

**BENQ MEDICAL TECHNOLOGY CORP.
AND SUBSIDIARIES**

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

For the Three Months Ended March 31, 2024 and 2023 (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 March 31, 2024 and 2023 (restated), and Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, and Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2024 and 2023 (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 34, “Interim Financial Reporting” as endorsed by Financial Supervisory Commission of the Republic of China of the Republic of China. 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 NTD554,330 thousand and NTD574,441 thousand, constituting 12% and 12% of the consolidated total assets as of March 31, 2024 and 2023 (restated), respectively; and the total liabilities amounting to NTD82,059 thousand and NTD67,891 thousand, constituting 3% and 3% of the consolidated total liabilities of as of March 31, 2024 and 2023 (restated), respectively; as well as total comprehensive income for the three months ended March 31, 2024 and 2023 (restated) amounting to NTD6,602 thousand and NTD6,618 thousand, constituting 14% and 11% , 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 International Accounting Standards 34, “Interim Financial Reporting” as endorsed by Financial Supervisory Commission of the Republic of China of the Republic of China, such that the consolidated financial position of BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES as of March 31, 2024 and 2023 (restated), and the consolidated financial performance for the three months ended March 31, 2024 and 2023 (restated), as well as the consolidated cash flows for the Three Months Ended March 31, 2024 and 2023 (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 March 31, 2024 and 2023, 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 Hsu, Shih-Chun and Tang, Tzu-Chieh.

KPMG**Taipei, Taiwan (Republic of China)****April 26, 2024**Notes to Readers

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

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

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

BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

		2024.03.31		2023.12.31		2023.03.31 (restated)				2024.03.31		2023.12.31		2023.03.31 (restated)	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:															
1100	Cash and cash equivalents (Note 6(1))	\$ 703,620	15	830,508	18	980,423	21	2100	Short-term loans (Note 6(12) and 8)	395,494	9	384,472	8	428,307	9
1150-1170	Notes and accounts receivable (Note 6(3) and (21))	818,785	18	842,489	18	739,697	15	2131	Contract liabilities-current (Note 6(21))	29,222	1	32,382	1	68,207	1
1181	Accounts receivable - related parties (Note 6(3)(21) and 7)	3,293	-	3,988	-	26,254	1	2150-2170	Notes and accounts payable	475,513	10	505,900	11	496,455	11
1200	Other receivables(Note 6(5))	5,322	-	53,872	1	8,012	-	2181	Accounts payable - related parties (Note 7)	26,667	1	23,112	-	18,891	-
1212	Other receivables - related parties (Note 7)	80	-	-	-	779	-	2200	Other payable (Note 6 (22))	319,824	7	265,973	6	313,159	7
130x	Inventories (Note 6(4))	537,770	12	515,751	11	510,919	11	2220	Other payable - related parties (Note 7)	6,095	-	5,719	-	5,453	-
1410-1470	Prepayments and other current assets (Note 7)	162,850	3	118,862	2	198,423	4	2230	Current income tax liabilities	65,083	1	55,506	1	69,820	2
1476	Other financial assets-current (Note 6(2) and 8)	376,928	8	366,873	8	224,014	5	2250	Provisions for liabilities - current (Note 6(15))	4,894	-	6,191	-	8,392	-
Total current assets		2,608,648	56	2,732,343	58	2,688,521	57	2280	Lease liabilities - current (Note 6(14) and 7)	78,275	2	74,518	2	69,372	2
Non-current assets:															
1518	Financial assets at fair value through other comprehensive income - non-current	123	-	123	-	123	-	2300	Other current liabilities	12,630	-	13,816	-	11,501	-
1550	Investments accounted for using the equity method (Note 6(5))	-	-	-	-	36,885	1	2322	Long-term loans due within a year (Note 6(13) and 8)	8,475	-	8,628	-	36,447	1
1600	Property, plant and equipment (Note 6(7), 7, and 8)	912,514	20	902,167	19	916,146	20	Total current liabilities		1,422,172	31	1,376,217	29	1,526,004	33
1755	Right-of-use assets (Note 6(8) and 7)	173,830	4	166,204	3	115,863	2	Non-current liabilities:							
1760	Investment properties - net (Note 6(9) and 8)	487,348	10	475,961	10	495,996	11	2540	Long-term loans (Note 6(13) and 8)	791,130	17	843,130	18	380,758	8
1780	Intangible assets (Note 6(10) and 7)	331,271	7	334,437	7	344,376	7	2570	Deferred income tax liabilities	32,581	1	32,371	1	36,390	1
1840	Deferred income tax assets	25,682	-	25,221	1	29,902	1	2580	Lease liabilities - non-current (Note 6(14) and 7)	278,120	6	261,084	6	230,641	5
1900	Other non-current assets (Note 6(11))	119,446	3	75,705	2	67,109	1	2645	Guarantee deposit received	6,748	-	6,808	-	8,389	-
Total non-current assets		2,050,214	44	1,979,818	42	2,006,400	43	2670	Other non-current liabilities (Note 6(17))	10,854	-	12,221	-	2,439	-
								Total non-current liabilities		1,119,433	24	1,155,614	25	658,617	14
								Total liabilities		2,541,605	55	2,531,831	54	2,184,621	47

(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 March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		January to March 2024		January to March 2023	
		(restated)			
		Amount	%	Amount	%
4000	Operating revenues (Note 6 (16) (21), 7 and 14)	\$ 1,057,149	100	1,054,053	100
5000	Costs of revenue (Note 6 (4)(7)(8)(9)(10)(14)(16)(17)(22), 7 and 12)	(744,698)	(70)	(749,477)	(71)
	Gross profit	312,451	30	304,576	29
5910	Less: Realized (unrealized) sales profit	-	-	378	-
	Realized gross profit	312,451	30	304,954	29
	Operating expenses (Note 6 (3)(7)(8)(9)(10)(11)(14)(16)(17)(22), 7 and 12):				
6100	Selling expenses	(192,377)	(18)	(184,223)	(17)
6200	General and administrative expenses	(50,578)	(5)	(43,173)	(4)
6300	Research and development expenses	(7,752)	(1)	(7,563)	(1)
6450	Reversal of gains on loss allowance for expected credit losses	(1,883)	-	110	-
	Total operating expenses	(252,590)	(24)	(234,849)	(22)
	Operating income	59,861	6	70,105	7
	Non-operating income and loss (Note 6 (5)(14)(16)(23) and 7):				
7100	Interest income	1,762	-	1,066	-
7010	Other income	3,952	1	4,133	-
7020	Other gains and losses	1,580	-	2,810	-
7050	Financing costs	(7,440)	(1)	(5,708)	(1)
7375	Share of losses of joint ventures accounted for using equity method	-	-	1,946	1
	Total non-operating income and loss	(146)	-	4,247	-
	Income before income tax	59,715	6	74,352	7
7950	less: Income tax expenses (Note 6(18))	(15,210)	(2)	(17,620)	(2)
	Net income	44,505	4	56,732	5
	Other comprehensive income (loss) (Note 6(5) and (19)):				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	1,554	-	946	-
8370	Share of other comprehensive income of joint ventures accounted for using equity method	-	-	267	-
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	1,554	-	1,213	-
	Other comprehensive income (loss) for the period	\$ 46,059	4	\$ 57,945	5
	Total comprehensive income (loss) for the period				
	Net Income attributable to:	\$ 22,698	2	22,621	2
8610	Owners of the parent	21,807	2	12,994	1
8620	Non-controlling interest	-	-	7,334	1
	Equity attributable to former owner of business combination under common control	-	-	13,783	1
	Equity attributable to non-controlling interest before business combination under common control	\$ 44,505	4	\$ 56,732	5
	Comprehensive income (loss) attributable to:	\$ 23,940	2	23,025	2
8710	Owners of the parent	22,119	2	12,994	1
8720	Non-controlling interest	-	-	7,637	1
	Owners of the parent	-	-	14,289	1
	Non-controlling interests	\$ 46,059	4	\$ 57,945	5
	Earnings per share (in New Taiwan dollars, Note 6 (20))				
9750	Basic earnings per share	\$ 0.51		\$ 0.51	
9850	Diluted earnings per share	\$ 0.51		\$ 0.51	

(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 Three Months Ended March 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)**

