

**BENQ MEDICAL TECHNOLOGY CORP.
AND SUBSIDIARIES**

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

For the six months ended June 30, 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 June 30, 2024 and 2023 (restated), and Consolidated Statements of Comprehensive Income for the three months ended June 30, 2024 and 2023 (restated) and for the six months ended June 30, 2024 and 2023 (restated), Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows for the six months ended June 30, 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 (“IAS”) 34, “Interim Financial Reporting” as endorsed by Financial Supervisory Commission of the Republic of China of the Republic of China (“FSC”). Our responsibility is to express a conclusion based on our review of the consolidated financial statements.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our review in accordance with the Statement on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. The process of reviewing the consolidated financial statements includes making enquiries (mainly to personnel in charge of financial and accounting matters), analyzing, and other reviewing procedures. The scope of review is substantially less than the scope of an audit. As such, we may not be able to obtain assurance on all significant matters that an audit could otherwise provide, and therefore we are unable to express an audit opinion.

Basis for Qualified Conclusions

As stated in Note 4(2), 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 NTD527,138 thousand and NTD557,070 thousand, constituting 11% and 12% of the consolidated total assets as of June 30, 2024 and 2023 (restated), respectively; and the total liabilities amounting to NTD107,174 thousand and NTD95,081 thousand, constituting 4% and 4% of the consolidated total liabilities of as of June 30, 2024 and 2023 (restated), respectively; as well as the total comprehensive income amounting to NTD10,863 thousand and NTD10,311 thousand for the three months ended June 30, 2024 and 2023 (restated) and NTD17,465 thousand and NTD16,929 thousand for the six months ended June 30, 2024 and 2023 (restated), constituting 17%, 17%, 16%, and 14% of the consolidated total comprehensive income, respectively.

Qualified Conclusion

Except for the adjustment, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted invest companies described in the Basis of Qualified Conclusion paragraph above been reviewed by independent auditors, based on the results of our review, nothing has come to our attention that the consolidated financial statements are in any incompliance of “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS 34, “Interim Financial Reporting” as endorsed by FSC, such that the consolidated financial position of BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES as of June 30, 2024 and 2023 (restated), and the consolidated financial performance for the three months ended June 30, 2024 and 2023 (restated) and for the six months ended June 30, 2024 and 2023 (restated), as well as the

consolidated cash flows for the six months ended June 30, 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 six months ended June 30, 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)

August 01, 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

June 30, 2024, and December 31 and June 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

		2024.06.30		2023.12.31		2023.06.30 (restated)				2024.06.30		2023.12.31		2023.06.30 (restated)	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:															
1100	Cash and cash equivalents (Note 6(1))	\$ 667,868	15	830,508	18	792,360	17	2123	Financial liability at fair value through profit or loss-current (Note						
1150-1170	Notes and accounts receivable (Note 6(4) and (22))	881,886	19	842,489	18	777,784	17		6(3))	\$ -	-	-	-	881	-
1181	Accounts receivable - related parties (Note 6(4)(22) and 7)	7,187	-	3,988	-	29,851	1	2100	Short-term loans (Note 6(13) and 8)	347,865	8	384,472	8	336,239	7
1200	Other receivables (Note 6(6))	4,267	-	53,872	1	5,255	-	2131	Contract liabilities-current (Note 6(22)	25,871	-	32,382	1	51,542	1
1212	Other receivables - related parties (Note 7)	80	-	-	-	54	-	2150-2170	Notes and accounts payable	489,261	11	505,900	11	514,682	11
130x	Inventories (Note 6(5))	550,586	12	515,751	11	522,816	11	2181	Accounts payable - related parties (Note 7)	23,722	1	23,112	-	19,340	-
1410-1470	Prepayments and other current assets (Note 7)	145,740	3	118,862	2	230,448	5	2200	Other payable (Note 6 (23))	381,069	8	265,973	6	437,767	10
1476	Other financial assets-current (Note 6(2) and 8)	317,219	7	366,873	8	205,285	5	2220	Other payable - related parties (Note 7)	9,251	-	5,719	-	5,944	-
Total current assets		2,574,833	56	2,732,343	58	2,563,853	56	2230	Current income tax liabilities	29,523	1	55,506	1	42,506	1
Non-current assets:															
1518	Financial assets at fair value through other comprehensive income - non-current	123	-	123	-	123	-	2250	Provisions for liabilities - current (Note 6(16))	4,554	-	6,191	-	7,698	-
1550	Investments accounted for using the equity method (Note 6(6))	-	-	-	-	37,628	1	2280	Lease liabilities - current (Note 6(15) and 7)	78,027	2	74,518	2	69,836	2
1600	Property, plant and equipment (Note 6(8), 7, and 8)	951,584	21	902,167	19	925,788	20	2300	Other current liabilities	10,652	-	13,816	-	19,676	1
1755	Right-of-use assets (Note 6(9) and 7)	184,767	4	166,204	3	112,585	3	2322	Long-term loans due within a year (Note 6(14) and 8)	8,449	-	8,628	-	4,316	-
		Total current liabilities													
		1,408,244 31 1,376,217 29 1,510,427 33													
Non-current liabilities:															
2540	Long-term loans (Note 6(14) and 8)	779,000	17	843,130	18	338,796	7								
2570	Deferred income tax liabilities	32,964	1	32,371	1	36,273	1								
2580	Lease liabilities - non-current (Note 6(15) and 7)	285,434	6	261,084	6	221,855	5								
2645	Guarantee deposit received	6,778	-	6,808	-	8,162	-								
2670	Other non-current liabilities	10,854	-	12,221	-	2,439	-								
		Total non-current liabilities													
		1,115,030 24 1,155,614 25 607,525 13													
		Total liabilities													
		2,523,274 55 2,531,831 54 2,117,952 46													
Equity attributable to shareholders of the parent company (Note 6(7) and (20)):															
3110	Common stock	445,660	10	445,660	9	445,660	10								
3200	Capital Surplus	297,921	6	297,921	6	297,921	6								
3300	Retained earnings	324,579	7	361,807	8	404,296	9								
3400	Other equity	(3,659)	-	(5,561)	-	(3,864)	-								
Total equity attributable to shareholders of the parent company		1,064,501	23	1,099,827	23	1,144,013	25								
35XX	Equity attributable to former owner of business combination under common control	-	-	-	-	274,619	6								
355X	Equity attributable to non-controlling interest before business combination under common control	-	-	-	-	501,779	11								
36XX	Non-controlling interests (Note 6(7) and (20))	1,030,932	22	1,080,503	23	516,734	12								
Total equity		2,095,433	45	2,180,330	46	2,437,145	54								
Total liabilities and equity		\$ 4,618,707 100		4,712,161 100		4,555,097 100				\$ 4,618,707 100		4,712,161 100		4,555,097 100	

(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 June 30, 2024 and 2023 and For the six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		April to June 2024		April to June 2023 (restated)		January to June 2024		January to June 2023 (restated)	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues (Note 6 (17) (22), 7 and 14)	\$ 1,176,191	100	1,125,507	100	2,233,340	100	2,179,560	100
5000	Costs of revenue (Note 6 (5)(8)(9)(10)(11)(15)(17)(18)(23), 7 and 12)	(817,656)	(70)	(808,100)	(72)	(1,562,354)	(70)	(1,557,577)	(71)
	Gross profit	358,535	30	317,407	28	670,986	30	621,983	29
5910	Less: Realized (unrealized) sales profit	-	-	(591)	-	-	-	(213)	-
	Realized gross profit	358,535	30	316,816	28	670,986	30	621,770	29
	Operating expenses (Note 6 (4)(8)(9)(10)(11) (15)(17)(18)(23), 7 and 12):								
6100	Selling expenses	(215,434)	(18)	(186,786)	(16)	(407,811)	(18)	(371,009)	(17)
6200	General and administrative expenses	(52,083)	(4)	(46,384)	(4)	(102,661)	(5)	(89,557)	(4)
6300	Research and development expenses	(8,711)	(1)	(8,614)	(1)	(16,463)	(1)	(16,177)	(1)
6450	Reversal of gains on loss allowance for expected credit losses	1,494	-	(1,261)	-	(389)	-	(1,151)	-
	Total operating expenses	(274,734)	(23)	(243,045)	(21)	(527,324)	(24)	(477,894)	(22)
	Operating income	83,801	7	73,771	7	143,662	6	143,876	7
	Non-operating income and loss (Note 6 (6)(15)(17)(24) and 7):								
7100	Interest income	3,276	-	3,727	-	5,038	-	4,793	-
7010	Other income	3,522	1	3,194	-	7,474	1	7,327	-
7020	Other gains and losses	562	-	(179)	-	2,142	-	2,631	-
7050	Financing costs	(8,691)	(1)	(5,419)	-	(16,131)	(1)	(11,127)	-
7375	Share of losses of joint ventures accounted for using equity method	-	-	2,665	-	-	-	4,611	-
	Total non-operating income and loss	(1,331)	-	3,988	-	(1,477)	-	8,235	-
	Income before income tax	82,470	7	77,759	7	142,185	6	152,111	7
7950	less: Income tax expenses (Note 6(19))	(21,398)	(2)	(26,858)	(2)	(36,608)	(1)	(44,478)	(2)
	Net income	61,072	5	50,901	5	105,577	5	107,633	5
	Other comprehensive income (loss) (Note 6(6) and (20)):								
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign operations	1,512	-	11,657	-	3,066	-	12,603	-
8370	Share of other comprehensive income of joint ventures								
	accounted for using equity method	-	-	(1,330)	-	-	-	(1,063)	-
8399	Income tax related to items that may be reclassified								
	subsequently to profit or loss	-	-	-	-	-	-	-	-
	Other comprehensive income (loss) for the period	1,512	-	10,327	-	3,066	-	11,540	-
	Total comprehensive income (loss) for the period	<u>\$ 62,584</u>	<u>5</u>	<u>61,228</u>	<u>5</u>	<u>108,643</u>	<u>5</u>	<u>119,173</u>	<u>5</u>
	Net Income attributable to:								
8610	Owners of the parent	\$ 29,206	2	17,880	2	51,904	2	40,501	2
8620	Non-controlling interest	31,866	3	12,329	1	53,673	3	25,323	1
	Equity attributable to former owner of business combination under	-	-	6,745	1	-	-	14,079	1
	common control								
	Equity attributable to non-controlling interest before business								
	combination under common control	-	-	13,947	1	-	-	27,730	1
		<u>\$ 61,072</u>	<u>5</u>	<u>50,901</u>	<u>5</u>	<u>105,577</u>	<u>5</u>	<u>107,633</u>	<u>5</u>
	Comprehensive income (loss) attributable to:								
8710	Owners of the parent	\$ 29,866	2	15,847	1	53,806	2	38,872	2
8720	Non-controlling interest	32,718	3	12,329	1	54,837	3	25,323	1
	Owners of the parent	-	-	9,669	1	-	-	17,306	1
	Non-controlling interests	-	-	23,383	2	-	-	37,672	1
		<u>\$ 62,584</u>	<u>5</u>	<u>61,228</u>	<u>5</u>	<u>108,643</u>	<u>5</u>	<u>119,173</u>	<u>5</u>
	Earnings per share (in New Taiwan dollars, Note 6 (21))								
9750	Basic earnings per share	<u>\$ 0.66</u>		<u>0.40</u>		<u>1.16</u>		<u>0.91</u>	
9850	Diluted earnings per share	<u>\$ 0.65</u>		<u>0.40</u>		<u>1.16</u>		<u>0.91</u>	

