

**BENQ MEDICAL TECHNOLOGY CORP.
AND SUBSIDIARIES**

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

For the nine months ended September 30, 2024 and 2023

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

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Independent Auditors' Review Report

The Board of Directors
BENQ MEDICAL TECHNOLOGY CORP.

Foreword

We have reviewed the Consolidated Balance Sheets as of September 30, 2024 and 2023, and Consolidated Statements of Comprehensive Income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023, 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 NTD686,927 thousand and NTD826,319 thousand, constituting 14% and 18% of the consolidated total assets as of September 30, 2024 and 2023, respectively; and the total liabilities amounting to NTD105,150 thousand and NTD269,986 thousand, constituting 4% and 11% of the consolidated total liabilities of as of September 30, 2024 and 2023, respectively; as well as the total comprehensive income amounting to NTD14,664 thousand and NTD16,604 thousand for the three months ended September 30, 2024 and 2023 and NTD32,129 thousand and NTD39,977 thousand for the nine months ended September 30, 2024 and 2023, constituting 17%, 21%, 16%, and 20% of the consolidated total comprehensive income, respectively.

Qualified Conclusion

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

consolidated cash flows for the nine months ended September 30, 2024 and 2023 do not present fairly.

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)
October 30, 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

September 30, 2024, and December 31 and September 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		2024.09.30		2023.12.31		2023.09.30			Liabilities and Equity		2024.09.30		2023.12.31		2023.09.30	
		Amount	%	Amount	%	Amount	%				Amount	%	Amount	%	Amount	%
Current assets:									Current liabilities:							
1100	Cash and cash equivalents (Note 6(1))	\$ 711,404	14	830,508	18	798,345	17	2123	Financial liability at fair value through profit or loss-current (Note 6(3))	\$	-	-	-	-	859	-
1150-1170	Notes and accounts receivable (Note 6(4) and (22))	897,701	18	842,489	18	824,471	18									
1181	Accounts receivable - related parties (Note 6(4)(22) and 7)	6,201	-	3,988	-	29,567	1	2100	Short-term loans (Note 6(13) and 8)		462,345	9	384,472	8	452,717	10
1200	Other receivables (Note 6(6))	12,736	-	53,872	1	12,301	-	2131	Contract liabilities-current (Note 6(22))		27,856	1	32,382	1	33,210	1
1212	Other receivables - related parties (Note 7)	-	-	-	-	56	-	2150-2170	Notes and accounts payable		544,099	11	505,900	11	460,757	10
130x	Inventories (Note 6(5))	682,905	14	515,751	11	509,464	11	2181	Accounts payable - related parties (Note 7)		29,092	1	23,112	-	18,142	-
1410-1470	Prepayments and other current assets (Note 7)	153,762	3	118,862	2	153,397	3	2200	Other payable (Note 6 (7)(23))		268,555	5	265,973	6	244,625	5
1476	Other financial assets-current (Note 6(2) and 8)	330,336	7	366,873	8	308,481	7	2220	Other payable - related parties (Note 7)		9,007	-	5,719	-	5,261	-
Total current assets		2,795,045	56	2,732,343	58	2,636,082	57	2230	Current income tax liabilities		16,074	-	55,506	1	28,691	1
Non-current assets:								2250	Provisions for liabilities - current (Note 6(16))		3,494	-	6,191	-	6,722	-
1518	Financial assets at fair value through other comprehensive income - non-current	123	-	123	-	123	-	2280	Lease liabilities - current (Note 6(15) and 7)		90,544	2	74,518	2	69,987	2
1550	Investments accounted for using the equity method (Note 6(6))	-	-	-	-	39,545	1	2300	Other current liabilities		9,534	-	13,816	-	13,556	-
1600	Property, plant and equipment (Note 6(8), 7, and 8)	962,459	19	902,167	19	915,742	20	2322	Long-term loans due within a year (Note 6(14) and 8)		72,503	2	8,628	-	8,650	-
1755	Right-of-use assets (Note 6(9) and 7)	202,427	4	166,204	3	126,857	3		Total current liabilities		1,533,103	31	1,376,217	29	1,343,177	29
1760	Investment properties - net (Note 6(10) and 8)	473,297	10	475,961	10	482,612	10	2540	Non-current liabilities:							
1780	Intangible assets (Note 6(7) (11) and 7)	399,958	8	334,437	7	332,258	7	2570	Long-term loans (Note 6(14) and 8)		824,520	17	843,130	18	875,305	19
1840	Deferred income tax assets	26,364	1	25,221	1	25,348	1	2580	Deferred income tax liabilities		44,404	1	32,371	1	37,966	1
1900	Other non-current assets (Note 6(12))	97,554	2	75,705	2	55,435	1	2645	Lease liabilities - non-current (Note 6(15) and 7)		285,480	6	261,084	6	230,911	5
Total non-current assets		2,162,182	44	1,979,818	42	1,977,920	43	2670	Guarantee deposit received		6,782	-	6,808	-	6,915	-
									Other non-current liabilities		12,026	-	12,221	-	2,439	-
									Total non-current liabilities		1,173,212	24	1,155,614	25	1,153,536	25
									Total liabilities		2,706,315	55	2,531,831	54	2,496,713	54
									Equity attributable to shareholders of the parent company							
									(Note 6(7) and (20)):							
								3110	Common stock		445,660	9	445,660	9	445,660	10
								3200	Capital Surplus		297,921	6	297,921	6	297,921	6
								3300	Retained earnings		351,218	7	361,807	8	324,161	7
								3400	Other equity		3,193	-	(5,561)	-	(1,980)	-
									Total equity attributable to shareholders of the parent company		1,097,992	22	1,099,827	23	1,065,762	23
								36XX	Non-controlling interests (Note 6(7) and (20))		1,152,920	23	1,080,503	23	1,051,527	23
									Total equity		2,250,912	45	2,180,330	46	2,117,289	46
Total assets		\$ 4,957,227	100	4,712,161	100	4,614,002	100		Total liabilities and equity		\$ 4,957,227	100	4,712,161	100	4,614,002	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 September 30, 2024 and 2023 and For the nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		July to September 2024		July to September 2023		January to September 2024		January to September 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues (Note 6 (17) (22), 7 and 14)	\$ 1,214,966	100	1,154,785	100	3,448,306	100	3,334,345	100
5000	Costs of revenue (Note 6 (5)(8)(9)(10)(11)(15)(17)(18)(23), 7 and 12)	(844,265)	(69)	(804,889)	(70)	(2,406,619)	(70)	(2,362,466)	(71)
	Gross profit	370,701	31	349,896	30	1,041,687	30	971,879	29
5910	Less: Realized (unrealized) sales profit	-	-	213	-	-	-	-	-
	Realized gross profit	370,701	31	350,109	30	1,041,687	30	971,879	29
	Operating expenses (Note 6 (4)(8)(9)(10)(11) (15)(17)(18)(23), 7 and 12):								
6100	Selling expenses	(223,580)	(19)	(193,334)	(16)	(631,391)	(18)	(564,343)	(17)
6200	General and administrative expenses	(52,991)	(4)	(47,386)	(4)	(155,652)	(4)	(136,943)	(4)
6300	Research and development expenses	(8,609)	(1)	(7,514)	(1)	(25,072)	(1)	(23,691)	(1)
6450	Impairment loss for expected credit losses	(459)	-	(674)	-	(848)	-	(1,825)	-
	Total operating expenses	(285,639)	(24)	(248,908)	(21)	(812,963)	(23)	(726,802)	(22)
	Operating income	85,062	7	101,201	9	228,724	7	245,077	7
	Non-operating income and loss (Note 6 (6)(15)(17)(24) and 7):								
7100	Interest income	1,687	-	1,436	-	6,725	-	6,229	-
7010	Other income	1,143	-	3,522	1	8,617	1	10,849	-
7020	Other gains and losses	5,594	1	1,186	-	7,736	-	3,817	-
7050	Financing costs	(7,646)	(1)	(8,325)	(1)	(23,777)	(1)	(19,452)	-
7375	Share of losses of joint ventures accounted for using equity method	-	-	660	-	-	-	5,271	-
	Total non-operating income and loss	778	-	(1,521)	-	(699)	-	6,714	-
	Income before income tax	85,840	7	99,680	9	228,025	7	251,791	7
7950	less: Income tax expenses (Note 6(19))	(24,366)	(2)	(24,714)	(2)	(60,974)	(2)	(69,192)	(2)
	Net income	61,474	5	74,966	7	167,051	5	182,599	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	27,274	2	3,980	-	30,340	1	16,583	1
8370	Share of other comprehensive income of joint ventures accounted for using equity method	-	-	1,198	-	-	-	135	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
	Other comprehensive income (loss) for the period	27,274	2	5,178	-	30,340	1	16,718	1
	Total comprehensive income (loss) for the period	\$ 88,748	7	80,144	7	197,391	6	199,317	6
	Net Income attributable to:								
8610	Owners of the parent	\$ 26,639	2	37,118	3	78,543	2	77,619	2
8620	Non-controlling interest	34,835	3	16,726	2	88,508	3	42,049	1
	Equity attributable to former owner of business combination under common control	-	-	6,809	1	-	-	20,888	1
	Equity attributable to non-controlling interest before business combination under common control	-	-	14,313	1	-	-	42,043	1
		\$ 61,474	5	74,966	7	167,051	5	182,599	5
	Comprehensive income (loss) attributable to:								
8710	Owners of the parent	\$ 33,491	3	39,002	3	87,297	3	77,874	2
8720	Non-controlling interest	55,257	4	15,434	1	110,094	3	40,757	1
	Owners of the parent	-	-	8,119	1	-	-	25,425	1
	Non-controlling interests	-	-	17,589	2	-	-	55,261	2
		\$ 88,748	7	80,144	7	197,391	6	199,317	6
	Earnings per share (in New Taiwan dollars, Note 6 (21))								
9750	Basic earnings per share	\$ 0.60		0.83		1.76		1.74	
9850	Diluted earnings per share	\$ 0.60		0.83		1.75		1.73	

