

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report

For the Three Months Ended March 31, 2024 and 2023

Address: No. 29 Jianguo E. Rd., Guishan, Dist., Taoyuan City 333403, Taiwan (R.O.C.)

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. NOT AUDITED OR REVIEWED BY AUDITORS. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of BenQ Materials Corporation:

Introduction

We have reviewed the accompanying Consolidated Balance Sheets of BenQ Materials Corporation and its subsidiaries as of March 31, 2024 and 2023, the related Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Equity and Cash Flows for the three months ended March 31, 2024 and 2023, and the related Notes to the Consolidated Financial Statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the Consolidated Financial Statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Standards on Review Engagements No.2410 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the Consolidated Financial Statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 6 [7], the equity accounted investments of BenQ Materials Corporation and its subsidiaries in the investee companies amounted to NT\$466,540 thousand and NT\$433,303 thousand as of March 31, 2024 and 2023, respectively, as well as the equity in net earnings on the joint ventures using the equity method of NT\$22,267 thousand and NT\$9,513 thousand for the three months ended March 31, 2024 and 2023, respectively, were recognized solely on the financial statements prepared by the investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have influenced by the financial statements of certain investee companies described in the Basis for Qualified Conclusion paragraph which were not reviewed by independent auditors, nothing has come to our attention that causes us to believe that the accompanying Consolidated Financial Statements do not present fairly, in all material respects, the Consolidated Financial Position of BenQ Materials Corporation and its subsidiaries as of March 31, 2024 and 2023, and the Consolidated Financial Performance and the Consolidated Cash Flows for the three months ended March 31, 2024 and 2023, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS No. 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission of the Republic of China.

KPMG Taipei, Taiwan, Republic of China

CPA:

Approved audit number: FSC (audited) No. 1040010193
Approved audit number: FSC (6) No. 0940100754
May 6th, 2024

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Unit: NT\$ thousand)

		March 31, 2024		December 31, 2023		March 31, 2023	
Assets		Amount	%	Amount	%	Amount	%
Current assets:							
I100	Cash and cash equivalents (Note 6 [1])	\$ 787,144	4	619,690	3	1,643,368	8
I110	Financial assets at fair value through profit or loss – Current (Note 6 [2])	-	-	65,296	-	1,441	-
I120	Financial assets at fair value through other comprehensive income - Current (Note 6 [3])	74,743	-	63,840	-	66,595	-
I170	Notes and accounts receivable, net (Note 6 [4] and [22])	2,161,245	10	2,201,073	11	2,457,862	12
I180	Notes and accounts receivable - Related parties, net amount (Note 6 [4] , [22] and 7)	1,205,539	5	930,453	5	605,815	3
I200	Other receivables (Note 6 [4] , [5] and 7)	123,954	1	80,207	-	145,128	1
I210	Other receivables - Related parties (Note 6 [5] and 7)	22,432	-	54	-	51,394	-
I310	Inventories net (Note 6 [6])	3,128,128	14	3,391,895	16	3,029,216	15
I479	Other current assets	365,220	2	291,301	2	303,548	2
I476	Other financial assets – Current (Note 6 [1] and 8)	773,005	4	766,092	4	598,123	3
Total current assets		8,641,410	40	8,409,901	41	8,902,490	44
Noncurrent assets:							
I517	Financial assets at fair value through other comprehensive income – Non-current (Note 6 [3])	95,988	1	96,007	1	96,305	-
I550	Investment accounted for using equity method (Note 6 [7])	466,540	2	465,829	2	433,303	2
I600	Real estate, plant, and equipment (Note 6 [10] , 7 and 8)	10,809,445	50	10,107,104	49	9,279,720	46
I755	Right-of-use asset (Note 6 [11])	746,535	4	774,207	4	868,352	4
I760	Net Investment property (Note 6 [12])	147,228	1	147,051	1	159,454	1
I780	Intangible assets (Note 6 [8] , [13] and 7)	187,406	1	200,380	1	219,365	1
I840	Deferred tax assets	267,444	1	268,075	1	278,168	2
I920	Guarantee deposits paid	16,278	-	16,367	-	16,622	-
I980	Other financial assets –Non-current (Note 8)	9,252	-	9,252	-	9,252	-
I995	Other non-current assets	66,159	-	63,605	-	91,497	-
Total non-current assets		12,812,275	60	12,147,877	59	11,452,038	56
Total assets		\$ 21,453,685	100	20,557,778	100	20,354,528	100

(See the attached notes to the Consolidated Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets (continued)

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

(Unit: NT\$ thousand)