(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 six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of the parent company						Other equity	Total equity attributable to shareholders of the parent company	Non-controlling interests	Equity attributable to former owner of business combination under common control	Equity attributable to non-controlling interest before business combination under common control	Total equity
	Retained earnings											
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal						
Balance as of January 01, 2023	\$ 445,660	297,921	105,195	2,945	349,244	457,384	(2,235)	1,198,730	537,776	-	-	1,736,506
Retroactive adjustment for reorganization under common control	-	-	-	-	-	-	-	-	-	293,313	536,125	829,438
Balance as of January 01, 2023 (restated)	445,660	297,921	105,195	2,945	349,244	457,384	(2,235)	1,198,730	537,776	293,313	536,125	2,565,944
Net income	-	-	-	-	40,501	40,501	-	40,501	25,323	14,079	27,730	107,633
Other comprehensive income for the period	-	-	-	-	-	-	(1,629)	(1,629)	-	3,227	9,942	11,540
Total comprehensive income for the period	-	-	-	-	40,501	40,501	(1,629)	38,872	25,323	17,306	37,672	119,173
Earnings appropriation and distribution:												
Legal reserve	-	-	18,222	-	(18,222)	-	-	-	-	-	-	-
Special reserve	-	-	-	(711)	711	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(93,589)	(93,589)	-	(93,589)	-	-	-	(93,589)
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	(46,365)	-	-	(46,365)
Reorganization regarded as a combination from beginning	-	-	-	-	-	-	-	-	-	(36,000)	(72,018)	(108,018)
Balance as of June 30, 2023 (restated)	\$ 445,660	297,921	123,417	2,234	278,645	404,296	(3,864)	1,144,013	516,734	274,619	501,779	2,437,145
Balance as of January 01, 2024	\$ 445,660	297,921	123,417	2,234	236,156	361,807	(5,561)	1,099,827	1,080,503	-	-	2,180,330
Net income	-	-	-	-	51,904	51,904	-	51,904	53,673	-	-	105,577
Other comprehensive income for the period	-	-	-	-	-	-	1,902	1,902	1,164	-	-	3,066
Total comprehensive income for the period	-	-	-	-	51,904	51,904	1,902	53,806	54,837	-	-	108,643
Earnings appropriation and distribution:												
Special reserve	-	-	-	3,326	(3,326)	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(89,132)	(89,132)	-	(89,132)	-	-	-	(89,132)
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	(104,408)	-	-	(104,408)
Balance as of June 30, 2024	\$ 445,660	297,921	123,417	5,560	195,602	324,579	(3,659)	1,064,501	1,030,932	-	-	2,095,433

(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 six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	January to June 2024	January to June 2023 (restated)
Cash flows from operating activities:		
Profit before income tax	\$ 142,185	152,111
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	111,537	99,480
Amortization	10,892	14,133
Impairment loss for expected credit losses	389	1,151
Loss on financial tools at fair value through profit or loss	-	881
Interest expense	16,131	11,127
Interest income	(5,038)	(4,793)
Share of income of joint ventures accounted for using equity method	-	(4,611)
Gain on disposals of property, plant and equipment	(96)	(684)
Unrealized sales profit	-	213
Gains on lease modification	(315)	-
Total adjustments to reconcile profit (loss)	<u>133,500</u>	<u>116,897</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	(39,521)	24,572
Accounts receivable - related parties	(3,199)	8,960
Other receivables	2,263	4,524
Other receivables - related parties	(80)	2
Inventories	(38,445)	(43,389)
Prepayments and other current assets	(26,878)	(63,333)
Total changes in operating assets	<u>(105,860)</u>	<u>(68,664)</u>
Changes in operating liabilities:		
Contract liabilities	(6,511)	(4,625)
Notes and accounts payable	(15,210)	(22,350)
Accounts payable - related parties	610	943
Other payables	(20,361)	(34,399)
Other payables - related parties	3,532	3,916
Provisions for liabilities	(1,637)	(1,144)
Other current liabilities	(3,164)	10,796
Net defined benefit liabilities	(1,367)	(472)
Total changes in operating liabilities	<u>(44,108)</u>	<u>(47,335)</u>
Total changes in operating assets and liabilities	<u>(149,968)</u>	<u>(115,999)</u>
Total adjustments	<u>(16,468)</u>	<u>898</u>
Cash provided by operations	125,717	153,009
Interest received	5,618	4,793
Interest paid	(16,143)	(11,314)
Income tax paid	<u>(62,574)</u>	<u>(58,493)</u>
Net cash flow provided by operating activities	<u>52,618</u>	<u>87,995</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 six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	January to June 2024	January to June 2023 (restated)
Cash flows from investing activities:		
Proceeds from disposal of investments accounted for using equity method	\$ 46,914	-
Acquisition of property, plant and equipment	(97,952)	(92,797)
Proceeds from disposals of property, plant and equipment	320	4,855
Decrease in refundable deposits	3,490	225
Acquisition of intangible assets	(2,684)	(4,283)
Decrease in other financial assets	49,654	32,908
Decrease in other non-current assets	<u>(13,984)</u>	<u>(1,733)</u>
Net cash flow used in investing activities	<u>(14,242)</u>	<u>(60,825)</u>
Cash flows from financing activities:		
Increase in short-term loans	(36,607)	(62,832)
Increase in long-term loans	28,319	61,250
Repayments of long-term loans	(92,628)	(140,798)
Decrease in guarantee deposit received	(30)	(294)
Payment of lease liabilities	(43,273)	(37,602)
Cash dividends distributed by subsidiaries to non-controlling interests	<u>(59,500)</u>	<u>(46,365)</u>
Net cash flow used in financing activities	<u>(203,719)</u>	<u>(226,641)</u>
Effect of changes in foreign exchange rates	<u>2,703</u>	<u>12,048</u>
Net decrease in cash and cash equivalents for the current period	(162,640)	(187,423)
Cash and cash equivalents at the beginning of the period	<u>830,508</u>	<u>979,783</u>
Cash and cash equivalents at the end of the period	<u>\$ 667,868</u>	<u>792,360</u>

(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 six months ended June 30, 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 August 01, 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) Impacts of IFRSs endorsed by FSC but not yet effective

From January 01, 2025, the Group shall adopt below amendments of International Financial Reporting Standards (IFRSs). And, there is no significant impact on the consolidated financial statements caused by adoption of the IFRSs.

- Amendments to IAS 21, "Lack of Exchangeability"

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

IFRS, IAS, IFRIC and SIC that have been issued by the International Accounting

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Standards Board (IASB) but have yet to be endorsed and issued into effect by the FSC, and which may be relevant to the Group.

Newly issued or amended standards and interpretation	Main content of the amendments	Effective date by International Accounting Standard Board
IFRS 18, “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: Under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): The new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: The new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 01, 2027

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

The Group expects the following new standards, amendments and interpretations that

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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
 - IFRS 19 “Subsidiaries without Public Accountability”
 - Amendments to IFRS 9 and IFRS 7, “amendments regarding the classification and measurement of financial instruments”
-
- Annual improvements to IFRS Accounting Standards

4. Summary of Significant Accounting Policies

(1) Statement of compliance

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

Except for the following, the significant accounting policies of these Consolidated Financial Statements are identical to the Consolidated Financial Statements for 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
			2024.06.30	2023.12.31	2023.06.30 (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 and 7)
The Company	Highview Investments Limited (Highview)	Investment and holding company	100.00%	100.00%	100.00%	(Note 6 and 7)
The Company	LILY Medical Corporation (LILY)	Wholesaling and retailing of medical consumables and equipment	100.00%	100.00%	100.00%	
The Company	BenQ AB DentCare Corporation (BABD)	Wholesaling and retailing of medical consumables and equipment	88.00%	88.00%	88.00%	(Note 6 and 7)
The Company	BenQ Healthcare Corporation (BHS)	Wholesaling and retailing of medical consumables and equipment	100.00%	100.00%	100.00%	
The Company	Eastech Co., Ltd (ETC)	Wholesaling and retailing of medical consumables and equipment	70.00%	70.00%	70.00%	(Note 6)

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Investor	Subsidiary	Main business activities	Ownership (%)			Description
			2024.06.30	2023.12.31	2023.06.30 (restated)	
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)
Highview	BenQ Medical Technology (Shanghai) Ltd. (BMTS)	Agency of international and entrepot trade business	100.00%	100.00%	100.00%	(Note 6 and 7)
BMTS	BenQ Smart Healthcare (Shanghai) Co., Ltd. (BSHS), originally LILY Medical (Suzhou) Co., Ltd.	Wholesaling and retailing of medical consumables and equipment	100.00%	100.00%	100.00%	(Note 6, 7 and 8)
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, 6 and 7)

(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.

(Note 2): 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 six months ended June 30, 2023 have been restates.

(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 six months ended June 30, 2024 has been reviewed by an independent auditor.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

(Note 8): A shareholding of 100% of BSHS originally held by LILY was sold to BMTS in April, 2024.