(Please see Notes to Consolidated Financial Statements)

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

BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of the parent company							Total equity attributable to shareholders of the parent company	Non-controlling interests	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	Foreign currency translation differences					
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	445,660	297,921	105,195	2,945	349,244	457,384	(2,235)	1,198,730	537,776	293,313	536,125	2,565,944
Net income	-	-	-	-	77,619	77,619	-	77,619	42,049	20,888	42,043	182,599
Other comprehensive income for the period	-	-	-	-	-	-	255	255	(1,292)	4,537	13,218	16,718
Total comprehensive income for the period	-	-	-	-	77,619	77,619	255	77,874	40,757	25,425	55,261	199,317
Earnings appropriation and distribution:												
Legal reserve	-	-	18,222	-	(18,222)	-	-	-	-	-	-	-
Special reserve	-	-	-	(711)	711	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(93,589)	(93,589)	-	(93,589)	-	-	-	(93,589)
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	(46,365)	-	-	(46,365)
Reorganization regarded as a combination from beginning	-	-	-	-	(117,253)	(117,253)	-	(117,253)	519,359	(318,738)	(591,386)	(508,018)
Balance as of September 30, 2023	\$ 445,660	297,921	123,417	2,234	198,510	324,161	(1,980)	1,065,762	1,051,527	-	-	2,117,289
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	-	-	-	-	78,543	78,543	-	78,543	88,508	-	-	167,051
Other comprehensive income for the period	-	-	-	-	-	-	8,754	8,754	21,586	-	-	30,340
Total comprehensive income for the period	-	-	-	-	78,543	78,543	8,754	87,297	110,094	-	-	197,391
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)
Change in non-controlling interests	-	-	-	-	-	-	-	-	66,731	-	-	66,731
Balance as of September 30, 2024	\$ 445,660	297,921	123,417	5,560	222,241	351,218	3,193	1,097,992	1,152,920	-	-	2,250,912

(Please see Notes to Consolidated Financial Statements)

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

BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	January to September 2024	January to September 2023
Cash flows from operating activities:		
Profit before income tax	\$ 228,025	251,791
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	170,576	150,776
Amortization	16,458	20,448
Impairment loss for expected credit losses	848	1,825
Loss on financial tools at fair value through profit or loss	-	859
Interest expense	23,777	19,452
Interest income	(6,725)	(6,229)
Dividend Income	(2)	-
Share of income of joint ventures accounted for using equity method	-	(5,271)
(Gain) loss on disposals of property, plant and equipment	(171)	194
Gains on lease modification	(315)	(6)
Total adjustments to reconcile profit (loss)	<u>204,446</u>	<u>182,048</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	(8,184)	(21,910)
Accounts receivable - related parties	(2,213)	9,244
Other receivables	(4,849)	(2,037)
Inventories	(91,628)	(33,435)
Prepayments and other current assets	(32,138)	13,718
Total changes in operating assets	<u>(139,012)</u>	<u>(34,420)</u>
Changes in operating liabilities:		
Contract liabilities	(4,652)	(22,957)
Notes and accounts payable	1,942	(76,275)
Accounts payable - related parties	5,980	(255)
Other payables	(35,040)	(26,208)
Other payables - related parties	3,288	3,233
Provisions for liabilities	(2,697)	(2,120)
Other current liabilities	(4,527)	4,676
Net defined benefit liabilities	(195)	(656)
Total changes in operating liabilities	<u>(35,901)</u>	<u>(120,562)</u>
Total changes in operating assets and liabilities	<u>(174,913)</u>	<u>(154,982)</u>
Total adjustments	<u>29,533</u>	<u>27,066</u>
Cash provided by operations	257,558	278,857
Interest received	7,324	6,298
Dividend received	2	-
Interest paid	(23,630)	(19,440)
Income tax paid	<u>(105,832)</u>	<u>(91,748)</u>
Net cash flow provided by operating activities	<u>135,422</u>	<u>173,967</u>

(Please see Notes to Consolidated Financial Statements)

(Continued on next page)

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

BENQ MEDICAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

For the nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	January to September 2024	January to September 2023
Cash flows from investing activities:		
Proceeds from disposal of investments accounted for using equity method	\$ 46,914	-
Acquisition of subsidiaries	(23,261)	-
Acquisition of property, plant and equipment	(125,571)	(110,783)
Proceeds from disposals of property, plant and equipment	3,695	5,156
(Increase) decrease in refundable deposits	(5,005)	2,108
Acquisition of intangible assets	(3,465)	(4,375)
Decrease (increase) in other financial assets	38,964	(70,288)
Increase in other non-current assets	(9,601)	(1,587)
Net cash flow used in investing activities	(77,330)	(179,769)
Cash flows from financing activities:		
Increase in short-term loans	15,873	53,646
Increase in long-term loans	217,334	791,197
Repayments of long-term loans	(174,628)	(329,902)
Decrease in guarantee deposit received	(26)	(1,541)
Payment of lease liabilities	(66,903)	(56,920)
Distribution of cash dividends	(89,132)	(93,589)
Cash dividends distributed by subsidiaries to non-controlling interests	(101,500)	(46,365)
Cash dividends to equity attributable to non-controlling interest before business combination under common control	-	(72,018)
Equity attributable to former owner of business combination under common control	-	(436,000)
Net cash flow used in financing activities	(198,982)	(191,492)
Effect of changes in foreign exchange rates	21,786	15,856
Net decrease in cash and cash equivalents for the current period	(119,104)	(181,438)
Cash and cash equivalents at the beginning of the period	830,508	979,783
Cash and cash equivalents at the end of the period	\$ 711,404	798,345

(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 nine months ended September 30, 2024 and 2023

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

1. History and Organization

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

2. Authorization of the Consolidated Financial Statements

These Consolidated Financial Statements were approved by the Board of Directors on October 30, 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
			2024.09.30	2023.12.31	2023.09.30 (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
			2024.09.30	2023.12.31	2023.09.30 (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%	(Note 7)
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, 5, and 7)
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)
K2	Era Biotech Enterprise Co., Ltd. (ERA)	Sales of endoscopic consumables and equipment	24.00%	-	-	(Note 4 and 9)

(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 nine months ended September 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.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

(Note 6): Insignificant subsidiary and its financial statement for the nine months ended September 30, 2024 has been reviewed by an independent auditor.

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

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

(Note 9): On August 30, 2023, K2 acquired 60% shareholding in ERA.

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

settled, on the temporary difference arising between the carrying amount of assets and liabilities for financial reporting purposes, and their tax bases.

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

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

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

6. Significant Accounts Disclosure

Except for the following, the details of significant accounts of these Consolidated Financial Statements does not differ with the Consolidated Financial Statements for 2023. For more information, please see Note 6 to the Consolidated Financial Statements for 2023.

(1) Cash and cash equivalents

	<u>2024.09.30</u>	<u>2023.12.31</u>	<u>2023.09.30</u>
Cash on hand and revolving funds	\$ 2,614	5,105	6,162
Demand deposits and checking accounts	622,115	738,433	696,940
Time deposits with an initial maturity date within three months	<u>86,675</u>	<u>86,970</u>	<u>95,243</u>
	<u><u>\$ 711,404</u></u>	<u><u>830,508</u></u>	<u><u>798,345</u></u>

(2) Other financial assets-current

	<u>2024.09.30</u>	<u>2023.12.31</u>	<u>2023.09.30</u>
Restricted deposits	\$ 49,246	43,699	55,686
Time deposits with an initial maturity date within three months	<u>281,090</u>	<u>323,174</u>	<u>252,795</u>
	<u><u>\$ 330,336</u></u>	<u><u>366,873</u></u>	<u><u>308,481</u></u>

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

Some of time deposits are pledged as guaranties. For the details, please refer to Note 8.