Equity attributable to shareholders of the parent company

	<u>Retained earnings</u>					<u>Other equity</u>	<u>Total equity attributable to shareholders of the parent company</u>	<u>Non-controlling interests</u>	<u>Equity attributable to former owner of business combination under common control</u>	<u>Equity attributable to non-controlling interest before business combination under common control</u>	<u>Total equity</u>
	<u>Common stock</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated earnings</u>	<u>Subtotal</u>					
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	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	2,565,944
Net income	-	-	-	-	22,621	22,621	-	22,621	12,994	7,334	56,732
Other comprehensive income for the period	-	-	-	-	-	-	404	404	-	303	1,213
Total comprehensive income for the period	-	-	-	-	22,621	22,612	404	23,025	12,994	7,637	57,945
Earnings appropriation and distribution:											
Cash dividends of ordinary shares	-	-	-	-	(93,589)	(93,589)	-	(93,589)	-	-	(93,589)
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	(20,000)	-	(20,000)
Balance as of March 31, 2023 (restated)	\$ 445,660	297,921	105,195	2,945	278,276	386,416	(1,831)	1,128,166	530,770	300,950	2,510,300
Balance as of January 01, 2024	\$ 445,660	297,921	105,195	2,234	236,156	361,807	(5,561)	1,099,827	1,080,503	-	2,180,330
Net income	-	-	-	-	22,698	22,698	-	22,698	21,807	-	44,505
Other comprehensive income for the period	-	-	-	-	-	-	1,242	1,242	312	-	1,554
Total comprehensive income for the period	-	-	-	-	22,698	22,698	1,242	23,940	22,119	-	46,059
Earnings appropriation and distribution:											
Cash dividends of ordinary shares	-	-	-	-	(89,132)	(89,132)	-	(89,132)	-	-	(89,132)
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	(20,000)	-	(20,000)
Balance as of March 31, 2024	\$ 445,660	297,921	105,195	2,234	169,722	295,373	(4,319)	1,034,635	1,082,622	-	2,117,257

(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 Three Months Ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	January to March 2024	January to March 2023 (restated)
Cash flows from operating activities:		
Profit before income tax	\$ 59,715	74,352
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	54,731	49,166
Amortization	5,397	7,052
Impairment loss (reversal gain) for expected credit losses	1,883	(110)
Interest expense	7,440	5,708
Interest income	(1,762)	(1,066)
Share of losses of joint ventures accounted for using equity method	-	(1,946)
Gain on disposals of property, plant and equipment	(11)	(182)
(Realized) unrealized sales profit	-	(378)
Gains on lease modification	(289)	-
Total adjustments to reconcile profit (loss)	<u>67,389</u>	<u>58,244</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	22,053	63,167
Accounts receivable - related parties	695	12,557
Other receivables	48,124	1,804
Other receivables - related parties	(80)	(723)
Inventories	(25,032)	(24,635)
Prepayments and other current assets	(43,988)	(31,308)
Total changes in operating assets	<u>1,772</u>	<u>20,862</u>
Changes in operating liabilities:		
Contract liabilities	(3,160)	12,040
Notes and accounts payable	(30,387)	(40,577)
Accounts payable - related parties	3,555	494
Other payables	(55,253)	(71,251)
Other payables - related parties	376	3,425
Provisions for liabilities	(1,297)	(450)
Other current liabilities	(1,186)	2,621
Net defined benefit liabilities	(1,367)	(287)
Total changes in operating liabilities	<u>(88,719)</u>	<u>(93,985)</u>
Total changes in operating assets and liabilities	<u>(86,947)</u>	<u>(73,123)</u>
Total adjustments	<u>(19,558)</u>	<u>(14,879)</u>
Cash provided by operations	40,157	59,473
Interest received	2,340	1,066
Interest paid	(7,468)	(5,710)
Income tax paid	(5,884)	(5,177)
Net cash flow provided by operating activities	<u>29,145</u>	<u>49,652</u>

(Please see Notes to Consolidated Financial Statements)

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(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 Three Months Ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	January to March 2024	January to March 2023 (restated)
Cash flows from investing activities:		
Acquisition of property, plant and equipment	\$ (28,918)	(60,755)
Proceeds from disposals of property, plant and equipment	70	2,896
Decrease (increase) in refundable deposits	114	(1,424)
Acquisition of intangible assets	(2,232)	(3,096)
Decrease (increase) in other financial assets	(10,055)	14,179
Increase in other non-current assets	(53,520)	(6,850)
Net cash flow used in investing activities	(94,541)	(55,050)
Cash flows from financing activities:		
Increase in short-term loans	11,022	29,236
Increase in long-term loans	28,475	17,902
Repayments of long-term loans	(80,628)	(23,357)
Decrease in guarantee deposit received	(60)	(67)
Payment of lease liabilities	(21,937)	(18,560)
Net cash flow provided by (used in) financing activities	(63,128)	5,154
Effect of changes in foreign exchange rates	1,636	884
Net increase (decrease) in cash and cash equivalents for the current period	(126,888)	640
Cash and cash equivalents at the beginning of the period	830,508	979,783
Cash and cash equivalents at the end of the period	\$ 703,620	980,423

(Please see Notes to Consolidated Financial Statements)

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

BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2024 and 2023 (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 April 26, 2024 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 and International Accounting Standards from January 01, 2024 onward, and there has been no significant impact on the Group's Consolidated Financial Statements.

- 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"

- (2) 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"
- IFRS 18 "Presentation and Disclosure in Financial Statements"

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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 and IASs”).

Except for the following, the significant accounting policies of these Consolidated Financial Statements are identical to the Consolidated Financial Statements for 2023. For more information, please see Note 4 to Consolidated Financial Statements for 2023.

(2) Basis of consolidation

The basis of consolidation of these Consolidated Financial Statements are identical to the Consolidated Financial Statements for 2023. For more information, please see Note 4(3) to Consolidated Financial Statements for 2023.

1. Subsidiaries included in the Consolidated Financial Statements

Subsidiaries included in these Consolidated Financial Statements:

Investor	Subsidiary	Main business activities	Ownership (%)			Description
			2024.03.31	2023.12.31	2023.03.31 (restated)	
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 6)
The Company	Highview Investments Limited (Highview)	Investment and holding company	100.00%	100.00%	100.00%	(Note 6)
The Company	LILY Medical Corporation (LILY)	Wholesaling and retailing of medical consumables and equipment	100.00%	100.00%	100.00%	
The Company	BenQ AB DentCare Corporation (BABD)	Wholesaling and retailing of medical consumables and equipment	88.00%	88.00%	88.00%	
The Company	BenQ Healthcare Corporation (BHS)	Wholesaling and retailing of medical consumables and equipment	100.00%	100.00%	100.00%	
The Company	Eastech Co., Ltd (ETC)	Wholesaling and retailing of medical consumables and equipment	70.00%	70.00%	70.00%	
The Company	Concord Medical Co., Ltd. (CCD)	Sale of medical drugs, leasing of medical equipment and provision of management consultation services	40.00%	40.00%	40.00%	(Note 1)
CCD	Concord HealthCare Co., Ltd. (CCHC)	Wholesaling and retailing of medical consumables and equipment and provision of management consulting services	40.00%	40.00%	40.00%	(Note 2 and 6)
LILY	BenQ Smart Healthcare (Shanghai) Co.,Ltd. (BSHS), originally LILY Medical (Suzhou) Co., Ltd. (ALS)	Wholesaling and retailing of medical consumables and equipment	100.00%	100.00%	100.00%	

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Investor	Subsidiary	Main business activities	Ownership (%)			Description
			2024.03.31	2023.12.31	2023.03.31 (restated)	
Highview	BenQ Medical Technology (Shanghai) Ltd. (BMTS)	Agency of international and entrepot trade business	100.00%	100.00%	100.00%	(Note 6)
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%	
The Company and AsiaConnect	K2 International Medical Inc. (K2)	Sale of medical consumables and equipment	40.00%	40.00%	40.00%	(Note 3)
K2	K2 Medical (Thailand) Co., Ltd.	Sale of medical consumables and equipment	19.60%	19.60%	19.60%	(Note 3 and 5)
K2	K2 (Shanghai) International Medical Inc.	Sale of medical consumables and equipment	40.00%	40.00%	40.00%	(Note 3 and 4)
K2	PT. Frismed Hoslab Indonesia (K2 Indonesia)	Blood banking equipment and supplies	26.80%	26.80%	26.80%	(Note 3, 4, and 6)

(Note 1): The Group has a shareholding of 40% of CCD and represents the single largest shareholder. The remaining 60% shareholding of CCD does not concentrate on any specific shareholder, and as per the participation level of shareholders in the previous general shareholder's meeting, the Group proved to possess more than half of the total voting rights amongst the shareholders attending the meeting. Thus, the Group deems itself to have control over CCD, which has been included in the Consolidated Financial Statements since January 2022.

(Note 2): 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 3): 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 three months ended March 31, 2024 have been restates for comparison with the financial statements for the three months ended March 31, 2023.

(Note 4): 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 5): 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 6): Insignificant subsidiary and its financial statement for the three months ended March 31, 2024

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

and 2023 have not been reviewed by an independent auditor.

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

(3) Employee benefits

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

(4) Income tax

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

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

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

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

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

For the preparation of the Consolidated Financial Statements, the Management makes critical accounting judgments, estimates and assumptions on uncertainty using the accounting policies of the Group, consistent with Note 5 of the Consolidated Financial Statements for 2023.