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

(3) Classification of current and non-current assets and liabilities

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

1. It is expected to be realized or intended to be sold or consumed in the normal operating cycle of the Group;
2. The asset is held primarily for trading;
3. It is expected to be realized within 12 months after the reporting period; or
4. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is classified as current when one of the following criteria is met; all other liabilities are classified as non-current liabilities:

1. It is expected to be settled in the normal operating cycle of the Group;
2. It is held primarily for trading;
3. It is to be settled within 12 months after the Balance Sheets; or
4. The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(4) Employee benefits

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

(5) Income tax

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

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

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.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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.

(1) Cash and cash equivalents

	2024.06.30	2023.12.31	2023.06.30 (restated)
Cash on hand and revolving funds	\$ 3,942	5,105	4,387
Demand deposits and checking accounts	568,622	738,433	662,097
Time deposits with an initial maturity date within three months	95,304	86,970	125,876
	\$ 667,868	830,508	792,360

(2) Other financial assets-current

	2024.06.30	2023.12.31	2023.06.30 (restated)
Restricted deposits	\$ 43,429	43,699	55,423
Time deposits with an initial maturity date within three months	273,790	323,174	149,862
	\$ 317,219	366,873	205,285

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) Financial liability at fair value through profit or loss

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	2024.06.30	2023.12.31	2023.06.30 (restated)
Financial liability at fair value through profit or loss			
Non-hedging derivative instruments			
Forward exchange contracts	\$ -	-	<u>881</u>

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

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

2023.06.30 (restated)			
Contract amount (in thousands)		Currency	Maturity period
JPY	70,000	Buy JPY/ Sell NTD	2023.11.10~2023.11.14

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

	2024.06.30	2023.12.31	2023.06.30 (restated)
Notes receivable	\$ 88,111	99,108	76,994
Accounts receivable	803,500	752,929	710,889
Less: Loss allowance	(9,725)	(9,548)	(10,099)
	881,886	842,489	777,784
Accounts receivable - related parties	7,187	3,988	29,851
	<u>\$ 889,073</u>	<u>846,477</u>	<u>807,635</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:

	2024.06.30		
	Gross carrying amount notes and accounts receivable	Weighted-average expected credit loss	Loss allowance for expected credit losses
Current	\$ 823,707	0.23%	1,872
Less than 90 days overdue	36,258	4.53%	1,644
91 - 180 days overdue	28,039	9.80%	2,748
181 - 270 days overdue	734	80.93%	594
271 - 360 days overdue	17	64.71%	11
More than one year overdue	2,856	100.00%	2,856
	<u>\$ 891,611</u>		<u>9,725</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	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

	2023.06.30 (restated)		
	Gross carrying amount notes and accounts receivable	Weighted-average expected credit loss	Loss allowance for expected credit losses
Current	\$ 701,999	0.21%	1,491
Less than 90 days overdue	49,530	5.14%	2,544
91 - 180 days overdue	32,973	8.14%	2,684
181 - 270 days overdue	246	100.00%	246
271 - 360 days overdue	1,094	99.91%	1,093
More than one year overdue	2,041	100.00%	2,041
	\$ 787,883		10,099

As of June 30, 2024, and December 31 and June 30, 2023, the Group has no expected credit losses from accounts receivable - related parties. The aging analysis is as follows:

	2024.06.30	2023.12.31	2023.06.30 (restated)
Current	\$ 6,439	3,988	13,143
Less than 90 days overdue	748	-	16,708
	\$ 7,187	3,988	29,851

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

	January to June 2024	January to June 2023 (restated)
Beginning balance	\$ 9,548	8,704
Write-down of loss allowance	(202)	-
Reversal of impairment losses	379	1,153
Effects of exchange rate	-	242
End balance	\$ 9,725	10,099

(5) Inventory

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	2024.06.30	2023.12.31	2023.06.30 (restated)
Raw materials	\$ 64,090	67,500	71,382
Work-in-progress	34,417	27,297	27,995
Finished goods	23,499	28,259	25,586
Merchandise Inventories	425,096	387,966	393,584
Inventories in transit	3,484	4,729	4,269
	<u>\$ 550,586</u>	<u>515,751</u>	<u>522,816</u>

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

	April to June 2024	April to June 2023 (restated)	January to June 2024	January to June 2023 (restated)
Cost of inventories sold	\$ 789,093	781,962	1,503,969	1,504,983
Write-down of inventories	1,906	1,384	5,908	4,227
Gains on physical inventories	(238)	(51)	(238)	(51)
	<u>\$ 790,761</u>	<u>783,295</u>	<u>1,509,639</u>	<u>1,509,159</u>

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

(6) Investments accounted for using the equity method

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

Investee company	Main business activities	Carrying amount		
		2024.06.30	2023.12.31	2023.06.30
TDX Medical Technology (Jiangsu) Co., Ltd (TDX)	Wholesaling and retailing of medical consumables and equipment	\$ -	-	37,628

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

	April to June 2023	January to June 2023
Net Income	\$ 2,665	4,611
Other comprehensive income	(1,330)	(1,063)
Total comprehensive income	<u>\$ 1,335</u>	<u>3,548</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.

(7) Subsidiaries

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

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

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

Consideration transferred:

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

follows:

Subsidiary	Principal place of business/country of incorporation	Percentage of ownership and voting rights held by non-controlling interests		
		2024.06.30	2023.12.31	2023.06.30 (restated)
NBHIT	Taiwan	48%	48%	48%
CCD	Taiwan	60%	60%	60%
CKCARE	Taiwan	40%	40%	40%
K2	Taiwan	60%	60%	60%

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

(1) The summarized financial information of NBHIT:

	2024.06.30	2023.12.31	2023.06.30
Current assets	\$ 84,278	137,855	94,842
Non-current assets	194,516	165,218	138,805
Current liabilities	(92,971)	(103,063)	(86,049)
Non-current liabilities	(79,834)	(62,730)	(38,846)
Net assets	<u>\$ 105,989</u>	<u>137,280</u>	<u>108,752</u>
The carrying amount in non-controlling interests	<u>\$ 37,355</u>	<u>52,375</u>	<u>38,681</u>

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Operating revenue	<u>\$ 106,217</u>	<u>91,989</u>	<u>196,762</u>	<u>183,446</u>
Net income	\$ 8,091	8,276	14,951	19,878
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 8,091</u>	<u>8,276</u>	<u>14,951</u>	<u>19,878</u>
Net income attributable to non-controlling interests	<u>\$ 3,883</u>	<u>3,972</u>	<u>7,176</u>	<u>9,541</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 3,883</u>	<u>3,972</u>	<u>7,176</u>	<u>9,541</u>

	January to June 2024	January to June 2023
Cash flows related to operating activities	\$ 16,474	2,645
Cash flows related to investing activities	4,160	(1,536)
Cash flows related to financing activities	(62,309)	(47,247)
Net decrease in cash and cash equivalents	<u>\$ (41,675)</u>	<u>(46,138)</u>
Cash dividends paid to non-controlling interests	<u>\$ (22,196)</u>	<u>(16,340)</u>

(2) The summarized financial information of CCD:

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	2024.06.30	2023.12.31	2023.06.30
Current assets	\$ 624,851	638,341	554,241
Non-current assets	562,924	558,404	578,856
Current liabilities	(278,188)	(282,539)	(264,684)
Non-current liabilities	(202,076)	(196,688)	(173,660)
Net assets	\$ 707,511	717,518	694,753
The carrying amount in non-controlling interests	\$ 424,507	430,510	416,852

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Operating revenue	\$ 226,456	205,412	433,337	403,430
Net income	\$ 13,621	10,562	23,328	19,070
Other comprehensive income	-	-	-	-
Total comprehensive income	\$ 13,621	10,562	23,328	19,070
Net income attributable to non-controlling interests	\$ 8,173	6,337	13,997	11,442
Total comprehensive income attributable to non-controlling interests	\$ 8,173	6,337	13,997	11,442

	January to June 2024	January to June 2023
Cash flows provided by operating activities	\$ 46,153	49,608
Cash flows used in investing activities	(25,677)	(30,839)
Cash flows used in financing activities	(45,559)	(84,445)
Net decrease in cash and cash equivalents	\$ (25,083)	(65,676)
Cash dividends paid to non-controlling interests	\$ (20,000)	(20,000)

(3) The summarized financial information of CKCARE:

	2024.06.30	2023.12.31	2023.06.30
Current assets	\$ 93,093	92,878	95,842
Non-current assets	191,103	186,753	167,790
Current liabilities	(98,063)	(89,147)	(88,974)
Non-current liabilities	(36,737)	(37,389)	(25,356)
Net assets	\$ 149,396	153,095	149,302
The carrying amount in non-controlling interests	\$ 43,953	45,433	43,915

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Operating revenue	<u>\$ 89,873</u>	<u>73,610</u>	<u>163,716</u>	<u>147,005</u>
Net income	\$ 2,859	1,817	3,571	5,004
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 2,859</u>	<u>1,817</u>	<u>3,571</u>	<u>5,004</u>
Net income attributable to non-controlling interests	<u>\$ 1,144</u>	<u>727</u>	<u>1,429</u>	<u>2,002</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 1,144</u>	<u>727</u>	<u>1,429</u>	<u>2,002</u>

	January to June 2024	January to June 2023
Cash flows provided by operating activities	\$ (10,056)	(1,460)
Cash flows used in investing activities	(3,460)	(754)
Cash flows used in financing activities	(472)	(17,354)
Net decrease in cash and cash equivalents	<u>\$ (13,988)</u>	<u>(19,568)</u>
Cash dividends paid to non-controlling interests	<u>\$ -</u>	<u>(5,525)</u>

(4) The summarized financial information of K2:

	2024.06.30	2023.12.31	2023.06.30
Current assets	\$ 1,030,957	1,057,377	1,043,555
Non-current assets	324,321	306,404	296,467
Current liabilities	(491,476)	(460,891)	(547,646)
Non-current liabilities	(78,924)	(78,466)	(15,978)
Net assets	<u>\$ 784,878</u>	<u>824,424</u>	<u>776,398</u>
The carrying amount in non-controlling interests	<u>\$ 507,554</u>	<u>537,538</u>	<u>501,779</u>

