8,392	-	8,842	-	10,363	-
Total current assets		1,662,395	49	1,721,617	51	1,551,741	47	2280	Lease liabilities-current (Note 6(14) and 7)	64,916	2	63,187	2	57,130	2
Non-current assets:								2300	Other current liabilities	6,027	-	7,494	-	13,155	-
1518	Financial assets measured at fair value through other comprehensive income - non-current	123	-	123	-	210	-	2322	Long-term loans due within a year (Note 6(13) and 8)	36,000	1	17,250	1	5,000	-
1550	Investments accounted for using the equity method (Note 6(5))	36,885	1	34,293	1	30,539	1	Total current liabilities		1,067,610	32	999,349	29	955,998	29
1600	Property, plant and equipment (Note 6(7), 7, and 8)	845,392	25	821,222	24	870,472	27	2540	Long-term loans (Note 6(13) and 8)	380,000	11	404,000	12	430,000	13
1755	Right-of-use assets (Note 6(8))	110,229	3	112,238	3	101,227	3	2570	Deferred income tax liabilities	22,257	1	22,608	1	23,835	1
1760	Investment properties - net (Note 6(9) and 8)	495,996	15	489,294	15	499,492	15	2640	Net defined benefit liabilities - non-current	2,439	-	2,542	-	3,127	-
1780	Intangible assets (Note 6(6),(10) and 7)	148,545	5	148,622	4	156,956	5	2580	Lease liabilities-non-current (Note 6(14) and 7)	229,219	7	224,619	7	225,338	7
1840	Deferred income tax assets	25,975	1	25,975	1	20,024	1	2645	Guarantee deposit received	8,389	-	8,456	-	8,627	-
1900	Other non-current assets (Note 6(11))	43,310	1	44,696	1	44,503	1	Total non-current liabilities		642,304	19	662,225	20	690,927	21
Total non-current assets		1,706,455	51	1,676,463	49	1,723,423	53	Total liabilities		1,709,914	51	1,661,574	49	1,646,925	50
								Equity attributable to shareholders of the parent company (Note 6(19))							
								3110	Common stock	445,660	13	445,660	13	445,660	14
								3200	Capital Surplus	297,921	9	297,921	9	297,921	9
								3300	Retained earnings	386,416	11	457,384	13	362,822	11
								3400	Other equity	(1,831)	-	(2,235)	-	(1,271)	-
								Total equity attributable to shareholders of the parent company		1,128,166	33	1,198,730	35	1,105,132	34
								36XX	Non-controlling interests (Note 6(6)(19))	530,770	16	537,776	16	523,107	16
								Total equity interest		1,658,936	49	1,736,506	51	1,628,239	50
Total assets		\$ 3,368,850	100	3,398,080	100	3,275,164	100	Total liabilities and equity		\$ 3,368,850	100	3,398,080	100	3,275,164	100

(Please see Notes to Consolidated Financial Statements)

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

Reviewed but unaudited in pursuant to Standards on Auditing.

BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

**Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)**

		January to March 2023		January to March 2022	
		Amount	%	Amount	%
4000	Operating revenues (Note 6(16), (21), 7, and 14)	\$ 686,236	100	615,021	100
5000	Operating costs (Note 6(4), (7), (8), (9), (10), (14), (16), (17), (22), 7, and 12)	(471,701)	(69)	(436,924)	(71)
	Gross profit	214,535	31	178,097	29
5910	Less: Unrealized sales profit	378	-	(1,162)	-
	Realized gross profit	214,913	31	176,935	29
	Operating expenses (Note 6 (3), (7), (8), (9), (10), (14), (17), (22), 7, and 12):				
6100	Selling expenses	(123,130)	(18)	(104,814)	(17)
6200	General and administrative expenses	(40,879)	(6)	(45,854)	(8)
6300	Research and development expenses	(7,563)	(1)	(8,711)	(1)
6450	Reversal of gains on loss allowance for expected credit losses	225	-	2,004	-
	Total operating expenses	(171,347)	(25)	(157,375)	(26)
	Operating income	43,566	6	19,560	3
	Non-operating income and expenses (Note 6(5), (6), (14), (16), (23), and 7):				
7100	Interest income	807	-	188	-
7010	Other income	3,893	1	84,717	14
7020	Other gains and losses	(374)	-	1,626	-
7050	Financing costs	(4,085)	(1)	(2,646)	-
7375	Share of profit of joint ventures accounted for using equity method	1,946	1	(524)	-
	Total non-operating income and expenses	2,187	1	83,361	14
	Income before income tax	45,753	7	102,921	17
7950	Less: Income tax expense (Note 6(18))	(10,138)	(2)	(4,351)	(1)
	Net income	35,615	5	98,570	16
	Other comprehensive income (loss) (Note 6(5) and (19)):				
	Items that may be reclassified subsequently to profit or loss				
8360	Exchange differences on translation of foreign operations	137	-	566	-
8370	Share of other comprehensive income of joint ventures accounted for using the equity method	267	-	1,109	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		404	-	1,675	-
	Other comprehensive income for the period	404	-	1,675	-
	Total comprehensive income for the period	\$ 36,019	5	100,245	16
	Profit attributable to:				
8610	shareholders of the parent company	\$ 22,621	3	87,662	14
8620	Non-controlling interests	12,994	2	10,908	2
		\$ 35,615	5	98,570	16
	Comprehensive income (loss) attributable to:				
8710	shareholders of the parent company	\$ 23,025	3	89,337	14
8720	Non-controlling interests	12,994	2	10,908	2
		\$ 36,019	5	100,245	16
	Earnings per share (Unit: New Taiwan dollars, Note 6(20))				
9750	Basic earnings per share	\$ 0.51		1.97	
9850	Diluted earnings per share	\$ 0.51		1.96	

(Please see Notes to Consolidated Financial Statements)

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

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BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

**Consolidated Statements of Changes in Equity
For the Three Months Ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to shareholders of the parent company							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	Undistributed earnings		Subtotal			
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
Balance as of January 1, 2023	\$ 445,660	297,921	105,195	2,945	349,244	457,384	(2,235)	1,198,730	537,776	1,736,506
Net income	-	-	-	-	22,621	22,621	-	22,621	12,994	35,615
Other comprehensive income for the period	-	-	-	-	-	-	404	404	-	404
Total comprehensive income for the period	-	-	-	-	22,621	22,621	404	23,025	12,994	36,019
Earnings appropriation and distribution:										
Cash dividends of ordinary shares	-	-	-	-	(93,589)	(93,589)	-	(93,589)	-	(93,589)
Stock dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(20,000)	(20,000)
Balance as of March 31, 2023	\$ 445,660	297,921	105,195	2,945	278,276	386,416	(1,831)	1,128,166	530,770	1,658,936

(Please see Notes to Consolidated Financial Statements)

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

Reviewed but unaudited in pursuant to Standards on Auditing.

BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

**Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)**

	January to March 2023	January to March 2022
Cash flows provided by operating activities:		
Profit before income tax	\$ 45,753	102,921
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	42,637	41,023
Amortization	3,173	3,294
Interest expense	4,085	2,646
Interest income	(807)	(188)
Share of losses of joint ventures accounted for using equity method	(1,946)	524
Gain on disposals of property, plant and equipment	(182)	(361)
(Realized) Unrealized sales profit	(378)	1,162
Gains on lease modification	-	(66)
Gain recognized in bargain purchase transaction	-	(81,089)
Total adjustments to reconcile profit (loss)	<u>46,582</u>	<u>(33,055)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	36,183	28,498
Accounts receivable - related parties	12,993	(4,506)
Other receivables	1,804	22,887
Other receivables - related parties	(723)	(16,449)
Inventories	(36,864)	(25,138)
Prepayments and other current assets	(13,617)	2,780
Total changes in operating assets	<u>(224)</u>	<u>8,072</u>
Changes in operating liabilities:		
Contract liabilities	12,040	19,997
Notes and accounts payable	(9,578)	(38,955)
Accounts payable - related parties	(1,384)	24,747
Other payables	(57,685)	(47,124)
Other payables - related parties	1,822	2,944
Provisions for liabilities	(450)	503
Other current liabilities	(1,467)	(1,194)
Net defined benefit liabilities	(287)	(19)
Total changes in operating liabilities	<u>(56,989)</u>	<u>(39,101)</u>
Total changes in operating assets and liabilities	<u>(57,213)</u>	<u>(31,029)</u>
Total adjustments	<u>(10,631)</u>	<u>(64,084)</u>
Cash provided by operations	35,122	38,837
Interest received	805	196
Interest paid	(4,085)	(2,566)
Income tax refunded (paid)	(734)	2,957
Net cash inflow provided by operating activities	<u>31,108</u>	<u>39,424</u>

(Please see Notes to Consolidated Financial Statements)

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

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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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	January to March 2023	January to March 2022
Cash flows provided by (used in) investing activities:		
Net cash inflow from merger and acquisition of subsidiaries	\$ -	76,241
Acquisition of property, plant and equipment	(47,706)	(3,934)
Proceeds from disposals of property, plant and equipment	2,896	574
Decrease in refundable deposits	24	129
Acquisition of intangible assets	(3,096)	(973)
Decrease (Increase) in other financial assets	19,189	(5,924)
Decrease (Increase) in other non-current assets	(2,929)	799
Net cash inflow (outflow) provided by investing activities	(31,622)	66,912
Cash flows provided by (used in) financing activities:		
Increase (decrease) in short-term loans	(18,860)	110,222
Increase in long-term loans	17,250	100,000
Repayments of long-term loans	(22,500)	(31,250)
Increase (decrease) in guarantee deposit received	(67)	30
Payment of lease liabilities	(17,255)	(14,278)
Net cash inflow (outflow) provided by financing activities	(41,432)	164,724
Effect of changes in foreign exchange rates	122	471
Net increase (decrease) in cash and cash equivalents for the current period	(41,824)	271,531
Cash and cash equivalents at the beginning of the period	647,261	369,850
Cash and cash equivalents at the end of the period	\$ 605,437	641,381

(Please see Notes to Consolidated Financial Statements)

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BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(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, 2023 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, 2023 onward, and there has been no significant impact on the Group's Consolidated Financial Statements.

- 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"

- (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.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. In the amendments, the requirement for a right to be unconditional has been removed, and instead, now IASB requires that a right to defer settlement must exist at the reporting date and have substance.</p> <p>The amendments also clarify how a company classifies a liability that can be settled in its own equity instruments (such as convertible corporate bonds).</p>	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	<p>After certain aspects of the 2020 amendments to IAS 1 were reconsidered, the new amendments reconfirmed that only covenants with which a company must comply on or before the balance sheet date affect the classification of a liability as current or non-current.</p> <p>Covenants with which the company must comply after the balance sheet date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the balance sheet date.</p>	January 1, 2024

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.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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 IFRS 16, “Lease Liability in a Sale and Leaseback”

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”).

Except for the following, the significant accounting policies of these Consolidated Financial Statements are identical to the Consolidated Financial Statements for 2022. For more information, please see Note 4 to Consolidated Financial Statements for 2022.

(2) Basis of consolidation

The basis of consolidation of these Consolidated Financial Statements are identical to the Consolidated Financial Statements for 2022. For more information, please see Note 4(3) to Consolidated Financial Statements for 2022.

1. Subsidiaries included in the Consolidated Financial Statements

Subsidiaries included in these Consolidated Financial Statements:

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Name of investor	Subsidiary	Main business activities	Ownership (%)			Description
			2023.03.31	2022.12.31	2022.03.31	
The Company	Asiacconnect International Co., Ltd. (Asiacconnect)	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 (ETC)	Wholesaling and retailing of medical consumables and equipment	70.00%	70.00%	70.00%	
The Company	Concord Medical Co., Ltd. (CCD)	Sale of medical drugs, leasing of medical equipment and provision of management consultation services	40.00%	40.00%	40.00%	(Note 1)
The Company and CCD	Concord HealthCare Co., Ltd. (CCHC)	Wholesaling and retailing of medical consumables and equipment and provision of management consulting services	60.00%	60.00%	-	(Note 3)
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%	
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)	Retail of medical devices, over-the-counter drugs, and health supplements.	60.00%	60.00%	60.00%	(Note 2)

(Note 1): The Group has a shareholding of 40% of CCD and represents the single largest shareholder. The remaining 60% shareholding of CCD 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 CCD, which has been included in the Consolidated Financial Statements since January 2022.

(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.

(Note 3): It is a new subsidiary established in the second quarter of 2022. Besides, a shareholding of 33.33% of CCHC held by the Company was sold to CCD in the first quarter of 2023.

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

(3) Employee benefits

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

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 Statements for 2022.

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 2022. For more information, please see Note 6 to the Consolidated Financial Statements for 2022.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

(1) Cash and cash equivalents

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Cash on hand and revolving funds	\$ 4,373	8,411	3,223
Demand deposits and checking accounts	562,164	578,850	578,658
Time deposits with an initial maturity date within three months	38,900	60,000	59,500
	<u>\$ 605,437</u>	<u>647,261</u>	<u>641,381</u>

(2) Other financial assets-current

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Time deposits with an initial maturity date of more than three months	<u>\$ 173,013</u>	<u>192,202</u>	<u>60,124</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.