(3) Financial liability at fair value through profit or loss

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	<u>2024.09.30</u>	<u>2023.12.31</u>	<u>2023.09.30</u>
Financial liability at fair value through profit or loss :			
Non-hedging derivative instruments			
Forward exchange contracts	\$ -	-	<u>859</u>

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

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

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

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

	<u>2024.09.30</u>	<u>2023.12.31</u>	<u>2023.09.30</u>
Notes receivable	\$ 66,098	99,108	97,105
Accounts receivable	842,072	752,929	737,898
Less: Loss allowance	<u>(10,469)</u>	<u>(9,548)</u>	<u>(10,532)</u>
	897,701	842,489	824,471
Accounts receivable - related parties	<u>6,201</u>	<u>3,988</u>	<u>29,567</u>
	<u>\$ 903,902</u>	<u>846,477</u>	<u>854,038</u>

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

	<u>2024.09.30</u>		
	<u>Gross carrying amount notes and accounts receivable</u>	<u>Weighted-average expected credit loss</u>	<u>Loss allowance for expected credit losses</u>
Current	\$ 800,671	0.24%	1,947
Less than 90 days overdue	78,909	4.02%	3,170
91 - 180 days overdue	25,485	8.90%	2,269
181 - 270 days overdue	296	92.57%	274
271 - 360 days overdue	626	100.00%	626
More than one year overdue	<u>2,183</u>	<u>100.00%</u>	<u>2,183</u>
	<u>\$ 908,170</u>		<u>10,469</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

2023.09.30

	Gross carrying amount notes and accounts receivable	Weighted-average expected credit loss	Loss allowance for expected credit losses
Current	\$ 743,764	0.14%	1,058
Less than 90 days overdue	44,193	4.44%	1,962
91 - 180 days overdue	43,499	9.36%	4,070
181 - 270 days overdue	157	33.12%	52
271 - 360 days overdue	379	100.00%	379
More than one year overdue	3,011	100.00%	3,011
	\$ 835,003		10,532

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

	2024.09.30	2023.12.31	2023.09.30
Current	\$ 6,201	3,988	29,567

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

	January to September 2024	January to September 2023
Beginning balance	\$ 9,548	8,704
Write-down of loss allowance	(202)	-
Reversal of impairment losses	836	1,825
Subsidiary acquisition	57	-
Effects of exchange rate	230	3
End balance	\$ 10,469	10,532

(5) Inventory

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	<u>2024.09.30</u>	<u>2023.12.31</u>	<u>2023.09.30</u>
Raw materials	\$ 61,762	67,500	64,521
Work-in-progress	35,212	27,297	27,031
Finished goods	22,859	28,259	25,674
Merchandise Inventories	560,206	387,966	389,237
Inventories in transit	2,866	4,729	3,001
	<u>\$ 682,905</u>	<u>515,751</u>	<u>509,464</u>

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

	<u>July to September 2024</u>	<u>July to September 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Cost of inventories sold	\$ 813,678	774,373	2,317,647	2,279,356
Write-down of inventories	1,368	5,277	7,276	9,504
Gains on physical inventories	166	13	(72)	(38)
Write-off of inventories	1,201	21	1,201	21
Sale of scraps	(31)	-	(31)	-
	<u>\$ 816,382</u>	<u>779,684</u>	<u>2,326,021</u>	<u>2,288,843</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:

<u>Investee company</u>	<u>Main business activities</u>	<u>Carrying amount</u>		
		<u>2024.09.30</u>	<u>2023.12.31</u>	<u>2023.09.30</u>
TDX Medical Technology (Jiangsu) Co., Ltd (TDX)	Wholesaling and retailing of medical consumables and equipment	\$ -	-	39,545

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

	<u>July to September 2023</u>	<u>January to September 2023</u>
Net Income	\$ 660	5,271
Other comprehensive income	1,198	135
Total comprehensive income	<u>\$ 1,858</u>	<u>5,406</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, 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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

On September 01, 2023 (the acquisition date), the Group invested the amount of NTD400,000 thousand in K2 International Medical Inc. (“K2”) by cash and acquired 40% of its ownership, wherein it owned more than half of its total number of directors. Therefore the Group obtained control over K2. K2 served as an agency, and is engaged in the sale of hemodialysis machines and related accessories and consumables of well-known brand. The acquisition of K2 is mainly for the business development in the long term and achieve the synergy effects of the group.

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

Consideration transferred:

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

Acquired assets and liabilities:

Cash and cash equivalents	\$	343,254	
Notes and accounts receivable		283,819	
Inventories		261,224	
Prepayment and other current assets		108,706	
Other financial assets - current		52,227	
Property, plant and equipment		80,899	
Right-of-use assets		3,857	
Intangible asset		196,109	
Deferred income tax assets		5,687	
Refundable deposits		40,969	
Financial liabilities at fair value through profit or loss		(665)	
Short-term loans		(345,150)	
Notes and accounts payable		(80,039)	
Other payables		(54,415)	
Income tax payable		(14,093)	
Lease liabilities (current and non-current)		(4,029)	
Other current liabilities		(2,696)	
Long-term loans		(50,796)	
Other non-current liabilities		(9,681)	
Deferred income tax liabilities		(16,276)	798,911
Debit – retained earnings			<u>\$ 117,253</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

2. Acquisition of subsidiary – Era Bioteq Enterprise Co., Ltd.

On August 30, 2024 (the acquisition date), the Group invested the amount of NTD133,005 thousand in Era Bioteq Enterprise Co., Ltd. (“ERA”) by cash and acquired 60% of its ownership, wherein it owned more than half of its total number of directors. Therefore the Group obtained control over ERA. ERA served as an agency, and is engaged in the sale of endoscopic equipment and consumables. The acquisition of K2 is mainly to strengthen the competitive edge in the medical industry and to stretch product line into endoscope market. As of September 30, the balance of the price o, NTD 46,914, is recorded under other payables.

On August 30, 2024 (the acquisition date), the carrying amounts of assets and liabilities from the acquisition are as follows:

Consideration transferred:

Cash	\$	133,005
Add: Non-controlling interests		66,731

Acquired assets and liabilities:

Cash and cash equivalents	\$	88,482
Notes and accounts receivable		51,622
Other receivable		1,376
Inventories		79,136
Prepayment and other current assets		2,762
Other financial assets - current		2,427
Property, plant and equipment		12,003
Right-of-use assets		13,877
Intangible asset		45,602
Other non-current assets		14,543
Short-term loans		(62,000)
Contract liabilities-current		(126)
Notes and accounts payable		(36,257)
Other payables		(13,305)
Income tax payable		(7,454)
Lease liabilities (current and non-current)		(14,194)
Other current liabilities		(245)
Long-term loans due within a year		(1,692)
Long-term loans		(867)
Deferred income tax liabilities		(8,862)
		166,828
Goodwill	\$	<u>32,908</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

The fair value of the aforementioned customer relationships has been measured provisionally pending completion of an independent valuation. During the time, the Group will continuously review the foregoing issues. Within one year from the acquisition date, if any new information about the facts and circumstances that existed at the acquisition date is obtained and able to identify any adjustment to the above amounts or any additional provisions that existed at the acquisition date, the accounting for the acquisition will be revised.

(1) Intangible asset

Intangible asset -- customer relationship is amortized over the estimated future economic useful life of 13 years according to straight-line amortization.

Goodwill is mainly arising from the human resource value. No income tax effect is expected.

(2) Pro forma information

From August 30, 2024 (acquisition date) to September 30, 2024, the operating results of ERA have been consolidated into the Consolidated Statements of Comprehensive Income of the Group, in which the sales revenue and net loss amounted to NTD20,195 thousand and NTD254 thousand, respectively. If the acquisition had occurred on January 01, 2024, the pro forma projection for sales revenue and net profit after tax of the Group would amount to NTD3,627,744 thousand and NTD171,034 thousand, respectively.

