

Stock code: 4116

**BENQ MEDICAL TECHNOLOGY CORP.  
AND SUBSIDIARIES**

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

**For the Nine Months Ended September 30, 2023 and 2022 (Restated)**

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

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## **Independent Auditors' Review Report**

The Board of Directors  
BENQ MEDICAL TECHNOLOGY CORP.

### **Foreword**

We have reviewed the Consolidated Balance Sheets as of September 30, 2023 and 2022 (restated), and Consolidated Statements of Comprehensive Income for the three months ended September 30, 2023 and 2022 (restated) and for the nine months ended September 30, 2023 and 2022 (restated), Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows for the nine months ended September 30, 2023 and 2022 (restated), 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**

Except as explained in the Basis for Qualified Conclusion paragraph, 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.

### **Basis for Qualified Conclusions**

As stated in Note 4(3), the consolidated financial statements included in the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to NTD826,319 thousand and NTD548,385 thousand, constituting 18% and 12% of the consolidated total assets as of September 30, 2023 and 2022 (restated), respectively; and the total liabilities amounting to NTD269,986 thousand and NTD97,985 thousand, constituting 11% and 5% of the consolidated total liabilities of as of September 30, 2023 and 2022 (restated), respectively; as well as the total comprehensive income amounting to NTD16,604 thousand and NTD19,286 thousand for the three months ended September 30, 2023 and 2022 (restated) and NTD39,977 thousand and NTD47,039 thousand for the nine months ended September 30, 2023 and 2022 (restated), constituting 21%, 19%, 20%, and 14% of the consolidated total comprehensive income, respectively.

### **Qualified Conclusion**

Except for the adjustment, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted invest companies described in the Basis of Qualified Conclusion paragraph above been reviewed by independent auditors, 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 as of September 30, 2023 and 2022 (restated), and the consolidated financial performance for the three months ended September 30, 2023 and 2022 (restated) and for the nine months ended September 30, 2023 and 2022

(restated), as well as the consolidated cash flows for the nine months ended September 30, 2023 and 2022 (restated) do not present fairly.

**Emphasis of Matter**

As stated in Note 12(3), BENQ MEDICAL TECHNOLOGY CORP. and its subsidiary, AsiaConnect International Co. Ltd., acquired 40% shareholding in K2 International Medical Inc., the subsidiary of Qisda Corporation, by cash on September 01, 2023. Pursuant to the Interpretations (2012) No. 301 and IFRS 3 guidance dated October 26, 2018, “Accounting Treatment for Business Combination under Common Control”, issued by Accounting Research and Development Foundation, the aforementioned transaction is a group reorganization under common control and is regarded as a Combination from beginning. The Group prepared and restated the consolidated financial statements for the three months and nine months ended September 30, 2023 and 2022, respectively. Our conclusion is not modified in respect of this matter.

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)**

**October 30, 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.

(Expressed in Thousands of New Taiwan Dollars)

(Please see Notes to Consolidated Financial Statements)

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

**BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the Three Months Ended September 30, 2023 and 2022 and For the Nine Months Ended September 30, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

		July to September 2023		July to September 2022 (restated)		January to September 2023		January to September 2022 (restated)	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues (Note 6 (17) (22), 7 and 14)	\$ 1,154,785	100	1,116,229	100	3,334,345	100	3,204,980	100
5000	Costs of revenue (Note 6 (5)(8)(9)(10)(11)(15)(17)(18)(23), 7 and 12)	(804,889)	(70)	(799,503)	(72)	(2,362,466)	(71)	(2,301,180)	(72)
	Gross profit	349,896	30	316,726	28	971,879	29	903,800	28
5910	Less: Realized (unrealized) sales profit	213	-	175	-	-	-	(253)	-
	Realized gross profit	350,109	30	316,901	28	971,879	29	903,547	28
	Operating expenses (Note 6 (4)(8)(9)(10)(11) (15)(17)(18)(23), 7 and 12):								
6100	Selling expenses	(193,334)	(16)	(166,274)	(15)	(564,343)	(17)	(475,663)	(15)
6200	General and administrative expenses	(47,386)	(4)	(49,321)	(4)	(136,943)	(4)	(146,155)	(4)
6300	Research and development expenses	(7,514)	(1)	(10,000)	(1)	(23,691)	(1)	(28,891)	(1)
6450	Reversal of gains on loss allowance for expected credit losses	(674)	-	(1,071)	-	(1,825)	-	(1,048)	-
	Total operating expenses	(248,908)	(21)	(226,666)	(20)	(726,802)	(22)	(651,757)	(20)
	Operating income	101,201	9	90,235	8	245,077	7	251,790	8
	Non-operating income and loss (Note 6 (6)(7)(15)(17)(24) and 7):								
7100	Interest income	1,436	-	593	-	6,229	-	2,004	-
7010	Other income	3,522	1	3,689	-	10,849	-	92,688	3
7020	Other gains and losses	1,186	-	10,205	1	3,817	-	8,569	-
7050	Financing costs	(8,325)	(1)	(4,737)	-	(19,452)	-	(12,416)	-
7375	Share of losses of joint ventures accounted for using equity method	660	-	2,038	-	5,271	-	1,304	-
	Total non-operating income and loss	(1,521)	-	11,788	1	6,714	-	92,149	3
	Income before income tax	99,680	9	102,023	9	251,791	7	343,939	11
7950	less: Income tax expenses (Note 6(19))	(24,714)	(2)	(19,947)	(2)	(69,192)	(2)	(52,394)	(2)
	Net income	74,966	7	82,076	7	182,599	5	291,545	9
	Other comprehensive income (loss) (Note 6(6) and (20)):								
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign operations	3,980	-	18,209	2	16,583	1	35,920	1
8370	Share of other comprehensive income of joint ventures								
	accounted for using equity method	1,198	-	296	-	135	-	984	-
8399	Income tax related to items that may be reclassified								
	subsequently to profit or loss	-	-	-	-	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	5,178	-	18,505	2	16,718	1	36,904	1
	Other comprehensive income (loss) for the period	5,178	-	18,505	2	16,718	1	36,904	1
	Total comprehensive income (loss) for the period	\$ 80,144	7	100,581	9	199,317	6	328,449	10
	Net Income attributable to:								
8610	Owners of the parent	\$ 37,118	3	34,632	3	77,619	2	157,193	5
8620	Non-controlling interest	16,726	2	14,301	1	42,049	1	40,807	1
	Equity attributable to former owner of business combination under common control	6,809	1	10,427	1	20,888	1	31,053	1
	Equity attributable to non-controlling interest before business combination under common control	14,313	1	22,716	2	42,043	1	62,492	2
		\$ 74,966	7	82,076	7	182,599	5	291,545	9
	Comprehensive income (loss) attributable to:								
8710	Owners of the parent	\$ 39,002	3	35,134	3	77,874	2	158,747	5
8720	Non-controlling interest	15,434	1	14,301	1	40,757	1	40,807	1
	Owners of the parent	8,119	1	15,524	2	25,425	1	40,782	1
	Non-controlling interests	17,589	2	35,622	3	55,261	2	88,113	3
		\$ 80,144	7	100,581	9	199,317	6	328,449	10
	Earnings per share (in New Taiwan dollars, Note 6 (21))								
9750	Basic earnings per share	\$ 0.83		0.78		1.74		3.53	
9850	Diluted earnings per share	\$ 0.83		0.77		1.73		3.51	

**(Please see Notes to Consolidated Financial Statements)**

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

**BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**  
**For the Nine Months Ended September 30, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to shareholders of the parent company											
	Retained earnings						Other equity	Total equity attributable to shareholders of the parent company	Non-controlling interests	Equity attributable to former owner of business combination under common control	Equity attributable to non-controlling interest before business combination under common control	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Foreign currency translation differences					
Balance as of January 01, 2022	\$ 445,660	297,921	102,356	3,195	191,892	297,443	(2,946)	1,038,078	61,708	-	-	1,099,786
Retroactive adjustment for reorganization under common control	-	-	-	-	-	-	-	-	-	272,806	490,123	762,929
Balance as of January 01, 2022 (restated)	445,660	297,921	102,356	3,195	191,892	297,443	(2,946)	1,038,078	61,708	272,806	490,123	1,862,715
Net income	-	-	-	-	157,193	157,193	-	157,193	40,807	31,053	62,492	291,545
Other comprehensive income for the period	-	-	-	-	-	-	1,554	1,554	-	9,729	25,621	36,904
Total comprehensive income for the period	-	-	-	-	157,193	157,193	1,554	158,747	40,807	40,782	88,113	328,449
Earnings appropriation and distribution:												
Legal reserve	-	-	2,839	-	(2,839)	-	-	-	-	-	-	-
Special reserve	-	-	-	(250)	250	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(22,283)	(22,283)	-	(22,283)	-	-	-	(22,283)
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	(30,776)	-	-	(30,776)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	450,491	-	-	450,491
Reorganization regarded as a combination from beginning	-	-	-	-	-	-	-	-	-	(28,000)	(54,854)	(82,854)
Balance as of September 30, 2022 (restated)	\$ 445,660	297,921	105,195	2,945	324,213	432,353	(1,392)	1,174,542	522,230	285,588	523,382	2,505,742
Balance as of January 01, 2023	\$ 445,660	297,921	105,195	2,945	349,244	457,384	(2,235)	1,198,730	537,776	-	-	1,736,506
Retroactive adjustment for reorganization under common control	-	-	-	-	-	-	-	-	-	293,313	536,125	829,438
Balance as of January 01, 2023 (restated)	445,660	297,921	105,195	2,945	349,244	457,384	(2,235)	1,198,730	537,776	293,313	536,125	2,565,944
Net income	-	-	-	-	77,619	77,619	-	77,619	42,049	20,888	42,043	182,599
Other comprehensive income for the period	-	-	-	-	-	-	255	255	(1,292)	4,537	13,218	16,718
Total comprehensive income for the period	-	-	-	-	77,619	77,619	255	77,874	40,757	25,425	55,261	199,317
Earnings appropriation and distribution:												
Legal reserve	-	-	18,222	-	(18,222)	-	-	-	-	-	-	-
Special reserve	-	-	-	(711)	711	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(93,589)	(93,589)	-	(93,589)	-	-	-	(93,589)
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	(46,365)	-	-	(46,365)
Reorganization regarded as a combination from beginning	-	-	-	-	(117,253)	(117,253)	-	(117,253)	519,359	(318,738)	(591,386)	(508,018)
Balance as of September 30, 2023	\$ 445,660	297,921	123,417	2,234	198,510	324,161	(1,980)	1,065,762	1,051,527	-	-	2,117,289

(Please see Notes to Consolidated Financial Statements)

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

**BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the Nine Months Ended September 30, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>January to September 2023</b>	<b>January to September 2022 (restated)</b>
<b>Cash flows from operating activities:</b>		
<b>Profit before income tax</b>	<b>\$ 251,791</b>	<b>343,939</b>
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss)		
Depreciation	150,776	147,942
Amortization	20,448	19,012
Loss on financial tools at fair value through profit or loss	859	-
Interest expense	19,452	12,416
Interest income	(6,229)	(2,004)
Share of losses of joint ventures accounted for using equity method	(5,271)	(1,304)
Gain on disposals of property, plant and equipment	194	(2,377)
Unrealized sales profit	-	253
Gains on lease modification	(6)	(265)
Gain recognized in bargain purchase transaction	-	(81,089)
Total adjustments to reconcile profit (loss)	<u>180,223</u>	<u>92,584</u>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Notes and accounts receivable	(20,085)	(49,692)
Accounts receivable - related parties	9,244	(7,090)
Other receivables	(2,037)	19,787
Other receivables - related parties	-	1,755
Inventories	(33,435)	18,793
Prepayments and other current assets	<u>13,718</u>	<u>(99,682)</u>
Total changes in operating assets	<u>(32,595)</u>	<u>(116,129)</u>
Changes in operating liabilities:		
Contract liabilities	(22,957)	32,656
Notes and accounts payable	(76,275)	(5,207)
Accounts payable - related parties	(255)	(7,931)
Other payables	(26,208)	14,275
Other payables - related parties	3,233	1,428
Provisions for liabilities	(2,120)	987
Other current liabilities	4,676	4,921
Net defined benefit liabilities	<u>(656)</u>	<u>(29)</u>
Total changes in operating liabilities	<u>(120,562)</u>	<u>41,100</u>
Total changes in operating assets and liabilities	<u>(153,157)</u>	<u>(75,029)</u>
Total adjustments	<u>27,066</u>	<u>17,555</u>
Cash provided by operations	278,857	361,494
Interest received	6,298	2,004
Interest paid	(19,440)	(12,235)
Income tax paid	<u>(91,748)</u>	<u>(49,151)</u>
<b>Net cash flow provided by operating activities</b>	<b><u>173,967</u></b>	<b><u>302,112</u></b>