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 2023. For more information, please see Note 6 to the Consolidated Financial Statements for 2023.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

(1) Cash and cash equivalents

	2024.03.31	2023.12.31	2023.03.31 (restated)
Cash on hand and revolving funds	\$ 3,405	5,105	4,810
Demand deposits and checking accounts	602,137	738,433	840,947
Time deposits with an initial maturity date within three months	98,078	86,970	134,666
	<u>\$ 703,620</u>	<u>830,508</u>	<u>980,423</u>

(2) Other financial assets-current

	2024.03.31	2023.12.31	2023.03.31 (restated)
Time deposits with an initial maturity date of more than three months	<u>\$ 376,928</u>	<u>366,873</u>	<u>224,014</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. Some of time deposits are pledged as guaranties. For the details, please refer to Note 8.

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

	2024.03.31	2023.12.31	2023.03.31 (restated)
Notes receivable	\$ 87,451	99,108	70,082
Accounts receivable	742,753	752,929	678,209
Less: Loss allowance	(11,419)	(9,548)	(8,594)
	818,785	842,489	739,697
Accounts receivable - related parties	3,293	3,988	26,254
	<u>\$ 822,078</u>	<u>846,477</u>	<u>765,951</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)

2024.03.31

	Gross carrying amount notes and accounts receivable	Weighted-average expected credit loss	Loss allowance for expected credit losses
Current	\$ 729,773	0.24%	1,738
Less than 90 days overdue	62,420	4.15%	2,593
91 - 180 days overdue	32,852	11.72%	3,849
181 - 270 days overdue	1,312	31.17%	409
271 - 360 days overdue	1,031	1.36%	14
More than one year overdue	2,816	100.00%	2,816
	\$ 830,204		11,419

2023.12.31

	Gross carrying amount notes and accounts receivable	Weighted-average expected credit loss	Loss allowance for expected credit losses
Current	\$ 771,725	0.15%	1,194
Less than 90 days overdue	39,752	3.50%	1,392
91 - 180 days overdue	37,135	9.63%	3,576
181 - 270 days overdue	57	31.58%	18
271 - 360 days overdue	189	100.00%	189
More than one year overdue	3,179	100.00%	3,179
	\$ 852,037		9,548

2023.03.31 (restated)

	Gross carrying amount notes and accounts receivable	Weighted-average expected credit loss	Loss allowance for expected credit losses
Current	\$ 687,249	0.22%	1,500
Less than 90 days overdue	30,073	5.53%	1,664
91 - 180 days overdue	27,763	8.02%	2,226
181 - 270 days overdue	1,197	100.00%	1,197
271 - 360 days overdue	9	77.78%	7
More than one year overdue	2,000	100.00%	2,000
	\$ 748,291		8,594

As of March 31, 2024, and December 31 and March 31, 2023, the Group has no expected credit losses from accounts receivable - related parties. The aging analysis is as follows:

	2024.03.31	2023.12.31	2023.03.31 (restated)
Current	\$ 3,293	3,988	20,163
Less than 90 days overdue	-	-	6,091
	\$ 3,293	3,988	26,254

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 March 2024	January to March 2023 (restated)
Beginning balance	\$ 9,548	8,704
Impairment losses (Reversal gain)	1,883	(110)
Effects of exchange rate	(12)	-
End balance	<u><u>\$ 11,419</u></u>	<u><u>8,594</u></u>

(4) Inventory

	2024.03.31	2023.12.31	2023.03.31 (restated)
Raw materials	\$ 65,528	67,500	66,980
Work-in-progress	31,642	27,297	28,420
Finished goods	34,201	28,259	48,229
Merchandise Inventories	402,989	387,966	361,048
Inventories in transit	3,410	4,729	6,242
	<u><u>\$ 537,770</u></u>	<u><u>515,751</u></u>	<u><u>510,919</u></u>

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

	January to March 2024	January to March 2023 (restated)
Cost of inventories sold	\$ 714,876	723,021
Write-down of inventories	4,002	2,843
	<u><u>\$ 718,878</u></u>	<u><u>725,864</u></u>

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

(5) Investments accounted for using the equity method

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

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>2024.03.31</u>	<u>2023.12.31</u>	<u>2023.03.31</u>
TDX Medical Technology (Jiangsu) Co., Ltd (TDX)	Wholesaling and retailing of medical consumables and equipment	\$ -	-	<u><u>36,885</u></u>

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

	<u>January to March 2023</u>
Net Loss	\$ 1,946
Other comprehensive income	<u>267</u>
Total comprehensive income	<u><u>\$ 2,213</u></u>

In December 2023, the 40% equity in TDX held by the Group in was disposed of at NTD 48,275 thousand, resulting in a disposal gain of NTD 5,129 thousand. As of December 31, 2023. As of one day, there was an uncollected receivable of NTD 46,914, recorded under other receivables, which was collected in February 2024.

(6) Subsidiaries

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 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:

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Consideration transferred:

Cash	\$	400,000
Add: Non-controlling interests		516,164

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		196,109	
Deferred income tax assets		5,687	
Refundable Deposits		40,969	
Financial liabilities at fair value through profit or loss		(665)	
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)	
Other non-current liabilities		(9,681)	
Deferred income tax liabilities		(16,276)	798,911
Debit – retained earnings			<u><u>\$ 117,253</u></u>

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

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

Subsidiary	Principal place of business/country of incorporation	Percentage of ownership and voting rights held by non-controlling interests		
		2024.03.31	2023.12.31	2023.03.31 (restated)
NBHIT	Taiwan	48%	48%	48%
CCD	Taiwan	60%	60%	60%
CKCARE	Taiwan	40%	40%	40%
K2	Taiwan	60%	60%	60%

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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:

	2024.03.31	2023.12.31	2023.03.31
Current assets	\$ 141,437	137,855	127,952
Non-current assets	171,899	165,218	141,445
Current liabilities	(102,735)	(103,063)	(93,044)
Non-current liabilities	(66,461)	(62,730)	(41,835)
Net assets	\$ 144,140	137,280	134,518
The carrying amount in non-controlling interests	\$ 55,668	52,375	51,049

	January to March 2024	January to March 2023
Operating revenue	\$ 90,545	91,457
Net income	\$ 6,860	11,602
Other comprehensive income	-	-
Total comprehensive income	\$ 6,860	11,602
Net income attributable to non-controlling interests	\$ 3,293	5,569
Total comprehensive income attributable to non-controlling interests	\$ 3,293	5,569

	January to March 2024	January to March 2023
Cash flows related to operating activities	\$ 11,586	(6,811)
Cash flows related to investing activities	(13,231)	(8,850)
Cash flows related to financing activities	(7,980)	(6,586)
Net decrease in cash and cash equivalents	\$ (9,625)	(22,247)
Cash dividends paid to non-controlling interests	\$ -	-

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

(2) The summarized financial information of CCD:

	2024.03.31	2023.12.31	2023.03.31
Current assets	\$ 622,103	638,341	604,653
Non-current assets	575,462	558,404	579,929
Current liabilities	(296,454)	(282,539)	(320,629)
Non-current liabilities	(207,221)	(196,688)	(179,762)
Net assets	\$ 693,890	717,518	684,191
The carrying amount in non-controlling interests	\$ 416,334	430,510	410,515

	January to March 2024	January to March 2023
Operating revenue	\$ 206,881	198,018
Net income	\$ 9,707	8,508
Other comprehensive income	-	-
Total comprehensive income	\$ 9,707	8,508
Net income attributable to non-controlling interests	\$ 5,824	5,105
Total comprehensive income attributable to non-controlling interests	\$ 5,824	5,105

	January to March 2024	January to March 2023
Cash flows provided by operating activities	\$ (6,469)	44,666
Cash flows used in investing activities	(19,954)	(12,633)
Cash flows used in financing activities	(5,968)	(45,298)
Net decrease in cash and cash equivalents	\$ (32,391)	(13,265)
Cash dividends paid to non-controlling interests	\$ -	-

(3) The summarized financial information of CKCARE:

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	2024.03.31	2023.12.31	2023.03.31
Current assets	\$ 94,480	92,878	98,283
Non-current assets	186,326	186,753	166,959
Current liabilities	(91,885)	(89,147)	(79,351)
Non-current liabilities	(35,114)	(37,389)	(24,593)
Net assets	\$ 153,807	153,095	161,298
The carrying amount in non-controlling interests	\$ 45,718	45,433	48,714

	January to March 2024	January to March 2023
Operating revenue	\$ 73,843	73,395
Net income	\$ 712	3,187
Other comprehensive income	-	-
Total comprehensive income	\$ 712	3,187
Net income attributable to non-controlling interests	\$ 285	1,275
Total comprehensive income attributable to non-controlling interests	\$ 285	1,275

	January to March 2024	January to March 2023
Cash flows provided by operating activities	\$ (10,513)	(8,039)
Cash flows used in investing activities	(3,088)	(132)
Cash flows used in financing activities	1,785	(8,003)
Net decrease in cash and cash equivalents	\$ (11,816)	(16,174)
Cash dividends paid to non-controlling interests	\$ -	-

(4) The summarized financial information of K2:

	2024.03.31	2023.12.31	2023.03.31
Current assets	\$ 1,049,684	1,057,377	1,028,002
Non-current assets	336,934	306,404	299,945
Current liabilities	(465,000)	(460,891)	(460,270)
Non-current liabilities	(78,728)	(78,466)	(16,313)
Net assets	\$ 842,890	824,424	851,364
The carrying amount in non-controlling interests	\$ 544,617	537,538	550,414

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	January to March 2024	January to March 2023
Operating revenue	<u>\$ 340,772</u>	<u>368,023</u>
Net income	\$ 17,378	22,347
Other comprehensive income	1,088	807
Total comprehensive income	<u>\$ 18,466</u>	<u>23,154</u>
Net income attributable to non-controlling interests	<u>\$ 11,891</u>	<u>14,551</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 12,203</u>	<u>15,057</u>

	January to March 2024	January to March 2023
Cash flows provided by operating activities	\$ (43,978)	18,545
Cash flows used in investing activities	28,943	(23,428)
Cash flows used in financing activities	23,776	46,586
Effect of changes in foreign exchange rates	1,607	762
Net decrease in cash and cash equivalents	<u>\$ 10,348</u>	<u>42,465</u>
Cash dividends paid to non-controlling interests	<u>\$ -</u>	<u>-</u>

(7) Property, plant and equipment

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

	Land	Buildings	Machinery	Instruments (for rental)	Leasehold improvement	Leasehold improvement (for rental)	Office and other equipment	Constructi on in progress	Total
Cost:									
Balance as of January 01, 2024	\$ 346,860	364,557	332,688	221,235	4,512	134,475	144,474	3,599	1,552,400
Additions	-	-	8,593	7,614	-	7,524	5,187	-	28,918
Disposals	-	-	(1,895)	(305)	-	(3,429)	(88)	-	(5,717)
Effect of changes in foreign exchange rates	-	-	(1,244)	-	(23)	2	37	-	(1,228)
Reclassification	-	282	3,107	3,599	-	7,911	1,205	(3,599)	12,505
Balance as of March 31, 2024	<u>\$ 346,860</u>	<u>364,839</u>	<u>341,249</u>	<u>232,143</u>	<u>4,489</u>	<u>146,483</u>	<u>150,815</u>	<u>-</u>	<u>1,586,878</u>
Balance as of January 01, 2023 (restated)	\$ 346,860	362,780	304,763	193,569	4,479	146,350	137,680	-	1,496,481
Additions	-	-	13,634	38,410	23	3,236	5,452	-	60,755
Disposals	-	-	-	(16,600)	-	(8,314)	(8,277)	-	(33,191)
Reclassification	-	-	77	-	-	(1,018)	3,851	-	2,910
Effect of changes in foreign exchange rates	-	-	55	-	3	-	43	-	101
Balance as of March 31, 2023 (restated)	<u>\$ 346,860</u>	<u>362,780</u>	<u>318,529</u>	<u>215,379</u>	<u>4,505</u>	<u>140,254</u>	<u>138,749</u>	<u>-</u>	<u>1,527,056</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

		Land	Buildings	Machinery	Instruments (for rental)	Leasehold improvement	Leasehold improvement (for rental)	Office and other equipment	Construction in progress	Total
Accumulated depreciation and impairment loss:										
Balance as of January 01, 2024	\$	-	91,191	242,456	115,782	2,753	89,712	108,339	-	650,233
Depreciation		-	2,661	8,670	10,516	107	4,820	3,606	-	30,380
Disposals		-	-	(1,895)	(305)	-	(3,371)	(87)	-	(5,658)
Effect of changes in foreign exchange rates		-	-	(617)	-	(19)	-	45	-	(591)
Balance as of March 31, 2024	\$	-	93,852	248,614	125,993	2,841	91,161	111,903	-	674,364
Balance as of January 01, 2023 (restated)	\$	-	80,563	221,126	109,182	2,150	96,192	103,124	-	612,337
Depreciation		-	2,695	8,122	9,933	148	4,539	3,550	-	28,987
Disposals		-	-	-	(16,600)	-	(8,314)	(5,563)	-	(30,477)
Reclassification		-	-	-	-	-	(191)	191	-	-
Effect of changes in foreign exchange rates		-	-	29	-	1	-	33	-	63
Balance as of March 31, 2023 (restated)	\$	-	83,258	229,277	102,515	2,299	92,226	101,335	-	610,910
Carrying value:										
March 31, 2024	\$	346,860	270,987	92,635	106,150	1,648	55,322	38,912	-	912,514
January 01, 2024	\$	346,860	273,366	90,232	105,453	1,759	44,763	36,135	3,599	902,167
March 31, 2023 (restated)	\$	346,860	279,522	89,252	112,864	2,206	48,028	37,414	-	916,146

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.

(8) Right-of-use assets

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

		Buildings	Transportation equipment	Total
Cost of right-of-use assets:				
Balance as of January 01, 2024	\$	287,030	15,212	302,242
Additions		26,938	-	26,938
Lease modification		(3,210)	-	(3,210)
Write-off		(9,596)	-	(9,596)
Effect of changes in foreign exchange rates		282	-	282
Balance as of March 31, 2024	\$	301,444	15,212	316,656
Balance as of January 01, 2023 (restated)	\$	224,763	12,415	237,178
Additions		10,491	-	10,491
Write-off		(12,227)	-	(12,227)
Effect of changes in foreign exchange rates		79	-	79
Balance as of March 31, 2023 (restated)	\$	223,106	12,415	235,521
Accumulated depreciation of right-of-use assets:				
Balance as of January 01, 2024	\$	129,261	6,777	136,038
Depreciation for the current period		16,555	923	17,478

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	Buildings	Transportation equipment	Total
Lease modification	(1,031)	-	(1,031)
Write-off	(9,596)	-	(9,596)
Effect of changes in foreign exchange rates	(63)	-	(63)
Balance as of March 31, 2024	\$ 135,126	7,700	142,826
Balance as of January 01, 2023 (restated)	\$ 113,938	4,103	118,041
Depreciation for the current period	13,012	776	13,788
Write-off	(12,227)	-	(12,227)
Effect of changes in foreign exchange rates	56	-	56
Balance as of March 31, 2023 (restated)	\$ 114,779	4,879	119,658
Carrying value:			
March 31, 2024	\$ 166,318	7,512	173,830
January 01, 2024	\$ 157,769	8,435	166,204
March 31, 2023 (restated)	\$ 108,327	7,536	115,863

(9) Investment properties

	Self-owned		Right-of-use assets	Total
	Land	Buildings	Buildings	
Cost:				
Balance as of January 01, 2024	\$ 225,083	126,893	248,544	600,520
Additions	-	-	18,260	18,260
Balance as of March 31, 2024	\$ 225,083	126,893	266,804	618,780
Balance as of January 01, 2023	\$ 31,822	126,893	237,579	589,555
Additions	-	-	13,093	13,093
Balance as of March 31, 2023	\$ 225,083	126,893	250,672	602,648
Accumulated depreciation:				
Balance as of January 01, 2024	\$ -	32,053	92,506	124,559
Depreciation	-	1,090	5,783	6,873
Balance as of March 31, 2024	\$ -	33,143	98,289	131,432
Balance as of January 01, 2023	\$ -	27,692	72,569	100,261
Depreciation	-	952	5,439	6,391
Balance as of March 31, 2023	\$ -	28,644	78,008	106,652
Carrying amount:				
March 31, 2024	\$ 225,083	93,750	168,515	487,348
January 01, 2024	\$ 225,083	94,840	156,038	475,961
March 31, 2023	\$ 225,083	98,249	172,664	495,996

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

For investment properties leased to third parties, the proportion of land ownership, and right-of-use assets sub-leased to other parties, please see Note 6(16).

The fair value of the investment properties does not differ with the information revealed in Note 6(9) of the Consolidated Financial Statements for 2023.