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Operating revenue	<u>\$ 409,158</u>	<u>390,427</u>	<u>749,930</u>	<u>758,450</u>
Net income	\$ 24,115	20,692	41,493	41,810
Other comprehensive income	1,337	12,360	2,425	13,169
Total comprehensive income	<u>\$ 25,452</u>	<u>33,052</u>	<u>43,918</u>	<u>54,979</u>
Net income attributable to non-controlling interests	<u>\$ 17,533</u>	<u>13,947</u>	<u>29,424</u>	<u>27,730</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 18,385</u>	<u>23,383</u>	<u>30,588</u>	<u>37,672</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	January to June 2024	January to June 2023
Cash flows provided by operating activities	\$ (8,378)	(3,218)
Cash flows used in investing activities	(2,861)	(29,627)
Cash flows used in financing activities	(46,681)	(27,716)
Effect of changes in foreign exchange rates	2,520	12,355
Net decrease in cash and cash equivalents	<u>\$ (55,400)</u>	<u>(48,206)</u>
Cash dividends paid to non-controlling interests	<u>\$ (13,464)</u>	<u>-</u>

(8) Property, plant and equipment

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

	Land	Buildings	Machinery	Instruments (for rental)	Leasehold improvement	Leasehold improvement (for rental)	Office and other equipment	Construction 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	-	-	57,409	13,400	-	18,399	8,411	333	97,952
Disposals	-	-	(4,773)	(2,066)	-	(12,842)	(147)	-	(19,828)
Reclassification	-	282	3,732	4,859	-	7,944	1,417	(3,599)	14,635
Effect of changes in foreign exchange rates	-	-	(967)	-	(21)	5	112	-	(871)
Balance as of June 30, 2024	<u>\$ 346,860</u>	<u>364,839</u>	<u>388,089</u>	<u>237,428</u>	<u>4,491</u>	<u>147,981</u>	<u>154,267</u>	<u>333</u>	<u>1,644,288</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	-	-	25,756	50,872	23	7,972	8,174	-	92,797
Disposals	-	-	(3,389)	(23,020)	-	(13,790)	(10,618)	-	(50,817)
Reclassification	-	-	1,043	6,857	-	(1,017)	3,972	-	10,855
Effect of changes in foreign exchange rates	-	-	471	-	107	-	906	-	1,484
Balance as of June 30, 2023 (restated)	<u>\$ 346,860</u>	<u>362,780</u>	<u>328,644</u>	<u>228,278</u>	<u>4,609</u>	<u>139,515</u>	<u>140,114</u>	<u>-</u>	<u>1,550,800</u>
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	-	5,339	18,685	21,466	205	9,356	7,480	-	62,531
Disposals	-	-	(4,773)	(2,037)	-	(12,649)	(145)	-	(19,604)
Reclassification	-	-	10	-	-	-	(10)	-	-
Effect of changes in foreign exchange rates	-	-	(526)	-	(17)	1	86	-	(456)
Balance as of June 30, 2024	<u>\$ -</u>	<u>96,530</u>	<u>255,852</u>	<u>135,211</u>	<u>2,941</u>	<u>86,420</u>	<u>115,750</u>	<u>-</u>	<u>692,704</u>
Balance as of January 01, 2023 (restated)	\$ -	80,563	221,126	109,182	2,150	96,192	103,124	-	612,337
Depreciation	-	5,378	16,735	20,104	301	9,001	7,153	-	58,672
Disposals	-	-	(3,373)	(21,803)	-	(13,751)	(7,719)	-	(46,646)
Reclassification	-	-	-	-	-	(191)	191	-	-
Effect of changes in foreign exchange rates	-	-	58	-	22	-	569	-	649
Balance as of June 30, 2023 (restated)	<u>\$ -</u>	<u>85,941</u>	<u>234,546</u>	<u>107,483</u>	<u>2,473</u>	<u>91,251</u>	<u>103,318</u>	<u>-</u>	<u>625,012</u>
Carrying value:									
June 30, 2024	<u>\$ 346,860</u>	<u>268,309</u>	<u>132,237</u>	<u>102,217</u>	<u>1,550</u>	<u>61,561</u>	<u>38,517</u>	<u>333</u>	<u>951,584</u>
January 01, 2024	<u>\$ 346,860</u>	<u>273,366</u>	<u>90,232</u>	<u>105,453</u>	<u>1,759</u>	<u>44,763</u>	<u>36,135</u>	<u>3,599</u>	<u>902,167</u>
June 30, 2023 (restated)	<u>\$ 346,860</u>	<u>276,839</u>	<u>94,098</u>	<u>120,795</u>	<u>2,136</u>	<u>48,264</u>	<u>36,796</u>	<u>-</u>	<u>925,788</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

(9) Right-of-use assets

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

	Buildings	Transportation equipment	Total
Cost of right-of-use assets:			
Balance as of January 01, 2024	\$ 287,030	15,212	302,242
Additions	57,235	1,625	58,860
Lease modification	(8,328)	(1,625)	(9,953)
Write-off	(19,454)	-	(19,454)
Effect of changes in foreign exchange rates	454	-	454
Balance as of June 30, 2024	<u>\$ 316,937</u>	<u>15,212</u>	<u>332,149</u>
Balance as of January 01, 2023 (restated)	\$ 224,763	12,415	237,178
Additions	18,379	2,832	21,211
Write-off	(20,418)	-	(20,418)
Effect of changes in foreign exchange rates	(312)	-	(312)
Balance as of June 30, 2023 (restated)	<u>\$ 222,412</u>	<u>15,247</u>	<u>237,659</u>
Accumulated depreciation of right-of-use assets:			
Balance as of January 01, 2024	\$ 129,261	6,777	136,038
Depreciation for the current period	33,207	1,900	35,107
Lease modification	(4,226)	(54)	(4,280)
Write-off	(19,454)	-	(19,454)
Effect of changes in foreign exchange rates	(29)	-	(29)
Balance as of June 30, 2024	<u>\$ 138,759</u>	<u>8,623</u>	<u>147,382</u>
Balance as of January 01, 2023 (restated)	\$ 113,938	4,103	118,041
Depreciation for the current period	26,077	1,648	27,725
Write-off	(20,418)	-	(20,418)
Effect of changes in foreign exchange rates	(274)	-	(274)
Balance as of June 30, 2023 (restated)	<u>\$ 119,323</u>	<u>5,751</u>	<u>125,074</u>
Carrying value:			
June 30, 2024	<u>\$ 178,178</u>	<u>6,589</u>	<u>184,767</u>
January 01, 2024	<u>\$ 157,769</u>	<u>8,435</u>	<u>166,204</u>
June 30, 2023 (restated)	<u>\$ 103,089</u>	<u>9,496</u>	<u>112,585</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

(10) Investment properties

	Self-owned		Right-of-use assets	
	Land	Buildings	Buildings	Total
Cost:				
Balance as of January 01, 2024	\$ 225,083	126,893	248,544	600,520
Additions	-	-	18,260	18,260
Balance as of June 30, 2024	\$ 225,083	126,893	266,804	618,780
Balance as of January 01, 2023	\$ 225,083	126,893	237,579	589,555
Additions	-	-	13,093	13,093
Balance as of June 30, 2023	\$ 225,083	126,893	250,672	602,648
Accumulated depreciation:				
Balance as of January 01, 2024	\$ -	32,053	92,506	124,559
Depreciation	-	2,181	11,718	13,899
Balance as of June 30, 2024	\$ -	34,234	104,224	138,458
Balance as of January 01, 2023	\$ -	27,692	72,569	100,261
Depreciation	-	2,181	10,902	13,083
Balance as of June 30, 2023	\$ -	29,873	83,471	113,344
Carrying amount:				
June 30, 2024	\$ 225,083	92,659	162,580	480,322
January 01, 2024	\$ 225,083	94,840	156,038	475,961
June 30, 2023	\$ 225,083	97,020	167,201	489,304

For investment properties leased to third parties, the proportion of land ownership, and right-of-use assets sub-leased to other parties, please see Note 6(17).

The fair value 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.

(11) 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	-	2,263	-	421	2,684
Write-off	-	(518)	-	(13,333)	(13,851)
Effect of changes in foreign exchange rates	-	(1)	-	-	(1)
Balance as of June 30, 2024	\$ 214,134	26,662	151,923	67,882	460,601

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	Goodwill	Computer software	Customer relationships and sales channels	Other intangible assets	Total
Balance as of January 01, 2023 (restated)	\$ 207,648	21,420	151,923	80,566	461,557
Additions	-	4,055	-	228	4,283
Write-off	-	(1,436)	-	-	(1,436)
Balance as of June 30, 2023 (restated)	<u>\$ 207,648</u>	<u>24,039</u>	<u>151,923</u>	<u>80,794</u>	<u>464,404</u>
Accumulated amortization:					
Balance as of January 01, 2024	\$ -	16,187	87,141	34,004	137,332
Amortization	-	2,778	4,974	3,140	10,892
Write-off	-	(518)	-	(13,333)	(13,851)
Balance as of June 30, 2024	<u>\$ -</u>	<u>18,447</u>	<u>92,115</u>	<u>23,811</u>	<u>134,373</u>
Balance as of January 01, 2023 (restated)	\$ -	13,497	73,349	26,379	113,225
Amortization	-	2,279	8,049	3,805	14,133
Write-off	-	(1,436)	-	-	(1,436)
Balance as of June 30, 2023 (restated)	<u>\$ -</u>	<u>14,340</u>	<u>81,398</u>	<u>30,184</u>	<u>125,922</u>
Carrying value:					
June 30, 2024	<u>\$ 214,134</u>	<u>8,215</u>	<u>59,808</u>	<u>44,071</u>	<u>326,228</u>
January 01, 2024	<u>\$ 214,134</u>	<u>8,731</u>	<u>64,782</u>	<u>46,790</u>	<u>334,437</u>
June 30, 2023 (restated)	<u>\$ 207,648</u>	<u>9,699</u>	<u>70,525</u>	<u>50,610</u>	<u>338,482</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 June 30, 2024, the Group conducted an assessment based on the operating revenue meeting target for the period between January 01, 2024 and June 30, 2024, and concluded that no impairment was incurred.