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

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

Subsidiary	Principal place of business/country of incorporation	Percentage of ownership and voting rights held by non-controlling interests		
		2024.09.30	2023.12.31	2023.09.30
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:

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	2024.09.30	2023.12.31	2023.09.30
Current assets	\$ 74,171	137,855	109,374
Non-current assets	194,568	165,218	142,403
Current liabilities	(77,697)	(103,063)	(92,356)
Non-current liabilities	(75,567)	(62,730)	(40,550)
Net assets	<u>\$ 115,475</u>	<u>137,280</u>	<u>118,871</u>
The carrying amount in non-controlling interests	<u>\$ 41,908</u>	<u>52,375</u>	<u>43,538</u>

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Operating revenue	<u>\$ 104,703</u>	<u>100,710</u>	<u>301,465</u>	<u>284,156</u>
Net income	\$ 9,485	10,118	24,436	29,996
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 9,485</u>	<u>10,118</u>	<u>24,436</u>	<u>29,996</u>
Net income attributable to non-controlling interests	<u>\$ 4,553</u>	<u>4,857</u>	<u>11,729</u>	<u>14,398</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 4,553</u>	<u>4,857</u>	<u>11,729</u>	<u>14,398</u>

	January to September 2024	January to September 2023
Cash flows related to operating activities	\$ 24,349	23,415
Cash flows related to investing activities	5,718	(6,881)
Cash flows related to financing activities	(70,739)	(55,010)
Net decrease in cash and cash equivalents	<u>\$ (40,672)</u>	<u>(38,476)</u>
Cash dividends paid to non-controlling interests	<u>\$ (22,196)</u>	<u>(16,340)</u>

(2) The summarized financial information of CCD:

	2024.09.30	2023.12.31	2023.09.30
Current assets	\$ 624,314	638,341	611,211
Non-current assets	552,769	558,404	559,435
Current liabilities	(262,000)	(282,539)	(263,180)
Non-current liabilities	(195,665)	(196,688)	(202,629)
Net assets	<u>\$ 719,418</u>	<u>717,518</u>	<u>704,837</u>
The carrying amount in non-controlling interests	<u>\$ 431,650</u>	<u>430,510</u>	<u>422,902</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Operating revenue	<u>\$ 223,499</u>	<u>208,590</u>	<u>656,836</u>	<u>612,020</u>
Net income	\$ 11,905	10,084	35,233	29,154
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 11,905</u>	<u>10,084</u>	<u>35,233</u>	<u>29,154</u>
Net income attributable to non-controlling interests	<u>\$ 7,143</u>	<u>6,050</u>	<u>21,140</u>	<u>17,492</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 7,143</u>	<u>6,050</u>	<u>21,140</u>	<u>17,492</u>

	January to September 2024	January to September 2023
Cash flows provided by operating activities	\$ 100,312	66,528
Cash flows used in investing activities	(52,946)	(132,066)
Cash flows used in financing activities	(51,810)	(55,090)
Net decrease in cash and cash equivalents	<u>\$ (4,444)</u>	<u>(120,628)</u>
Cash dividends paid to non-controlling interests	<u>\$ (20,000)</u>	<u>(20,000)</u>

(3) The summarized financial information of CKCARE:

	2024.09.30	2023.12.31	2023.09.30
Current assets	\$ 87,380	92,878	84,845
Non-current assets	183,325	186,753	184,715
Current liabilities	(91,563)	(89,147)	(79,928)
Non-current liabilities	(29,851)	(37,389)	(38,100)
Net assets	<u>\$ 149,291</u>	<u>153,095</u>	<u>151,532</u>
The carrying amount in non-controlling interests	<u>\$ 43,911</u>	<u>45,433</u>	<u>44,808</u>

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Operating revenue	<u>\$ 88,045</u>	<u>72,165</u>	<u>251,761</u>	<u>219,170</u>
Net income	\$ (104)	2,231	3,467	7,235
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ (104)</u>	<u>2,231</u>	<u>3,467</u>	<u>7,235</u>
Net income attributable to non-controlling interests	<u>\$ (43)</u>	<u>892</u>	<u>1,386</u>	<u>2,894</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ (43)</u>	<u>892</u>	<u>1,386</u>	<u>2,894</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	January to September 2024	January to September 2023
Cash flows provided by operating activities	\$ (15,697)	4,268
Cash flows used in investing activities	(3,520)	(4,132)
Cash flows used in financing activities	(2,736)	(19,488)
Net decrease in cash and cash equivalents	<u>\$ (21,953)</u>	<u>(19,352)</u>
Cash dividends paid to non-controlling interests	<u>\$ -</u>	<u>(5,525)</u>

(4) The summarized financial information of K2:

	2024.09.30	2023.12.31	2023.09.30
Current assets	\$ 1,284,611	1,057,377	1,075,206
Non-current assets	446,972	306,404	294,028
Current liabilities	(673,265)	(460,891)	(495,664)
Non-current liabilities	(150,314)	(78,466)	(66,922)
Net assets	<u>\$ 908,004</u>	<u>824,424</u>	<u>806,648</u>
The carrying amount in non-controlling interests	<u>\$ 616,514</u>	<u>537,538</u>	<u>521,598</u>

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Operating revenue	<u>\$ 437,668</u>	<u>392,895</u>	<u>1,187,598</u>	<u>1,151,345</u>
Net income	\$ 29,288	26,958	70,781	68,768
Other comprehensive income	27,107	4,581	29,532	17,750
Total comprehensive income	<u>\$ 56,395</u>	<u>31,539</u>	<u>100,313</u>	<u>86,518</u>
Net income attributable to non-controlling interests	<u>\$ 21,807</u>	<u>17,836</u>	<u>51,231</u>	<u>45,566</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 42,229</u>	<u>19,819</u>	<u>72,817</u>	<u>57,491</u>

	January to September 2024	January to September 2023
Cash flows provided by operating activities	\$ 15,048	37,719
Cash flows used in investing activities	(38,186)	(34,545)
Cash flows used in financing activities	44,220	28,032
Effect of changes in foreign exchange rates	21,374	15,578
Net decrease in cash and cash equivalents	<u>\$ 42,456</u>	<u>46,784</u>
Cash dividends paid to non-controlling interests	<u>\$ (55,464)</u>	<u>(72,018)</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:

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Instruments (for rental)</u>	<u>Leasehold improvement</u>	<u>Leasehold improvement (for rental)</u>	<u>Office and other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
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
Acquisition (Note6(7))	-	-	-	-	1,902	-	14,346	-	16,248
Additions	-	-	60,001	30,087	-	25,425	9,725	333	125,571
Disposals	-	-	(6,096)	(5,056)	-	(20,246)	(269)	-	(31,667)
Reclassification	-	282	3,732	5,192	-	7,944	1,417	(3,932)	14,635
Effect of changes in foreign exchange rates	-	-	11,155	-	223	6	1,842	-	13,226
Balance as of September 30, 2024	<u>\$ 346,860</u>	<u>364,839</u>	<u>401,480</u>	<u>251,458</u>	<u>6,637</u>	<u>147,604</u>	<u>171,535</u>	<u>-</u>	<u>1,690,413</u>
Balance as of January 01, 2023 (restated)	\$ 346,860	362,780	304,763	193,569	-	146,350	142,862	-	1,497,184
Additions	-	65	35,653	53,334	-	12,188	9,543	-	110,783
Disposals	-	-	(15,004)	(28,638)	-	(14,943)	(11,072)	-	(69,657)
Reclassification	-	-	4,443	6,857	-	(1,017)	3,979	-	14,262
Effect of changes in foreign exchange rates	-	-	450	-	-	-	1,157	-	1,607
Balance as of September 30, 2023	<u>\$ 346,860</u>	<u>362,845</u>	<u>330,305</u>	<u>225,122</u>	<u>-</u>	<u>142,578</u>	<u>146,469</u>	<u>-</u>	<u>1,554,179</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
Acquisition (Note6(7))	-	-	-	-	30	-	4,215	-	4,245
Depreciation	-	8,010	29,670	32,982	322	13,884	11,273	-	96,141
Disposals	-	-	(5,292)	(2,612)	-	(20,053)	(186)	-	(28,143)
Reclassification	-	-	10	-	-	-	(10)	-	-
Effect of changes in foreign exchange rates	-	-	4,105	-	143	1	1,229	-	5,478
Balance as of September 30, 2024	<u>\$ -</u>	<u>99,201</u>	<u>270,949</u>	<u>146,152</u>	<u>3,248</u>	<u>83,544</u>	<u>124,860</u>	<u>-</u>	<u>727,954</u>
Balance as of January 01, 2023 (restated)	\$ -	80,563	221,126	109,182	-	96,192	105,977	-	613,040
Depreciation	-	7,989	26,030	30,577	-	13,402	10,994	-	88,992
Disposals	-	-	(13,815)	(27,423)	-	(14,903)	(8,166)	-	(64,307)
Reclassification	-	-	-	-	-	(191)	191	-	-
Effect of changes in foreign exchange rates	-	-	(8)	-	-	-	720	-	712
Balance as of September 30, 2023	<u>\$ -</u>	<u>88,552</u>	<u>233,333</u>	<u>112,336</u>	<u>-</u>	<u>94,500</u>	<u>109,716</u>	<u>-</u>	<u>638,437</u>
Carrying value:									
September 30, 2024	<u>\$ 346,860</u>	<u>265,638</u>	<u>130,531</u>	<u>105,306</u>	<u>3,389</u>	<u>64,060</u>	<u>46,675</u>	<u>-</u>	<u>962,459</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>
September 30, 2023	<u>\$ 346,860</u>	<u>274,293</u>	<u>96,972</u>	<u>112,786</u>	<u>-</u>	<u>48,078</u>	<u>36,753</u>	<u>-</u>	<u>915,742</u>