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

(10) Intangible asset

	Goodwill	Computer software	Customer relationships and sales channels	Other intangible assets	Total
Costs:					
Balance as of January 01, 2024	\$ 214,134	24,918	151,923	80,794	471,769
Additions	-	2,040	-	192	2,232
Write-off	-	(518)	-	(13,333)	(13,851)
Effect of changes in foreign exchange rates	-	(2)	-	-	(2)
Balance as of March 31, 2024	<u>\$ 214,134</u>	<u>26,438</u>	<u>151,923</u>	<u>67,653</u>	<u>460,148</u>
Balance as of January 01, 2023 (restated)	\$ 207,648	21,420	151,923	80,566	461,557
Additions	-	2,963	-	133	3,096
Write-off	-	(1,065)	-	-	(1,065)
Balance as of March 31, 2023 (restated)	<u>\$ 207,648</u>	<u>23,318</u>	<u>151,923</u>	<u>80,699</u>	<u>463,588</u>
Accumulated amortization:					
Balance as of January 01, 2024	\$ -	16,187	87,141	34,004	137,332
Amortization	-	1,337	2,487	1,573	5,397
Write-off	-	(518)	-	(13,333)	(13,851)
Effect of changes in foreign exchange rates	-	(1)	-	-	(1)
Balance as of March 31, 2024	<u>\$ -</u>	<u>17,005</u>	<u>89,628</u>	<u>22,244</u>	<u>128,877</u>
Balance as of January 01, 2023 (restated)	\$ -	13,497	73,349	26,379	113,225
Amortization	-	1,134	4,024	1,894	7,052
Write-off	-	(1,065)	-	-	(1,065)
Balance as of March 31, 2023 (restated)	<u>\$ -</u>	<u>13,566</u>	<u>77,373</u>	<u>28,273</u>	<u>119,212</u>
Carrying value:					
March 31, 2024	<u>\$ 214,134</u>	<u>9,433</u>	<u>62,295</u>	<u>45,409</u>	<u>331,271</u>
January 01, 2024	<u>\$ 214,134</u>	<u>8,731</u>	<u>64,782</u>	<u>46,790</u>	<u>334,437</u>
March 31, 2023 (restated)	<u>\$ 207,648</u>	<u>9,752</u>	<u>74,550</u>	<u>52,426</u>	<u>344,376</u>

According to IAS 36, the goodwill acquired by the Group must undergo assessment for impairment at least once a year. Pursuant to the assessment for impairment conducted by the Group on December 31, 2023, goodwill has not suffered any impairment. For details, please see Note 6(10) to the Consolidated Financial Statements for 2023. On March 31, 2024, the Group conducted an assessment based on the operating revenue

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

meeting target for the period between January 01, 2024 and March 31, 2024, and concluded that no impairment was incurred.

(11) Other non-current assets

	2024.03.31	2023.12.31	2023.03.31 (restated)
Prepayments for equipment	\$ 62,460	17,824	6,405
Pension plan assets	7,339	7,166	5,656
Refundable Deposits	45,319	45,433	47,980
Long-term accounts receivable	268	500	2,650
Other receivables - long-term	-	152	1,675
Prepayment - long-term	4,060	4,630	-
Others	-	-	2,743
	<u>\$ 119,446</u>	<u>75,705</u>	<u>67,109</u>

(12) Short-term loans

	2024.03.31	2023.12.31	2023.03.31 (restated)
Unsecured bank loans	\$ 359,894	353,164	397,247
Secured bank loans	35,600	31,308	31,060
	<u>\$ 395,494</u>	<u>384,472</u>	<u>428,307</u>
Unused credit facilities	<u>\$ 2,045,819</u>	<u>1,954,003</u>	<u>1,694,381</u>
Interest rate bracket	<u>1.83%~6.42%</u>	<u>1.88%~6.70%</u>	<u>1.73%~6.08%</u>

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

(13) Long-term loans

	2024.03.31	2023.12.31	2023.03.31 (restated)
Secured bank loans	\$ 190,000	190,000	40,000
Unsecured bank loans	609,875	661,758	377,205
Less: current portion of long-term debt	(8,745)	(8,628)	(36,447)
	<u>\$ 791,130</u>	<u>843,130</u>	<u>380,758</u>
Unused credit facilities	<u>\$ 711,202</u>	<u>461,049</u>	<u>712,409</u>
Interest rate bracket	<u>0.50%~5.92%</u>	<u>0.50%~5.92%</u>	<u>1.75%~5.92%</u>

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 2023 and the semi-annual consolidated financial statements of 2023, the financial ratios are in compliance with the load agreement.

(14) Lease liabilities

The lease liabilities of the Group are as follows:

	2024.03.31	2023.12.31	2023.03.31 (restated)
Current	<u>\$ 78,275</u>	<u>74,518</u>	<u>69,372</u>
Non-current	<u>\$ 278,120</u>	<u>261,084</u>	<u>230,641</u>

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

Profit and loss recognized are as follows:

	January to March 2024	January to March 2023 (restated)
Interest expense of lease liabilities	<u>\$ 1,434</u>	<u>1,222</u>
Short-term lease expense	<u>\$ 3,564</u>	<u>2,066</u>

Items recognized in Cash Flows Statement:

	January to March 2024	January to March 2023 (restated)
Total cash outflow for leases	<u>\$ 26,935</u>	<u>21,848</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(9). 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)

(15) Provision for product warranties

	<u>2024.03.31</u>	<u>2023.12.31</u>	<u>2023.03.31</u>
Provision for product warranty	<u>\$ 4,894</u>	<u>6,191</u>	<u>8,392</u>

From January 01 to March 31, 2024 and 2023, 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 2023.

(16) Operating leases - lessor

The Group leases out its property, plant and equipment (among equipment, instruments are in majority) and investment properties. As almost all of the risk and reward of the ownership of the properties have not been transferred, the lease contracts are classified as operating leases.

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

	<u>2024.03.31</u>	<u>2023.12.31</u>	<u>2023.03.31</u>
Less than 1 year	\$ 77,872	73,614	66,349
1 to 2 years	33,207	18,399	16,453
2 to 3 years	12,144	16,621	14,829
3 to 4 years	7,694	13,377	13,833
4 to 5 years	4,270	4,495	10,598
More than 5 years	15,373	15,627	18,516
Total undiscounted lease payments	<u>\$ 150,560</u>	<u>142,133</u>	<u>140,578</u>

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

	<u>January to March 2024</u>	<u>January to March 2023</u>
Recognized as operating revenue:		
Property, plant and equipment	\$ 14,852	13,148
Investment properties	8,381	7,702
	<u>\$ 23,233</u>	<u>20,850</u>
	<u>January to March 2024</u>	<u>January to March 2023</u>
Recognized as non-operating income and expenses:		
Property, plant and equipment	\$ 1,240	1,573
Investment properties	1,895	1,474
	<u>\$ 3,135</u>	<u>3,047</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

	January to March 2024	January to March 2023
Those generating rental income	\$ 7,452	6,337
Those not generating rental income	131	104
	<u>\$ 7,583</u>	<u>6,441</u>

(17) Employee benefits

1. Defined benefit plans

As no significant market fluctuation, reduction, settlement or other significant one-off events have occurred since the last yearly reporting date, the Group has adopted actuarial valuation as at December 31, 2023 and 2022 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:

	January to March 2024	January to March 2023 (restated)
Operating costs	\$ 3	(1)
Operating expenses	(66)	(58)
	<u>\$ (63)</u>	<u>(59)</u>

2. Defined contribution plans

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

	January to March 2024	January to March 2023 (restated)
Operating costs	\$ 1,169	1,334
Operating expenses	4,576	4,036
	<u>\$ 5,745</u>	<u>5,370</u>

(18) Income tax

1. Income tax expense

	January to March 2024	January to March 2023 (restated)
Current income tax expense	<u>\$ 15,210</u>	<u>17,620</u>

2. From January 01 to March 31, 2024 and 2023, 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 2022 have been examined and approved by the R.O.C. income tax authorities.

(19) Capital and other equity interests

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Except for the following, from January 01 to March 31, 2024 and 2023, there was no major change in capital and other equity interests. For details, please see Notes 6(19) of Consolidated Financial Statements for 2023.

1. Common shares

As of March 31, 2024, and December 31 and March 31, 2023, 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>2024.03.31</u>	<u>2023.12.31</u>	<u>2023.03.31</u>
Additional paid-in capital in excess of par issued	\$ 297,921	297,921	297,921

Pursuant to the Company Act, any realized capital surplus is initially used to offset an accumulated deficit. The balance, if any, could be used for issuing stock dividends or distributing cash dividends based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations from stockholders received by the Group. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

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 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.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

By resolutions of the Board meeting on February 29, 2024 and March 02, 2023, the cash dividend of earnings distribution for 2023 and 2022 is as follows:

	2023		2022	
	Dividend per share (NTD)	Amount	Dividend per share (NTD)	Amount
Dividends per share:				
Cash	\$ 2.00	<u>89,132</u>	2.10	<u>93,589</u>

4. Other equity interest (net after tax)

Exchange differences on translation of foreign operations

	January to March 2024	January to March 2023
Beginning balance	\$ (5,561)	(2,235)
Foreign exchange differences arising from the translation of foreign operations	1,242	137
Shares of foreign currency translation differences of joint ventures	-	267
End balance	<u>\$ (4,319)</u>	<u>(1,831)</u>

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

	January to March 2024	January to March 2023
Beginning balance	\$ 1,080,503	537,776
Equity attributable to non-controlling interests:		
Net income	21,807	12,994
Foreign exchange differences arising from the translation of foreign operations	312	-
Cash dividends	(20,000)	(20,000)
End balance	<u>\$ 1,082,622</u>	<u>530,770</u>

(20) Earnings per share (EPS)

1. Basic EPS

	January to March 2024	January to March 2023
Net income attributable to shareholders of the Company	<u>\$ 22,698</u>	<u>22,621</u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>44,566</u>	<u>44,566</u>
Basic EPS (NTD)	<u>\$ 0.51</u>	<u>0.51</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