(12) Other non-current assets

	2024.06.30	2023.12.31	2023.06.30 (restated)
Prepayments for equipment	\$ 20,682	17,824	2,751
Pension plan assets	7,507	7,166	5,841
Refundable Deposits	41,943	45,433	44,140
Long-term accounts receivable	235	500	1,655
Other receivables - long-term	-	152	1,635
Prepayment - long-term	4,686	4,630	-
Others	-	-	2,383
	<u>\$ 75,053</u>	<u>75,705</u>	<u>58,405</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

(13) Short-term loans

	2024.06.30	2023.12.31	2023.06.30 (restated)
Unsecured bank loans	\$ 317,163	353,164	305,733
Secured bank loans	30,702	31,308	30,506
	<u>\$ 347,865</u>	<u>384,472</u>	<u>336,239</u>
Unused credit facilities	<u>\$ 1,847,729</u>	<u>1,954,003</u>	<u>1,374,182</u>
Interest rate bracket	<u>1.95%~6.49%</u>	<u>1.88%~6.70%</u>	<u>1.85%~6.51%</u>

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

(14) Long-term loans

	2024.06.30	2023.12.31	2023.06.30 (restated)
Secured bank loans	\$ 190,000	190,000	41,112
Unsecured bank loans	597,449	661,758	302,000
Less: current portion of long-term debt	(8,449)	(8,628)	(4,316)
	<u>\$ 779,000</u>	<u>843,130</u>	<u>338,796</u>
Unused credit facilities	<u>\$ 741,358</u>	<u>461,049</u>	<u>880,786</u>
Interest rate bracket	<u>0.50%~5.92%</u>	<u>0.50%~5.92%</u>	<u>1.89%~6.00%</u>

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 2024, the financial ratios are in compliance with the load agreement.

(15) Lease liabilities

The lease liabilities of the Group are as follows:

	2024.06.30	2023.12.31	2023.06.30 (restated)
Current	<u>\$ 78,027</u>	<u>74,518</u>	<u>69,836</u>
Non-current	<u>\$ 285,434</u>	<u>261,084</u>	<u>221,855</u>

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

Profit and loss recognized are as follows:

	April to June 2024	April to June 2023 (restated)	January to June 2024	January to June 2023 (restated)
Interest expense of lease liabilities	<u>\$ 1,533</u>	<u>1,227</u>	<u>2,967</u>	<u>2,449</u>
Gains on subleasing right-of-use assets	<u>\$ (109)</u>	<u>-</u>	<u>(109)</u>	<u>-</u>
Short-term lease expense	<u>\$ 2,881</u>	<u>2,140</u>	<u>6,445</u>	<u>4,206</u>

Items recognized in Cash Flows Statement:

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	January to June 2024	January to June 2023 (restated)
Total cash outflow for leases	\$ 52,576	44,257

1. Lease of buildings

Pertaining to office spaces and branch offices of the Group, the lease tenors for office spaces range from three to twenty years, and for branch offices, three to nine years, of which some of the leases have a renewal option for tenor as per the original lease contract. Part of the right-of-use assets are subleased to other parties to earn rental income. For more information, please see Note 6(10). Of which, some lease tenor of buildings or office/ warehouse is one year and thus deemed to be short-term leases. The Group chooses to adopt recognition exemption and does not recognize the relevant right-of-use assets and lease liabilities.

2. Other leases

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

(16) Provision for product warranties

	2024.06.30	2023.12.31	2023.06.30
Provision for product warranty	\$ 4,554	6,191	7,698

From January 01 to June 30, 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.

(17) Operating leases - lessor

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

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

	2024.06.30	2023.12.31	2023.06.30
Less than 1 year	\$ 81,268	73,614	58,021
1 to 2 years	32,567	18,399	15,803
2 to 3 years	10,416	16,621	13,800
3 to 4 years	7,127	13,377	13,432
4 to 5 years	4,844	4,495	7,822
More than 5 years	14,091	15,627	17,087
Total undiscounted lease payments	\$ 150,313	142,133	125,965

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Recognized as operating revenue:				
Property, plant and equipment	\$ 15,660	14,127	30,512	27,275
Investment properties	8,638	7,999	17,019	15,701
	<u>\$ 24,298</u>	<u>22,126</u>	<u>47,531</u>	<u>42,976</u>

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Recognized as non-operating income and expenses:				
Property, plant and equipment	\$ 1,255	1,407	2,495	2,980
Investment properties	1,894	1,474	3,789	2,948
	<u>\$ 3,149</u>	<u>2,881</u>	<u>6,284</u>	<u>5,928</u>

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

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Those generating rental income	\$ 6,031	6,427	13,483	12,764
Those not generating rental income	129	105	260	209
	<u>\$ 6,160</u>	<u>6,532</u>	<u>13,743</u>	<u>12,973</u>

(18) Employee benefits

1. Defined benefit plans

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

	April to June 2024	April to June 2023	January to June 2024	January to June 2023 (restated)
Costs of revenue	\$ -	-	3	(1)
Operating expenses	-	-	(66)	(58)
	<u>\$ -</u>	<u>-</u>	<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:

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	April to June 2024	April to June 2023 (restated)	January to June 2024	January to June 2023 (restated)
Costs of revenue	\$ 1,150	1,247	2,319	2,581
Operating expenses	4,612	4,161	9,188	8,197
	<u>\$ 5,762</u>	<u>5,408</u>	<u>11,507</u>	<u>10,778</u>

(19) Income tax

1. Income tax expense

	April to June 2024	April to June 2023 (restated)	January to June 2024	January to June 2023 (restated)
Current income tax expense	<u>\$ 21,398</u>	<u>26,858</u>	<u>36,608</u>	<u>44,478</u>

2. From January 01 to June 30, 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.

(20) Capital and other equity interests

Except for the following, from January 01 to June 30, 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 June 30, 2024, and December 31 and June 30, 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

	2024.06.30	2023.12.31	2023.06.30
Additional paid-in capital in excess of par issued	<u>\$ 297,921</u>	<u>297,921</u>	<u>297,921</u>

3. Retained earnings

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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.

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 June 2024	January to June 2023
Beginning balance	\$ (5,561)	(2,235)
Foreign exchange differences arising from the translation of foreign operations	1,902	(566)
Shares of foreign currency translation differences of joint ventures	-	(1,063)
End balance	<u>\$ (3,659)</u>	<u>(3,864)</u>

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

	January to June 2024	January to June 2023
Beginning balance	\$ 1,080,503	537,776
Equity attributable to non-controlling interests:		
Net income	53,673	25,323
Foreign exchange differences arising from the translation of foreign operations	1,164	-
Cash dividends	(104,408)	(46,365)
End balance	<u>\$ 1,030,932</u>	<u>516,734</u>

(21) Earnings per share (EPS)

1. Basic EPS

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Net income attributable to shareholders of the Company	<u>\$ 29,206</u>	<u>17,880</u>	<u>51,904</u>	<u>40,501</u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>44,566</u>	<u>44,566</u>	<u>44,566</u>	<u>44,566</u>
Basic EPS (NTD)	<u>\$ 0.66</u>	<u>0.40</u>	<u>1.16</u>	<u>0.91</u>

2. Diluted EPS

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Net income attributable to shareholders of the Company	<u>\$ 29,206</u>	<u>17,880</u>	<u>51,904</u>	<u>40,501</u>
Weighted-average number of ordinary shares outstanding (basic) (in thousands)	44,566	44,566	44,566	44,566
Effect of dilutive potential common stock (in thousands)				
Effect of employee bonuses	92	75	165	166
Weighted-average number of ordinary shares outstanding (diluted) (in thousands)	<u>44,658</u>	<u>44,641</u>	<u>44,731</u>	<u>44,732</u>
Diluted EPS (NTD)	<u>\$ 0.65</u>	<u>0.40</u>	<u>1.16</u>	<u>0.91</u>

(22) Revenue from contracts with customers

1. Disaggregation of revenue

	April to June 2024	April to June 2023 (restated)	January to June 2024	January to June 2023 (restated)
Primary geographical markets:				
Taiwan	\$ 828,648	777,956	1,574,748	1,529,377
Mainland China	139,584	173,981	265,394	322,651
Indonesia	68,908	64,937	134,024	125,816
Thailand	89,417	63,511	158,856	119,367
India	26,778	39,782	48,006	39,782
Italy	47	479	1,177	1,324
Others	22,809	4,861	51,135	41,243
	<u>\$ 1,176,191</u>	<u>1,125,507</u>	<u>2,233,340</u>	<u>2,179,560</u>
Main products:				
Medical equipment	\$ 159,432	186,548	310,536	331,983
Medical consumables	672,977	649,147	1,283,878	1,272,053
Medical services	343,782	289,812	638,926	575,524
	<u>\$ 1,176,191</u>	<u>1,125,507</u>	<u>2,233,340</u>	<u>2,179,560</u>
Timing of revenue recognition:				
Revenue recognized at a point in time	\$ 1,140,071	1,091,932	2,162,737	2,115,508
Revenue recognized over time	11,822	11,449	23,072	21,076
Lease income	24,298	22,126	47,531	42,976
	<u>\$ 1,176,191</u>	<u>1,125,507</u>	<u>2,233,340</u>	<u>2,179,560</u>

2. Contract balances

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	2024.06.30	2023.12.31	2023.06.30 (restated)
Notes and accounts receivable (including related parties)	\$ 898,798	856,025	817,734
Less: Loss allowance	(9,725)	(9,548)	(10,099)
	<u>\$ 889,073</u>	<u>846,477</u>	<u>807,635</u>
Contract liabilities	<u>\$ 25,871</u>	<u>32,382</u>	<u>51,542</u>

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

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

The Group recognized revenue from the beginning balance of contract liability as of January 01, 2024 and 2023, which amounted to NTD6,548 thousand and NTD9,796 thousand for the three months ended June 30, 2024 and 2023, respectively and NTD24,394 thousand and NTD41,535 thousand for the six months ended June 30, 2024 and 2023, respectively.