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

(9) Right-of-use assets

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	Buildings	Transportation equipment	Total
Cost of right-of-use assets:			
Balance as of January 01, 2024	\$ 287,030	15,212	302,242
Acquisition (Note6(7))	9,582	12,837	22,419
Additions	79,234	1,625	80,859
Lease modification	(8,327)	(1,625)	(9,952)
Write-off	(67,860)	(741)	(68,601)
Effect of changes in foreign exchange rates	1,259	-	1,259
Balance as of September 30, 2024	<u>\$ 300,918</u>	<u>27,308</u>	<u>328,226</u>
Balance as of January 01, 2023	\$ 224,763	12,415	237,178
Additions	46,845	3,629	50,474
Lease modification	(732)	-	(732)
Write-off	(27,250)	(832)	(28,082)
Effect of changes in foreign exchange rates	(53)	-	(53)
Balance as of September 30, 2023	<u>\$ 243,573</u>	<u>15,212</u>	<u>258,785</u>
Accumulated depreciation of right-of-use assets:			
Balance as of January 01, 2024	\$ 129,261	6,777	136,038
Acquisition (Note6(7))	1,685	6,857	8,542
Depreciation for the current period	50,398	3,113	53,511
Lease modification	(4,225)	(54)	(4,279)
Write-off	(67,860)	(741)	(68,601)
Effect of changes in foreign exchange rates	588	-	588
Balance as of September 30, 2024	<u>\$ 109,847</u>	<u>15,952</u>	<u>125,799</u>
Balance as of January 01, 2023	\$ 113,938	4,103	118,041
Depreciation for the current period	39,426	2,583	42,009
Write-off	(27,250)	(832)	(28,082)
Effect of changes in foreign exchange rates	(40)	-	(40)
Balance as of September 30, 2023	<u>\$ 126,074</u>	<u>5,854</u>	<u>131,928</u>
Carrying value:			
September 30, 2024	<u>\$ 191,071</u>	<u>11,356</u>	<u>202,427</u>
January 01, 2024	<u>\$ 157,769</u>	<u>8,435</u>	<u>166,204</u>
September 30, 2023	<u>\$ 117,499</u>	<u>9,358</u>	<u>126,857</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 September 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 September 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	-	3,270	17,654	20,924
Balance as of September 30, 2024	\$ -	35,323	110,160	145,483
Balance as of January 01, 2023	\$ -	27,692	72,569	100,261
Depreciation	-	3,271	16,504	19,775
Balance as of September 30, 2023	\$ -	30,963	89,073	120,036
Carrying amount:				
September 30, 2024	\$ 225,083	91,570	156,644	473,297
January 01, 2024	\$ 225,083	94,840	156,038	475,961
September 30, 2023	\$ 225,083	95,930	161,599	482,612

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.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

(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
Acquisition (Note6(7))	32,908	261	44,309	4,849	82,327
Additions	-	3,044	-	421	3,465
Write-off	-	(1,094)	-	(13,333)	(14,427)
Effect of changes in foreign exchange rates	-	7	-	-	7
Balance as of September 30, 2024	<u>\$ 247,042</u>	<u>27,136</u>	<u>196,232</u>	<u>72,731</u>	<u>543,141</u>
Balance as of January 01, 2023	\$ 207,648	21,420	151,923	80,566	461,557
Additions	-	4,147	-	228	4,375
Write-off	-	(1,743)	-	-	(1,743)
Effect of changes in foreign exchange rates	-	(1)	-	-	(1)
Balance as of September 30, 2023	<u>\$ 207,648</u>	<u>23,823</u>	<u>151,923</u>	<u>80,794</u>	<u>464,188</u>
Accumulated amortization:					
Balance as of January 01, 2024	\$ -	16,187	87,141	34,004	137,332
Acquisition (Note6(7))	-	29	-	3,788	3,817
Amortization	-	4,243	7,461	4,754	16,458
Write-off	-	(1,094)	-	(13,333)	(14,427)
Effect of changes in foreign exchange rates	-	3	-	-	3
Balance as of September 30, 2024	<u>\$ -</u>	<u>19,368</u>	<u>94,602</u>	<u>29,213</u>	<u>143,183</u>
Balance as of January 01, 2023	\$ -	13,497	73,349	26,379	113,225
Amortization	-	3,086	11,305	6,057	20,448
Write-off	-	(1,743)	-	-	(1,743)
Balance as of September 30, 2023	<u>\$ -</u>	<u>14,840</u>	<u>84,654</u>	<u>32,436</u>	<u>131,930</u>
Carrying value:					
September 30, 2024	<u>\$ 247,042</u>	<u>7,768</u>	<u>101,630</u>	<u>43,518</u>	<u>399,958</u>
January 01, 2024	<u>\$ 214,134</u>	<u>8,731</u>	<u>64,782</u>	<u>46,790</u>	<u>334,437</u>
September 30, 2023	<u>\$ 207,648</u>	<u>8,983</u>	<u>67,269</u>	<u>48,358</u>	<u>332,258</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 September 30, 2024, the Group conducted an assessment based on the operating revenue meeting target for the period between January 01, 2024 and September 30, 2024, and concluded that no impairment was incurred.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

(12) Other non-current assets

	2024.09.30	2023.12.31	2023.09.30
Prepayments for equipment	\$ 20,736	17,824	2,958
Pension plan assets	7,675	7,166	6,025
Refundable Deposits	64,981	45,433	42,257
Long-term accounts receivable	4,016	500	1,018
Other receivables - long-term	-	152	1,156
Prepayment - long-term	146	4,630	-
Others	-	-	2,021
	<u>\$ 97,554</u>	<u>75,705</u>	<u>55,435</u>

(13) Short-term loans

	2024.09.30	2023.12.31	2023.09.30
Unsecured bank loans	\$ 386,112	353,164	422,189
Secured bank loans	76,233	31,308	30,528
	<u>\$ 462,345</u>	<u>384,472</u>	<u>452,717</u>
Unused credit facilities	<u>\$ 1,792,559</u>	<u>1,954,003</u>	<u>1,933,056</u>
Interest rate bracket	<u>1.95%~6.19%</u>	<u>1.88%~6.70%</u>	<u>1.85%~6.52%</u>

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

(14) Long-term loans

	2024.09.30	2023.12.31	2023.09.30
Secured bank loans	\$ 192,420	190,000	190,000
Unsecured bank loans	704,603	661,758	693,955
Less: current portion of long-term debt	(72,503)	(8,628)	(8,650)
	<u>\$ 824,520</u>	<u>843,130</u>	<u>875,305</u>
Unused credit facilities	<u>\$ 711,591</u>	<u>461,049</u>	<u>430,943</u>
Interest rate bracket	<u>0.50%~5.92%</u>	<u>0.50%~5.92%</u>	<u>0.50%~5.92%</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.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

(15) Lease liabilities

The lease liabilities of the Group are as follows:

	2024.09.30	2023.12.31	2023.09.30
Current	\$ <u>90,544</u>	<u>74,518</u>	<u>69,987</u>
Non-current	\$ <u>285,480</u>	<u>261,084</u>	<u>230,911</u>

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

Profit and loss recognized are as follows:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Interest expense of lease liabilities	\$ <u>1,650</u>	<u>1,281</u>	<u>4,617</u>	<u>3,730</u>
Gains on subleasing right-of-use assets	\$ <u>(39)</u>	<u>-</u>	<u>(148)</u>	<u>-</u>
Short-term lease expense	\$ <u>3,298</u>	<u>3,722</u>	<u>9,743</u>	<u>7,928</u>

Items recognized in Cash Flows Statement:

	January to September 2024	January to September 2023
Total cash outflow for leases	\$ <u>81,115</u>	<u>68,578</u>

1. Lease of buildings

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

2. Other leases

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

(16) Provision for product warranties

	2024.09.30	2023.12.31	2023.09.30
Provision for product warranty	\$ <u>3,494</u>	<u>6,191</u>	<u>6,722</u>

From January 01 to September 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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

classified as operating leases.

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

	2024.09.30	2023.12.31	2023.09.30
Less than 1 year	\$ 68,604	73,614	43,444
1 to 2 years	24,007	18,399	16,006
2 to 3 years	11,059	16,621	13,846
3 to 4 years	7,348	13,377	13,503
4 to 5 years	6,061	4,495	6,114
More than 5 years	13,687	15,627	16,182
Total undiscounted lease payments	\$ 130,766	142,133	109,095

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

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Recognized as operating revenue:				
Property, plant and equipment	\$ 16,343	14,789	46,855	42,064
Investment properties	8,612	8,077	25,631	23,778
	\$ 24,955	22,866	72,486	65,842

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Recognized as non-operating income and expenses:				
Property, plant and equipment	\$ 1,232	1,069	3,727	4,049
Investment properties	1,895	1,475	5,684	4,423
	\$ 3,127	2,544	9,411	8,472

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

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Those generating rental income	\$ 6,819	6,511	20,302	19,275
Those not generating rental income	131	105	391	314
	\$ 6,950	6,616	20,693	19,589

(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.