(Please see Notes to Consolidated Financial Statements)

(Continued on next page)



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

**BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows (continued from the preceding page)**

**For the Nine Months Ended September 30, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>January to September 2023</b>	<b>January to September 2022 (restated)</b>
<b>Cash flows from investing activities:</b>		
Net cash inflow from merger and acquisition of subsidiaries	\$ -	76,241
Acquisition of property, plant and equipment	(110,783)	(56,060)
Proceeds from disposals of property, plant and equipment	5,156	19,016
Decrease (increase) in refundable deposits	2,108	(13,234)
Acquisition of intangible assets	(4,375)	(2,147)
Increase in other financial assets	(70,288)	(105,994)
Increase in other non-current assets	(1,587)	(3,126)
<b>Net cash flow used in investing activities</b>	<b>(179,769)</b>	<b>(85,304)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	53,646	162,569
Increase in long-term loans	791,197	120,000
Repayments of long-term loans	(329,902)	(72,197)
Decrease in guarantee deposit received	(1,541)	(20)
Payment of lease liabilities	(56,920)	(49,658)
Cash dividends of ordinary shared	(93,589)	(22,283)
Cash dividends distributed by subsidiaries to non-controlling interests	(46,365)	(30,776)
Cash dividends to non-controlling interest before business combination under common control	(72,018)	(54,854)
Equity attributable to former owner of business combination under common control	(436,000)	(28,000)
<b>Net cash flow provided by (used in) financing activities</b>	<b>(191,492)</b>	<b>24,781</b>
Effect of changes in foreign exchange rates	15,856	34,529
Net increase (decrease) in cash and cash equivalents for the current period	(181,438)	276,118
Cash and cash equivalents at the beginning of the period (restated)	979,783	697,731
Cash and cash equivalents at the end of the period	<b>\$ 798,345</b>	<b>973,849</b>

**(Please see Notes to Consolidated Financial Statements)**

**BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (continued)**  
**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**For the Nine Months Ended September 30, 2023 and 2022 (restated)**  
**(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 October 30, 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 01, 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"

The Group began to apply the following amendments to International Financial Reporting Standards from May 23, 2023 onward, and there has been no significant impact on the Group's Consolidated Financial Statements.

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

- (2) Impacts of IFRSs endorsed by FSC but not yet effective

From January 01, 2024, the Group shall adopt below amendments of International Financial Reporting Standards (IFRSs). And, there is no significant impact on the consolidated financial statements caused by adoption of the IFRSs.

## **BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements (continued)**

- Amendments to IAS 1, “Classifying Liabilities as Current or Non-current”
  - Amendments to IAS 1, “Non-Current Liabilities with Covenants”
  - Amendments to IAS 7 and IFRS 7, “Supplier Finance Arrangements”
  - Amendments to IFR 16, “Lease Liability in a Sale and Leaseback”
- (3) New standards, amendments and interpretations that have yet endorsed by FSC

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

- Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- Amendments to IAS 21, “Lack of Exchangeability”

#### **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) Reorganization under common control**

The business combinations under common control often occur as the ownership of the company change to another but they are both controlled by the same ultimate parent company. These combinations are treated as the later of either the earliest comparative period in financial statements of the date under common control to restate comparative information of prior period. Under common control, assets and liabilities are recognized at their original carrying amount.

In preparing the consolidated balance sheet, the equity from acquisition records as “Equity attributable to former owner of business combination under common control”; in preparing the consolidated statements of comprehensive income, the profit or loss belong to former controlling shareholders records as “Profit (loss), attributable to former owner of business combination under common control”.

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

### (3) 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:

Investor	Subsidiary	Main business activities	Ownership (%)			Description
			2023.09.30	2022.12.31	2022.09.30	
The Company	AsiaConnect International Co., Ltd. (AsiaConnect)	Sales of medical consumables and equipment and wholesaling and retailing of information software	99.75%	99.75%	99.75%	(Note 7)
The Company	Highview Investments Limited (Highview)	Investment and holding company	100.00%	100.00%	100.00%	(Note 7)
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%	(Note 7)
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	40.00%	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%	(Note 7)
Highview	BenQ Medical Technology (Shanghai) Ltd. (BMTS)	Agency of international and entrepot trade business	100.00%	100.00%	100.00%	(Note 7)
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 and 7)
The Company and AsiaConnect	K2 International Medical Inc. (K2)	Sale of medical consumables and equipment	40.00%	40.00%	40.00%	(Note 4)
K2	K2 Medical (Thailand) Co., Ltd.	Sale of medical consumables and equipment	19.60%	19.60%	19.60%	(Note 4, 6, 7, and 8)
K2	K2 (Shanghai) International Medical Inc.	Sale of medical consumables and equipment	40.00%	40.00%	40.00%	(Note 4 and 5)
K2	PT. Frismed Hoslab Indonesia	Blood banking equipment and supplies	26.80%	26.80%	26.80%	(Note 4, 5, 7, and 8)

(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

## **BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements (continued)**

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 January, 2023.

(Note 4): On September 01, 2023, the Group acquired 40% shareholding in K2 from Qisda Corporation and its subsidiary and owned more than half of the total number of directors; therefore, it is determined that the Group has control over the company. This transaction is a reorganization under common control and regarded as a combination from beginning. The consolidated financials for the nine months ended September 30, 2023 have been restated for comparison with the financial statements for the nine months ended September 30, 2022.

(Note 5): Although holding less than half of comprehensive shareholding in the company, the Group has more than half of direct and indirect voting shares of the company; therefore, it is determined that the Group has control over the company.

(Note 6): The Group holds less than half of voting shares of the company. However, the Group has been in an agreement with other shareholders, and the Group is the proxy of other shareholders' votes. Therefore, the Group takes control of more than half of voting shares, and it is determined that the Group has control over the company.

(Note 7): Insignificant subsidiary and its financial statement for the nine months ended September 30, 2023 has been reviewed by an independent auditor.

(Note 8): Insignificant subsidiary and its financial statement for the nine months ended September 30, 2022 has been reviewed by an independent auditor.

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

##### **(4) Employee benefits**

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

##### **(5) 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 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.

## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

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.

##### (1) Cash and cash equivalents

	2023.09.30	2022.12.31 (restated)	2022.09.30 (restated)
Cash on hand and revolving funds	\$ 6,162	8,973	5,880
Demand deposits and checking accounts	696,940	814,684	808,473
Time deposits with an initial maturity date within three months	95,243	156,126	159,496
	<u>\$ 798,345</u>	<u>979,783</u>	<u>973,849</u>

##### (2) Other financial assets-current

	2023.09.30	2022.12.31 (restated)	2022.09.30 (restated)
Time deposits with an initial maturity date of more than three months	<u>\$ 308,481</u>	<u>238,193</u>	<u>203,514</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) Financial liability at fair value through profit or loss

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

	<u>2023.09.30</u>	<u>2022.12.31</u> (restated)	<u>2022.09.30</u> (restated)
Financial liability at fair value through profit or loss			
Non-hedging derivative instruments			
Forward exchange contracts	\$ <u>859</u>	-	-

Remeasurement of fair value through profit or loss refers to Note 6(24).

Derivative financial instruments are used to hedge foreign currencies risks arising from operation activities. The Group recognized the derivatives as financial assets and liabilities at fair value through profit or loss because the hedging accounting was not applicable. The following table sets out the current derivative instruments by the reporting date.

<u>2023.09.30</u>			
Contract amount (thousand)		Currency	Maturity period
JPY	70,000	Buy JPY/ Sell NTD	2023.11.10~2023.11.14

### (4) Notes and accounts receivable (measured at amortized cost)

	<u>2023.09.30</u>	<u>2022.12.31</u> (restated)	<u>2022.09.30</u> (restated)
Notes receivable	\$ 97,105	97,306	92,831
Accounts receivable	737,898	713,077	693,458
Less: Loss allowance	<u>(10,532)</u>	<u>(8,704)</u>	<u>(8,505)</u>
	824,471	801,679	777,784
Accounts receivable - related parties	<u>29,567</u>	<u>38,811</u>	<u>29,257</u>
	<u>\$ 854,038</u>	<u>840,490</u>	<u>807,041</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:

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

2023.09.30

	Gross carrying amount notes and accounts receivable	Weighted-average expected credit loss	Loss allowance for expected credit losses
Current	\$ 743,764	0.14%	1,058
Less than 90 days overdue	44,193	4.44%	1,962
91 - 180 days overdue	43,499	9.36%	4,070
181 - 270 days overdue	157	33.12%	52
271 - 365 days overdue	379	100.00%	379
More than 365 days overdue	3,011	100.00%	3,011
	<b>\$ 835,003</b>		<b>10,532</b>

2022.12.31 (restated)

	Gross carrying amount notes and accounts receivable	Weighted-average expected credit loss	Loss allowance for expected credit losses
Current	\$ 747,103	0.23%	1,733
Less than 90 days overdue	31,681	4.56%	1,444
91 - 180 days overdue	29,509	11.76%	3,471
181 - 270 days overdue	74	54.05%	40
More than 365 days overdue	2,016	100.00%	2,016
	<b>\$ 810,383</b>		<b>8,704</b>

2022.09.30 (restated)

	Gross carrying amount notes and accounts receivable	Weighted-average expected credit loss	Loss allowance for expected credit losses
Current	\$ 701,386	0.33%	2,331
Less than 90 days overdue	52,773	3.70%	1,955
91 - 180 days overdue	29,641	7.24%	2,146
181 - 270 days overdue	424	1.89%	8
More than 365 days overdue	2,065	100.00%	2,065
	<b>\$ 786,289</b>		<b>8,505</b>

As of September 30, 2023, and December 31 and September 30, 2022, the Group has no expected credit losses from accounts receivable - related parties. The aging analysis is as follows:

	2023.09.30	2022.12.31 (restated)	2022.09.30 (restated)
Current	\$ 29,567	38,012	29,257
Less than 90 days overdue	-	799	-
	<b>\$ 29,567</b>	<b>38,811</b>	<b>29,257</b>



## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

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

	January to September 2023	January to September 2022 (restated)
Beginning balance	\$ 8,704	4,896
Reversal of impairment losses	1,825	1,048
Acquisition through business combination	-	2,269
Effects of exchange rate	3	292
End balance	<u><u>\$ 10,532</u></u>	<u><u>8,505</u></u>

#### (5) Inventory

	2023.09.30	2022.12.31 (restated)	2022.09.30 (restated)
Raw materials	\$ 64,521	73,627	68,409
Work-in-progress	27,031	28,165	31,526
Finished goods	25,674	45,187	34,362
Merchandise Inventories	389,237	334,925	325,622
Inventories in transit	3,001	4,380	8,894
	<u><u>\$ 509,464</u></u>	<u><u>486,284</u></u>	<u><u>468,813</u></u>

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

	July to September 2023	July to September 2022 (restated)	January to September 2023	January to September 2022 (restated)
Cost of inventories sold	\$ 774,373	773,733	2,279,356	2,220,816
Write-down of inventories	5,277	2,409	9,504	14,999
Gains on physical inventories	13	(9)	(38)	(117)
Write-off of inventories	21	1,149	21	1,149
	<u><u>\$ 779,684</u></u>	<u><u>777,282</u></u>	<u><u>2,288,843</u></u>	<u><u>2,236,847</u></u>

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

#### (6) 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:

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

<u>Investee company</u>	<u>Main business activities</u>	<u>Carrying amount</u>		
		<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
TDX Medical Technology (Jiangsu) Co., Ltd (TDX)	Wholesaling and retailing of medical consumables and equipment	<u>\$ 39,545</u>	<u>34,293</u>	<u>33,152</u>

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

	<u>July to September 2023</u>	<u>July to September 2022</u>	<u>January to September 2023</u>	<u>January to September 2022</u>
Net Loss	\$ 660	2,038	5,271	1,304
Other comprehensive income	1,198	296	135	984
Total comprehensive income	<u>\$ 1,858</u>	<u>2,334</u>	<u>5,406</u>	<u>2,288</u>

### (7) Subsidiaries

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

On December 27, 2021, the Board of Director resolved that apart from participating in the cash capital increase via private placement to acquire 25% of the shares of Concord Medical Co., Ltd. (hereafter 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.

## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

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

Consideration transferred:

Cash	\$	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	
Other receivables		12,474	
Inventories		13,363	
Other financial assets - current		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)	
Notes and accounts payable		(257,718)	
Other payables		(14,315)	
Income tax payable		(5,964)	
Lease liabilities (current and non-current)		(189,200)	
Other current liabilities		(1,628)	
Other non-current liabilities		(4,800)	
Deferred income tax liabilities		(8,964)	677,722
Gain recognized in bargain purchase transaction			<u><u>\$ (81,089)</u></u>

## **BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements (continued)**

#### **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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Financial assets at fair value through other		210
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comprehensive income

Property, plant and equipment		74,802
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Right-of-use assets		16,510
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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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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)
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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.

#### 3. Acquisition of subsidiary – K2 International Medical Inc. and the subsidiaries

On September 01, 2023 (the acquisition date), the Group invested the amount of NTD400,000 thousand in K2 International Medical Inc. ("K2") by cash and acquired

## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

40% of its ownership, wherein it owned more than half of its total number of directors. Therefore the Group obtained control over K2. K2 served as an agency, and is engaged in the sale of hemodialysis machines and related accessories and consumables of well-known brand. The acquisition of K2 is mainly for the business development in the long term and achieve the synergy effects of the group.

The aforementioned acquisition of K2 by cash is a reorganization under common control and regarded as a combination from beginning. On September 01, 2023 (the acquisition date), the carrying amounts of assets and liabilities from the acquisition are as follows:

Consideration transferred:

Cash	\$	400,000
Add: Non-controlling interests		519,359

Acquired assets and liabilities:

Cash and cash equivalents	\$	343,254
Notes and accounts receivable		283,819
Inventories		261,224
Prepayment and other current assets		108,706
Other financial assets - current		52,227
Property, plant and equipment		80,899
Right-of-use assets		3,857
Intangible asset		189,623
Deferred income tax assets		5,687
Refundable Deposits		40,969
Financial liabilities at fair value through profit or loss		(665)

loss

Short-term loans	(345,150)	
Notes and accounts payable	(80,039)	
Other payables	(54,415)	
Income tax payable	(14,093)	
Lease liabilities (current and non-current)	(4,029)	
Other current liabilities	(2,696)	
Long-term loans	(50,796)	
Deferred income tax liabilities	(16,276)	802,106

Debit – retained earnings	\$	<u>117,253</u>
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#### 4. Subsidiaries that the Group has material non-controlling interests

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

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

follows:

Subsidiary	Principal place of business/country of incorporation	Percentage of ownership and voting rights held by non-controlling interests		
		2023.09.30	2022.12.31 (restated)	2022.09.30 (restated)
NBHIT	Taiwan	48%	48%	48%
CCD	Taiwan	60%	60%	60%
CKCARE	Taiwan	40%	40%	40%
K2	Taiwan	60%	60%	60%

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:

	2023.09.30	2022.12.31	2022.09.30
Current assets	\$ 109,374	135,187	95,227
Non-current assets	142,403	137,521	131,130
Current liabilities	(92,356)	(110,758)	(80,045)
Non-current liabilities	(40,550)	(39,034)	(35,239)
Net assets	<u>\$ 118,871</u>	<u>122,916</u>	<u>111,073</u>
The carrying amount in non-controlling interests	<u>\$ 43,538</u>	<u>45,480</u>	<u>39,795</u>

	July to September 2023	July to September 2022	January to September 2023	January to September 2022
Operating revenue	<u>\$ 100,710</u>	<u>94,261</u>	<u>284,156</u>	<u>248,583</u>
Net income	\$ 10,118	11,011	29,996	22,997
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 10,118</u>	<u>11,011</u>	<u>29,996</u>	<u>22,997</u>
Net income attributable to non-controlling interests	<u>\$ 4,857</u>	<u>5,286</u>	<u>14,398</u>	<u>11,039</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 4,857</u>	<u>5,286</u>	<u>14,398</u>	<u>11,039</u>

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

	January to September 2023	January to September 2022
Cash flows related to operating activities	\$ 23,415	43,278
Cash flows related to investing activities	(6,881)	(16,880)
Cash flows related to financing activities	(55,010)	(49,361)
Net decrease in cash and cash equivalents	<u>\$ (38,476)</u>	<u>(22,963)</u>
Cash dividends paid to non-controlling interests	<u>\$ (16,340)</u>	<u>(15,271)</u>

(2) The summarized financial information of CCD:

	2023.09.30	2022.12.31	2022.09.30
Current assets	\$ 611,211	678,167	629,215
Non-current assets	559,435	543,644	563,882
Current liabilities	(263,180)	(298,720)	(277,552)
Non-current liabilities	(202,629)	(174,089)	(179,359)
Net assets	<u>\$ 704,837</u>	<u>749,002</u>	<u>736,186</u>
The carrying amount in non-controlling interests	<u>\$ 422,902</u>	<u>465,410</u>	<u>457,709</u>

	July to September 2023	July to September 2022	January to September 2023	2022.01.20~ 2022.09.30
Operating revenue	<u>\$ 208,590</u>	<u>215,887</u>	<u>612,020</u>	<u>617,888</u>
Net income	\$ 10,084	10,530	29,154	35,131
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 10,084</u>	<u>10,530</u>	<u>29,154</u>	<u>35,131</u>
Net income attributable to non-controlling interests	<u>\$ 6,050</u>	<u>6,314</u>	<u>17,492</u>	<u>21,075</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 6,050</u>	<u>6,314</u>	<u>17,492</u>	<u>21,075</u>



# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

	January to September 2023	2022.01.20~ 2022.09.30
Cash flows provided by operating activities	\$ 66,528	114,523
Cash flows used in investing activities	(132,066)	(12,591)
Cash flows used in financing activities	(55,090)	8,813
Net decrease in cash and cash equivalents	<u>\$ (120,628)</u>	<u>110,745</u>
Cash dividends paid to non-controlling interests	<u>\$ (20,000)</u>	<u>(10,000)</u>

(3) The summarized financial information of CKCARE:

	2023.09.30	2022.12.31	2022.09.30
Current assets	\$ 84,845	107,111	108,592
Non-current assets	184,715	169,802	175,182
Current liabilities	(79,928)	(92,907)	(100,743)
Non-current liabilities	(38,100)	(25,896)	(27,258)
Net assets	<u>\$ 151,532</u>	<u>158,110</u>	<u>155,773</u>
The carrying amount in non-controlling interests	<u>\$ 44,808</u>	<u>47,439</u>	<u>46,505</u>

	July to September 2023	July to September 2022	January to September 2023	2022.01.03~ 2022.09.30
Operating revenue	<u>\$ 72,165</u>	<u>74,368</u>	<u>219,170</u>	<u>225,762</u>
Net income	\$ 2,231	2,439	7,235	10,615
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 2,231</u>	<u>2,439</u>	<u>7,235</u>	<u>10,615</u>
Net income attributable to non-controlling interests	<u>\$ 892</u>	<u>976</u>	<u>2,894</u>	<u>4,246</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 892</u>	<u>976</u>	<u>2,894</u>	<u>4,246</u>

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

	January to September 2023	2022.01.03~ 2022.09.30
Cash flows provided by operating activities	\$ 4,268	2,964
Cash flows used in investing activities	(4,132)	(6,871)
Cash flows used in financing activities	(19,488)	(13,440)
Net decrease in cash and cash equivalents	<u>\$ (19,352)</u>	<u>(17,347)</u>
Cash dividends paid to non-controlling interests	<u>\$ (5,525)</u>	<u>(1,599)</u>

(4) The summarized financial information of K2:

	2023.09.30	2022.12.31	2022.09.30
Current assets	\$ 1,075,206	1,001,941	1,027,018
Non-current assets	294,028	293,424	301,072
Current liabilities	(495,664)	(449,239)	(498,697)
Non-current liabilities	(66,922)	(16,688)	(20,423)
Net assets	<u>\$ 806,648</u>	<u>829,438</u>	<u>808,970</u>
The carrying amount in non-controlling interests	<u>\$ 521,598</u>	<u>536,125</u>	<u>523,382</u>

	July to September 2023	July to September 2022	January to September 2023	2022.01.03~ 2022.09.30
Operating revenue	<u>\$ 392,895</u>	<u>360,113</u>	<u>1,151,345</u>	<u>1,039,494</u>
Net income	\$ 26,958	33,143	68,768	93,545
Other comprehensive income	4,581	18,003	17,750	35,350
Total comprehensive income	<u>\$ 31,539</u>	<u>51,146</u>	<u>86,518</u>	<u>128,895</u>
Net income attributable to non-controlling interests	<u>\$ 17,836</u>	<u>22,716</u>	<u>45,566</u>	<u>62,492</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 19,819</u>	<u>35,622</u>	<u>57,491</u>	<u>88,113</u>

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

	January to September 2023	2022.01.03~ 2022.09.30
Cash flows provided by operating activities	\$ 37,719	59,133
Cash flows used in investing activities	(34,545)	(19,875)
Cash flows used in financing activities	28,032	(19,753)
Effect of changes in foreign exchange rates	15,578	45,065
Net decrease in cash and cash equivalents	<u>\$ 46,784</u>	<u>64,570</u>
Cash dividends paid to non-controlling interests	<u>\$ (72,018)</u>	<u>(54,854)</u>

### (8) Property, plant and equipment

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

	Land	Buildings	Machinery	Instruments (for rental)	Leasehold improvement (for rental)	Office and other equipment	Total
Cost:							
Balance as of January 01, 2023 (restated)	\$ 346,860	362,780	304,763	193,569	146,350	142,862	1,497,184
Additions	-	65	35,653	53,334	12,188	9,543	110,783
Disposals	-	-	(15,004)	(28,638)	(14,943)	(11,072)	(69,657)
Other reclassification	-	-	4,443	6,857	(1,017)	3,979	14,262
Effect of changes in foreign exchange rates	-	-	450	-	-	1,157	1,607
Balance as of September 30, 2023	<u>\$ 346,860</u>	<u>362,845</u>	<u>330,305</u>	<u>225,122</u>	<u>142,578</u>	<u>146,469</u>	<u>1,554,179</u>
Balance as of January 01, 2022 (restated)	\$ 282,492	362,715	285,970	-	53,659	114,409	1,099,245
Acquisition through business combination (Note 6(7))	64,368	-	920	267,598	102,156	18,572	453,614
Additions	-	65	7,561	25,473	9,256	13,705	56,060
Disposals	-	-	(7,264)	(91,455)	(6,676)	(3,782)	(109,177)
Other reclassification	-	-	-	-	-	1,783	1,783
Effect of changes in foreign exchange rates	-	-	1,319	-	-	3,022	4,341
Balance as of September 30, 2022 (restated)	<u>\$ 346,860</u>	<u>362,780</u>	<u>288,506</u>	<u>201,616</u>	<u>158,395</u>	<u>147,709</u>	<u>1,505,866</u>
Accumulated depreciation and impairment loss:							
Balance as of January 01, 2023 (restated)	\$ -	80,563	221,126	109,182	96,192	105,977	613,040
Depreciation	-	7,989	26,030	30,577	13,402	10,994	88,992
Disposals	-	-	(13,815)	(27,423)	(14,903)	(8,166)	(64,307)
Other reclassification	-	-	-	-	(191)	191	-
Effect of changes in foreign exchange rates	-	-	(8)	-	-	720	712
Balance as of September 30, 2023	<u>\$ -</u>	<u>88,552</u>	<u>233,333</u>	<u>112,336</u>	<u>94,500</u>	<u>109,716</u>	<u>638,437</u>