(23) Remuneration to employees and Directors

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

The compensation of employees for the three months ended June 30, 2024 and 2023 amounted to NTD2,903 thousand and NTD2,293 thousand, respectively and for the six months ended June 30, 2024 and 2023 amounting to NTD5,167 thousand and NTD4,489 thousand, respectively; and, the remuneration of Directors amounted for the three months ended June 30, 2024 and 2023 amounting to NTD242 thousand and NTD191 thousand, respectively and for the six months ended June 30, 2024 and 2023 amounting to NTD431 thousand and NTD374 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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

(24) Non-operating income and loss

1. Interest income

	April to June 2024	April to June 2023 (restated)	January to June 2024	January to June 2023 (restated)
Interest income from bank deposits	\$ 3,276	3,727	5,038	4,793

2. Other income

	April to June 2024	April to June 2023 (restated)	January to June 2024	January to June 2023 (restated)
Rental income	\$ 3,149	2,881	6,284	5,928
Others	373	313	1,190	1,399
	<u>\$ 3,522</u>	<u>3,194</u>	<u>7,474</u>	<u>7,327</u>

3. Other gains and losses

	April to June 2024	April to June 2023 (restated)	January to June 2024	January to June 2023 (restated)
Gains on disposal of property, plant and equipment	\$ 85	502	96	684
Net foreign currency exchange gains	451	200	1,731	2,828
Loss on financial instruments at fair value through profit or loss	-	(881)	-	(881)
Gains on lease modification	26	-	315	-
	<u>\$ 562</u>	<u>(179)</u>	<u>2,142</u>	<u>2,631</u>

4. Financing costs

	April to June 2024	April to June 2023 (restated)	January to June 2024	January to June 2023 (restated)
Interest expense of bank loans	\$ 7,158	4,192	13,164	8,678
Financial expense of lease liabilities	1,533	1,227	2,967	2,449
	<u>\$ 8,691</u>	<u>5,419</u>	<u>16,131</u>	<u>11,127</u>

(25) Financial instruments

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

1. Categories of financial instruments

(1) Financial assets

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	2024.06.30	2023.12.31	2023.06.30 (restated)
Financial assets at fair value through other comprehensive income	\$ 123	123	123
Financial assets at amortized cost:			
Cash and cash equivalents	667,868	830,508	792,360
Notes and accounts receivable and other receivables (including related parties)	893,420	900,349	812,944
Other financial assets-current	317,219	366,873	205,285
Other non-current assets - refundable deposits	41,943	45,433	44,140
Other non-current assets - long-term receivables	235	652	3,290
Other non-current assets - long-term lease receivables	4,686	4,630	-
Subtotal	1,925,371	2,148,445	1,858,019
	\$ 1,925,494	2,148,568	1,858,142

(2) Financial liabilities

	2024.06.30	2023.12.31	2023.06.30 (restated)
Financial liabilities at fair value through profit or loss	\$ -	-	881
Financial liabilities at amortized cost:			
Short-term loans	\$ 347,865	384,472	336,239
Notes and accounts payable and other payables (including related parties)	903,303	800,704	977,733
Lease liabilities (current and non-current)	363,461	335,602	291,691
Long-term debt (including current portion)	787,449	851,758	343,112
Guarantee deposit received	6,778	6,808	8,162
Subtotal	2,408,856	2,379,344	1,956,937
	\$ 2,408,856	2,379,344	1,957,818

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. The definitions of fair value hierarchy are as follows:

A. Level 1 inputs: Similar assets or liabilities with quoted prices in an active market

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

(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).

		2024.06.30			
		Fair value			
		Level 1 inputs	Level 2 inputs	Level 3 inputs	Total
Financial assets at fair value through other comprehensive income:					
Share of non-public companies		\$ -	-	123	123
		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
		2023.06.30 (restated)			
		Fair value			
		Level 1 inputs	Level 2 inputs	Level 3 inputs	Total
Financial assets at fair value through other comprehensive income:					
Share of non-public companies		\$ -	-	123	123
Financial liabilities at fair value through profit or loss:					
Forward exchange contract		\$ -	881	-	881

There is no movement among fair value hierarchies from January 01 to June 30, 2024 and 2023.

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

The valuation of derivative instruments is based on valuation model widely accepted by market participants. The fair value of forward exchange contracts is generally based on current forward exchange rates.

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

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(4).

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)). For financial assets with low credit risk exposure, the loss allowance was made based on 12-month expected credit losses. The balances as at June 30, 2024, and December 31 and June 30, 2023 amounted to NTD321,566 thousand, NTD420,745 thousand, and NTD210,594 thousand (restated), 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 June 30, 2024, and December 31 and June 30, 2023, the unused credit facilities of the Group amounted to NTD2,589,087 thousand, NTD2,415,052 thousand and NTD2,254,968 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.

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
June 30, 2024						
Non-derivative financial liabilities:						
Short-term loans	\$ 350,448	279,686	70,762	-	-	-
Long-term debt (including current portion)	816,334	11,891	12,499	513,412	278,532	-
Notes and accounts payable and other payables (including related parties)	903,303	903,303	-	-	-	-
Guarantee deposit received	6,778	214	130	56	6,378	-
Lease liabilities	384,498	43,721	39,813	76,180	141,197	83,587
	<u>\$ 2,461,361</u>	<u>1,238,815</u>	<u>123,204</u>	<u>589,648</u>	<u>426,107</u>	<u>83,587</u>
December 31, 2023						
Non-derivative financial liabilities:						
Short-term loans	\$ 386,646	339,014	47,632	-	-	-
Long-term debt (including current portion)	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	-
	<u>\$ 2,432,051</u>	<u>1,195,892</u>	<u>95,920</u>	<u>749,241</u>	<u>390,998</u>	<u>-</u>
June 30, 2023 (restated)						
Non-derivative financial liabilities:						
Short-term loans	\$ 337,312	321,308	16,004	-	-	-
Long-term debt (including current portion)	356,747	7,461	3,868	164,995	180,423	-
Notes and accounts payable and other payables (including related parties)	977,733	977,733	-	-	-	-
Guarantee deposit received	8,162	325	-	-	7,837	-
Lease liabilities	309,943	38,434	35,253	52,217	184,039	-
Derivative financial instruments:						
Forward exchange contracts						
Outflows	(15,036)	(15,036)	-	-	-	-
Inflows	16,012	16,012	-	-	-	-
	<u>\$ 1,990,873</u>	<u>1,346,237</u>	<u>55,125</u>	<u>217,212</u>	<u>372,299</u>	<u>-</u>

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

5. Market risk

(1) Foreign exchange risk

The foreign exchange risk of the Group is mainly due to translation differences, gains, or losses of cash and cash equivalents, accounts receivable (including related-party transactions), accounts payable (including related-party transactions), other receivables (including related-party transactions), other payables (including related-party transactions), and bank loans that are not denominated in functional currencies. The carrying amounts of significant monetary assets and liabilities that are not denominated in functional currencies at the reporting date (including monetary items eliminated in the consolidated financial statements that are not denominated in functional currencies) and the related sensitivity analysis are as follows:

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

2024.06.30						
		<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Change in exchange rate</u>	<u>Effect of profit or loss</u>
<u>Financial assets</u>						
USD	\$	5,451	32.450	176,885	1%	1,769
EUR		9	34.705	312	1%	3
RMB		621	4.466	2,773	1%	28
JPY		163,541	0.202	33,035	1%	330
<u>Financial liabilities</u>						
USD		3,786	32.450	122,856	1%	1,229
EUR		56	34.705	1,943	1%	19
JPY		24,046	0.202	4,857	1%	49
2023.12.31						
		<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Change in exchange rate</u>	<u>Effect of profit or loss</u>
<u>Financial assets</u>						
USD	\$	4,392	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
2023.06.30 (restated)						
		<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Change in exchange rate</u>	<u>Effect of profit or loss</u>
<u>Financial assets</u>						
USD	\$	3,961	31.100	123,187	1%	1,232
EUR		745	33.821	25,197	1%	252
RMB		496	4.290	2,128	1%	21
JPY		28,754	0.215	6,182	1%	62
<u>Financial liabilities</u>						
USD		3,389	31.100	105,398	1%	1,054
EUR		864	33.821	29,221	1%	292
JPY		119,162	0.215	25,620	1%	256

Since the Group has many kinds of functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed by the total amount. For the three months and six months ended on June 30, 2024 and 2023, the foreign exchange gain (loss) (including realized and unrealized portions) refer to Note 6(24).

(2) Interest rate risk

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

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

If the yearly interest rate increases/decreases 1%, all variables remained unchanged, the income before tax of the Group for January 01 to June 30, 2024 and 2023 would decrease/increase NTD5,677 thousand and NTD3,397 thousand (restated), respectively.

(26) Financial risk management

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

(27) Capital management

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

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

1. For the acquisition of right-of-use assets and investment properties through leases, please see Note 6(9) and (10).
2. Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes	
	2024.01.01	Cash flows	Change of lease	2024.06.30
Short-term loans	\$ 384,472	(36,607)	-	347,865
Long-term loans	851,758	(64,309)	-	787,449
Lease liabilities	335,602	(43,273)	71,132	363,461
Guarantee deposit received	6,808	(30)	-	6,778
Liabilities from financing activities	<u>\$ 1,578,640</u>	<u>(144,219)</u>	<u>71,132</u>	<u>1,505,553</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	2023.01.01 (restated)	Cash flows	Non-cash changes Change of lease	2023.06.30 (restated)
Short-term loans	\$ 399,071	(62,832)	-	336,239
Long-term loans	422,660	(79,548)	-	343,112
Lease liabilities	294,989	(37,602)	34,304	291,691
Guarantee deposit received	8,456	(294)	-	8,162
Liabilities from financing activities	<u>\$ 1,125,176</u>	<u>(180,276)</u>	<u>34,304</u>	<u>979,204</u>

7. Related-party Transactions

(1) Parent company and ultimate controlling company

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

(2) Related party name and categories

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

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Ultimate controlling company of the Group
BenQ Corporation (BenQ)	The parent company of the Group
TDX Medical Technology (Jiangsu) Co., Ltd (TDX)	Joint venture of the Group (Note1)
Suzhou Trident Original Medical Technology Co., Ltd. (STOMT)	Subsidiary of joint venture, TDX (Note1)
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
BenQ Biotech (Shanghai) Co., Ltd.	Subsidiary of Qisda
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
Name of related party	Relationship with the Group
BenQ Medical (Shanghai) Co., Ltd	Subsidiary of Qisda