		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%
Liabilities and Equity							
Current liabilities:							
2100	Short-term borrowings (Note 6 [14])	\$ 1,550,000	7	1,490,000	7	950,000	5
2120	Financial liabilities at fair value through profit or loss – Current (Note 6 [2])	34,441	-	-	-	9,648	-
2170	Accounts payable	2,812,095	13	2,766,212	14	2,766,231	14
2180	Accounts payable – Related parties (Note 7)	100,416	1	54,473	-	55,002	-
2200	Other payables (Note 6 [23])	1,338,073	6	1,503,471	7	1,885,220	9
2216	Dividends payable (Note 6 [20] and 7)	384,809	2	-	-	641,349	3
2220	Other payables – Related parties (Note 7)	34,051	-	29,787	-	24,317	-
2320	Long-term borrowings due within one year (Note 6 [15] and 8)	460,443	2	381,943	2	234,076	1
2281	Lease liabilities – Current (Note 6 [16])	9,031	-	11,218	-	12,330	-
2282	Lease liabilities – Related parties – Current (Note 6 [16] and 7)	93,820	1	93,401	1	92,157	1
2399	Other current liabilities (Note [22])	163,035	1	183,486	1	169,574	1
Total current liabilities		6,980,214	33	6,513,991	32	6,839,904	34
Non-current liabilities:							
2540	Long-term borrowings (Note 6 [15] and 8)	5,164,740	24	4,416,898	22	3,923,052	19
2570	Deferred tax liabilities	494,153	3	496,575	2	484,876	2
2581	Lease liabilities – Non-current (Note 6 [16])	36,542	-	40,419	-	45,574	-
2582	Lease liabilities – Related parties – Non-current (Note 6 [16] and 7)	265,766	1	289,379	1	359,586	2
2600	Other non-current liabilities (Note 6 [15])	39,304	-	44,463	-	43,470	-
Total non-current liabilities		6,000,505	28	5,287,734	25	4,856,558	23
Total liabilities		12,980,719	61	11,801,725	57	11,696,462	57
Equity (Note 6 [20]):							
3110	Common stock	3,206,745	15	3,206,745	16	3,206,745	16
3200	Capital reserve	192,352	1	192,352	1	192,352	1
Retained earnings:							
3310	Legal reserve	540,821	3	540,821	3	414,305	2
3320	Special reserve	68,835	-	68,835	-	103,309	-
3350	Undistributed earnings	1,531,703	7	1,880,161	9	1,609,108	8
3400	Other equity	(37,095)	-	(92,684)	(1)	(46,734)	-
Total equity attributable to the owners of parent company		5,503,361	26	5,796,230	28	5,479,085	27
36XX	Non-controlling (Note 6 [8] , [9] and 6 [20])	2,969,605	13	2,959,823	15	3,178,981	16
Total equity		8,472,966	39	8,756,053	43	8,658,066	43
Total liabilities and equity		\$ 21,453,685	100	20,557,778	100	20,354,528	100

(See the attached notes to the Consolidated Financial Statements)

Chairman: Zhién-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income For the Three Months Ended March 31, 2024 and 2023

(Unit: NT\$ thousand)

		For the Three Months Ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Net sales revenue (Note [22] , 7 and 14)	\$ 4,593,008	100	4,066,944	100
5000	Operating expenses (Note 6 [6] , [10] , [11] , [12] , [13] , [16] , [18] , [23] , 7 and 12)	(3,817,040)	(83)	(3,367,874)	(83)
	Gross operating profit	775,968	17	699,070	17
	Operating expenses: (Note 6 [4] , [10] , [11] , [13] , [16] , [18] , [23] , 7 and 12):				
6100	Selling expenses	(341,856)	(8)	(288,553)	(7)
6200	General and administrative expenses	(89,184)	(2)	(82,800)	(2)
6300	Costs of research and development	(247,903)	(5)	(210,647)	(5)
		(678,943)	(15)	(582,000)	(14)
	Net operating income	97,025	2	117,070	3
	Non-operating income and expenses (Note [7] , [15] , [16] , [24] and 7):				
7100	Interest revenue	5,166	-	6,533	-
7010	Other income	21,152	-	3,018	-
7020	Other profits and loss	(59,656)	(1)	(25,091)	-
7050	Financial cost	(30,604)	-	(29,546)	(1)
7370	Share of profits of associates accounted for using the equity method	22,267	-	9,513	-
		(41,675)	(1)	(35,573)	(1)
	Income before income tax	55,350	1	81,497	2
7950	Less: Income tax expense (Note 6 [19])	(15,995)	-	(18,784)	-
	Net profit	39,355	1	62,713	2
	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss (Note 6 [7] and [20])				
8316	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	10,884	-	11,847	-
8320	Share of other comprehensive income of associates accounted for using the equity method	2,900	-	-	-
8349	Income tax related to items that will not be reclassified	-	-	-	-
		13,784	-	11,847	-
8360	Items that may be reclassified subsequently to profit or loss (Note 6 [7] and [20])				
8361	Exchanges differences arising on translation of financial statements of foreign operations	50,638	1	15,257	-
8370	Share of other comprehensive income of associates accounted for using the equity method	(2,055)	-	(5,623)	-
8399	Income tax related to items that may be reclassified	-	-	-	-
		48,583	1	9,634	-
	Other Comprehensive Income (loss)	62,367	1	21,481	-
8500	Total comprehensive income for the period	\$ 101,722	2	84,194	2
	Net profit after tax for the period attributable to:				
8610	Owners of the parent company	\$ 36,351	1	49,833	2
8620	Non-controlling interests	3,004	-	12,880	-
		\$ 39,355	1	62,713	2
	Total comprehensive income attributable to:				
8710	Owners of the parent company	\$ 91,940	2	71,934	2
8720	Non-controlling interests	9,782	-	12,260	-
		\$ 101,722	2	84,194	2
	Earnings per share (Unit: NT\$, Note 6 [21])				
9750	Basic earnings per share	\$ 0.11		0.16	
9850	Diluted earnings per share	\$ 0.11		0.15	