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

	Land	Buildings	Machinery	Instruments (for rental)	Leasehold improvement (for rental)	Office and other equipment	Total
Balance as of January 01, 2022 (restated)	\$ -	69,773	183,413	-	29,093	88,681	370,960
Acquisition through business combination (Note 6(7))	-	-	193	158,456	66,025	10,145	234,819
Depreciation	-	8,089	31,568	27,152	15,408	11,218	93,435
Disposals	-	-	(6,765)	(75,746)	(6,625)	(3,402)	(92,538)
Effect of changes in foreign exchange rates	-	-	651	-	-	2,209	2,860
Balance as of September 30, 2022 (restated)	<u>\$ -</u>	<u>77,862</u>	<u>209,060</u>	<u>109,862</u>	<u>103,901</u>	<u>108,851</u>	<u>609,536</u>
Carrying value:							
September 30, 2023	<u>\$ 346,860</u>	<u>274,293</u>	<u>96,972</u>	<u>112,786</u>	<u>48,078</u>	<u>36,753</u>	<u>915,742</u>
January 01, 2023 (restated)	<u>\$ 346,860</u>	<u>282,217</u>	<u>83,637</u>	<u>84,387</u>	<u>50,158</u>	<u>36,885</u>	<u>884,144</u>
September 30, 2022 (restated)	<u>\$ 346,860</u>	<u>284,918</u>	<u>79,446</u>	<u>91,754</u>	<u>54,494</u>	<u>38,858</u>	<u>896,330</u>

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.

### (9) 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 01, 2023 (restated)	\$ 224,763	12,415	237,178
Additions	46,845	3,629	50,474
Lease modification	(732)	-	(732)
Write-off	(27,250)	(832)	(28,082)
Effect of changes in foreign exchange rates	(53)	-	(53)
Balance as of September 30, 2023	<u>\$ 243,573</u>	<u>15,212</u>	<u>258,785</u>
Balance as of January 01, 2022 (restated)	\$ 165,259	9,710	174,969
Acquisition through business combination (Note 6(7))	25,586	1,215	26,801
Additions	47,675	6,432	54,107
Lease modification	(1,627)	(1,230)	(2,857)
Write-off	(20,672)	(3,575)	(24,247)
Effect of changes in foreign exchange rates	346	-	346
Balance as of September 30, 2022 (restated)	<u>\$ 216,567</u>	<u>12,552</u>	<u>229,119</u>

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

	Buildings	Transportation equipment	Total
Accumulated depreciation of right-of-use assets:			
Balance as of January 01, 2023 (restated)	\$ 113,938	4,103	118,041
Depreciation for the current period	39,426	2,583	42,009
Write-off	(27,250)	(832)	(28,082)
Effect of changes in foreign exchange rates	(40)	-	(40)
Balance as of September 30, 2023	<u><b>\$ 126,074</b></u>	<u><b>5,854</b></u>	<u><b>131,928</b></u>
Balance as of January 01, 2022 (restated)	\$ 85,873	5,694	91,567
Acquisition through business combination (Note 6(7))	3,439	1,011	4,450
Depreciation for the current period	36,097	1,967	38,064
Lease modification	(729)	(615)	(1,344)
Write-off	(20,672)	(3,575)	(24,247)
Effect of changes in foreign exchange rates	166	-	166
Balance as of September 30, 2022 (restated)	<u><b>\$ 104,174</b></u>	<u><b>4,482</b></u>	<u><b>108,656</b></u>
Carrying value:			
September 30, 2023	<u><b>\$ 117,499</b></u>	<u><b>9,358</b></u>	<u><b>126,857</b></u>
January 01, 2023 (restated)	<u><b>\$ 110,825</b></u>	<u><b>8,312</b></u>	<u><b>119,137</b></u>
September 30, 2022 (restated)	<u><b>\$ 112,393</b></u>	<u><b>8,070</b></u>	<u><b>120,463</b></u>

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

### (10) Investment properties

	Self-owned		Right-of-use assets	
	Land	Buildings	Buildings	Total
Cost:				
Balance as of January 01, 2023	\$ 225,083	126,893	237,579	589,555
Additions	-	-	13,093	13,093
Balance as of September 30, 2023	<u>\$ 225,083</u>	<u>126,893</u>	<u>250,672</u>	<u>602,648</u>
Balance as of January 01, 2022	\$ 31,822	54,762	-	86,584
Acquisition through business combination (Note 6(7))	193,261	72,131	232,770	498,162
Additions	-	-	8,627	8,627
Disposals	-	(795)	-	(795)
Balance as of September 30, 2022	<u>\$ 225,083</u>	<u>126,098</u>	<u>241,397</u>	<u>592,578</u>
Accumulated depreciation:				
Balance as of January 01, 2023	\$ -	27,692	72,569	100,261
Depreciation	-	3,271	16,504	19,775
Balance as of September 30, 2023	<u>\$ -</u>	<u>30,963</u>	<u>89,073</u>	<u>120,036</u>
Balance as of January 01, 2022	\$ -	7,136	-	7,136
Acquisition through business combination (Note 6(7))	-	17,132	56,330	73,462
Depreciation	-	3,128	13,315	16,443
Disposals	-	(795)	-	(795)
Balance as of September 30, 2022	<u>\$ -</u>	<u>26,601</u>	<u>69,645</u>	<u>96,246</u>
Carrying amount:				
September 30, 2023	<u>\$ 225,083</u>	<u>95,930</u>	<u>161,599</u>	<u>482,612</u>
January 01, 2023	<u>\$ 225,083</u>	<u>99,201</u>	<u>165,010</u>	<u>489,294</u>
September 30, 2022	<u>\$ 225,083</u>	<u>99,497</u>	<u>171,752</u>	<u>496,332</u>
Fair value:				
September 30, 2023				<u>\$ 620,690</u>
January 01, 2023				<u>\$ 624,101</u>
September 30, 2022				<u>\$ 745,321</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(17). 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.

### (11) Intangible asset

	Goodwill	Computer software	Customer relationships and sales channels	Other intangible assets	Total
Costs:					
Balance as of January 01, 2023 (restated)	\$ 207,648	21,420	151,923	80,566	461,557
Additions	-	4,147	-	228	4,375
Write-off	-	(1,743)	-	-	(1,743)
Effect of changes in foreign exchange rates	-	(1)	-	-	(1)
Balance as of September 30, 2023	<u>\$ 207,648</u>	<u>23,823</u>	<u>151,923</u>	<u>80,794</u>	<u>464,188</u>
Balance as of January 01, 2022 (restated)	\$ 168,135	17,198	142,275	27,582	355,190
Acquisition through business combination (Note 6(7))	39,513	3,834	9,648	20,732	73,727
Additions	-	2,147	-	-	2,147
Write-off	-	(1,493)	-	(1,089)	(2,582)
Reclassification	-	900	-	-	900
Effect of changes in foreign exchange rates	-	(1,375)	-	-	(1,375)
Balance as of September 30, 2022 (restated)	<u>\$ 207,648</u>	<u>21,211</u>	<u>151,923</u>	<u>47,225</u>	<u>428,007</u>
Accumulated amortization:					
Balance as of January 01, 2023 (restated)	\$ -	13,497	73,349	26,379	113,225
Amortization	-	3,086	11,305	6,057	20,448
Write-off	-	(1,743)	-	-	(1,743)
Balance as of September 30, 2023	<u>\$ -</u>	<u>14,840</u>	<u>84,654</u>	<u>32,436</u>	<u>131,930</u>
Balance as of January 01, 2022 (restated)	\$ -	10,366	57,168	21,481	89,015
Acquisition through business combination (Note 6(7))	-	2,089	-	95	2,184
Amortization	-	2,853	12,157	4,002	19,012
Write-off	-	(1,493)	-	(1,089)	(2,582)
Effect of changes in foreign exchange rates	-	(1,104)	-	-	(1,104)
Balance as of September 30, 2022 (restated)	<u>\$ -</u>	<u>12,711</u>	<u>69,325</u>	<u>24,489</u>	<u>106,525</u>
Carrying value:					
September 30, 2023	<u>\$ 207,648</u>	<u>8,983</u>	<u>67,269</u>	<u>48,358</u>	<u>332,258</u>
January 01, 2023 (restated)	<u>\$ 207,648</u>	<u>7,923</u>	<u>78,574</u>	<u>54,187</u>	<u>348,332</u>
September 30, 2022 (restated)	<u>\$ 207,648</u>	<u>8,500</u>	<u>82,598</u>	<u>22,736</u>	<u>321,482</u>

## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

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 September 30, 2023, the Group conducted an assessment based on the operating revenue meeting target for the period between January 01, 2023 and September 30, 2023, and concluded that no impairment was incurred.

#### (12) Other non-current assets

	<b>2023.09.30</b>	<b>2022.12.31</b> <b>(restated)</b>	<b>2022.09.30</b> <b>(restated)</b>
Prepayments for equipment	\$ 2,958	6,147	11,619
Pension plan assets	6,025	5,472	3,387
Refundable Deposits	42,257	44,365	50,261
Long-term accounts receivable	1,018	3,725	4,913
Other receivables - long-term	1,156	2,165	2,988
Prepayment - long-term	-	-	33,341
Others	2,021	1,252	1,977
	<b><u>\$ 55,435</u></b>	<b><u>63,126</u></b>	<b><u>108,486</u></b>

#### (13) Short-term loans

	<b>2023.09.30</b>	<b>2022.12.31</b> <b>(restated)</b>	<b>2022.09.30</b> <b>(restated)</b>
Unsecured bank loans	\$ 422,189	356,550	439,743
Secured bank loans	30,528	42,521	48,043
	<b><u>\$ 452,717</u></b>	<b><u>399,071</u></b>	<b><u>487,786</u></b>
Unused credit facilities	<b><u>\$ 1,933,056</u></b>	<b><u>1,794,994</u></b>	<b><u>1,757,338</u></b>
Interest rate bracket	<b><u>1.85%~6.52%</u></b>	<b><u>1.69%~5.71%</u></b>	<b><u>1.25%~4.00%</u></b>

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

#### (14) Long-term loans

	<b>2023.09.30</b>	<b>2022.12.31</b> <b>(restated)</b>	<b>2022.09.30</b> <b>(restated)</b>
Secured bank loans	\$ 190,000	40,000	-
Unsecured bank loans	693,955	382,660	434,111
Less: current portion of long-term debt	(8,650)	(17,902)	(2,500)
	<b><u>\$ 875,305</u></b>	<b><u>404,758</u></b>	<b><u>431,611</u></b>
Unused credit facilities	<b><u>\$ 430,943</u></b>	<b><u>611,061</u></b>	<b><u>400,000</u></b>
Interest rate bracket	<b><u>0.5%~5.92%</u></b>	<b><u>1.68%~7.24%</u></b>	<b><u>1.38%~7.24%</u></b>



## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

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

According to the loan agreement between the Group and banks, the Group has to maintain certain financial ratios based on the Group's semi-annual reviewed consolidated financial statements and annual audited consolidated financial statements. Based on the annual consolidated financial statements of 2022 and the semi-annual consolidated financial statements of 2023, the financial ratios are in compliance with the load agreement.