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
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:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Costs of revenue	\$ 1,181	1,184	3,500	3,765
Operating expenses	5,538	4,044	14,726	12,241
	<u>\$ 6,719</u>	<u>5,228</u>	<u>18,226</u>	<u>16,006</u>

(19) Income tax

1. Income tax expense

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Current income tax expense	\$ 24,366	24,714	60,974	69,192

2. From January 01 to September 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 September 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 September 30, 2024, and December 31 and September 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

	2024.09.30	2023.12.31	2023.09.30
Additional paid-in capital in excess of par issued	<u>\$ 297,921</u>	<u>297,921</u>	<u>297,921</u>

3. Retained earnings

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

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

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 September 2024	January to September 2023
Beginning balance	\$ (5,561)	(2,235)
Foreign exchange differences arising from the translation of foreign operations	8,754	120
Shares of foreign currency translation differences of joint ventures	-	(1,063)
End balance	<u>\$ 3,193</u>	<u>(1,980)</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

	January to September 2024	January to September 2023
Beginning balance	\$ 1,080,503	537,776
Equity attributable to non-controlling interests:		
Net income	88,508	42,049
Foreign exchange differences arising from the translation of foreign operations	21,586	(1,292)
Cash dividends	(104,408)	(46,365)
Non-controlling interests	66,731	519,359
End balance	<u>\$ 1,152,920</u>	<u>1,051,527</u>

(21) Earnings per share (EPS)

1. Basic EPS

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Net income attributable to shareholders of the Company	<u>\$ 26,639</u>	<u>37,118</u>	<u>78,543</u>	<u>77,619</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>\$ 0.60</u>	<u>0.83</u>	<u>1.76</u>	<u>1.74</u>

2. Diluted EPS

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Net income attributable to shareholders of the Company	<u>\$ 26,639</u>	<u>37,118</u>	<u>78,543</u>	<u>77,619</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	149	155	198	216
Weighted-average number of ordinary shares outstanding (diluted) (in thousands)	<u>44,715</u>	<u>44,721</u>	<u>44,764</u>	<u>44,782</u>
Diluted EPS (NTD)	<u>\$ 0.60</u>	<u>0.83</u>	<u>1.75</u>	<u>1.73</u>

(22) Revenue from contracts with customers

1. Disaggregation of revenue

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Primary geographical markets:				
Taiwan	\$ 838,703	799,002	2,413,451	2,328,379
Mainland China	152,967	163,129	418,361	485,780
Indonesia	80,660	73,704	214,684	199,520
Thailand	92,742	73,845	251,598	193,212
India	26,634	19,836	74,640	59,618
Italy	340	605	1,517	1,929

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Others	22,920	24,664	74,055	65,907
	\$ 1,214,966	1,154,785	3,448,306	3,334,345
Main products:				
Medical equipment	\$ 168,289	191,774	478,825	523,757
Medical consumables	703,050	655,479	1,986,928	1,927,532
Medical services	343,627	307,532	982,553	883,056
	\$ 1,214,966	1,154,785	3,448,306	3,334,345
Timing of revenue recognition:				
Revenue recognized at a point in time				
Revenue recognized over time	\$ 1,178,199	1,120,543	3,340,936	3,236,051
Lease income	11,812	11,376	34,884	32,452
	24,955	22,866	72,486	65,842

2. Contract balances

	2024.09.30	2023.12.31	2023.09.30
Notes and accounts receivable (including related parties)	\$ 914,371	856,025	864,570
Less: Loss allowance	(10,469)	(9,548)	(10,532)
	\$ 903,902	846,477	854,038
Contract liabilities	\$ 27,856	32,382	33,210

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 NTD667 thousand and NTD2,310 thousand for the three months ended September 30, 2024 and 2023, respectively and NTD25,061 thousand and NTD43,845 thousand for the nine months ended September 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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

conditions.

The compensation of employees for the three months ended September 30, 2024 and 2023 amounted to NTD2,657 thousand and NTD4,270 thousand, respectively and for the nine months ended September 30, 2024 and 2023 amounting to NTD7,824 thousand and NTD8,759 thousand, respectively; and, the remuneration of Directors amounted for the three months ended September 30, 2024 and 2023 amounting to NTD221 thousand and NTD356 thousand, respectively and for the nine months ended September 30, 2024 and 2023 amounting to NTD652 thousand and NTD730 thousand, respectively. The compensation of employees and the remuneration of Directors were estimated by multiplying pre-tax income prior to being deducted by remuneration to employees and Directors of the period with the distribution percentage of remuneration to employees and Directors. The compensation and remuneration were classified as the Costs of revenue or expenses for the period. If the actual disbursement in the following year differs from the estimated amount, the difference is treated as change in accounting estimation, and recognized in the profit and loss in the next annual period.

The estimated amounts of employee compensation for 2023 and 2022 amounted to NTD13,289 thousand and NTD17,394 thousand, respectively; and the estimated amounts of director remuneration amounted to NTD1,107 thousand and NTD1,449 thousand, respectively. The aforementioned amounts did not differ from the employee compensation and director remuneration approved by the Board, and were all disbursed in cash. For details, please see the Market Observation Post System.

(24) Non-operating income and loss

1. Interest income

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Interest income from bank deposits	\$ 1,687	1,436	6,725	6,229

2. Other income

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Rental income	\$ 3,127	2,544	9,411	8,472
Others	(1,984)	978	(794)	2,377
	\$ 1,143	3,522	8,617	10,849

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

3. Other gains and losses

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Gains on disposal of property, plant and equipment	\$ 75	(878)	171	(194)
Net foreign currency exchange gains	5,519	2,036	7,250	4,864
Loss on financial instruments at fair value through profit or loss	-	22	-	(859)
Gains on lease modification	-	6	315	6
	<u>\$ 5,594</u>	<u>1,186</u>	<u>7,736</u>	<u>3,817</u>

4. Financing costs

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Interest expense of bank loans	\$ 5,996	7,044	19,160	15,722
Financial expense of lease liabilities	1,650	1,281	4,617	3,730
	<u>\$ 7,646</u>	<u>8,325</u>	<u>23,777</u>	<u>19,452</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

	2024.09.30	2023.12.31	2023.09.30
Financial assets at fair value through other comprehensive income	\$ 123	123	123
Financial assets at amortized cost:			
Cash and cash equivalents	\$ 711,404	830,508	798,345
Notes and accounts receivable and other receivables (including related parties)	916,638	900,349	866,395
Other financial assets-current	330,336	366,873	308,481
Other non-current assets - refundable deposits	64,981	45,433	42,257
Other non-current assets - long-term receivables	4,016	652	2,174
Other non-current assets - long-term lease receivables	146	4,630	-
Subtotal	<u>2,027,521</u>	<u>2,148,445</u>	<u>2,017,652</u>
	<u>\$ 2,027,644</u>	<u>2,148,568</u>	<u>2,017,775</u>

(2) Financial liabilities

	2024.09.30	2023.12.31	2023.09.30
Financial liabilities at fair value through profit or loss	\$ -	-	859
Financial liabilities at amortized cost:			
Short-term loans	\$ 462,345	384,472	452,717

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

	2024.09.30	2023.12.31	2023.09.30
Notes and accounts payable and other payables (including related parties)	850,753	800,704	728,785
Lease liabilities (current and non-current)	376,024	335,602	300,898
Long-term debt (including current portion)	897,023	851,758	883,955
Guarantee deposit received	6,782	6,808	6,915
Subtotal	2,592,927	2,379,344	2,373,270
	<u>\$ 2,592,927</u>	<u>2,379,344</u>	<u>2,374,129</u>

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 (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).

	2024.09.30			
	Fair value			
	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total
Financial assets at fair value through other comprehensive income:				
Share of non-public companies	\$ -	-	123	123
	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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

There is no movement among fair value hierarchies from January 01 to September 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.

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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

exposure, the loss allowance was made based on 12-month expected credit losses. The balances as at September 30, 2024, and December 31 and September 30, 2023 amounted to NTD343,071 thousand, NTD420,745 thousand, and NTD320,838 thousand, respectively. There were no expected credit losses after assessment.

4. Liquidity risk

Liquidity risk is the risk that arises when the Group has difficulty in settling its financial liabilities either by cash or other financial assets. The Group manages its liquidity risk by monitoring the current and medium to long-term cash demand regularly and maintaining adequate cash and cash equivalents and line of credit at banking facilities. As at September 30, 2024, and December 31 and September 30, 2023, the unused credit facilities of the Group amounted to NTD2,504,150 thousand, NTD2,415,052 thousand and NTD2,363,999 thousand, respectively.