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Darly2 Venture, Inc. (Darly2)	Subsidiary of Qisda
BenQ Dialysis Technology Corp.	Subsidiary of Qisda
Ace Pillar Co., Ltd.	Subsidiary of Qisda
Standard Technology Corporation	Subsidiary of Qisda
Golden Spirit Co., Ltd.	Subsidiary of Qisda
Data Image Corporation	Subsidiary of Qisda
Hitron Technologies Inc.	Subsidiary of Qisda
Aewin Technologies Co., Ltd.	Subsidiary of Qisda
E-strong Medical Technology Co., Ltd.	Subsidiary of Qisda
Simula Technology Inc.	Subsidiary of Qisda
Action Star Technology Co., Ltd.	Subsidiary of Qisda
Interactive Digital Technologies Inc.	Subsidiary of Qisda
ACE Energy Co., Ltd.	Subsidiary of Qisda
Metaage Corporation (MetaAge)	Subsidiary of Qisda
Epic Cloud Co., Ltd.	Subsidiary of MetaAge
Global Intelligence Network Co., Ltd.	Subsidiary of MetaAge
Statinc Company	Subsidiary of MetaAge
Advancedtek International Corp.	Subsidiary of MetaAge
DKABio Co., Ltd.	Subsidiary of MetaAge
Metaguru Corporation (MRU)	Subsidiary of MetaAge
Partner Tech Corporation (PTT)	Subsidiary of Qisda
WiXtar Corporation (former name: La Fresh Information Co., Ltd.)	Subsidiary of PTT
Partner Tech Asia Pacific Corporation	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
Transnet Corporation	Subsidiary of Qisda
Bigmin Bio-Tech Company Ltd.	Subsidiary of Qisda
CHAN GUARE INDUSTRY CO., LTD.	Subsidiary of Qisda
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
Name of related party	Relationship with the Group
AUO Education Service Corp.	Subsidiary of AUO

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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:

	April to June 2024	April to June 2023 (restated)	January to June 2024	January to June 2023 (restated)
Ultimate controlling company	\$ 3,265	197	3,277	962
Parent company	-	-	-	90
Joint venture	-	4,170	-	13,893
Other related parties	2,094	1,239	4,372	3,436
	\$ 5,359	5,606	7,649	18,381

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

2. Purchases

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

	April to June 2024	April to June 2023 (restated)	January to June 2024	January to June 2023 (restated)
Ultimate controlling company	\$ 14,449	14,989	31,703	27,944
Joint venture	-	24,403	-	39,062
Other related parties	11,914	5,225	21,716	10,422
	\$ 26,363	44,617	53,419	77,428

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 June 30, 2024 and 2023 amounted to NTD15 thousand and NTD61 thousand (restated), respectively and for the six months ended June 30, 2024 and 2023 amounted to NTD42 thousand and NTD135 thousand (restated), respectively. As of June 30, 2024 and December 31 and June 30, 2023, the lease liabilities balances amounted to NTD1,799 thousand, NTD7,420 thousand and NTD13,428 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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

recognize the related right-of-use assets and lease liabilities. The rental expense recognized for the three months ended June 30, 2024 and 2023 amounted to NTD145 thousand and NTD265 thousand (restated), respectively and for the six months ended June 30, 2024 and 2023 amounted to NTD381 thousand and NTD543 thousand (restated), respectively. On June 30, 2024 and 2023, the related payables are classified under other payables.

4. Acquisition and disposal of property, plant and equipment

For January 01 to June 30, 2024, the Group purchased intangible assets and fixed assets from other related parties which amounted to NTD353 thousand and NTD1,683 thousand, respectively. As of June 30, 2024, the related payables are classified under other payables.

For January 01 to June 30, 2023, the Group purchased intangible assets from other related parties which amounted to NTD223 thousand. As of June 30, 2023, the related payables are classified under other payables.

5. Others

(1) Prepayment for goods

The Group has been making purchases from joint venture, STOMT. The payment terms agreed on payment in advance. As of June 30, 2023, the prepayments for purchases amounted to NTD1,548 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 June 30, 2023, the prepayments for purchases amounted to NTD12,585 thousand, and was classified as prepayments and other current assets.

(2) For the six months ended June 30, 2023, the donations that the Group made to BenQ Foundation amounted to NTD500 thousand was recognized as general and administrative expenses. And, the related payables were fully settled.

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

6. Costs of revenue and operating expenses

The costs of revenue 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	April to June	April to June	January to June	January to June
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BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

		2024	2023 (restated)	2024	2023 (restated)
Costs of revenue	Ultimate controlling company	\$ 628	554	1,120	1,017
	Other related parties	2	29	12	91
		630	583	1,132	1,108
Operating expenses	Ultimate controlling company	5,103	3,966	6,656	5,824
	Parent company	160	250	292	266
	Joint venture	-	13	-	13
	Other related parties	528	499	1,266	1,097
		5,791	4,728	8,214	7,200
		<u>\$ 6,421</u>	<u>5,311</u>	<u>9,346</u>	<u>8,308</u>

7. Receivables from related parties

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

Account	Related-party	2024.06.30	2023.12.31	2023.06.30 (restated)
Accounts receivable - related parties	Ultimate controlling company	\$ 3,413	235	175
Accounts receivable - related parties	Joint venture	-	-	28,158
Accounts receivable - related parties	Other related parties	3,774	3,753	1,518
Other receivables - related parties	Ultimate controlling company	80	-	-
Other receivables - related parties	Other related parties	-	-	54
		<u>\$ 7,267</u>	<u>3,988</u>	<u>29,905</u>

8. Payables to related parties

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

Account	Related-party	2024.06.30	2023.12.31	2023.06.30 (restated)
Accounts payable - related parties	Ultimate controlling company	\$ 9,223	9,789	11,019
Accounts payable - related parties	Joint venture	-	-	1,453
Accounts payable - related parties	Other related parties	14,499	13,323	6,868
Other payables - related parties	Ultimate controlling company	6,408	4,163	4,644
Other payables - related parties	Parent company	880	43	1,108
Other payables - related parties	Other related parties	1,963	1,513	192
		<u>2024.06.30</u>	<u>2023.12.31</u>	<u>2023.06.30 (restated)</u>
Lease liabilities - current	Ultimate controlling company	1,355	6,773	11,465

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Lease liabilities - current	Other related parties	-	-	299
Lease liabilities - non-current	Ultimate controlling company	444	647	1,664
		\$ 34,772	36,251	38,712

(4) Transaction with key management personnel

Compensation for key management personnel:

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Short-term employee benefits	\$ 3,131	2,986	6,146	5,807
Post-employment benefits	36	36	72	72
	\$ 3,167	3,022	6,218	5,879

8. Pledged Assets

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

Pledged Assets	Pledged to secure	2024.06.30	2023.12.31	2023.06.30 (restated)
Other financial assets-current	Performance bond	\$ 43,429	43,699	55,423
Land and buildings	Credit lines of bank loans	436,491	441,450	502,707
Investment Property	Credit lines of bank loans	241,567	243,092	275,728
		\$ 721,487	728,241	833,858

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Significant unrecognized contractual commitments:

	2024.06.30	2023.12.31	2023.06.30 (restated)
Letter of credit issued and yet to be used	\$ 50,000	50,000	40,000

10. Significant Loss from Disaster: None.

11. Significant Subsequent Events: None.

12. Others

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

Item	April to June 2024			April to June 2023 (restated)		
Category	Costs of revenue	Operating expenses	Total	Costs of revenue	Operating expenses	Total
Employee benefits						
Salaries	26,383	121,314	147,697	26,406	116,224	142,630
Insurance	2,604	10,154	12,758	2,794	9,149	11,943
Pension	1,150	4,612	5,762	1,247	4,161	5,408
Other employee benefits	1,850	7,508	9,358	1,622	5,184	6,806
Item	April to June 2024			April to June 2023 (restated)		
Category	Costs of revenue	Operating expenses	Total	Costs of revenue	Operating expenses	Total
Depreciation	29,040	27,766	56,806	28,233	22,081	50,314

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Amortization	586	4,909	5,495	317	6,764	7,081
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Category	January to June 2024			January to June 2023 (restated)		
	Costs of revenue	Operating expenses	Total	Costs of revenue	Operating expenses	Total
Employee benefits						
Salaries	51,071	232,283	283,354	53,123	210,995	264,118
Insurance	5,205	20,662	25,867	5,878	19,033	24,911
Pension	2,322	9,122	11,444	2,580	8,139	10,719
Other employee benefits	3,664	13,568	17,232	3,287	10,164	13,451
Depreciation	57,414	54,123	111,537	56,180	43,300	99,480
Amortization	1,150	9,742	10,892	621	13,512	14,133

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

(3) Reorganization

The Company 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. Based on this, the Group prepared and restated the consolidated financial statement for the three months and the six months ended on June 30, 2023.

Effects of the Consolidated Balance Sheets (restated) as of June 30, 2023 and the Consolidated Statements of Comprehensive Income (restated) for the three months and six months ended June 30, 2023 are as follows:

Consolidated Balance Sheet 2023.06.30	Before restatement	Amount affected	Restatement
Current assets	\$ 1,520,309	1,043,544	2,563,853
Non-current assets	1,694,777	296,467	1,991,244
Total assets	\$ 3,215,086	1,340,011	4,555,097
Current liabilities	\$ 962,792	547,635	1,510,427
Non-current liabilities	591,547	15,978	607,525
Total liabilities	1,554,339	563,613	2,117,952
Common stock	445,660	-	445,660
Capital surplus	297,921	-	297,921

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Consolidated Balance Sheet 2023.06.30	Before restatement	Amount affected	Restatement
Retained earnings	404,296	-	404,296
Other equity	(3,864)	-	(3,864)
Total equity attributable to shareholders of the parent company	1,144,013	-	1,144,013
Equity attributable to former owner of business combination under common control	-	274,619	274,619
Equity attributable to non-controlling interest before business combination under common control	-	501,779	501,779
Non-controlling interests	516,734	-	516,734
Total equity	1,660,747	776,398	2,437,145
Total liabilities and equity	\$ 3,215,086	1,340,011	4,555,097