#### (15) Lease liabilities

The lease liabilities of the Group are as follows:

	2023.09.30	2022.12.31 (restated)	2022.09.30 (restated)
Current	<u>\$ 69,987</u>	<u>68,343</u>	<u>68,356</u>
Non-current	<u>\$ 230,911</u>	<u>226,646</u>	<u>233,556</u>

Please see Note 6(25) for the maturity profile of financial instruments.

Profit and loss recognized are as follows:

	July to September 2023	July to September 2022 (restated)	January to September 2023	January to September 2022 (restated)
Interest expense of lease liabilities	<u>\$ 1,281</u>	<u>1,292</u>	<u>3,730</u>	<u>3,644</u>
Short-term lease expense	<u>\$ 3,722</u>	<u>2,345</u>	<u>7,928</u>	<u>7,289</u>

Items recognized in Cash Flows Statement:

	January to September 2023	January to September 2022 (restated)
Total cash outflow for leases	<u>\$ 68,578</u>	<u>60,591</u>

#### 1. Lease of buildings

Pertaining to office spaces and branch offices of the Group, the lease tenors for office spaces range from three to twenty years, and for branch offices, three to nine 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(10). Of which, some lease tenor of buildings or office/ warehouse 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.

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

### (16) Provision for product warranties

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
Provision for product warranty	<u>\$ 6,722</u>	<u>8,842</u>	<u>10,809</u>

From January 01 to September 30, 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.

### (17) 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:

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</u>
Less than 1 year	\$ 43,444	43,746	53,166
1 to 2 years	16,006	13,036	18,840
2 to 3 years	13,846	8,091	9,109
3 to 4 years	13,503	6,522	8,236
4 to 5 years	6,114	3,331	6,065
More than 5 years	16,182	416	832
Total undiscounted lease payments	<u>\$ 109,095</u>	<u>75,142</u>	<u>96,248</u>

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

	<u>July to September 2023</u>	<u>July to September 2022</u>	<u>January to September 2023</u>	<u>January to September 2022</u>
Recognized as operating revenue:				
Property, plant and equipment	\$ 14,789	12,380	42,064	35,405
Investment properties	8,077	8,179	23,778	22,396
	<u>\$ 22,866</u>	<u>20,559</u>	<u>65,842</u>	<u>57,801</u>

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

	July to September 2023	July to September 2022	January to September 2023	January to September 2022
Recognized as non-operating income and expenses:				
Property, plant and equipment	\$ 1,069	1,522	4,049	4,574
Investment properties	1,475	1,443	4,423	4,327
	<u>\$ 2,544</u>	<u>2,965</u>	<u>8,472</u>	<u>8,901</u>

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

	July to September 2023	July to September 2022	January to September 2023	January to September 2022
Those generating rental income	\$ 6,511	5,754	19,275	17,060
Those not generating rental income	105	124	314	373
	<u>\$ 6,616</u>	<u>5,878</u>	<u>19,589</u>	<u>17,433</u>

### (18) 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 pension cost for interim period disclosure.

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

	July to September 2023	July to September 2022	January to September 2023	January to September 2022
Operating costs	\$ -	-	(1)	11
Operating expenses	-	(1)	(58)	(12)
	<u>\$ -</u>	<u>(1)</u>	<u>(59)</u>	<u>(1)</u>

#### 2. Defined contribution plans

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

	July to September 2023	July to September 2022 (restated)	January to September 2023	January to September 2022 (restated)
Operating costs	\$ 1,184	1,317	3,765	3,872
Operating expenses	4,044	3,710	12,241	11,023
	<u>\$ 5,228</u>	<u>5,027</u>	<u>16,006</u>	<u>14,895</u>

# **BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES**

## **Notes to Consolidated Financial Statements (continued)**

### **(19) Income tax**

#### **1. Income tax expense**

	July to September 2023	July to September 2022 (restated)	January to September 2023	January to September 2022 (restated)
Current income tax expense	<u>\$ 24,714</u>	<u>19,947</u>	<u>69,192</u>	<u>52,394</u>

2. From January 01 to September 30, 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 2021 have been examined and approved by the R.O.C. income tax authorities.

### **(20) Capital and other equity interests**

Except for the following, from January 01 to September 30, 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 September 30, 2023, and December 31 and September 30, 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**

	<u>2023.09.30</u>	<u>2022.12.31</u>	<u>2022.09.30</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 income, 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 income for the year. The dividend distribution should take into

## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

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 02, 2023 and March 07, 2022, the cash dividend of earnings distribution for 2022 and 2021 is as follows:

	2022		2021	
	Dividend per share (NTD)	Amount	Dividend per share (NTD)	Amount
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

	January to September 2023	January to September 2022
Beginning balance	\$ (2,235)	(2,946)
Foreign exchange differences arising from the translation of foreign operations	120	570
Shares of foreign currency translation differences of joint ventures	135	984
End balance	<u>\$ (1,980)</u>	<u>(1,392)</u>

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

	January to September 2023	January to September 2022
Beginning balance	\$ 537,776	61,708
Equity attributable to non-controlling interests:		
Net income	42,049	40,807
Foreign exchange differences arising from the translation of foreign operations	(1,292)	-
Cash dividends	(46,365)	(30,776)
Increase in non-controlling interests	519,359	450,491
End balance	<u>\$ 1,051,527</u>	<u>522,230</u>

#### (21) Earnings per share (EPS)

##### 1. Basic EPS

	July to September 2023	July to September 2022	January to September 2023	January to September 2022
Net income attributable to shareholders of the Company	<u>\$ 37,118</u>	<u>34,632</u>	<u>77,619</u>	<u>157,193</u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>44,566</u>	<u>44,566</u>	<u>44,566</u>	<u>44,566</u>
Basic EPS (NTD)	<u>\$ 0.83</u>	<u>0.78</u>	<u>1.74</u>	<u>3.53</u>

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

### 2. Diluted EPS

	July to September 2023	July to September 2022	January to September 2023	January to September 2022
Net income attributable to shareholders of the Company	\$ 37,118	34,632	77,619	157,193
Weighted-average number of ordinary shares outstanding (basic) (in thousands)	44,566	44,566	44,566	44,566
Effect of dilutive potential common stock (in thousands)				
Effect of employee bonuses	155	251	216	265
Weighted-average number of ordinary shares outstanding (diluted) (in thousands)	44,721	44,817	44,782	44,831
Diluted EPS (NTD)	\$ 0.83	0.77	1.73	3.51

### (22) Revenue from contracts with customers

#### 1. Disaggregation of revenue

	July to September 2023	July to September 2022 (restated)	January to September 2023	January to September 2022 (restated)
Primary geographical markets:				
Taiwan	\$ 799,002	772,764	2,328,379	2,230,323
Mainland China	163,129	155,648	485,780	435,535
India	19,836	13,621	59,618	49,758
Thailand	73,845	58,562	193,212	142,879
Italy	605	296	1,929	42,950
Indonesia	73,704	83,366	199,520	226,528
Others	24,664	31,972	65,907	77,007
	<u>\$ 1,154,785</u>	<u>1,116,229</u>	<u>3,334,345</u>	<u>3,204,980</u>
Main products:				
Medical equipment	\$ 191,774	192,791	523,757	537,170
Medical consumables	655,479	615,545	1,927,532	1,849,848
Medical services	307,532	307,893	883,056	817,962
	<u>\$ 1,154,785</u>	<u>1,116,229</u>	<u>3,334,345</u>	<u>3,204,980</u>
Timing of revenue recognition:				
Revenue recognized at a point in time	\$ 1,120,543	1,086,000	3,236,051	3,120,730
Revenue recognized over time	11,376	9,670	32,452	26,449
Lease income	22,866	20,559	65,842	57,801
	<u>\$ 1,154,785</u>	<u>1,116,229</u>	<u>3,334,345</u>	<u>3,204,980</u>

## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

#### 2. Contract balances

	2023.09.30	2022.12.31 (restated)	2022.09.30 (restated)
Notes and accounts receivable (including related parties)	\$ 864,570	849,194	815,546
Less: Loss allowance	(10,532)	(8,704)	(8,505)
	<u>\$ 854,038</u>	<u>840,490</u>	<u>807,041</u>
Contract liabilities	<u>\$ 33,210</u>	<u>56,167</u>	<u>57,898</u>

For disclosure on notes and accounts receivable and the related loss allowance, please refer to Note 6(4).

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 Group recognized revenue from the beginning balance of contract liability as of January 01, 2023 and 2022, which amounted to NTD2,310 thousand and NTD596 thousand for the three months ended September 30, 2023 and 2022, respectively and NTD43,845 thousand and NTD18,470 thousand for the nine months ended September 30, 2023 and 2022, respectively.

#### (23) 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 the three months ended September 30, 2023 and 2022 amounted to NTD4,270 thousand and NTD3,440 thousand, respectively and for the nine months ended September 30, 2023 and 2022 amounting to NTD8,759 thousand and NTD15,261 thousand, respectively; and, the remuneration of Directors amounted for the three months ended September 30, 2023 and 2022 amounting to NTD356 thousand and NTD286 thousand, respectively and for the nine months ended September 30, 2023 and 2022 amounting to NTD730 thousand and NTD1,271 thousand, respectively. The compensation of employees and the remuneration of Directors 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

## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

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.

#### (24) Non-operating income and loss

##### 1. Interest income

	July to September 2023	July to September 2022 (restated)	January to September 2023	January to September 2022 (restated)
Interest income from bank deposits	\$ 1,436	593	6,229	2,004

##### 2. Other income

	July to September 2023	July to September 2022 (restated)	January to September 2023	January to September 2022 (restated)
Rental income	\$ 2,544	2,965	8,472	8,901
Gain recognized in bargain purchase transaction (Note 6(7))	-	-	-	81,089
Others	978	724	2,377	2,698
	<u>\$ 3,522</u>	<u>3,689</u>	<u>10,849</u>	<u>92,688</u>

##### 3. Other gains and losses

	July to September 2023	July to September 2022 (restated)	January to September 2023	January to September 2022 (restated)
Gains on disposal of property, plant and equipment	\$ (878)	590	(194)	2,377
Net foreign currency exchange gains (losses)	2,036	9,488	4,864	5,927
Loss on financial instruments at fair value through profit or loss	22	-	(859)	-
Gains on lease modification	6	127	6	265
	<u>\$ 1,186</u>	<u>10,205</u>	<u>3,817</u>	<u>8,569</u>

##### 4. Financing costs

	July to September 2023	July to September 2022 (restated)	January to September 2023	January to September 2022 (restated)
Interest expense of bank loans	\$ 7,044	3,445	15,722	8,772
Financial expense of lease liabilities	1,281	1,292	3,730	3,644
	<u>\$ 8,325</u>	<u>4,737</u>	<u>19,452</u>	<u>12,416</u>

#### (25) 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



# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

changes. For details, please see Notes 6(24) and (25) of Consolidated Financial Statements for 2022.

### 1. Categories of financial instruments

#### (1) Financial assets

	2023.09.30	2022.12.31 (restated)	2022.09.30 (restated)
Financial assets at fair value through other comprehensive income	\$ 123	123	210
Financial assets at amortized cost:			
Cash and cash equivalents	798,345	979,783	973,849
Notes and accounts receivable and other receivables (including related parties)	866,395	849,870	818,665
Other financial assets-current	308,481	238,193	203,514
Other non-current assets - refundable deposits	42,257	44,365	50,261
Other non-current assets - long-term receivables	2,174	5,890	7,901
Subtotal	2,017,652	2,118,101	2,054,190
	<b>\$ 2,017,775</b>	<b>2,118,224</b>	<b>2,054,400</b>

#### (2) Financial liabilities

	2023.09.30	2022.12.31 (restated)	2022.09.30 (restated)
Financial liabilities at fair value through profit or loss	\$ 859	-	-
Financial liabilities at amortized cost:			
Short-term loans	\$ 452,717	399,071	487,786
Notes and accounts payable and other payables (including related parties)	728,785	828,278	760,961
Lease liabilities (current and non-current)	300,898	294,989	301,912
Long-term debt (including current portion)	883,955	422,660	434,111
Guarantee deposit received	6,915	8,456	8,577
Subtotal	2,373,270	1,953,454	1,993,347
	<b>\$ 2,374,129</b>	<b>1,953,454</b>	<b>1,993,347</b>

### 2. Fair value

#### (1) Financial instruments not at fair value

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 at fair value

## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

The following financial instruments are measured at fair value on a recurring basis. The following table provides analysis of financial instrument 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).