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

	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
September 30, 2024						
Non-derivative financial liabilities:						
Short-term loans	\$ 465,694	377,016	88,678	-	-	-
Long-term debt (including current portion)	931,923	14,659	76,827	564,714	275,723	-
Notes and accounts payable and other payables (including related parties)	850,753	850,753	-	-	-	-
Guarantee deposit received	6,782	215	170	20	6,377	-
Lease liabilities	396,742	49,956	46,479	84,903	138,459	76,945
	<u>\$ 2,651,894</u>	<u>1,292,599</u>	<u>212,154</u>	<u>649,637</u>	<u>420,559</u>	<u>76,945</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>
September 30, 2023						
Non-derivative financial liabilities:						
Short-term loans	\$ 456,120	328,479	127,641	-	-	-
Long-term debt (including current portion)	913,811	12,809	12,785	452,376	435,841	-
Notes and accounts payable and other payables (including related parties)	728,785	728,785	-	-	-	-
Guarantee deposit received	6,915	235	100	20	6,560	-
Lease liabilities	317,603	39,434	34,498	53,293	190,378	-
Derivative financial instruments:						
Forward exchange contracts						
Outflows	(15,153)	(15,153)	-	-	-	-
Inflows	16,012	16,012	-	-	-	-
	<u>\$ 2,424,093</u>	<u>1,110,601</u>	<u>175,024</u>	<u>505,689</u>	<u>632,779</u>	<u>-</u>

The Group does not expect that the cash flows included in the maturity analysis

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

would occur significantly earlier or at significantly different amounts.

5. Market risk

(1) Foreign exchange risk

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

2024.09.30						
		Foreign currency	Exchange rate	NTD	Change in exchange rate	Effect of profit or loss
Financial assets						
USD	\$	6,423	31.650	203,288	1%	2,033
EUR		17	35.391	602	1%	6
RMB		717	4.513	3,236	1%	32
JPY		5,064	0.222	1,124	1%	11
Financial liabilities						
USD		3,787	31.650	119,859	1%	1,199
EUR		49	35.391	1,734	1%	17
RMB		41	4.513	185	1%	2
JPY		22,908	0.222	5,086	1%	51
2023.12.31						
		Foreign currency	Exchange rate	NTD	Change in exchange rate	Effect of profit or loss
Financial assets						
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
Financial liabilities						
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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

2023.09.30

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

Since the Group has many kinds of functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed by the total amount. For the three months and nine months ended on September 30, 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 and maintains good relationships with financial institutions for a lower financing cost. The Group also strengthens the management of working capital to reduce the dependence on bank loans and diversify the risk arising from the fluctuation of interest rates.

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

If the yearly interest rate increases/decreases 1%, all variables remained unchanged, the income before tax of the Group for January 01 to September 30, 2024 and 2023 would decrease/increase NTD10,195 thousand and NTD10,025 thousand, 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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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. Investing activities with partial cash payments

	January to September 2024
Purchase price to acquisition of subsidiary	\$ 133,005
Less : payable balance	(21,262)
Cash and cash equivalent in the subsidiary on the acquisition date	(88,482)
Net cash flow used in acquisition of subsidiary	<u>\$ 23,261</u>

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

			Non-cash changes		
	2024.01.01	Cash flows	Change of lease	Acquisition through a business combination (Note)	2024.09.30
Short-term loans	\$ 384,472	15,873	-	62,000	462,345
Long-term loans	851,758	42,706	-	2,559	897,023
Lease liabilities	335,602	(66,903)	93,131	14,194	376,024
Guarantee deposit received	6,808	(26)	-	-	6,782
Liabilities from financing activities	<u>\$ 1,578,640</u>	<u>(8,350)</u>	<u>93,131</u>	<u>78,753</u>	<u>1,742,174</u>

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

7. Related-party Transactions

(1) Parent company and ultimate controlling company

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

(2) Related party name and categories

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Qisda Corporation (Qisda)	Ultimate controlling company of the Group
BenQ Corporation (BenQ)	The parent company of the Group
TDX Medical Technology (Jiangsu) Co., Ltd (TDX)	Joint venture of the Group (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
BenQ Medical (Shanghai) Co., Ltd	Subsidiary of Qisda
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

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Name of related party	Relationship with the Group
Epic Cloud Co., Ltd.	Subsidiary of MetaAge
Global Intelligence Network Co., Ltd.	Subsidiary of MetaAge
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
DARWIN PRECISIONS CORPORATION	Subsidiary of AUO
AUO Education Service Corp.	Subsidiary of AUO
BenQ Foundation	Substantive related party of Qisda

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

(3) Related-party transactions

1. Operating revenues

The sales to related parties were as follows:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Ultimate controlling company	\$ 236	57	3,513	1,019
Parent company	-	-	-	90
Joint venture	-	4,643	-	18,536
Other related parties	4,405	3,884	8,777	7,320
	<u>\$ 4,641</u>	<u>8,584</u>	<u>12,290</u>	<u>26,965</u>

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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

2. Purchases

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

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Ultimate controlling company	\$ 13,862	13,192	45,565	41,136
Joint venture	-	9,936	-	48,998
Other related parties	15,266	8,705	36,982	19,127
	<u>\$ 29,128</u>	<u>31,833</u>	<u>82,547</u>	<u>109,261</u>

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

3. Leases

(1) The Group leases factory plant and offices from Qisda and other related parties and the rental was set by referring to the rental market of the area. In 2024, the Group leases one of the offices from Qisda and recognizes NTD17,865 thousand as the right-of-use asset and lease liability. The interest expense recognized for the three months ended September 30, 2024 and 2023 amounted to NTD87 thousand and NTD50 thousand, respectively and for the nine months ended September 30, 2024 and 2023 amounted to NTD129 thousand and NTD185 thousand, respectively. As of September 30, 2024 and December 31 and September 30, 2023, the lease liabilities balances amounted to NTD16,454 thousand, NTD7,420 thousand and NTD10,435 thousand, respectively.

(2) The Group has leased offices from Qisda and other related parties, and the agreements are short-term leases. The Group opted for exemption of recognition and did not recognize the related right-of-use assets and lease liabilities. The rental expense recognized for the three months ended September 30, 2024 and 2023 amounted to NTD56 thousand and NTD341 thousand, respectively and for the nine months ended September 30, 2024 and 2023 amounted to NTD437 thousand and NTD884 thousand, respectively. On September 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 September 30, 2024, the Group purchased intangible assets and fixed assets from other related parties which amounted to NTD639 thousand and

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

NTD1,683 thousand, respectively. As of September 30, 2024, the related payables are classified under other payables.

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

5. Others

(1) Prepayment for goods

The Group has been making purchases from joint venture, STOMT. The payment terms agreed on payment in advance. As of September 30, 2023, the prepayments for purchases amounted to NTD822 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 September 30, 2023, the prepayments for purchases amounted to NTD3,159 thousand, and was classified as prepayments and other current assets.

(2) For the nine months ended September 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.

(4) Reorganization

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

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:

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Notes to Consolidated Financial Statements (continued)

Account	Related-party	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Costs of revenue	Ultimate controlling company	\$ 918	1,229	2,038	2,246
	Other related parties	23	38	35	129
		941	1,267	2,073	2,375
Operating expenses	Ultimate controlling company	2,843	3,147	9,499	8,971
	Parent company	211	194	503	460
	Joint venture	-	62	-	75
	Other related parties	1,350	589	2,616	1,686
		4,404	3,992	12,618	11,192
		<u>\$ 5,345</u>	<u>5,259</u>	<u>14,691</u>	<u>13,567</u>

7. Receivables from related parties

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

Account	Related-party	2024.09.30	2023.12.31	2023.09.30
Accounts receivable - related parties	Ultimate controlling company	\$ 24	235	43
Accounts receivable - related parties	Joint venture	-	-	25,957
Accounts receivable - related parties	Other related parties	6,177	3,753	3,567
Other receivables - related parties	Other related parties	-	-	56
		<u>\$ 6,201</u>	<u>3,988</u>	<u>29,623</u>

8. Payables to related parties

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

Account	Related-party	2024.09.30	2023.12.31	2023.09.30
Accounts payable - related parties	Ultimate controlling company	\$ 9,050	9,789	8,921
Accounts payable - related parties	Joint venture	-	-	405
Accounts payable - related parties	Other related parties	20,042	13,323	8,816
		29,092	23,112	18,142
Other payables - related parties	Ultimate controlling company	7,876	4,163	4,573
Other payables - related parties	Parent company	64	43	69
Other payables - related parties	Other related parties	1,067	1,513	619
		9,007	5,719	5,261
Lease liabilities - current	Ultimate controlling company	9,433	6,773	9,328
Lease liabilities - current	Other related parties	-	-	154

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Account	Related-party	2024.09.30	2023.12.31	2023.09.30
Lease liabilities - non-current	Ultimate controlling company	7,021	647	953
		16,454	7,420	10,435
		<u>\$ 54,553</u>	<u>36,251</u>	<u>33,838</u>