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

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Notes receivable	\$ 60,289	88,776	89,119
Accounts receivable	415,824	422,670	373,420
Less: Loss allowance	(4,581)	(4,806)	(4,558)
	471,532	506,640	457,981
Accounts receivable - related parties	26,419	39,412	26,703
	<u>\$ 497,951</u>	<u>546,052</u>	<u>484,684</u>

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:

	<u>2023.03.31</u>		
	<u>Gross carrying amount notes and accounts receivable</u>	<u>Weighted-average expected credit loss</u>	<u>Loss allowance for expected credit losses</u>
Current	\$ 465,640	0.18%	819
Less than 90 days overdue	6,468	4.95%	320
91 - 180 days overdue	799	29.79%	238
181 - 270 days overdue	1,197	100.00%	1,197
271- 365 days overdue	9	77.78%	7
More than 365 days overdue	2,000	100.00%	2,000
	<u>\$ 476,113</u>		<u>4,581</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	2022.12.31		
	Gross carrying amount notes and accounts receivable	Weighted-average expected credit loss	Loss allowance for expected credit losses
Current	\$ 500,247	0.20%	1,002
Less than 90 days overdue	6,747	2.16%	146
1 - 90 days overdue	2,362	67.82%	1,602
91 - 180 days overdue	74	54.05%	40
More than 365 days overdue	<u>2,016</u>	<u>100.00%</u>	<u>2,016</u>
	<u>\$ 511,446</u>		<u>4,806</u>

	2022.03.31		
	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	<u>2,127</u>	<u>100.00%</u>	<u>2,127</u>
	<u>\$ 462,539</u>		<u>4,558</u>

As of March 31, 2023, and December 31 and March 31, 2022, the Group has no expected credit losses from accounts receivable - related parties. The aging analysis is as follows:

	2023.03.31	2022.12.31	2022.03.31
Current	\$ 20,163	38,613	15,478
Less than 90 days overdue	<u>6,256</u>	<u>799</u>	<u>11,225</u>
	<u>\$ 26,419</u>	<u>39,412</u>	<u>26,703</u>

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

	January to March 2023	January to March 2022
Beginning balance	\$ 4,806	4,293
Reversal of impairment losses	(225)	(2,004)
Impairment losses due to merger and acquisition	-	2,269
End balance	<u>\$ 4,581</u>	<u>4,558</u>

(4) Inventory

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Raw materials	\$ 66,981	73,627	75,789
Work-in-progress	28,420	28,165	28,499
Finished goods	48,229	45,187	33,076
Merchandise Inventories	154,130	115,779	147,391
Inventories in transit	6,242	4,380	2,811
	<u>\$ 304,002</u>	<u>267,138</u>	<u>287,566</u>

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

	<u>January to March 2023</u>	<u>January to March 2022</u>
Cost of inventories sold	\$ 446,481	411,297
Inventories loss due to falling prices	2,843	7,382
	<u>\$ 449,324</u>	<u>418,679</u>

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

(5) Investments accounted for using the equity method

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>Carrying amount</u>		
<u>Investee company</u>	<u>Main business activities</u>	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
TDX Medical Technology (Jiangsu) Co., Ltd (TDX)	Wholesaling and retailing of medical consumables and equipment	<u>\$ 36,885</u>	<u>34,293</u>	<u>30,539</u>

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

	<u>January to March 2023</u>	<u>January to March 2022</u>
Net Income (loss)	\$ 1,946	(524)
Other comprehensive income (loss)	267	1,109
Total comprehensive income (loss)	<u>\$ 2,213</u>	<u>585</u>

(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

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

Concord Medical Co., Ltd. (hereafter CCD), the Group also acquired 15% of the shares of CCD via public tender offer on January 20, 2022. In conclusion, the Group has accumulated a shareholding of 40% of CCD and represents the single largest shareholder. Although it holds less than half of the total voting rights, considering the remaining shareholding of CCD 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 Company deems itself to have control over CCD, which shall be integrated into the Consolidated Financial Statements.

The main business activities of CCD include sale of medical drugs, leasing of medical equipment and provision of management consultation services. The acquisition of CCD 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 CCD with cash of NTD100,000 thousand by participating in the private placement. Furthermore, via public tender offer, on January 20, 2022, the Group acquired a shareholding of 15% of CCD with cash of NTD90,000 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)
		<u>677,722</u>

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)

(3) Pro forma information

From January 20, 2022 (acquisition date) to March 31, 2022, the operating results of CCD have been consolidated into the Consolidated Statements of Comprehensive Income of the Group, in which the sales revenue and net profit amounted to NTD154,293 thousand and NTD9,353 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 NTD656,125 thousand and NTD100,399 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 NTD105,300 thousand, and without contingent consideration or other equity instrument 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	\$	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
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Notes and accounts receivable		1,474
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Other receivables		18,340
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Inventories		37,675
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Property, plant and equipment		74,802
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Intangible asset - branding		20,417
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Intangible asset - customer relationship		9,648
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Intangible asset - computer software		220
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Right-of-use assets		16,510
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Financial assets measured at fair value through		210
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other comprehensive income

Refundable Deposits		746
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Short-term loans		(29,300)
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Notes and accounts payable		(27,411)
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Other payables		(49,817)
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Lease liabilities (current and non-current)		(16,533)
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Other current liabilities		(6,021)
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Deferred income tax liabilities		(6,013)	109,645
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Goodwill			<u><u>\$ 39,513</u></u>
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(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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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 NTD67,877 thousand and NTD1,753 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 NTD615,021 thousand and NTD98,570 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		
		2023.03.31	2022.12.31	2022.03.31
NBHIT	Taiwan	48%	48%	48%
CCD	Taiwan	60%	60%	60%
CKCARE	Taiwan	40%	40%	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:

(1) The summarized financial information of NBHIT:

	2023.03.31	2022.12.31	2022.03.31
Current assets	\$ 127,952	135,187	109,939
Non-current assets	141,445	137,521	129,755
Current liabilities	(93,044)	(110,758)	(79,177)
Non-current liabilities	(41,835)	(39,034)	(34,287)
Net assets	<u>\$ 134,518</u>	<u>122,916</u>	<u>126,230</u>
The carrying amount in non-controlling interests	<u>\$ 51,049</u>	<u>45,480</u>	<u>47,071</u>

	January to March 2023	January to March 2022
Net sales	<u>\$ 91,457</u>	<u>79,834</u>
Net income	\$ 11,602	6,338
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	<u>\$ 11,602</u>	<u>6,338</u>
Net income attributable to non-controlling interests	<u>\$ 5,569</u>	<u>3,042</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Total comprehensive income attributable to non-controlling interests	\$	5,569	3,042
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	January to March 2023	January to March 2022
Cash flows provided by operating activities	\$ (6,811)	9,102
Cash flows used in investing activities	(8,850)	(8,816)
Cash flows used in financing activities	(6,586)	(5,725)
Net decrease in cash and cash equivalents	\$ (22,247)	(5,439)
Cash dividends paid to non-controlling interests	\$ -	-

(2) The summarized financial information of CCD:

	2023.03.31	2022.12.31	2022.03.31
Current assets	\$ 604,653	678,167	573,986
Non-current assets	579,929	543,644	572,413
Current liabilities	(320,629)	(298,720)	(278,848)
Non-current liabilities	(179,762)	(174,089)	(180,476)
Net assets	\$ 684,191	749,002	687,075
The carrying amount in non-controlling interests	\$ 410,515	465,410	412,245