2023.09.30				
Fair value				
	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total
Financial assets at fair value through other comprehensive income:				
Share of non-public companies	\$ -	-	123	123
Financial liabilities at fair value through profit or loss:				
Forward exchange contract	\$ -	859	-	859
2022.12.31				
Fair value				
	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total
Financial assets at fair value through other comprehensive income:				
Share of non-public companies	\$ -	-	123	123
2022.09.30				
Fair value				
	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total
Financial assets at fair value through other comprehensive income:				
Share of non-public companies	\$ -	-	210	210

There is no movement among fair value hierarchies.

#### (3) Fluctuation of level 3 inputs:

Financial assets at fair value through other comprehensive income		
	January to September 2023	January to September 2022
Balance as of January 01	\$ 123	-
Acquired from merger and acquisition (Note6 (7))	-	210
Balance as of September 30	\$ 123	210

## **BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements (continued)**

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

The estimates and assumptions used in estimating the fair value of derivative financial instruments approximate those used by market participants in pricing financial instruments, and such information is available to the Group. The fair value of forward exchange contracts is generally based on current forward exchange rates.

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(4).

#### **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 September 30, 2023, and December 31 and September 30, 2022, the unused credit facilities of the Group amounted to NTD2,363,999 thousand, NTD2,406,055 thousand(restated) and NTD2,157,338 thousand(restated), 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

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

contractual undiscounted payments.

	Contractual cash flows	Within 6 months	6-12 months	1-2 years	More than 2 years
<b>September 30, 2023</b>					
Non-derivative financial liabilities:					
Short-term loans	\$ 456,120	328,479	127,641	-	-
Long-term debt (including current portion)	913,811	12,809	12,785	452,376	435,841
Notes and accounts payable and other payables (including related parties)	728,785	728,785	-	-	-
Guarantee deposit received	6,915	235	100	20	6,560
Lease liabilities	317,603	39,434	34,498	53,293	190,378
Derivative financial instruments:					
Forward exchange contracts – gross settlement					
Outflows	(15,153)	(15,153)	-	-	-
Inflows	16,012	16,012	-	-	-
	<b>\$ 2,424,093</b>	<b>1,110,601</b>	<b>175,024</b>	<b>505,689</b>	<b>632,779</b>
<b>December 31, 2022 (restated)</b>					
Non-derivative financial liabilities:					
Short-term loans	\$ 401,674	279,056	122,618	-	-
Long-term debt	438,123	14,413	12,523	369,735	41,452
Notes and accounts payable and other payables (including related parties)	828,278	828,278	-	-	-
Guarantee deposit received	8,456	220	-	-	8,236
Lease liabilities	312,878	37,434	34,755	52,597	188,092
	<b>\$ 1,989,409</b>	<b>1,159,401</b>	<b>169,896</b>	<b>422,332</b>	<b>237,780</b>
<b>September 30, 2022 (restated)</b>					
Non-derivative financial liabilities:					
Short-term loans	\$ 490,562	321,683	168,879	-	-
Long-term debt (including current portion)	443,630	5,493	3,776	432,739	1,622
Notes and accounts payable and other payables (including related parties)	760,961	760,961	-	-	-
Guarantee deposit received	8,577	235	-	-	8,342
Lease liabilities	322,255	37,281	34,378	57,615	192,981
	<b>\$ 2,025,985</b>	<b>1,125,653</b>	<b>207,033</b>	<b>490,354</b>	<b>202,945</b>

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 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 that are not denominated in functional currencies. The carrying amounts of significant monetary assets and liabilities that are not denominated in functional currencies at the reporting date (including monetary items eliminated in the consolidated financial statements that are not denominated in functional currencies) and the related sensitivity analysis are as follows:

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

2023.09.30

		<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Change in exchange rate</u>	<u>Effect of profit or loss</u>
<u>Financial assets</u>						
USD	\$	4,128	32.270	133,211	1%	1,332
EUR		782	33.942	26,543	1%	265
RMB		10,898	4.418	48,147	1%	481
JPY		387	0.216	84	1%	1
<u>Financial liabilities</u>						
USD		1,672	32.270	53,955	1%	540
EUR		21	33.942	713	1%	7
RMB		109	4.418	482	1%	5
JPY		96,741	0.216	20,896	1%	209

2022.12.31 (restated)

		<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Change in exchange rate</u>	<u>Effect of profit or loss</u>
<u>Financial assets</u>						
USD	\$	7,498	30.730	230,414	1%	2,304
EUR		919	32.820	30,162	1%	302
RMB		8,230	4.406	36,261	1%	363
JPY		1,842	0.233	429	1%	4
<u>Financial liabilities</u>						
USD		2,948	30.730	90,592	1%	906
EUR		149	32.820	4,890	1%	49
RMB		299	4.406	1,317	1%	13
JPY		20,816	0.233	4,850	1%	49

2022.09.30 (restated)

		<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Change in exchange rate</u>	<u>Effect of profit or loss</u>
<u>Financial assets</u>						
USD	\$	6,721	31.750	213,392	1%	2,134
EUR		1,162	31.245	36,307	1%	363
RMB		487	4.476	2,180	1%	22
JPY		18,136	0.220	3,990	1%	40
<u>Financial liabilities</u>						
USD		4,168	31.750	132,334	1%	1,323
EUR		1,010	31.245	31,557	1%	316

Since the Group has many kinds of functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed by the total amount. For the three months and nine months ended on September 30, 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) refer to Note 6(24).

### (2) Interest rate risk

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

## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

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

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

If the yearly interest rate increases/decreases 1%, all variables remained unchanged, the income before tax of the Group for January 01 to September 30, 2023 and 2022 would decrease/increase NTD10,025 thousand and NTD6,914 thousand (restated), respectively.

#### (26) 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.

#### (27) 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.

#### (28) 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(9) and (10).
2. Reconciliation of liabilities arising from financing activities were as follows:

	2023.01.01 (restated)	Cash flows	Non-cash changes Change of lease	2023.09.30
Short-term loans	\$ 399,071	53,646	-	452,717
Long-term loans	422,660	461,295	-	883,955
Lease liabilities	294,989	(56,920)	62,829	300,898
Guarantee deposit received	8,456	(1,541)	-	6,915
Liabilities from financing activities	<u>\$ 1,125,176</u>	<u>456,480</u>	<u>62,829</u>	<u>1,644,485</u>

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

			Non-cash changes		
	2022.01.01 (restated)	Cash flows	Change of lease	Acquisition through a business combination	2022.09.30 (restated)
Short-term loans	\$ 295,917	162,569	-	29,300	487,786
Long-term loans	386,308	47,803	-	-	434,111
Lease liabilities	84,881	(49,658)	60,956	205,733	301,912
Guarantee deposit received	3,797	(20)	-	4,800	8,577
Liabilities from financing activities	<u>\$ 770,903</u>	<u>160,694</u>	<u>60,956</u>	<u>239,833</u>	<u>1,232,386</u>

## 7. Related-party Transactions

### (1) Parent company and ultimate controlling company

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

### (2) Related party name and categories

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

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
Visco Vision Inc.	Associates of BMC
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 TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

Name of related party	Relationship with the Group
BenQ Medical (Shanghai) Co., Ltd	Subsidiary of Qisda
Darly2 Venture, Inc.	Subsidiary of Qisda
BenQ Dialysis Technology Corp.	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
E-strong Medical Technology Co., Ltd.	Subsidiary of Qisda
Simula Technology Inc.	Subsidiary of Qisda
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)	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 MetaAge
Partner Tech Corporation (PTT)	Subsidiary of Qisda
La Fresh Information Co., Ltd.	Subsidiary of PTT
Mace Digital Corporation (PTT)	Subsidiary of PTT
Webest Solution Corp.	Subsidiary of PTT
Alpha Networks Inc.	Subsidiary of Qisda
DFI Inc.	Subsidiary of Qisda
Diva Laboratories Ltd.	Subsidiary of Qisda
Darfon Electronics Corporation (Darfon)	Associates of Qisda
Astro Tech Co., Ltd	Subsidiary of Darfon
Darad Innovation Corporation	Subsidiary of Darfon
Q.S.Control Corporation	Associates of Qisda
Norbel Baby Co., Ltd.	Associates of Qisda
AU Optronics Corporation (AUO)	Corporate shareholder of Qisda accounted using the equity method
AUO Education Service Corp.	Subsidiary of AUO
Darwin Precisions Corporation	Subsidiary of AUO



## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

Name of related party	Relationship with the Group
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:

	July to September 2023	July to September 2022 (restated)	January to September 2023	January to September 2022 (restated)
Ultimate controlling company	\$ 57	1,923	1,019	8,488
Parent company	-	516	90	981
Joint venture	4,643	4,037	18,536	6,502
Other related parties	3,884	10,458	7,320	30,141
	<b>\$ 8,584</b>	<b>16,934</b>	<b>26,965</b>	<b>46,112</b>

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

#### 2. Purchases

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

	July to September 2023	July to September 2022 (restated)	January to September 2023	January to September 2022 (restated)
Ultimate controlling company	\$ 13,192	14,908	41,136	73,444
Joint venture	9,936	23,405	48,998	44,345
Other related parties	8,705	7,893	19,127	18,011
	<b>\$ 31,833</b>	<b>46,206</b>	<b>109,261</b>	<b>135,800</b>

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

#### 3. Leases

- (1) The Group leases factory plant and offices from Qisda and the rental was set by referring to the rental market of the area. The interest expense recognized for the three months ended September 30, 2023 and 2022 amounted to NTD50 thousand and NTD97 thousand (restated), respectively and for the nine months ended September 30, 2023 and 2022 amounted to NTD185 thousand and NTD328 thousand (restated), respectively. As of September 30, 2023 and December 31 and September 30, 2022, the lease liabilities balances amounted to NTD10,435 thousand, NTD19,404 thousand (restated) and NTD22,377 thousand (restated), respectively.

## **BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements (continued)**

(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. The rental expense recognized for the three months ended September 30, 2023 and 2022 amounted to NTD341 thousand and NTD274 thousand (restated), respectively and for the nine months ended September 30, 2023 and 2022 amounted to NTD884 thousand and NTD821 thousand (restated), respectively. On September 30, 2023 and 2022, the related payables are classified under other payables.

#### **4. Acquisition and disposal of property, plant and equipment**

For January 01 to September 30, 2023, the Group purchased intangible assets from other related parties which amounted to NTD508 thousand. As of September 30, 2023, the related payables are classified under other payables.

For January 01 to September 30, 2022, the Group purchased intangible assets and fixed assets from Qisda and other related parties which amounted to NTD1,981 thousand and NTD276 thousand, respectively. As of September 30, 2022, the related payables were fully settled.

#### **5. Others**

##### **(1) Prepayment for goods**

The Group has been making purchases from joint venture, STOMT. The payment terms agreed on payment in advance. As of September 30, 2023, and December 31, 2022 and September 30, 2022, the prepayments for purchases amounted to NTD822 thousand, NTD6,748 thousand and NTD3,784 thousand, respectively, and was classified as prepayments and other current assets.

The Group has been making purchases from joint venture, TDX. The payment terms agreed on prepayment and ME 60 days. As of September 30, 2023, and December 31, 2022 and September 30, 2022, the prepayments for purchases amounted to NTD3,159 thousand, NTD2,387 thousand and NTD3,756 thousand, respectively, and was classified as prepayments and other current assets.