(4) Transaction with key management personnel

Compensation for key management personnel:

	July to September 2024	July to September 2023	January to September 2024	January to September 2023
Short-term employee benefits	\$ 3,163	3,202	9,309	9,009
Post-employment benefits	36	36	108	108
	<u>\$ 3,199</u>	<u>3,238</u>	<u>9,417</u>	<u>9,117</u>

8. Pledged Assets

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

Pledged Assets	Pledged to secure	2024.09.30	2023.12.31	2023.09.30
Other financial assets-current	Performance bond	\$ 49,246	43,699	55,686
Land and buildings	Credit lines of bank loans	433,868	441,450	442,329
Investment Property	Credit lines of bank loans	240,806	243,092	243,854
		<u>\$ 723,920</u>	<u>728,241</u>	<u>741,869</u>

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Significant unrecognized contractual commitments:

	2024.09.30	2023.12.31	2023.09.30
Letter of credit issued and yet to be used	<u>\$ 40,000</u>	<u>50,000</u>	<u>50,000</u>

10. Significant Loss from Disaster: None.

11. Significant Subsequent Events: None.

12. Others

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

Category	July to September 2024			July to September 2023		
	Costs of revenue	Operating expenses	Total	Costs of revenue	Operating expenses	Total
Employee benefits						
Salaries	26,451	123,761	150,212	25,441	112,667	138,108
Insurance	2,684	10,458	13,142	2,592	8,723	11,315
Pension	1,181	5,538	6,719	1,184	4,044	5,228
Other employee benefits	1,831	7,924	9,755	1,743	5,989	7,732
Depreciation	29,498	29,541	59,039	28,131	23,165	51,296
Amortization	587	4,979	5,566	322	5,993	6,315

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

Category	Item	January to September 2024			January to September 2023		
		Costs of revenue	Operating expenses	Total	Costs of revenue	Operating expenses	Total
Employee benefits							
Salaries		77,522	356,044	433,566	78,564	323,662	402,226
Insurance		7,889	31,120	39,009	8,470	27,756	36,226
Pension		3,503	14,660	18,163	3,764	12,183	15,947
Other employee benefits		5,495	21,492	26,987	5,030	16,153	21,183
Depreciation		86,912	83,664	170,576	84,311	66,465	150,776
Amortization		1,737	14,721	16,458	943	19,505	20,448

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

13. Additional Disclosures

(1) Information on significant transactions

For January 01 to September 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
													Item	Value		
1	K2 International Medical Inc.	K2 Medical (Thailand) Co., Ltd.	Other receivables-related parties	Yes	107,399	41,145	37,980	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 exceed NTD300 million or 20% of the paid-in capital:

Unit: thousand shares

Dealing company	Type and name of securities	Accounting item	Counterparty	Relationship	Beginning of period		Buy		Sell				End of period	
					Shares	Amount	Shares	Amount	Shares	Selling price	Book cost	Gains or losses of disposal	Shares	Amount (Note 1)
K2 International Medical Inc.	Shares of Era Biotech Enterprise Co., Ltd.	Investment accounted for using the equity method	Natural person shareholders of Era Biotech Enterprise Co., Ltd.	-	-	-	2,700	133,005	-	-	-	-	2,700	132,852

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

5. Acquisition of real estate, which exceeds \$300 million or 20% of the paid-in capital:

BENQ MEDICAL TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)

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)	(186,532)	26.47%	OA90	-	-	44,681	24.53%	
K2SH	K2	Parent/ subsidiary	Purchase	186,532	100.00%	OA90	-	-	(44,681)	99.58%	

(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	186,532	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 September 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 September 30, 2024			Net income (loss) of the investee	Investment income	Note
				September 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%	23,327	572	570	(Note)
The Company	Highview Investments Limited	Samoan Islands	Investment and holding company	36,211	36,211	1,062	100.00%	16,299	(3,501)	(3,501)	(Note)
The Company	Lily Medical Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	185,000	185,000	10,000	100.00%	261,135	27,054	27,342	(Note)
The Company	BenQ AB DentCare Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	88,000	88,000	8,800	88.00%	58,565	(249)	(133)	(Note)
The Company	BenQ Healthcare Corporation	Taiwan	Wholesaling and retailing of medical consumables and equipment	100,000	100,000	10,000	100.00%	179,230	36,344	36,344	(Note)
The Company	Eastech Co., Ltd	Taiwan	Wholesaling and retailing of medical consumables and equipment	20,300	20,300	700	70.00%	33,691	10,168	6,995	(Note)
The Company	Concord Medical Co., Ltd.	Taiwan	Sales of medical drugs, leasing of medical equipment and providing management consultation services	190,000	190,000	13,333	40.00%	287,717	35,917	14,062	(Note)
The Company	K2 International Medical Inc.	Taiwan	Sales of medical consumables and equipment	390,000	390,000	7,800	39.00%	284,215	48,878	19,063	(Note)

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Notes to Consolidated Financial Statements (continued)

Name of investor	Name of investee	Location	Main Businesses and Products	Original investment Amount		Balance as of September 30, 2024			Net income (loss) of the investee	Investment income	Note
				September 30, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying amount			
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%	122,055	1,296	-	(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%	73,566	26,666	-	(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%	105,380	5,174	-	(Note)
K2	K2 Medical (Thailand) Co., Ltd.	Thailand	Sales of medical consumables and equipment	15,919	15,919	-	49.00%	52,830	24,490	-	(Note)
K2	PT. Frismed Hoslab Indonesia	Indonesia	Blood banking equipment and supplies	257,728	257,728	12	67.00%	312,953	32,171	-	(Note)
K2	Era Bioteq Enterprise Co., Ltd.	Taiwan	Sales of endoscopic consumables and equipment	133,005	-	2,700	60.00%	132,852	(254)	-	(Note)
AsiaConnect	K2 International Medical Inc.	Taiwan	Sales of medical consumables and equipment	10,000	10,000	200	1.00%	7,288	48,878	-	(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 September 30, 2024	Net income (loss) of the investee	Percentage of ownership of direct and indirect investment	Investment income (loss)	Carrying value as of September 30, 2024	Accumulated inward remittance of earnings as of September 30, 2024
					Outflow	Inflow						
BenQ Medical Technology (Shanghai) Ltd.	Agency of international and entrepot trade business	31,650 (USD 1,000)	(2)	31,650 (USD 1,000)	-	-	31,650 (USD 1,000)	(3,460)	100.00%	(3,460)	18,239 (Note 4 and 5)	-
BenQ Smart Healthcare (Shanghai) Co., Ltd.	Wholesaling and retailing of medical consumables and equipment	6,647 (USD 210)	(1)	6,647 (USD 210)	-	-	6,647 (USD 210)	(818)	100.00%	(818)	371 (Note 4 and 5)	-
K2 (Shanghai) International Medical Inc.	Sales of medical consumables and equipment	39,563 (USD 1,250)	(1)	61,179 (USD 1,933)	-	-	61,179 (USD 1,933)	11,604	40.00%	4,641	57,162 (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 = 1:31.650.

(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 September 30, 2024	Investment amounts authorized by Investment Commission, MOEA	Upper Limit on Investment authorized by Investment Commission, MOEA
The Company	31,650 (USD1,000)	31,650 (USD2,827)	658,795
LILY (Note)	6,647 (USD210)	6,647 (USD210)	120,698
K2	61,179 (USD1,933)	61,179 (USD1,933)	379,941

(Note) The equity of 100% of BenQ Smart Healthcare (Shanghai) Co., Ltd. originally held by LILY was sold to BenQ Medical Technology (Shanghai) Ltd. in April

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Notes to Consolidated Financial Statements (continued)

2024. As of September 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) in the nine months ended September 30, 2024, 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	Shareholding Percentage
BenQ Corporation		19,353,427	43.30%
Darly Venture Inc.		3,548,646	7.96%

14. Segment Information

(1) General information

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

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

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

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Notes to Consolidated Financial Statements (continued)

	July to September 2024			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 257,920	957,046	-	1,214,966
Intra-group revenue	13,267	4	(13,271)	-
Total segment revenue	<u>\$ 271,187</u>	<u>957,050</u>	<u>(13,271)</u>	<u>1,214,966</u>
Segment profit (loss)	<u>\$ 13,161</u>	<u>72,503</u>	<u>(602)</u>	<u>85,062</u>

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

	January to September 2024			
	R&D and Manufacturing Division	Medical Services Division	Adjustment and Elimination	Total
External revenue	\$ 736,465	2,711,841	-	3,448,306
Intra-group revenue	36,299	37	(36,336)	-
Total segment revenue	<u>\$ 772,764</u>	<u>2,711,878</u>	<u>(36,336)</u>	<u>3,448,306</u>
Segment profit (loss)	<u>\$ 23,113</u>	<u>205,012</u>	<u>599</u>	<u>228,724</u>

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