	January to March 2023	2022.01.20~ 2022.03.31
Net sales	\$ 198,018	154,293
Net income	\$ 8,508	9,353
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	\$ 8,508	9,353
Net income attributable to non-controlling interests	\$ 5,105	5,612
Total comprehensive income attributable to non-controlling interests	\$ 5,105	5,612

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	January to March 2023	2022.01.20~ 2022.03.31
Cash flows provided by operating activities	\$ 44,666	55,878
Cash flows used in investing activities	(12,633)	(8,920)
Cash flows used in financing activities	(45,298)	(4,417)
Net decrease in cash and cash equivalents	<u>\$ (13,265)</u>	<u>42,541</u>
Cash dividends paid to non-controlling interests	<u>\$ -</u>	<u>-</u>

(3) The summarized financial information of CKCARE:

	2023.03.31	2022.12.31	2022.03.31
Current assets	\$ 98,283	107,111	127,755
Non-current assets	166,959	169,802	159,394
Current liabilities	(79,351)	(92,907)	(119,135)
Non-current liabilities	(24,593)	(25,896)	(17,103)
Net assets	<u>\$ 161,298</u>	<u>158,110</u>	<u>150,911</u>
The carrying amount in non-controlling interests	<u>\$ 48,714</u>	<u>47,439</u>	<u>44,559</u>

	January to March 2023	2022.01.03~ 2022.03.31
Net sales	<u>\$ 73,395</u>	<u>67,877</u>
Net income	\$ 3,187	1,753
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	<u>\$ 3,187</u>	<u>1,753</u>
Net income attributable to non-controlling interests	<u>\$ 1,275</u>	<u>701</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 1,275</u>	<u>701</u>

	January to March 2023	2022.01.03~ 2022.03.31
Cash flows provided by operating activities	\$ (8,039)	(29,511)
Cash flows used in investing activities	(132)	-
Cash flows used in financing activities	(8,003)	(1,119)
Net decrease in cash and cash equivalents	<u>\$ (16,174)</u>	<u>(30,630)</u>
Cash dividends paid to non-controlling interests	<u>\$ -</u>	<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 (for rental)</u>	<u>Leasehold improvement (for rental)</u>	<u>Office and other equipment</u>	<u>Total</u>
Cost:							
Balance as of January 1, 2023	\$ 346,860	362,780	218,109	193,569	146,350	99,845	1,367,513
Additions	-	-	3,019	38,410	3,236	3,041	47,706
Disposals	-	-	-	(16,600)	(8,314)	(8,277)	(33,191)
Other reclassification	-	-	77	-	(1,018)	3,851	2,910
Effect of changes in foreign exchange rates	-	-	-	-	-	11	11
Balance as of March 31, 2023	\$ 346,860	362,780	221,205	215,379	140,254	98,471	1,384,949
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
Accumulated depreciation and impairment loss:							
Balance as of January 1, 2023	\$ -	80,563	178,868	109,182	96,192	81,486	546,291
Depreciation	-	2,695	4,322	9,933	4,539	2,243	23,732
Disposals	-	-	-	(16,600)	(8,314)	(5,563)	(30,477)
Other reclassification	-	-	-	-	(191)	191	-
Effect of changes in foreign exchange rates	-	-	-	-	-	11	11
Balance as of March 31, 2023	\$ -	83,258	183,190	102,515	92,226	78,368	539,557
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
Carrying value:							
March 31, 2023	\$ 346,860	279,522	38,015	112,864	48,028	20,103	845,392
January 1, 2023	\$ 346,860	282,217	39,241	84,387	50,158	18,359	821,222
March 31, 2022	\$ 346,860	290,318	54,333	103,017	57,104	18,840	870,472

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, 2023	\$ 202,196	12,415	214,611
Additions	10,491	-	10,491
Write-off	(12,227)	-	(12,227)
Effect of changes in foreign exchange rates	28	-	28
Balance as of March 31, 2023	<u>\$ 200,488</u>	<u>12,415</u>	<u>212,903</u>
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>\$ 177,795</u>	<u>10,052</u>	<u>187,847</u>
Accumulated depreciation of right-of-use assets:			
Balance as of January 1, 2023	\$ 98,270	4,103	102,373
Depreciation for the current period	11,738	776	12,514
Write-off	(12,227)	-	(12,227)
Effect of changes in foreign exchange rates	14	-	14
Balance as of March 31, 2023	<u>\$ 97,795</u>	<u>4,879</u>	<u>102,674</u>
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>\$ 81,029</u>	<u>5,591</u>	<u>86,620</u>
Carrying value:			
March 31, 2023	<u>\$ 102,693</u>	<u>7,536</u>	<u>110,229</u>
January 1, 2023	<u>\$ 103,926</u>	<u>8,312</u>	<u>112,238</u>
March 31, 2022	<u>\$ 96,766</u>	<u>4,461</u>	<u>101,227</u>

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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, 2023	\$ 225,083	126,893	237,579	589,555
Additions	-	-	13,093	13,093
Balance as of March 31, 2023	<u>\$ 225,083</u>	<u>126,893</u>	<u>250,672</u>	<u>602,648</u>
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	<u>\$ 225,083</u>	<u>126,098</u>	<u>232,770</u>	<u>583,951</u>
Accumulated depreciation:				
Balance as of January 1, 2023	\$ -	27,692	72,569	100,261
Depreciation	-	952	5,439	6,391
Balance as of March 31, 2023	<u>\$ -</u>	<u>28,644</u>	<u>78,008</u>	<u>106,652</u>
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	<u>\$ -</u>	<u>24,421</u>	<u>60,038</u>	<u>84,459</u>
Carrying amount:				
March 31, 2023	<u>\$ 225,083</u>	<u>98,249</u>	<u>172,664</u>	<u>495,996</u>
January 1, 2023	<u>\$ 225,083</u>	<u>99,201</u>	<u>165,010</u>	<u>489,294</u>
March 31, 2022	<u>\$ 225,083</u>	<u>101,677</u>	<u>172,732</u>	<u>499,492</u>
Fair value:				
March 31, 2023				<u>\$ 631,755</u>
January 1, 2023				<u>\$ 624,101</u>
March 31, 2022				<u>\$ 754,641</u>

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

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, 2023	\$ 96,386	19,044	57,659	47,225	220,314
Additions	-	2,963	-	133	3,096
Write-off	-	(1,065)	-	-	(1,065)
Balance as of March 31, 2023	<u>\$ 96,386</u>	<u>20,942</u>	<u>57,659</u>	<u>47,358</u>	<u>222,345</u>
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
Addition	-	(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>
Accumulated amortization:					
Balance as of January 1, 2023	\$ -	12,868	33,001	25,823	71,692
Amortization	-	1,020	1,096	1,057	3,173
Write-off	-	(1,065)	-	-	(1,065)
Balance as of March 31, 2023	<u>\$ -</u>	<u>12,823</u>	<u>34,097</u>	<u>26,880</u>	<u>73,800</u>
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)
Balance as of March 31, 2022	<u>\$ -</u>	<u>10,630</u>	<u>29,712</u>	<u>21,821</u>	<u>62,163</u>
Carrying value:					
March 31, 2023	<u>\$ 96,386</u>	<u>8,119</u>	<u>23,562</u>	<u>20,478</u>	<u>148,545</u>
January 1, 2023	<u>\$ 96,386</u>	<u>6,176</u>	<u>24,658</u>	<u>21,402</u>	<u>148,622</u>
March 31, 2022	<u>\$ 96,386</u>	<u>7,219</u>	<u>27,947</u>	<u>25,404</u>	<u>156,956</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, 2022, goodwill has not suffered any impairment. For details, please see Note 6(10) to the Consolidated Financial Statements for 2022. On March 31, 2023, the Group conducted an assessment based on the sales revenue meeting target for the period between January 1, 2023 and March 31, 2023, and concluded that no impairment was incurred.