(2) For the nine months ended September 30, 2023 and 2022, the donations that the Group made to BenQ Foundation amounted to NTD500 thousand and NTD1,125 thousand, respectively and were recognized as general and administrative expenses. And, the related payables were fully settled.

(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.

## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

#### (4) Reorganization

On September 01, 2023, the Group invested the amount of NTD400,000 thousand in K2 and acquired 40% of its ownership from the ultimate controlling company, Qisda, and its subsidiary, Darly2. The acquisition is a reorganization under common control and regarded as a combination from beginning. For more information, please see Note 6(7) and 12(3).

#### 6. Operating costs and expenses

The operating costs and the operating expenses related to the services, sundry purchases, disbursements, and miscellaneous expenses provided by the ultimate controlling company, the parent company, joint venture, and other related parties are as follows:

Account	Related-party	July to September 2023	July to September 2022 (restated)	January to September 2023	January to September 2022 (restated)
Operating costs	Ultimate controlling company	\$ 1,229	872	2,246	1,917
	Other related parties	38	18	129	769
		1,267	890	2,375	2,686
Operating expenses	Ultimate controlling company	3,147	1,649	8,971	4,230
	Parent company	194	170	460	411
	Joint venture	62	65	75	65
	Other related parties	589	216	1,686	1,030
		3,992	2,100	11,192	5,736
		<u>\$ 5,259</u>	<u>2,990</u>	<u>13,567</u>	<u>8,422</u>

#### 7. Receivables from related parties

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

Account	Related-party	2023.09.30	2022.12.31 (restated)	2022.09.30 (restated)
Net amount of Accounts receivable - related parties	Ultimate controlling company	\$ 43	1,056	269
Net amount of Accounts receivable - related parties	Joint venture	25,957	29,309	16,111
Net amount of Accounts receivable - related parties	Other related parties	3,567	8,446	12,877
Other receivables - related parties	Other related parties	56	56	57
		<u>\$ 29,623</u>	<u>38,867</u>	<u>29,314</u>

#### 8. Payables to related parties

## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

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

<b>Account</b>	<b>Related-party</b>	<b>2023.09.30</b>	<b>2022.12.31 (restated)</b>	<b>2022.09.30 (restated)</b>
Accounts payable - related parties	Ultimate controlling company	\$ 8,921	7,515	13,244
Accounts payable - related parties	Parent company	-	42	-
Accounts payable - related parties	Joint venture	405	1,500	699
Accounts payable - related parties	Other related parties	8,816	9,340	9,711
Other payables - related parties	Ultimate controlling company	4,573	1,532	3,143
Other payables - related parties	Parent company	69	-	58
Other payables - related parties	Other related parties	619	496	128
Lease liabilities - current	Ultimate controlling company	9,328	11,372	11,320
Lease liabilities - current	Other related parties	154	609	618
Lease liabilities – non-current	Ultimate controlling company	953	7,420	10,281
Lease liabilities - non-current	Other related parties	-	3	158
		<b>\$ 33,838</b>	<b>39,829</b>	<b>49,360</b>

#### (4) Transaction with key management personnel

Compensation for key management personnel:

	<b>July to September 2023</b>	<b>July to September 2022</b>	<b>January to September 2023</b>	<b>January to September 2022</b>
Short-term employee benefits	\$ 3,202	3,060	9,009	9,260
Post-employment benefits	36	27	108	81
	<b>\$ 3,238</b>	<b>3,087</b>	<b>9,117</b>	<b>9,341</b>

## 8. Pledged Assets

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

<b>Pledged Assets</b>	<b>Pledged to secure</b>	<b>2023.09.30</b>	<b>2022.12.31 (restated)</b>	<b>2022.09.30 (restated)</b>
Other financial assets-current	Performance bond	\$ 55,686	51,071	49,667
Land and buildings	Credit lines of bank loans	442,329	507,988	510,640
Investment Property	Credit lines of bank loans	243,854	277,340	278,146
Refundable deposits	Guarantee for import duty	-	200	-
		<b>\$ 741,869</b>	<b>836,599</b>	<b>838,453</b>

# 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:

	2023.09.30	2022.12.31	2022.09.30
Letter of credit issued and yet to be used	\$ 50,000	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	July to September 2023			July to September 2022 (restated)		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee benefits						
Salaries	25,441	112,667	138,108	29,071	92,059	121,130
Insurance	2,592	8,723	11,315	3,047	7,995	11,042
Pension	1,184	4,044	5,228	1,317	3,709	5,026
Other employee benefits	1,743	5,989	7,732	2,011	3,616	5,627
Depreciation	28,131	23,165	51,296	30,600	19,879	50,479
Amortization	322	5,993	6,315	281	6,069	6,350

Category	January to September 2023			January to September 2022 (restated)		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee benefits						
Salaries	78,564	323,662	402,226	90,385	269,928	360,313
Insurance	8,470	27,756	36,226	8,841	24,222	33,063
Pension	3,764	12,183	15,947	3,883	11,011	14,894
Other employee benefits	5,030	16,153	21,183	6,269	10,428	16,697
Depreciation	84,311	66,465	150,776	89,160	58,782	147,942
Amortization	943	19,505	20,448	852	18,160	19,012

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

(3) Reorganization

BENQ MEDICAL TECHNOLOGY CORP. and its subsidiary, AsiaConnect International Co. Ltd., acquired 40% shareholding in K2 International Medical Inc., the subsidiary of Qisda Corporation, by cash on September 01, 2023. Pursuant to the Interpretations (2012) No. 301 and IFRS 3 guidance dated October 26, 2018, "Accounting Treatment for Business Combination under Common Control", issued by Accounting Research and Development Foundation, the aforementioned transaction is a group reorganization under common control and is regarded as a Combination from beginning. The Group prepared and restated the consolidated financial statements for the three months and nine months ended September 30, 2023 and 2022, respectively.

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

Effects of the Consolidated Balance Sheets (restated) as of September 30 and December 31, 2022 and the Consolidated Statements of Comprehensive Income (restated) for the three months and nine months ended September 30, 2022 (restated) are as follows:

<b>Consolidated Balance Sheet 2022.12.31</b>	<b>Before restatement</b>	<b>Amount affected</b>	<b>Restatement</b>
Current assets	\$ 1,721,617	999,628	2,721,245
Non-current assets	1,676,463	293,424	1,969,887
<b>Total assets</b>	<b>\$ 3,398,080</b>	<b>1,293,052</b>	<b>4,691,132</b>
Current liabilities	\$ 999,349	446,926	1,446,275
Non-current liabilities	662,225	16,688	678,913
<b>Total liabilities</b>	<b>1,661,574</b>	<b>463,614</b>	<b>2,125,188</b>
Common stock	445,660	-	445,660
Capital surplus	297,921	-	297,921
Retained earnings	457,384	-	457,384
Other equity	(2,235)	-	(2,235)
Total equity attributable to shareholders of the parent company	1,198,730	-	1,198,730
Equity attributable to former owner of business combination under common control	-	293,313	293,313
Equity attributable to non-controlling interest before business combination under common control	-	536,125	536,125
Non-controlling interests	537,776	-	537,776
<b>Total equity</b>	<b>1,736,506</b>	<b>829,438</b>	<b>2,565,944</b>
<b>Total liabilities and equity</b>	<b>\$ 3,398,080</b>	<b>1,293,052</b>	<b>4,691,132</b>

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

Consolidated Balance Sheet 2022.09.30	Before restatement	Amount affected	Restatement
Current assets	\$ 1,640,682	1,026,963	2,667,645
Non-current assets	1,700,059	301,072	2,001,131
<b>Total assets</b>	<b>\$ 3,340,741</b>	<b>1,328,035</b>	<b>4,668,776</b>
Current liabilities	\$ 948,329	498,642	1,446,971
Non-current liabilities	695,640	20,423	716,063
<b>Total liabilities</b>	<b>1,643,969</b>	<b>519,065</b>	<b>2,163,034</b>
Common stock	445,660	-	445,660
Capital surplus	297,921	-	297,921
Retained earnings	432,353	-	432,353
Other equity	(1,392)	-	(1,392)
Total equity attributable to shareholders of the parent company	1,174,542	-	1,174,542
Equity attributable to former owner of business combination under common control	-	285,588	285,588
Equity attributable to non-controlling interest before business combination under common control	-	523,382	523,382
Non-controlling interests	522,230	-	522,230
<b>Total equity</b>	<b>1,696,772</b>	<b>808,970</b>	<b>2,505,742</b>
<b>Total liabilities and equity</b>	<b>\$ 3,340,741</b>	<b>1,328,035</b>	<b>4,668,776</b>

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

Consolidated Statements of Comprehensive Income	Three months ended September 30, 2022		
	Before restatement	Amount affected	Restatement
Operating revenues	\$ 756,161	360,068	1,116,229
Costs of revenue	(535,001)	(264,502)	(799,503)
Gross profit	221,160	95,566	316,726
Realized (unrealized) sales profit	175	-	175
Realized gross profit	221,335	95,566	316,901
<b>Operating expenses</b>	(169,240)	(57,426)	(226,666)
<b>Operating income</b>	52,095	38,140	90,235
<b>Non-operating income and loss</b>	7,977	3,811	11,788
<b>Income before income tax</b>	60,072	41,951	102,023
<b>less: Income tax expenses</b>	(11,139)	(8,808)	(19,947)
<b>Net income</b>	48,933	33,143	82,076
<b>Other comprehensive income for the period (after income tax)</b>	502	18,003	18,505
<b>Total comprehensive income for the period</b>	<b>\$ 49,435</b>	<b>51,146</b>	<b>100,581</b>
<b>Net Income attributable to:</b>			
Owners of the parent	\$ 34,632	-	34,632
Non-controlling interests	14,301	-	14,301
Equity attributable to former owner of business combination under common control	-	10,427	10,427
Equity attributable to non-controlling interest before business combination under common control	-	22,716	22,716
<b>Net income</b>	<b>\$ 48,933</b>	<b>33,143</b>	<b>82,076</b>
<b>Comprehensive income (loss) attributable to:</b>			
Owners of the parent	\$ 35,134	-	35,134
Non-controlling interests	14,301	-	14,301
Equity attributable to former owner of business combination under common control	-	15,524	15,524
Equity attributable to non-controlling interest before business combination under common control	-	35,622	35,622
<b>Total comprehensive income for the period</b>	<b>\$ 49,435</b>	<b>51,146</b>	<b>100,581</b>
<b>Basic earnings per share (NTD)</b>	<b>\$ 0.78</b>	<b>-</b>	<b>0.78</b>
<b>Diluted earnings per share (NTD)</b>	<b>\$ 0.77</b>	<b>-</b>	<b>0.77</b>



# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

Consolidated Statements of Comprehensive Income	Nine months ended September 30, 2022		
	Before restatement	Amount affected	Restatement
Operating revenues	\$ 2,172,696	1,032,284	3,204,980
Costs of revenue	(1,554,993)	(746,187)	(2,301,180)
Gross profit	617,703	286,097	903,800
Realized (unrealized) sales profit	(253)	-	(253)
Realized gross profit	617,450	286,097	903,547
<b>Operating expenses</b>	(483,653)	(168,104)	(651,757)
<b>Operating income</b>	133,797	117,993	251,790
<b>Non-operating income and loss</b>	92,359	(210)	92,149
<b>Income before income tax</b>	226,156	117,783	343,939
<b>less: Income tax expenses</b>	(28,156)	(24,238)	(52,394)
<b>Net income</b>	198,000	93,545	291,545
<b>Other comprehensive income for the period (after income tax)</b>	1,554	35,350	36,904
<b>Total comprehensive income for the period</b>	<b>\$ 199,554</b>	<b>128,895</b>	<b>328,449</b>
<b>Net Income attributable to:</b>			
Owners of the parent	\$ 157,193	-	157,193
Non-controlling interests	40,807	-	40,807
Equity attributable to former owner of business combination under common control	-	31,053	31,053
Equity attributable to non-controlling interest before business combination under common control	-	62,492	62,492
<b>Net income</b>	<b>\$ 198,000</b>	<b>93,545</b>	<b>291,545</b>
<b>Comprehensive income (loss) attributable to:</b>			
Owners of the parent	\$ 158,747	-	158,747
Non-controlling interests	40,807	-	40,807
Equity attributable to former owner of business combination under common control	-	40,782	40,782
Equity attributable to non-controlling interest before business combination under common control	-	88,113	88,113
<b>Total comprehensive income for the period</b>	<b>\$ 199,554</b>	<b>128,895</b>	<b>328,449</b>
<b>Basic earnings per share (NTD)</b>	<b>\$ 3.53</b>	<b>-</b>	<b>3.53</b>
<b>Diluted earnings per share (NTD)</b>	<b>\$ 3.51</b>	<b>-</b>	<b>3.51</b>