2. Diluted EPS

	January to March 2024	January to March 2023
Net income attributable to shareholders of the Company	<u>\$ 22,698</u>	<u>22,621</u>
Weighted-average number of ordinary shares outstanding (basic) (in thousands)	44,566	44,566
Effect of dilutive potential common stock (in thousands)		
Effect of employee bonuses	185	220
Weighted-average number of ordinary shares outstanding (diluted) (in thousands)	<u>44,751</u>	<u>44,786</u>
Diluted EPS (NTD)	<u>\$ 0.51</u>	<u>0.51</u>

(21) Revenue from contracts with customers

1. Disaggregation of revenue

	January to March 2024	January to March 2023 (restated)
Primary geographical markets:		
Taiwan	\$ 746,100	751,421
Mainland China	125,810	148,670
Indonesia	65,116	60,879
Thailand	69,439	55,856
India	21,228	-
Italy	1,130	845
Others	28,326	36,382
	<u>\$ 1,057,149</u>	<u>1,054,053</u>
Main products:		
Medical equipment	\$ 151,104	145,435
Medical consumables	610,901	622,906
Medical services	295,144	285,712
	<u>\$ 1,057,149</u>	<u>1,054,053</u>
Timing of revenue recognition:		
Revenue recognized at a point in time	\$ 1,022,666	1,023,576
Revenue recognized over time	11,250	9,627
Lease income	23,233	20,850
	<u>\$ 1,057,149</u>	<u>1,054,053</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

2. Contract balances

	2024.03.31	2023.12.31	2023.03.31 (restated)
Notes and accounts receivable (including related parties)	\$ 833,497	856,025	774,545
Less: Loss allowance	(11,491)	(9,548)	(8,594)
	<u>\$ 822,006</u>	<u>846,477</u>	<u>765,951</u>
Contract liabilities	<u>\$ 29,222</u>	<u>32,382</u>	<u>68,207</u>

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

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

The Group recognized revenue from the beginning balance of contract liability as of January 01, 2024 and 2023, which amounted to NTD17,846 thousand and NTD31,739 thousand for the three months ended March 31, 2024 and 2023, respectively.

(22) Remuneration to employees and Directors

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

The compensation of employees for the three months ended March 31, 2024 and 2023 amounted to NTD2,264 thousand and NTD2,196 thousand, respectively; and, the remuneration of Directors amounted for the three months ended March 31, 2024 and 2023 amounting to NTD189 thousand and NTD183 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 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 2023 and 2022 amounted to NTD13,289 thousand and NTD17,394 thousand, respectively; and the estimated amounts of director remuneration amounted to NTD1,107 thousand and NTD1,449 thousand,

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

respectively. The aforementioned amounts did not differ from the employee compensation and director remuneration approved by the Board, and were all disbursed in cash. For details, please see the Market Observation Post System.

(23) Non-operating income and loss

1. Interest income

	January to March 2024	January to March 2023 (restated)
Interest income from bank deposits	<u>\$ 1,762</u>	<u>1,066</u>

2. Other income

	January to March 2024	January to March 2023 (restated)
Rental income	\$ 3,135	3,047
Others	817	1,086
	<u>\$ 3,952</u>	<u>4,133</u>

3. Other gains and losses

	January to March 2024	January to March 2023 (restated)
Gains on disposal of property, plant and equipment	\$ 11	182
Net foreign currency exchange gains	1,280	2,628
Gains on lease modification	289	-
	<u>\$ 1,580</u>	<u>2,810</u>

4. Financing costs

	January to March 2024	January to March 2023 (restated)
Interest expense of bank loans	\$ 6,006	4,486
Financial expense of lease liabilities	1,434	1,222
	<u>\$ 7,440</u>	<u>5,708</u>

(24) Financial instruments

Except for the following, the fair value of the financial instruments and the credit, liquidity and market risks exposed due to the financial instruments have no significant changes. For details, please see Notes 6(24) and (25) of Consolidated Financial Statements for 2023.

1. Categories of financial instruments

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

(1) Financial assets

	2024.03.31	2023.12.31	2023.03.31 (restated)
Financial assets at fair value through other comprehensive income	\$ 123	123	123
Financial assets at amortized cost:			
Cash and cash equivalents	703,620	830,508	980,423
Notes and accounts receivable and other receivables (including related parties)	827,480	900,349	774,742
Other financial assets-current	376,928	366,873	224,014
Other non-current assets - refundable deposits	45,319	45,433	47,980
Other non-current assets - long-term receivables	268	652	4,325
Other non-current assets - long-term lease receivables	4,060	4,630	-
Subtotal	1,957,675	2,148,445	2,031,484
	\$ 1,957,798	2,148,568	2,031,607

(2) Financial liabilities

	2024.03.31	2023.12.31	2023.03.31 (restated)
Financial liabilities at amortized cost:			
Short-term loans	\$ 395,494	384,472	428,307
Notes and accounts payable and other payables (including related parties)	828,099	800,704	833,958
Lease liabilities (current and non-current)	356,395	335,602	300,013
Long-term debt (including current portion)	799,605	851,758	417,205
Guarantee deposit received	6,748	6,808	8,389
	\$ 2,386,341	2,379,344	1,987,872

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

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.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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).

2024.03.31			
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

2023.12.31			
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

2023.03.31			
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

There is no movement among fair value hierarchies from January 01 to March 31, 2024 and 2023.

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

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

3. Credit risk

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

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

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

Other financial assets-current measured at amortized cost include other receivables and certificate of deposit (certificate of deposit is classified as other financial assets-current. For details, please see Note 6(2)). The balances as at March 31, 2024, and December 31 and March 31, 2023 amounted to NTD382,330 thousand, NTD420,475 thousand, and NTD232,805 thousand, respectively. There were no expected credit losses after assessment.

4. Liquidity risk

Liquidity risk is the risk that arises when the Group has difficulty in settling its financial liabilities either by cash or other financial assets. The Group manages its liquidity risk by monitoring the current and medium to long-term cash demand regularly and maintaining adequate cash and cash equivalents and line of credit at banking facilities. As at March 31, 2024, and December 31 and March 31, 2023, the unused credit facilities of the Group amounted to NTD2,757,021 thousand, NTD2,415,052 thousand, and NTD2,406,790 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 contractual undiscounted payments.

	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
March 31, 2024						
Non-derivative financial liabilities:						
Short-term loans	\$ 397,193	366,582	30,611	-	-	-
Long-term debt (including current portion)	825,804	11,691	11,934	684,113	118,066	-
Notes and accounts payable and other payables (including related parties)	828,099	828,099	-	-	-	-
Guarantee deposit received	6,748	250	95	25	6,378	-
Lease liabilities	377,289	44,822	38,643	71,655	133,647	88,522

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2023	\$ 2,435,133	1,251,444	81,283	755,793	258,091	88,522
Non-derivative financial liabilities						
Short-term loans	\$ 386,646	339,014	47,632	-	-	-
Long-term debt	883,826	12,802	12,342	687,336	171,346	-
Notes and accounts payable and other payables (including related parties)	800,704	800,704	-	-	-	-
Guarantee deposit received	6,808	225	105	25	6,453	-
Lease liabilities	354,067	43,147	35,841	61,880	213,199	-
	\$ 2,432,051	1,195,892	95,920	749,241	390,998	-
March 31, 2023 (restated)						
Non-derivative financial liabilities						
Short-term loans	\$ 429,883	429,883	-	-	-	-
Long-term debt (including current portion)	433,135	12,226	32,576	265,996	122,337	-
Notes and accounts payable and other payables (including related parties)	833,958	833,958	-	-	-	-
Guarantee deposit received	8,389	272	-	-	8,117	-
Lease liabilities	319,221	38,127	34,998	54,339	191,757	-
	\$ 2,024,586	1,314,466	67,574	320,335	322,211	-

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:

		2024.03.31			Unit : in thousand	
		Foreign currency	Exchange rate	NTD	Change in exchange rate	Effect of profit or loss
Financial assets						
USD	\$	2,523	32.000	80,736	1%	807
EUR		758	34.467	26,126	1%	261
RMB		502	4.430	2,224	1%	22
JPY		196,413	0.212	41,640	1%	416
Financial liabilities						
USD		1,760	32.000	56,320	1%	563
EUR		67	34.467	2,309	1%	23
RMB		180	4.430	797	1%	8
JPY		22,932	0.212	4,862	1%	49

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

2023.12.31

		Foreign currency	Exchange rate	NTD	Change in exchange rate	Effect of profit or loss
<u>Financial assets</u>						
USD	\$	4,392	30.750	135,054	1%	1,351
EUR		740	34.034	25,185	1%	252
RMB		32,759	4.336	142,043	1%	1,420
JPY		80,955	0.218	17,648	1%	176
<u>Financial liabilities</u>						
USD		2,793	30.750	85,885	1%	859
EUR		86	34.034	2,927	1%	29
RMB		226	4.336	980	1%	10
JPY		122,002	0.218	26,596	1%	266

2023.03.31 (restated)

		Foreign currency	Exchange rate	NTD	Change in exchange rate	Effect of profit or loss
<u>Financial assets</u>						
USD	\$	2,683	30.480	81,778	1%	818
EUR		735	33.315	24,487	1%	245
RMB		494	4.438	2,192	1%	22
JPY		17,388	0.229	3,982	1%	40
<u>Financial liabilities</u>						
USD		1,984	30.480	60,472	1%	605
EUR		851	33.315	28,351	1%	284
JPY		21,216	0.229	4,858	1%	49

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 ended on March 31, 2024 and 2023, the foreign exchange gain (loss) (including realized and unrealized portions) refer to Note 6(23).