(11) Other non-current assets

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Prepayments for equipment	\$ 6,405	6,147	9,630
Pension plan assets	5,656	5,472	3,017
Refundable Deposits	25,911	25,935	20,106
Long-term accounts receivable	2,650	3,725	6,907
Other receivables -long-term	1,675	2,165	4,630
Others	1,013	1,252	213
	<u><u>\$ 43,310</u></u>	<u><u>44,696</u></u>	<u><u>44,503</u></u>

(12) Short-term loans

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Unsecured bank loans	\$ 124,189	126,549	160,493
Secured bank loans	-	16,500	29,300
	<u><u>\$ 124,189</u></u>	<u><u>143,049</u></u>	<u><u>189,793</u></u>
Unused credit facilities	<u><u>\$ 1,339,926</u></u>	<u><u>1,390,540</u></u>	<u><u>1,344,287</u></u>
Interest rate bracket	<u><u>1.89%~6.08%</u></u>	<u><u>1.77%~5.71%</u></u>	<u><u>0.91%~1.59%</u></u>

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

(13) Long-term loans

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Secured bank loans	\$ 40,000	40,000	-
Unsecured bank loans	376,000	381,250	435,000
Less: current portion of long-term debt	(36,000)	(17,250)	(5,000)
	<u><u>\$ 380,000</u></u>	<u><u>404,000</u></u>	<u><u>430,000</u></u>
Unused credit facilities	<u><u>\$ 710,000</u></u>	<u><u>610,000</u></u>	<u><u>400,000</u></u>
Interest rate bracket	<u><u>1.75%~2.45%</u></u>	<u><u>1.68%~3.18%</u></u>	<u><u>1.05%~1.78%</u></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:

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Current	<u><u>\$ 64,916</u></u>	<u><u>63,187</u></u>	<u><u>57,130</u></u>
Non-current	<u><u>\$ 229,219</u></u>	<u><u>224,619</u></u>	<u><u>225,338</u></u>

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Profit and loss recognized are as follows:

	January to March 2023	January to March 2022
Interest expense of lease liabilities	\$ 1,182	1,023
Short-term lease expense	\$ 617	1,258

Items recognized in Cash Flows Statement:

	January to March 2023	January to March 2022
Total cash outflow for leases	\$ 19,054	16,559

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). Of which, some lease tenor of buildings 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.

2. Other leases

The lease tenors of transportation equipment of the Group range from one to five years.

(15) Provision for product warranties

	2023.03.31	2022.12.31	2022.03.31
Provision for product warranty	\$ 8,392	8,842	10,363

From January 1 to March 31, 2023 and 2022, 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 2022.

(16) Operating leases - lessor

The Group leases out its property, plant and equipment (among equipment, instruments are in majority) and investment properties. 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:

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Less than 1 year	\$ 66,349	43,746	71,287
1 to 2 years	16,453	13,036	28,273
2 to 3 years	14,829	8,091	6,893
3 to 4 years	13,833	6,522	1,664
4 to 5 years	10,598	3,331	1,664
More than 5 years	18,516	416	2,913
Total undiscounted lease payments	<u><u>\$ 140,578</u></u>	<u><u>75,142</u></u>	<u><u>112,694</u></u>

The rental income from property, plant and equipment and investment property during this period is listed as follows:

	<u>January to March 2023</u>	<u>January to March 2022</u>
Recognized in operating revenue:		
Property, plant and equipment	\$ 13,148	10,362
Investment properties	<u>7,702</u>	<u>6,385</u>
	<u><u>\$ 20,850</u></u>	<u><u>16,747</u></u>
	<u>January to March 2023</u>	<u>January to March 2022</u>
Recognized in non-operating income and expenses:		
Property, plant and equipment	\$ 1,573	1,566
Investment properties	<u>1,474</u>	<u>1,442</u>
	<u><u>\$ 3,047</u></u>	<u><u>3,008</u></u>

The direct operating expenses (recognized in "operating costs" and "operating expenses") incurred due to investment properties are as follows:

	<u>January to March 2023</u>	<u>January to March 2022</u>
Those generating rental income	\$ 6,337	5,674
Those not generating rental income	<u>104</u>	<u>-</u>
	<u><u>\$ 6,441</u></u>	<u><u>5,674</u></u>

(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, 2022 and 2021 for pension cost measurement and

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

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 2023</u>	<u>January to March 2022</u>
Operating costs	\$ (1)	11
Operating expenses	(58)	(11)
	<u><u>\$ (59)</u></u>	<u><u>-</u></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 2023</u>	<u>January to March 2022</u>
Operating costs	\$ 1,334	1,258
Operating expenses	3,653	3,183
	<u><u>\$ 4,987</u></u>	<u><u>4,441</u></u>

(18) Income tax

1. Income tax expense

	<u>January to March 2023</u>	<u>January to March 2022</u>
Current income tax expense	<u><u>\$ 10,138</u></u>	<u><u>4,351</u></u>

2. From January 1 to March 31, 2023 and 2022, 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 2020 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, 2023 and 2022, there was no major change in capital and other equity interests. For details, please see Notes 6(19) of Consolidated Financial Statements for 2022.

1. Common shares

As of March 31, 2023, and December 31 and March 31, 2022, the Company's authorized shares of common stock amounted to NTD1,500,000 thousand, with a par value of NTD10 per share, totaling 150,000 thousand shares, of which 44,566 thousand shares have been issued and outstanding.

2. Capital Surplus

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
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.