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

### 13. Additional Disclosures

#### (1) Information on significant transactions

For January 01 to September 30, 2023, according to the Preparation Regulations, the information on significant transactions is as follows:

#### 1. Financing provided to other parties:

Unit: NTD thousand

No.	Lender	Borrower	Accounting item	Highest balance during the period	Ending balance	Actual usage	Range of interest rates	Purpose of fund financing (Note 2)	Business transaction amount	Reason of short-term financing	Allowance for bad debt	Collateral		Limit of financing to single borrower	Total limit of financing company
												Item	Value		
1	K2 International Medical Inc.	K2 Medical (Thailand) Co., Ltd.	Other receivables-related parties	80,675	80,675	64,540	3%	2	-	Working capital turnover	-		-	123,418	246,836

(Note 1) The ratios of the aggregate financing amount and individual financing amount are as follows:

(1) The aggregate financing amount and the individual financing amount of K2 International Medical Inc. to other parties are 40% and 20% of the latest audited net worth of the company, respectively.

(Note 2) Purpose of fund financing: 1. Business transaction purpose. 2. Short-term financing purpose.

(Note 3) The above intercompany transactions have been eliminated when preparing the Consolidated Financial Statements.

#### 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 at fair value through other comprehensive income	8.75	123	0.10 %	123	

#### 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:

Unit: thousand shares

Dealing company	Type and name of securities	Accounting item	Counterparty	Relationship	Beginning of period		Buy (Note 2)		Sell				End of period	
					Shares	Amount	Shares	Amount	Shares	Selling price	Book cost	Gains or losses of disposal	Shares	Amount (Note 1)
The Company	Shares of K2 International Medical Inc.	Investment accounted for using the equity method	Qisda Corporation and Darly2 Venture Inc.	Parent/ subsidiary	-	-	7,800	390,000	-	-	-	-	7,800	277,924

(Note 1) Adjusted profit or loss accounted for using the equity method for the period and the other adjusted end balances.

(Note 2) The Company's subsidiary, AsiaConnect International Co., Ltd., also invested NTD10,000 thousand to acquired 200 thousand shared of K2 International Medical Inc. from Darly2 Venture Inc..

#### 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:

Unit: NTD thousand

Company	Counterparty	Relationship	Transaction details				Transactions with terms different from others		Note / account receivable( payables)		Note
			Purchase (Sales)	Amount	% of total purchase (sales)	Payment terms	Unit price	Payment terms	Ending balance	% of total note/ account receivable (payables)	
K2	K2SH	Parent/ subsidiary	(Sales)	(248,852)	31.63%	OA90	-	-	37,765	23.06%	
K2SH	K2	Parent/ subsidiary	Purchase	248,852	100.00%	OA90	-	-	(37,765)	99.00%	

(Note 1) The above intercompany transactions have been eliminated when preparing the Consolidated Financial Statements.

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

8. Receivables from related parties which exceed \$100 million or 20% of the paid-in capital: None.

9. Transactions on derivative instruments: Please refer to Note 6(3)

10. Business relationships and significant intercompany transactions:

Number (Note 1)	Company	Counterparty	Relationship (Note 2)	Transaction details (Note 3)			
				Account	Amount	Transaction terms	% of total consolidated net revenue or total assets(Note 4)
1	K2	K2SH	1	Operating revenue	248,852	OA 90	7%
1	K2	K2SH	1	Account receivable-related party	37,765	OA 90	1%

Note 1: Parties to the intercompany transactions are identified and numbered as follow:

- “0” represents the Company
- Subsidiaries are numbered from “1”.

Note 2: Nature of relationships of the intercompany transactions are numbered as follow:

- “1” represents the transactions from the parent company to subsidiary.
- “2” represents the transactions from subsidiary to the parent company.
- “3” represents the transactions between subsidiaries.

Note 3: Intercompany relationships and significant intercompany transactions are disclosed only for the amounts that exceed 1% of consolidated net revenue or total assets. The corresponding purchased and accounts payables are not disclosed.

Note 4: Transactions amount divided by consolidated operating revenues or consolidated total assets

Note 5: The above intercompany transactions have been eliminated when preparing the consolidated financial statements

### (2) Information on investees:

For January 01 to September 30, 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
				September 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying amount			
The Company	AsiaConnect International Co., Ltd.	Neihu, Taipei	Wholesaling and retailing of medical equipment and information software	21,984	21,984	1,995	99.75%	22,359	130	129	(Note)
The Company	Highview Investments Limited	Samoan Islands	Investment and holding company	36,211	36,211	1,062	100.00%	21,289	4,919	4,919	(Note)
The Company	Lily Medical Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	185,000	185,000	10,000	100.00%	250,488	21,227	21,514	(Note)
The Company	BenQ AB DentCare Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	88,000	88,000	8,800	88.00%	57,319	(3,162)	(2,803)	(Note)
The Company	BenQ Healthcare Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	100,000	100,000	10,000	100.00%	171,927	45,441	45,441	(Note)
The Company	Eastech Co., Ltd	Taiwan	Wholesaling and retailing of medical consumables and equipment	20,300	20,300	700	70.00%	33,536	13,737	9,616	(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%	281,682	29,837	11,662	(Note)
The Company	K2 International Medical Inc.	Taiwan	Sales of medical consumables and equipment	390,000	-	7,800	39.00%	277,924	60,892	2,255	(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%	120,286	333	-	(Note)
BHS	New Best Hearing International Trade Co., Ltd.	Taiwan	Wholesaling and retailing of medical consumables and equipment	59,280	59,280	1,092	52.00%	75,333	32,225	-	(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%	106,724	8,942	-	(Note)
K2	K2 Medical (Thailand) Co., Ltd.	Thailand	Sales of medical consumables and equipment	15,919	-	-	49.00%	31,480	7,000	-	
K2	PT. Frismed Hoslab Indonesia	Indonesia	Blood banking equipment and supplies	257,728	-	12	67.00%	313,797	25,703	-	
AsiaConnect	K2 International Medical Inc.	Taiwan	Sales of medical consumables and equipment	10,000	-	200	1.00%	7,126	60,892	-	(Note)

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

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

### (3) Information on investments in Mainland China:

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

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 01, 2023 (Note 2)	Investment amount of outflow or inflow		Accumulated outflow of investment from Taiwan as of September 30, 2023	Net income (loss) of the investee	Percentage of ownership of direct and indirect investment	Investment income (loss)	Carrying value as of September 30, 2023 (Note 2)	Accumulated inward remittance of earnings as of September 30, 2023
					Outflow	Inflow						
BenQ Medical Technology (Shanghai) Ltd.	Agency of international and entrepot trade business	32,270 (USD 1,000)	(2)	32,270 (USD 1,000)	-	-	32,270 (USD 1,000)	4,959	100.00%	4,959	22,354 (Note 4 and 5)	-
LILY Medical (Suzhou) Co., Ltd.	Wholesaling and retailing of medical consumables and equipment	6,777 (USD 210)	(1)	6,777 (USD 210)	-	-	6,777 (USD 210)	(447)	100.00%	(447)	1,331 (Note 4 and 5)	-
TDX Medical Technology (Jiangsu) Co., Ltd.	Wholesaling and retailing of medical consumables and equipment	88,360 (RMB 20,000)	(1)	35,344 (RMB 8,000)	-	-	35,344 (RMB 8,000)	13,178	40.00%	5,271	39,545 (Note 4)	-
Suzhou Trident Original Medical Technology Co., Ltd.	Wholesaling and retailing of medical consumables and equipment	8,836 (RMB 2,000)	(3)	-	-	-	-	9,434	22.00%	2,386	10,860 (Note 4)	-
K2 (Shanghai) International Medical Inc.	Sales of medical consumables and equipment	40,338 (USD 1,250)	(1)	62,378 (USD 1,933)	-	-	62,378 (USD 1,933)	23,786	100.00%	23,786	115,198 (Note 3 and 5)	-

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

(Note 2) The amounts above are translated as per the following exchange rates: USD: NTD = 1:32.270 and RMB: NTD = 1:4.418.

(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 September 30, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper Limit on Investment authorized by Investment Commission, MOEA
The Company	67,614 (USD1,000 and RMB8,000)	91,227 (USD2,827)	639,457
LILY	6,777 (USD210)	6,777 (USD210)	115,204
K2	62,378 (USD1,933)	62,378 (USD1,933)	370,255

#### 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	2,187	Prices as per negotiation between both parties	Prepayment and ME 60 days	No significant differences with transactions with third parties	(405)	(0.08)%	-
Suzhou Trident Original Medical Technology Co., Ltd.	Subsidiary of the Company's joint venture company	Purchases	1,564	Prices as per negotiation between both parties	Prepayment	No significant differences with transactions with third parties	-	-	-
TDX Medical Technology (Jiangsu) Co., Ltd	Joint venture directly held by the Company	Sales	18,536	Prices as per negotiation between both parties	ME 60 days	(Note 1)	25,957	3.04%	(1,532)

## BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (continued)

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	
BenQ Medical Technology (Shanghai) Ltd.	Subsidiary of the Company	Sales	6,568 (Note 2)	Prices as per negotiation between both parties	ME 60 days	(Note 1)	962	-	(1,410)

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

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

4. Provision of endorsement and guarantee, or collateral for direct investment in Mainland China or through a holding company established in a third country: 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%
Darly 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.

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

# BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (continued)

	July to September 2023			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 271,686	883,099	-	1,154,785
Intra-group revenue	2,650	15	(2,665)	-
Total segment revenue	<b>\$ 274,336</b>	<b>883,114</b>	<b>(2,665)</b>	<b>1,154,785</b>
Segment profit (loss)	<b>\$ 20,509</b>	<b>76,287</b>	<b>4,405</b>	<b>101,201</b>

	July to September 2022 (restated)			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 281,974	834,255	-	1,116,229
Intra-group revenue	14,224	39	(14,263)	-
Total segment revenue	<b>\$ 296,198</b>	<b>834,294</b>	<b>(14,263)</b>	<b>1,116,229</b>
Segment profit (loss)	<b>\$ 11,835</b>	<b>77,756</b>	<b>644</b>	<b>90,235</b>

	January to September 2023			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 768,019	2,566,326	-	3,334,345
Intra-group revenue	14,159	82	(14,241)	-
Total segment revenue	<b>\$ 782,178</b>	<b>2,566,408</b>	<b>(14,241)</b>	<b>3,334,345</b>
Segment profit (loss)	<b>\$ 31,179</b>	<b>208,291</b>	<b>5,607</b>	<b>245,077</b>

	January to September 2022 (restated)			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 769,777	2,435,203	-	3,204,980
Intra-group revenue	46,486	463	(46,949)	-
Total segment revenue	<b>\$ 816,263</b>	<b>2,435,666</b>	<b>(46,949)</b>	<b>3,204,980</b>
Segment profit (loss)	<b>\$ 7,843</b>	<b>242,881</b>	<b>1,066</b>	<b>251,790</b>