	Three months ended June 30, 2023		
Consolidated Statements of Comprehensive Income	Before restatement	Amount affected	Restatement
Operating revenues	\$ 735,001	390,506	1,125,507
Costs of revenue	(515,205)	(292,895)	(808,100)
Gross profit	219,796	97,611	317,407
Realized (unrealized) sales profit	(591)	-	(591)
Realized gross profit	219,205	97,611	316,816
Operating expenses	(176,234)	(66,811)	(243,045)
Operating income	42,971	30,800	73,771
Non-operating income and loss	6,102	(2,114)	3,988
Income before income tax	49,073	28,686	77,759
less: Income tax expenses	(18,864)	(7,994)	(26,858)
Net income	30,209	20,692	50,901
Other comprehensive income for the period (after income tax)	(2,033)	12,360	10,327
Total comprehensive income for the period	\$ 28,176	33,052	61,228
Net Income attributable to:			
Owners of the parent	\$ 17,880	-	17,880
Non-controlling interests	12,329	-	12,329
Equity attributable to former owner of business combination under common control	-	6,745	6,745
Equity attributable to non-controlling interest before business combination under common control	-	13,947	13,947

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Consolidated Statements of Comprehensive Income	Three months ended June 30, 2023		
	Before restatement	Amount affected	Restatement
Net income	\$ 30,209	20,692	50,901
Comprehensive income (loss) attributable to:			
Owners of the parent	\$ 15,847	-	15,847
Non-controlling interests	12,329	-	12,329
Equity attributable to former owner of business combination under common control	-	9,669	9,669
Equity attributable to non-controlling interest before business combination under common control	-	23,383	23,383
Total comprehensive income for the period	\$ 28,176	33,052	61,228
Basic earnings per share (NTD)	\$ 0.40	-	0.40
Diluted earnings per share (NTD)	\$ 0.40	-	0.40

Consolidated Statements of Comprehensive Income	Six months ended June 30, 2023		
	Before restatement	Amount affected	Restatement
Operating revenues	\$ 1,421,237	758,323	2,179,560
Costs of revenue	(986,906)	(570,671)	(1,557,577)
Gross profit	434,331	187,652	621,983
Realized (unrealized) sales profit	(213)	-	(213)
Realized gross profit	434,118	187,652	621,770
Operating expenses	(347,581)	(130,313)	(477,894)
Operating income	86,537	57,339	143,876
Non-operating income and loss	8,289	(54)	8,235
Income before income tax	94,826	57,285	152,111
less: Income tax expenses	(29,002)	(15,476)	(44,478)
Net income	65,824	41,809	107,633
Other comprehensive income for the period (after income tax)	(1,629)	13,169	11,540
Total comprehensive income for the period	\$ 64,195	54,978	119,173
Net Income attributable to:			
Owners of the parent	\$ 40,501	-	40,501
Non-controlling interests	25,323	-	25,323
Equity attributable to former owner of business combination under common control	-	14,079	14,079

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Consolidated Statements of Comprehensive Income	Six months ended June 30, 2023		
	Before restatement	Amount affected	Restatement
Equity attributable to non-controlling interest before business combination under common control	-	27,730	27,730
Net income	\$ 65,824	41,809	107,633
Comprehensive income (loss) attributable to:			
Owners of the parent	\$ 38,872	-	38,872
Non-controlling interests	25,323	-	25,323
Equity attributable to former owner of business combination under common control	-	17,306	17,306
Equity attributable to non-controlling interest before business combination under common control	-	37,672	37,672
Total comprehensive income for the period	\$ 64,195	54,978	119,173
Basic earnings per share (NTD)	\$ 0.91	-	0.91
Diluted earnings per share (NTD)	\$ 0.91	-	0.91

13. Additional Disclosures

(1) Information on significant transactions

For January 01 to June 30, 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	Whether a related party	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
1	K2 International Medical Inc.	K2 Medical (Thailand) Co., Ltd.	Other receivables-related parties	Yes	107,399	107,085	64,900	3%	2	-	Working capital turnover	-	-	-	119,563	239,127

(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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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:

Unit: NTD thousand

Company	Counterparty	Relationship	Transaction details				Transactions with terms different from others		Note / account receivable(payables)		Note
			Purchase (Sales)	Amount	% of total purchase (sales)	Payment terms	Unit price	Payment terms	Ending balance	% of total note/ account receivable (payables)	
K2	K2SH	Parent/ subsidiary	(Sales)	(104,510)	(23.59%)	OA90	-	-	1,854	1.34%	
K2SH	K2	Parent/ subsidiary	Purchase	104,510	100.00%	OA90	-	-	(1,854)	(100.00%)	

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

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)	Transaction details (Note 3)				% of total consolidated net revenue or total assets(Note 4)
				Account	Amount	Transaction terms		
1	K2	K2SH	1	Operating revenue	104,510	OA 90		5%

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

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

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

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

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

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

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

(2) Information on investees:

For January 01 to June 30, 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 June 30, 2024			Net income (loss) of the investee	Investment income	Note
				June 30, 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%	22,979	354	353	(Note)
The Company	Highview Investments Limited	Samoa Islands	Investment and holding company	36,211	36,211	1,062	100.00%	17,227	(2,501)	(2,501)	(Note)
The Company	Lily Medical Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	185,000	185,000	10,000	100.00%	252,740	19,467	19,658	(Note)
The Company	BenQ AB DentCare Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	88,000	88,000	8,800	88.00%	58,904	37	104	(Note)
The Company	BenQ Healthcare Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	100,000	100,000	10,000	100.00%	167,894	24,986	24,986	(Note)
The Company	Eastech Co., Ltd	Taiwan	Wholesaling and retailing of medical consumables and equipment	20,300	20,300	700	70.00%	30,402	5,477	3,711	(Note)

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Name of investor	Name of investee	Location	Main Businesses and Products	Original investment Amount		Balance as of June 30, 2024			Net income (loss) of the investee	Investment income	Note
				June 30, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying amount			
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%	282,940	23,783	9,293	(Note)
The Company	K2 International Medical Inc.	Taiwan	Sales of medical consumables and equipment	390,000	390,000	7,800	39.00%	299,072	30,174	11,768	(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%	121,543	784	-	(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%	68,634	16,436	-	(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%	105,443	4,710	-	(Note)
K2	K2 Medical (Thailand) Co., Ltd.	Thailand	Sales of medical consumables and equipment	15,919	15,919	-	49.00%	41,691	12,576	-	(Note)
K2	PT. Frismed Hoslab Indonesia	Indonesia	Blood banking equipment and supplies	257,728	257,728	12	67.00%	293,639	17,091	-	(Note)
AsiaConnect	K2 International Medical Inc.	Taiwan	Sales of medical consumables and equipment	10,000	10,000	200	1.00%	7,669	30,174	-	(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	Investment amount of outflow or inflow		Accumulated outflow of investment from Taiwan as of June 30, 2024	Net income (loss) of the investee	Percentage of ownership of direct and indirect investment	Investment income (loss)	Carrying value as of June 30, 2024	Accumulated inward remittance of earnings as of June 30, 2024
					Outflow	Inflow						
BenQ Medical Technology (Shanghai) Ltd.	Agency of international and entrepot trade business	32,450 (USD 1,000)	(2)	32,450 (USD 1,000)	-	-	32,450 (USD 1,000)	(2,503)	100.00%	(2,503)	19,022 (Note 4 and 5)	-
BenQ Smart Healthcare (Shanghai) Co., Ltd.	Wholesaling and retailing of medical consumables and equipment	6,815 (USD 210)	(1)	6,815 (USD 210)	-	-	6,815 (USD 210)	(879)	100.00%	(879)	205 (Note 4 and 5)	-
K2 (Shanghai) International Medical Inc.	Sales of medical consumables and equipment	40,563 (USD 1,250)	(1)	62,726 (USD 1,933)	-	-	62,726 (USD 1,933)	7,031	40.00%	2,182	54,739 (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 = 1:32.450.

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

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

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

2. Limits on investments in Mainland China:

Unit: NTD thousand/foreign currency in thousand

Company Name	Accumulated investment in Mainland China as of June 30, 2024	Investment amounts authorized by Investment Commission, MOEA	Upper Limit on Investment authorized by Investment Commission, MOEA
The Company	32,450 (USD1,000)	32,450 (USD2,827)	638,701
LILY (Note)	6,815 (USD210)	6,815 (USD210)	116,146
K2	62,726 (USD1,933)	62,726 (USD1,933)	358,690

(Note) The equity of 100% of BenQ Smart Healthcare (Shanghai) Co., Ltd. originally

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Notes to Consolidated Financial Statements (continued)

held by LILY was sold to BenQ Medical Technology (Shanghai) Ltd. in April 2024. As of June 30, 2024, the withdrawal of the investment has not been collected and proceeded with MOEA, either.

3. Significant transactions with investee companies in Mainland China:

For the significant transactions between the Group and the investee companies directly or indirectly (which have been eliminated when preparing the Consolidated Financial Statements), please refer to “(1) Information on significant transactions - 10. Business relationships and significant intercompany transactions”.

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
BenQ Corporation		19,353,427
Darly Venture Inc.		3,548,646
		Shareholding Percentage
		43.30%
		7.96%

14. Segment Information

(1) General information

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

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

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	April to June 2024			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 237,124	939,067	-	1,176,191
Intra-group revenue	19,484	5	(19,489)	-
Total segment revenue	<u>\$ 256,608</u>	<u>939,072</u>	<u>(19,489)</u>	<u>1,176,191</u>
Segment profit (loss)	<u>\$ 6,662</u>	<u>76,496</u>	<u>643</u>	<u>83,801</u>

	April to June 2023 (restated)			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 270,482	855,025	-	1,125,507
Intra-group revenue	4,446	-	(4,446)	-
Total segment revenue	<u>\$ 274,928</u>	<u>855,025</u>	<u>(4,446)</u>	<u>1,125,507</u>
Segment profit (loss)	<u>\$ 5,467</u>	<u>67,740</u>	<u>564</u>	<u>73,771</u>

	January to June 2024			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 478,545	1,754,795	-	2,233,340
Intra-group revenue	23,032	33	(23,065)	-
Total segment revenue	<u>\$ 501,577</u>	<u>1,754,828</u>	<u>(23,065)</u>	<u>2,233,340</u>
Segment profit (loss)	<u>\$ 9,952</u>	<u>132,509</u>	<u>1,201</u>	<u>143,662</u>

	January to June 2023 (restated)			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 496,333	1,683,227	-	2,179,560
Intra-group revenue	11,509	67	(11,576)	-
Total segment revenue	<u>\$ 507,842</u>	<u>1,683,294</u>	<u>(11,576)</u>	<u>2,179,560</u>
Segment profit (loss)	<u>\$ 10,670</u>	<u>132,004</u>	<u>1,202</u>	<u>143,876</u>