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 2, 2023 and March 7, 2022, the cash dividend of earnings distribution for 2022 and 2021 is as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Dividend per share (NTD)</u>	<u>Amount</u>	<u>Dividend per share (NTD)</u>	<u>Amount</u>
Dividends per share:				
Cash	\$ 2.10	<u>93,589</u>	0.50	<u>22,283</u>

4. Other equity interest (net after tax)

Exchange differences on translation of foreign operations

	<u>January to March 2023</u>	<u>January to March 2022</u>
Beginning balance	\$ (2,235)	(2,946)
Foreign exchange differences arising from the translation of foreign operations	137	566
Shares of foreign currency translation differences of joint ventures	<u>267</u>	<u>1,109</u>
End balance	<u>\$ (1,831)</u>	<u>(1,271)</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

	January to March 2023	January to March 2022
Beginning balance	\$ 537,776	61,708
Equity attributable to non-controlling interests:		
Net income	12,994	10,908
Cash dividends	(20,000)	-
Increase in non-controlling interests	-	450,491
End balance	<u>\$ 530,770</u>	<u>523,107</u>

(20) Earnings per share (EPS)

1. Basic EPS

	January to March 2023	January to March 2022
Net profit attributable to shareholders of the Company	<u>\$ 22,621</u>	<u>87,662</u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>44,566</u>	<u>44,566</u>
Basic EPS (NTD)	<u>\$ 0.51</u>	<u>1.97</u>

2. Diluted EPS

	January to March 2023	January to March 2022
Net profit attributable to shareholders of the Company	<u>\$ 22,621</u>	<u>87,662</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	220	263
Weighted-average number of ordinary shares outstanding (diluted) (in thousands)	<u>44,786</u>	<u>44,829</u>
Diluted EPS (NTD)	<u>\$ 0.51</u>	<u>1.96</u>

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

(21) Revenue from contracts with customers

1. Disaggregation of revenue

	<u>January to March 2023</u>	<u>January to March 2022</u>
Primary geographical markets:		
Taiwan	\$ 494,373	199,501
Mainland China	63,139	96,693
India	7,367	8,791
Thailand	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	\$ 655,282	590,936
Revenue recognized over time	10,104	7,338
Lease income	20,850	16,747
	<u>\$ 686,236</u>	<u>615,021</u>

2. Contract balances

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Notes and accounts receivable (including related parties)	\$ 502,532	550,858	489,242
Less: Loss allowance	(4,581)	(4,806)	(4,558)
	<u>\$ 497,951</u>	<u>546,052</u>	<u>484,684</u>
Contract liabilities	<u>\$ 68,207</u>	<u>56,167</u>	<u>45,239</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, 2023 and 2022 that were recognized as receivables between January 1 and March 31, 2023 and 2022 were NTD31,739 thousand

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

and NTD14,768 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, 2023 and 2022 amounting to NTD2,196 thousand and NTD7,311 thousand respectively, and the remuneration of Directors amounting to NTD183 thousand and NTD609 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 2022 and 2021 amounted to NTD17,394 thousand and NTD2,007 thousand respectively; and the estimated amounts of Director remuneration amounted to NTD1,449 thousand and NTD167 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 2023	January to March 2022
Interest income from bank deposits	<u>\$ 807</u>	<u>188</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

2. Other income

	January to March 2023	January to March 2022
Rental income	\$ 3,047	3,008
Gain recognized in bargain purchase transaction (Note 6(6))	-	81,089
Others	846	620
	<u>\$ 3,893</u>	<u>84,717</u>

3. Other gains and losses

	January to March 2023	January to March 2022
Gain on disposals of property, plant and equipment	\$ 182	361
Net foreign currency exchange gains (losses)	(556)	1,199
Gains on lease modification	-	66
	<u>\$ (374)</u>	<u>1,626</u>

4. Financing costs

	January to March 2023	January to March 2022
Interest expense of bank loans	\$ 2,903	1,623
Financial expense of lease liabilities	1,182	1,023
	<u>\$ 4,085</u>	<u>2,646</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 2022.

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

1. Categories of financial instruments

(1) Financial assets

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Financial assets measured at fair value through other comprehensive income:			
	\$ 123	123	210
Financial assets measured at amortized cost:			
Cash and cash equivalents	605,437	647,261	641,381
Notes and accounts receivable and other receivables			
(including related parties)	506,742	555,432	509,688
Other financial assets-current	173,013	192,202	60,124
Other non-current assets - refundable deposits	25,911	25,935	20,106
Other non-current assets - long-term receivables	4,325	5,890	11,537
Subtotal	<u>1,315,428</u>	<u>1,426,720</u>	<u>1,242,836</u>
	<u>\$ 1,315,551</u>	<u>1,426,843</u>	<u>1,243,046</u>

(2) Financial liabilities

	<u>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Financial liabilities measured at amortized cost:			
Short-term loans	\$ 124,189	143,049	189,793
Notes and accounts payable and other payables			
(including related parties)	713,415	666,651	603,139
Lease liabilities (current and non-current)	294,135	287,806	282,468
Long-term debt (including current portion)	416,000	421,250	435,000
Guarantee deposit received	8,389	8,456	8,627
	<u>\$ 1,556,128</u>	<u>1,527,212</u>	<u>1,519,027</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).

2023.03.31			
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			
\$ -	-	123	123

2022.12.31			
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			
\$ -	-	123	123

2022.03.31			
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:

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	Financial assets measured at fair value through other comprehensive income	
	January to March 2023	January to March 2022
Balance as of January 1	\$ 123	-
Acquired from merger and acquisition (Note 6 (6))	-	210
Balance as of March 31	<u>\$ 123</u>	<u>210</u>

(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, 2023, and December 31 and March 31, 2022, the unused credit facilities of the Group amounted to NTD2,049,926 thousand, NTD2,000,540

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

thousand and NTD1,744,287 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.

	Contractual cash flows	Within 6 months	6-12 months	1-2 years	More than 2 years
March 31, 2023					
Non-derivative financial liabilities:					
Short-term loans	\$ 124,844	124,844	-	-	-
Long-term debt (including current portion)	431,810	12,191	32,093	265,515	122,011
Notes and accounts payable and other payables (including related parties)	713,415	713,415	-	-	-
Guarantee deposit received	8,389	272	-	-	8,117
Lease liabilities	313,286	35,951	33,336	52,242	191,757
	\$ 1,591,744	886,673	65,429	317,757	321,885
December 31, 2022					
Non-derivative financial liabilities					
Short-term loans	\$ 144,298	47,793	96,505	-	-
Long-term debt (including current portion)	436,601	13,729	12,501	369,690	40,681
Notes and accounts payable and other payables (including related parties)	666,651	666,651	-	-	-
Guarantee deposit received	8,456	220	-	-	8,236
Lease liabilities	297,369	33,861	31,312	48,755	183,441
	\$ 1,553,375	762,254	140,318	418,445	232,358
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

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:

	2023.03.31			2022.12.31			2022.03.31		
	Foreign currency (in thousands)	Exchange rate	NTD (in thousands)	Foreign currency (in thousands)	Exchange rate	NTD (in thousands)	Foreign currency (in thousands)	Exchange rate	NTD (in thousands)
<u>Financial assets</u>									
<u>Monetary Items</u>									
USD	\$ 3,200	30.48	97,536	4,635	30.73	142,434	4,694	28.60	134,248
<u>Financial liabilities</u>									
<u>Monetary Items</u>									
USD	545	30.48	16,612	690	30.73	21,204	1,861	28.60	53,225

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

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, 2023 and 2022, if NTD depreciated/appreciated 1% against USD, all variables remained unchanged, the net profit before tax for January 1 to March 31, 2023 and 2022 would increase/decrease NTD809 thousand and NTD810 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:

	<u>January to March 2023</u>		<u>January to March 2022</u>	
	<u>Foreign exchange gains (loss)</u>	<u>Average forex rate</u>	<u>Foreign exchange gains (loss)</u>	<u>Average forex rate</u>
NTD	\$ (576)	-	1,202	-
RMB	20	4.4078	(5)	4.4106

(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 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, 2023 and 2022 would increase/decrease NTD1,350 thousand and NTD1,562 thousand respectively.