(2) Interest rate risk

The Group's bank loans carry floating interest rates. To mitigate the interest rate risk, the Group periodically assesses the interest rates of different banks and currencies and maintains good relationships with financial institutions for a lower financing cost. The Group also strengthens the management of working capital to reduce the dependence on bank loans and diversify the risk arising from the fluctuation of interest rates.

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

If the yearly interest rate increases/decreases 1%, all variables remained unchanged, the income before tax of the Group for January 01 to March 31, 2024 and 2023 would decrease/increase NTD2,988 thousand and NTD2,114 thousand (restated), respectively.

(25) Financial risk management

The goal and policy of the financial risk management of the Group and the disclosure made at Notes 6(25) of Consolidated Financial Statements for 2023 undergo no significant changes.

(26) Capital management

The goal, policy and procedures of capital management of the Group does not differ from the disclosure made at the Consolidated Financial Statements for 2023. For details, please see Notes 6(26) of Consolidated Financial Statements for 2023.

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

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

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

	2024.01.01	Cash flows	Non-cash changes Change of lease	2024.03.31
Short-term loans	\$ 384,472	11,022	-	395,494
Long-term loans	851,758	(52,153)	-	799,605
Lease liabilities	335,602	(21,937)	42,730	356,395
Guarantee deposit received	6,808	(60)	-	6,748
Liabilities from financing activities	<u>\$ 1,578,640</u>	<u>(63,128)</u>	<u>42,730</u>	<u>1,558,242</u>
	2023.01.01 (restated)	Cash flows	Non-cash changes Change of lease	2023.03.31 (restated)
Short-term loans	\$ 399,071	29,236	-	428,307
Long-term loans	422,660	(5,455)	-	417,205
Lease liabilities	294,989	(18,560)	23,584	300,013
Guarantee deposit received	8,456	(67)	-	8,389
Liabilities from financing activities	<u>\$ 1,125,176</u>	<u>5,154</u>	<u>23,584</u>	<u>1,153,914</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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Qisda Corporation (Qisda)	Ultimate controlling company of the Group
BenQ Corporation (BenQ)	The parent company of the Group
TDX Medical Technology (Jiangsu) Co., Ltd (TDX)	Joint venture of the Group (Note 1)
Suzhou Trident Original Medical Technology Co., Ltd. (STOMT)	Subsidiary of joint venture, TDX (Note 1)
Other related parties:	
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
WEB-PRO 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 (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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Name of related party	Relationship with the Group
Epic Cloud Co., Ltd.	Subsidiary of MetaAge
Global Intelligence Network Co., Ltd.	Subsidiary of MetaAge
DSI Group co., Ltd.	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 Foundation	Substantive related party of Qisda

(Note 1) As the Company sold the entire equity of TDX on December 21, 2023, TDX was no longer a related party from that date.

(3) Related-party transactions

1. Operating revenues

The sales to related parties were as follows:

	January to March 2024	January to March 2023 (restated)
Ultimate controlling company	\$ 12	765
Parent company	-	90
Joint venture	-	9,723
Other related parties	2,278	2,197
	\$ 2,290	12,775

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

2. Purchases

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

	January to March 2024	January to March 2023 (restated)
Ultimate controlling company	\$ 17,254	12,955
Joint venture	-	14,659
Other related parties	9,802	5,197
	<u>\$ 27,056</u>	<u>32,811</u>

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 March 31, 2024 and 2023 amounted to NTD27 thousand and NTD74 thousand (restated), respectively. As of March 31, 2024 and December 31 and March 31, 2023, the lease liabilities balances amounted to NTD4,750 thousand, NTD7,420 thousand, and NTD16,429 thousand (restated), respectively.
- (2) The Group has leased offices from Qisda and other related parties, and the agreements are short-term leases. The Group opted for exemption of recognition and did not recognize the related right-of-use assets and lease liabilities. The rental expense recognized for the three months ended March 31, 2024 and 2023 amounted to NTD236 thousand and NTD278 thousand (restated), respectively. On March 31, 2024 and 2023, the related payables are classified under other payables.

4. Acquisition and disposal of property, plant and equipment

For January 01 to March 31, 2024, the Group purchased intangible assets and fixed assets from other related parties which amounted to NTD353 thousand and NTD200 thousand, respectively. As of March 31, 2024, the related payables are classified under other payables.

For January 01 to March 31, 2023, the Group purchased intangible assets from other related parties which amounted to NTD223 thousand. As of March 31, 2023, the related payables were fully settled.

5. Others

- (1) Prepayment for goods

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

The Group has been making purchases from joint venture, STOMT. The payment terms agreed on prepayment. As of March 31, 2023, the prepayments for purchases amounted to NTD4,281 thousand 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 March 31, 2023, the prepayments for purchases amounted to NTD9,677 thousand and was classified as prepayments and other current assets.

- (2) The Company and its parent company, BenQ Corp. entered into a trademark licensing agreement. BenQ Corp. authorized the Company to use its trademark on products and services. The trademark licensing stipulated by the contract took effect on June 10, 2014 and shall end upon termination by either party.

6. 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	January to March 2024	January to March 2023 (restated)
Operating costs	Ultimate controlling company	\$ 492	463
	Other related parties	10	62
		<u>502</u>	<u>525</u>
Operating expenses	Ultimate controlling company	1,553	1,858
	Parent company	132	16
	Other related parties	<u>738</u>	<u>598</u>
		<u>2,423</u>	<u>2,472</u>
		<u>\$ 2,925</u>	<u>2,997</u>

7. Receivables from related parties

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

Account	Related-party	2024.03.31	2023.12.31	2023.03.31 (restated)
Accounts receivable - related parties	Ultimate controlling company	\$ 8	235	792
Accounts receivable - related parties	Parent company	-	-	45
Accounts receivable - related parties	Joint venture	-	-	21,509

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Account	Related-party	2024.03.31	2023.12.31	2023.03.31 (restated)
Accounts receivable - related parties	Other related parties	3,285	3,753	3,908
Other receivable - related parties	Ultimate controlling company	80	-	365
Other receivables - related parties	Other related parties	-	-	414
		<u>\$ 3,373</u>	<u>3,988</u>	<u>27,033</u>

8. Payables to related parties

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

Account	Related-party	2024.03.31	2023.12.31	2023.03.31 (restated)
Accounts payable - related parties	Ultimate controlling company	\$ 14,067	9,789	10,322
Accounts payable - related parties	Joint venture	-	-	419
Accounts payable - related parties	Other related parties	12,600	13,323	8,150
Other payables - related parties	Ultimate controlling company	2,996	4,163	3,961
Other payables - related parties	Parent company	851	43	1,093
Other payables - related parties	Other related parties	2,248	1,513	399
Lease liabilities - current	Ultimate controlling company	4,204	6,773	11,419
Lease liabilities - current	Other related parties	-	-	462
Lease liabilities - non-current	Ultimate controlling company	546	647	4,548
		<u>\$ 37,512</u>	<u>36,251</u>	<u>40,773</u>

(4) Transaction with key management personnel

Compensation for key management personnel:

	January to March 2024	January to March 2023 (restated)
Short-term employee benefits	\$ 3,015	2,821
Post-employment benefits	36	36
	<u>\$ 3,051</u>	<u>2,857</u>

8. Pledged Assets

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

		2024.03.31	2023.12.31	2023.03.31 (restated)
Pledged Assets	Pledged to secure			
Other financial assets-current	Performance bond	\$ 43,238	43,699	56,081
Land and buildings	Credit lines of bank loans	439,119	441,450	505,342
Investment Property	Credit lines of bank loans	242,329	243,092	276,534
		<u>\$ 724,686</u>	<u>728,241</u>	<u>837,957</u>

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Significant unrecognized contractual commitments:

	2024.03.31	2023.12.31	2023.03.31 (restated)
Letter of credit issued and yet to be used	<u>\$ 47,045</u>	<u>50,000</u>	<u>35,149</u>

10. Significant Loss from Disaster: None.

11. Significant Subsequent Events: None.

12. Others

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

Category	January to March 2024			January to March 2023 (restated)		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee benefits						
Salaries	24,688	110,969	135,657	26,717	94,771	121,488
Insurance	2,601	10,508	13,109	3,084	9,884	12,968
Pension	1,172	4,510	5,682	1,333	3,978	5,311
Other employee benefits	1,814	6,060	7,874	1,665	4,980	6,645
Depreciation	28,374	26,357	54,731	27,947	21,219	49,166
Amortization	564	4,833	5,397	304	6,748	7,052

(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 ended March 31, 2023.