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

(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 2022 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 2022. For details, please see Notes 6(26) of Consolidated Financial Statements for 2022.

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

1. For the acquisition of right-of-use assets and investment properties through leases, please see Note 6(8) and (9).

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

	2023.01.01	Cash flows	Non-cash changes Change of lease	2023.03.31
Short-term loans	\$ 143,049	(18,860)	-	124,189
Long-term loans	421,250	(5,250)	-	416,000
Lease liabilities	287,806	(17,255)	23,584	294,135
Guarantee deposit received	8,456	(67)	-	8,389
Liabilities from financing activities	\$ 860,561	(41,432)	23,584	842,713

	2022.01.01	Cash flows	Non-cash changes Change of lease	Acquisition through a business combination	2022.03.31
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	\$ 495,544	164,724	15,787	239,833	915,888

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

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

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:

Name of related party	Relationship with the Group
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 Co., Ltd.	Subsidiary of BenQ (Note)
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 Materials (Suzhou) Corp.	Subsidiary of BMC
Sigma Medical Supplies Corporation	Subsidiary of BMC
BenQ Materials Medical (Suzhou) Co., Ltd.	Subsidiary of BMC
Visco Vision Inc.	Investee valued by BMC using the equity method
BENQ Asia Pacific Corp.	Subsidiary of Qisda
BENQ (Thailand) Co., Ltd.	Subsidiary of Qisda
Nanjing BenQ Hospital Co., Ltd.	Subsidiary of Qisda
Suzhou 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
Standard Technology Corporation	Subsidiary of Qisda
Golden Spirit Co., Ltd.	Subsidiary of Qisda
Data Image Corporation	Subsidiary of Qisda
Hitron Technologies Inc.	Subsidiary of Qisda
Aewin Technologies Co., Ltd	Subsidiary of Qisda
Simula Technology Inc.	Subsidiary of Qisda

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Name of related party	Relationship with the Group
Action Star Technology Co., Ltd.	Subsidiary of Qisda
Interactive Digital Technologies Inc.	Subsidiary of Qisda
ACE Energy Co., Ltd.	Subsidiary of Qisda
Metaage Corporation (MetaAge, formerly known as Sysage Technology Co., Ltd.)	Subsidiary of Qisda
Epic Cloud Co., Ltd.	Subsidiary of MetaAge
Global Intelligence Network Co., Ltd.	Subsidiary of MetaAge
Statinc Company	Subsidiary of MetaAge
ADVANCEDTEK INTERNATIONAL CORP.	Subsidiary of MetaAge
Metaguru Corporation (MRU)	Subsidiary of Qisda
Partner Tech Corporation	Subsidiary of Qisda
Webest Solution Corp.	Subsidiary of Partner Tech Corporation
Alpha Networks Inc.	Subsidiary of Qisda
DFI Inc.	Subsidiary of Qisda
DIVA Laboratories Ltd.	Subsidiary of Qisda
Darfon Electronics Corporation (Darfon)	Associates of Qisda
Q.S.Control Corporation	Associates of Qisda
AU Optronics Corporation (AU Optronics)	Corporate shareholder of Qisda Corporation accounted using the equity method
BenQ Foundation	Substantive related party of Qisda

(Note) BenQ disposed of its 100% equity in BenQ Co., Ltd. on September 30, 2022, so the latter was no longer a related party of the Group since that date.

(3) Related-party transactions

1. Operating revenues

The sales to related parties were as follows:

	January to March 2023	January to March 2022
Ultimate controlling company	\$ 765	1,527
Parent company	90	260
Joint venture	9,723	1,011
Other related parties	2,392	12,336
	\$ 12,970	15,134

Except for some merchandise with different specifications, the sales to related

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

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 2023	January to March 2022
Ultimate controlling company	\$ 1,739	30,542
Joint venture	14,659	7,497
Other related parties	5,208	6,407
	\$ 21,606	44,446

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 other related parties and the rentals were set by referring to the rental market of the area. For the periods between January 1 and March 31, 2023 and 2022, the interest expenses amounted to NTD55 thousand and NTD88 thousand respectively. As of March 31, 2023 and December 31 and March 31, 2022, the lease liabilities balances amounted to NTD12,604 thousand, NTD14,985 thousand and NTD21,014 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, 2023 and 2022, the rental expense amounted to NTD224 thousand and NTD219 thousand respectively. On March 31, 2023 and 2022, the related payables are classified under other payables.

4. Acquisition and disposal of property, plant and equipment

For January 1 to March 31, 2023, the Group purchased intangible assets from other related parties which amounted to NTD223 thousand. As of March 31, 2023, the related payables are classified under other payables.

For January 1 to March 31, 2022, the Group purchased fixed assets from other related parties which amounted to NTD2,150 thousand. As of March 31, 2022, the related payables are classified under other payables.

5. Others

- (1) The manpower consultation, technical advisory and administration services rendered

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

to the Group by the ultimate controlling company, the parent company and other related parties for the period between January 1 and March 31, 2023 and 2022 amounted to NTD1,426 thousand and NTD226 thousand respectively. As at March 31, 2023 and 2022, the related payables were classified under other payables.

(2) Prepayment for purchases

The Group has been making purchases from joint venture, STOMT. The payment terms agreed on payment in advance. As of March 31, 2023 and December 31 and March 31, 2022, the prepayment for purchases amounted to NTD4,281 thousand, NTD6,748 thousand, and NTD2,631 thousand respectively, and were classified as prepayment and other current assets.

The Group has been making purchases from joint venture, TDX. The payment terms agreed on payment in advance and within 60 days at the end of each month. As of March 31, 2023 and December 31 and March 31, 2022, the prepayment for purchases amounted to NTD9,677 thousand, NTD2,387 thousand, and NTD795 thousand, respectively, and were classified as prepayment 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, 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>2023.03.31</u>	<u>2022.12.31</u>	<u>2022.03.31</u>
Accounts receivable - related parties	Ultimate controlling company	\$ 792	1,056	-
Accounts receivable - related parties	Parent company	45	-	273
Accounts receivable - related parties	Joint venture	21,509	29,309	16,610
Accounts receivable - related parties	Other related parties	4,073	9,047	9,820
Other receivables - related parties	Ultimate controlling company	365	-	17,868
Other receivables - related parties	Other related parties	414	56	393
		<u>\$ 27,198</u>	<u>39,468</u>	<u>44,964</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	2023.03.31	2022.12.31	2022.03.31
Accounts payable - related parties	Ultimate controlling company	\$ 1,837	948	39,155
Accounts payable - related parties	Joint venture	419	1,500	1,171
Accounts payable - related parties	Other related parties	9,858	11,050	8,758
Other payables - related parties	Ultimate controlling company	2,397	1,532	1,225
Other payables - related parties	Parent company	1,056	-	119
Other payables - related parties	Other related parties	397	496	3,501
Lease liabilities - current	Ultimate controlling company	9,015	8,980	8,873
Lease liabilities - current	Other related parties	463	612	-
Lease liabilities - non-current	Ultimate controlling company	3,126	5,393	12,141
		\$ 28,568	30,511	74,943