Effects of the Consolidated Balance Sheets (restated) as of March 31, 2023 and the

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Consolidated Statements of Comprehensive Income (restated) for the three months ended March 31, 2023 (restated) are as follows:

Consolidated Balance Sheet 2023.03.31	Before restatement	Amount affected	Restatement
Current assets	\$ 1,662,395	1,026,126	2,688,521
Non-current assets	1,706,455	299,945	2,006,400
Total assets	\$ 3,368,850	1,326,071	4,694,921
Current liabilities	\$ 1,067,610	458,394	1,526,004
Non-current liabilities	642,304	16,313	658,617
Total liabilities	1,709,914	474,707	2,184,621
Common stock	445,660	-	445,660
Capital surplus	297,921	-	297,921
Retained earnings	386,416	-	386,416
Other equity	(1,831)	-	(1,831)
Total equity attributable to shareholders of the parent company	1,128,166	-	1,128,166
Equity attributable to former owner of business combination under common control	-	300,950	300,950
Equity attributable to non-controlling interest before business combination under common control	-	550,414	550,414
Non-controlling interests	530,770	-	530,770
Total equity	1,658,936	851,364	2,510,300
Total liabilities and equity	\$ 3,368,850	1,326,071	4,694,921

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Consolidated Statements of Comprehensive Income	Three months ended March 31, 2023		
	Before restatement	Amount affected	Restatement
Operating revenues	\$ 686,236	367,817	1,054,053
Costs of revenue	(471,701)	(277,776)	(749,477)
Gross profit	214,535	90,041	304,576
Realized (unrealized) sales profit	378	-	378
Realized gross profit	214,913	90,041	304,954
Operating expenses	(171,347)	(63,502)	(234,849)
Operating income	43,566	26,539	70,105
Non-operating income and loss	2,187	2,060	4,247
Income before income tax	45,753	28,599	74,352
less: Income tax expenses	(10,138)	(7,482)	(17,620)
Net income	35,615	21,117	56,732
Other comprehensive income for the period (after income tax)	404	809	1,213
Total comprehensive income for the period	\$ 36,019	21,926	57,945
Net Income attributable to:			
Owners of the parent	\$ 22,621	-	22,621
Non-controlling interests	12,994	-	12,994
Equity attributable to former owner of business combination under common control	-	7,334	7,334
Equity attributable to non-controlling interest before business combination under common control	-	13,783	13,783
Net income	\$ 35,615	21,117	56,732
Comprehensive income (loss) attributable to:			
Owners of the parent	\$ 23,025	-	23,025
Non-controlling interests	12,994	-	12,994
Equity attributable to former owner of business combination under common control	-	7,637	7,637
Equity attributable to non-controlling interest before business combination under common control	-	14,289	14,289
Total comprehensive income for the period	\$ 36,019	21,926	57,945
Basic earnings per share (NTD)	\$ 0.51	-	0.51
Diluted earnings per share (NTD)	\$ 0.51	-	0.51

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

13. Additional Disclosures

(1) Information on significant transactions

For January 01 to March 31, 2024, 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	80,000	80,000	64,000	3%	2	-	Working capital turnover	-		-	126,898	253,796

(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: None.

5. Acquisition of real estate, which exceeds \$300 million or 20% of the paid-in capital: None.

6. Disposal of real estate which exceeds \$300 million or 20% of the paid-in capital: None.

7. Total purchases from and sales to related parties which exceed \$100 million or 20% of the paid-in capital: None.

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

9. Transactions on derivative instruments: None.

10. Business relationships and significant intercompany transactions:

Number (Note 1)	Company	Counterparty	Relationship (Note 2)	Account	Transaction details (Note 3)		% of total consolidated net revenue or total assets (Note 4)
					Amount	Transaction terms	
1	K2	K2SH	1	Operating revenue	50,604	OA 90	5%

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

1. "0" represents the Company

2. 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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

(2) Information on investees:

For January 01 to March 31, 2024, 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, 2024			Net income (loss) of the investee	Investment income	Note
				March 31, 2024	December 31, 2023	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%	22,741	163	163	(Note)
The Company	Highview Investments Limited	Samoa Islands	Investment and holding company	36,211	36,211	1,062	100.00%	18,210	(1,355)	(1,355)	(Note)
The Company	Lily Medical Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	185,000	185,000	10,000	100.00%	242,779	9,983	10,079	(Note)
The Company	BenQ AB DentCare Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	88,000	88,000	8,800	88.00%	58,394	(470)	(349)	(Note)
The Company	BenQ Healthcare Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	100,000	100,000	10,000	100.00%	154,807	11,875	11,875	(Note)
The Company	Eastech Co., Ltd	Taiwan	Wholesaling and retailing of medical consumables and equipment	20,300	20,300	700	70.00%	36,720	1,898	1,071	(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%	277,537	9,935	3,883	(Note)
The Company	K2 International Medical Inc.	Taiwan	Sales of medical consumables and equipment	390,000	390,000	7,800	39.00%	290,811	13,718	5,350	(Note)
CCD	Concord HealthCare Co., Ltd.	Taiwan	Wholesaling and retailing of medical consumables and equipment and provision of management consulting services	119,984	119,984	12,000	100.00%	121,022	263	-	(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%	88,473	7,603	-	(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%	108,089	1,282	-	(Note)
K2	K2 Medical (Thailand) Co., Ltd.	Thailand	Sales of medical consumables and equipment	15,919	15,919	-	49.00%	36,853	2,946	-	(Note)
K2	PT. Frismed Hoslab Indonesia	Indonesia	Blood banking equipment and supplies	257,728	257,728	12	67.00%	315,397	7,652	-	(Note)
AsiaConnect	K2 International Medical Inc.	Taiwan	Sales of medical consumables and equipment	10,000	10,000	200	1.00%	7,457	13,718	-	(Note)

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

(3) Information on investments in Mainland China:

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

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, 2024 (Note 2)	Investment amount of outflow or inflow		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (loss) of the investee	Percentage of ownership of direct and indirect investment	Investment income (loss)	Carrying value as of March 31, 2024 (Note 2)	Accumulated inward remittance of earnings as of March 31, 2024
					Outflow	Inflow						
BenQ Medical Technology (Shanghai) Ltd.	Agency of international and entropot trade business	32,000 (USD 1,000)	(2)	32,000 (USD 1,000)	-	-	32,000 (USD 1,000)	(1,355)	100.00%	(1,355)	19,999 (Note 3 and 5)	-
BenQ Smart Healthcare (Shanghai) Co., Ltd.	Wholesaling and retailing of medical consumables and equipment	6,720 (USD 210)	(1)	6,720 (USD 210)	-	-	6,720 (USD 210)	(665)	100.00%	(665)	514 (Note 5)	-
K2 (Shanghai) International Medical Inc.	Sales of medical consumables and equipment	40,000 (USD 1,250)	(1)	61,856 (USD 1,933)	-	-	61,856 (USD 1,933)	4,665	40.00%	4,665	53,355 (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.

(Note 2) The amounts above are translated as per the following exchange rates: USD: NTD = 1:32.000.

(Note 3) The carrying value as of March 31, 2024 was recognized based on the audited financial statements reviewed with special audit procedures

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

conducted by the auditing firm of the parent company. It is measured using the equity method.

(Note 4) The company is a limited liability company and shareholding information is unavailable.

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

2. Limits on investments in Mainland China:

Unit: NTD thousand/foreign currency in thousand

Company Name	Accumulated investment in Mainland China as of March 31, 2024	Investment amounts authorized by Investment Commission, MOEA	Upper Limit on Investment authorized by Investment Commission, MOEA
The Company	32,000 (USD1,000)	32,000 (USD1,000)	620,781
LILY	6,720 (USD210)	6,720 (USD210)	110,282
K2	61,856 (USD1,933)	61,856 (USD1,933)	390,089

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	
BenQ Medical Technology (Shanghai) Ltd.	Subsidiary of the Company	Sales	993	Prices as per negotiation between both parties	ME 60 days	(Note 1)	1,008	1.35%	(2,127)
BenQ Medical Technology (Shanghai) Ltd.	Subsidiary of the Company	Purchase	1,604	Prices as per negotiation between both parties	ME 60 days	(Note 2)	(1,605)	(2.77)%	-

(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 purchasing prices from related parties to the Company were not comparable to the purchasing prices from third-party suppliers as some of the product specifications were different. Meanwhile, the purchasing prices of the transactions did not significantly differ from regular purchase.

(Note 3): 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%

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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:

	January to March 2024			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 241,421	815,728	-	1,057,149
Intra-group revenue	3,548	28	(3,576)	-
Total segment revenue	\$ 244,969	815,756	(3,576)	1,057,149
Segment profit (loss)	\$ 3,290	56,013	558	59,861

	January to March 2023 (restated)			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 225,851	828,202	-	1,054,053
Intra-group revenue	7,063	67	(7,130)	-
Total segment revenue	\$ 232,914	828,269	(7,130)	1,054,053
Segment profit (loss)	\$ 5,203	64,264	638	70,105