(4) Transaction with key management personnel

Compensation for key management personnel:

	January to March 2023	January to March 2022
Short-term employee benefits	\$ 2,821	3,135
Post-employment benefits	36	27
	\$ 2,857	3,162

8. Pledged Assets

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

Pledged Assets	Pledged to secure	2023.03.31	2022.12.31	2022.03.31
Other financial assets-current	Performance bond	\$ 5,080	5,080	2,680
Land and buildings	Credit lines of bank loans	505,342	507,988	515,942
Investment properties	Credit lines of bank loans	276,534	277,340	279,757
		\$ 786,956	790,408	798,379

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

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Significant unrecognized contractual commitments:

	2023.03.31	2022.12.31	2022.03.31
1. Letter of credit issued and yet to be used	\$ 35,149	42,500	34,000

10. Significant Loss from Disaster: None.

11. Significant Subsequent Events: None.

12. Others

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

Category	January to March 2023			January to March 2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	26,717	68,815	95,532	27,812	76,388	104,200
Insurance	3,084	8,065	11,149	2,769	7,201	9,970
Pension	1,333	3,595	4,928	1,269	3,172	4,441
Other employee benefits	1,665	3,492	5,157	2,062	1,698	3,760
Depreciation	27,947	14,690	42,637	27,546	13,477	41,023
Amortization	304	2,869	3,173	292	3,002	3,294

(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, 2023, 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: NTD 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	8.75	123	0.10 %	123	

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Notes to Consolidated Financial Statements (continued)

4. The accumulated purchase or sale amounts of a single marketable securities for the year exceed NTD300 million or 20% of the paid-in capital: None.
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.

(2) Information on investees:

For January 1 to March 31, 2023, 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, 2023			Net income (loss) of the investee	Investment income	Note
				March 31, 2023	December 31, 2022	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%	25,180	27	27	(Note)
The Company	Highview Investments Limited	Samoan Islands	Investment and holding company	36,211	36,211	1,062	100.00%	16,021	287	287	(Note)
The Company	Lily Medical Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	185,000	185,000	10,000	100.00%	236,877	7,899	7,994	(Note)
The Company	BenQ AB DentCare Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	88,000	88,000	8,800	88.00%	59,188	(1,048)	(923)	(Note)
The Company	BenQ Healthcare Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	100,000	100,000	10,000	100.00%	141,243	15,035	15,035	(Note)
The Company	Eastech Co., Ltd.	Taiwan	Wholesaling and retailing of medical consumables and equipment	20,300	20,300	700	70.00%	37,155	3,904	2,733	(Note)
The Company	Concord Medical Co., Ltd.	Taiwan	Sales of medical drugs, leasing of medical equipment and providing management consultation services	190,000	190,000	13,333	40.00%	273,255	8,736	3,403	(Note)
CCD	Concord HealthCare Co., Ltd.	Taiwan	Wholesaling and retailing of medical consumables and equipment and provision of management consulting services	119,864	80,000	12,000	100.00%	119,724	(229)	(229)	
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%	83,462	12,345	6,033	(Note)
BHS	CKCARE Co., Ltd.	Taiwan	Retail of medical devices, over-the-counter drugs, and health supplements.	105,300	105,300	4,362	60.00%	112,584	3,757	1,912	(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:

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Unit: NTD thousand/foreign currency in thousand

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, 2023	Net income (loss) of the investee	Percentage of ownership of direct and indirect investment	Investment income (loss)	Carrying value as of March 31, 2023 (Note 2)	Accumulated inward remittance of earnings as of March 31, 2023
					Outflow	Inflow						
BenQ Medical Technology (Shanghai) Ltd.	Agency of international and entrepot trade business	30,480 (USD 1,000)	(1)	30,480 (USD 1,000)	-	-	30,480 (USD 1,000)	287	100.00 %	287	17,707 (Note 3 and 5)	-
LILY Medical (Suzhou) Co., Ltd.	Wholesaling and retailing of medical consumables and equipment	6,401 (USD 210)	(2)	6,401 (USD 210)	-	-	6,401 (USD 210)	(150)	100.00 %	(150)	1,637 (Note 4 and 5)	-
TDX Medical Technology (Jiangsu) Co., Ltd.	Wholesaling and retailing of medical consumables and equipment	88,760 (RMB20,000)	(2)	35,504 (RMB 8,000)	-	-	35,504 (RMB 8,000)	4,864	40.00 %	1,946	36,885 (Note 4)	-
Suzhou Trident Original Medical Technology Co., Ltd.	Wholesaling and retailing of medical consumables and equipment	8,876 (RMB2,000)	(3)	(RMB 2,000)	-	-	-	1,720	22.00 %	378	9,001 (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 = 1:30.480 and RMB:NTD = 1:4.438.

(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.

2. Limits on investments in Mainland China:

Unit: NTD thousand/foreign currency in thousand

Company Name	Accumulated investment in Mainland China as of March 31, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper Limit on Investment authorized by Investment Commission, MOEA
The Company	65,984 (USD1,000 and RMB8,000)	86,166 (USD2,827)	676,900
LILY	6,401 (USD210)	6,401 (USD210)	107,213

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	421	Prices as per negotiation between both parties	Prepayment for purchases and EOM 60 days	No significant differences with transactions with third parties	(419)	(0.10)%	-
Suzhou Trident Original Medical Technology Co., Ltd.	Subsidiary of the Company's joint venture company	Purchases	89	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	9,723	Prices as per negotiation between both parties	EOM 60 days	(Note 1)	21,509	4.32%	(1,154)
BenQ Medical Technology (Shanghai) Ltd.	Subsidiary of the Company	Sales	2,926 (Note 2)	Prices as per negotiation between both parties	EOM 60 days	(Note 1)	2,912	0.58%	(2,051)

(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.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

(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: None.
5. Provision of funds and loans for direct investment in Mainland China or through a holding company established in a third country: None.
6. Other significant transactions that affect the profit and loss or financial condition of the current period: None.

(4) Information on Major Shareholders:

Unit: share

Shareholder's Name	Share	Number of shares held	Shareholding Percentage
BenQ Corporation		19,353,427	43.43%
Darby Venture Inc.		3,548,646	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 2023			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 232,392	453,844	-	686,236
Intra-group revenue	6,868	81	(6,949)	-
Total segment revenue	\$ 239,260	453,925	(6,949)	686,236
Segment profit (loss)	\$ 5,269	37,734	563	43,566

	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