(See the attached notes to the Consolidated Financial Statements

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity For the Three Months Ended March 31, 2024 and 2023

(Unit: NT\$ thousand)

	Profit and / loss attributable to the owners of parent company							Other equity items					
	Retained earnings						Exchange differences arising on translation	Unrealized profits and losses of financial assets at fair value through other comprehensive income	Remeasurement of defined welfare plan	Total	Total equity attributable to the owners of parent company	Non-controlling interests	Total equity
	Common stock	Capital reserve	Legal reserve	Special reserve	Balance of retained earnings	Total							
Balance as of January 1, 2023	\$ 3,206,745	192,352	414,305	103,309	2,200,624	2,718,238	(5,823)	(28,805)	(34,207)	(68,835)	6,048,500	202,145	6,250,645
Appropriation and distribution of retained earnings:													
Cash dividend of common stock	-	-	-	-	(641,349)	(641,349)	-	-	-	-	(641,349)	-	(641,349)
Net profit	-	-	-	-	49,833	49,833	-	-	-	-	49,833	12,880	62,713
Other Comprehensive Income (Loss)	-	-	-	-	-	-	10,254	11,847	-	22,101	22,101	(620)	21,481
Total comprehensive income for the period	-	-	-	-	49,833	49,833	10,254	11,847	-	22,101	71,934	12,260	84,194
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,964,576	2,964,576
Balance as of March 31, 2023	\$ 3,206,745	192,352	414,305	103,309	1,609,108	2,126,722	4,431	(16,958)	(34,207)	(46,734)	5,479,085	3,178,981	8,658,066
Balance as of January 1, 2024	\$ 3,206,745	192,352	540,821	68,835	1,880,161	2,489,817	(44,495)	(20,011)	(28,178)	(92,684)	5,796,230	2,959,823	8,756,053
Appropriation and distribution of retained earnings:													
Cash dividend of common stock	-	-	-	-	(384,809)	(384,809)	-	-	-	-	(384,809)	-	(384,809)
Net profit	-	-	-	-	36,351	36,351	-	-	-	-	36,351	3,004	39,355
Other Comprehensive Income (Loss)	-	-	-	-	-	-	41,805	13,784	-	55,589	55,589	6,778	62,367
Total comprehensive income for the period	-	-	-	-	36,351	36,351	41,805	13,784	-	55,589	91,940	9,782	101,722
Balance as of March 31, 2024	\$ 3,206,745	192,352	540,821	68,835	1,531,703	2,141,359	(2,690)	(6,227)	(28,178)	(37,095)	5,503,361	2,969,605	8,472,966

(See the attached notes to the Consolidated Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen

General Manager: Ray, Liu

Accounting Manager: James, Wang

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Three Months Ended March 31, 2024 and 2023

(Unit: NT\$ thousand)

	For the Three Months Ended March 31	
	2024	2023
Cash flows from operating activities:		
Income before income tax for the period	\$ 55,350	81,497
Adjusted item:		
Depreciation expenses	224,475	222,171
Amortization expenses	19,665	10,201
Expected credit losses (reverse benefits)	251	(2,696)
Valuation loss on financial liabilities measured at fair value through net profit or loss	99,737	23,723
Interest expenses	30,604	29,546
Interest revenue	(5,166)	(6,533)
Share of profit of affiliated companies accounted under the equity method	(22,267)	(9,513)
Profits from disposal of real estate, plant and equipment	(5)	-
Amortization of deferred expenses transferred to expenses	38,023	44,443
Amortization of syndication fee costs	428	428
Total adjustments to reconcile profit (loss)	385,745	311,770
Changes in operating assets / liabilities:		
Net changes in operating assets:		
Notes and accounts receivable	(1,042)	(32,078)
Notes and accounts receivable – related parties	(277,420)	248,551
Other receivables	(794)	3,555
Other accounts receivable – related parties	23	(48)
Inventory	263,767	(46,527)
Other current assets	(101,901)	(61,858)
Total net changes in operating assets	(117,367)	111,595
Net changes in operating liabilities:		
Accounts payable	45,883	144,808
Accounts payable – related parties	45,943	20,097
Other payables	(143,327)	(234,091)
Other payables - related parties	4,264	4,219
Other current liabilities	(20,451)	(3,693)
Net defined benefit liability	(689)	(259)
Other non-current liabilities	-	(223)
Total net changes in operating liabilities	(68,377)	(69,142)
Total net changes in operating assets and liabilities	(185,744)	42,453
Total adjustments	200,001	354,223
Cash inflow generated from operations	255,351	435,720
Interest received	5,166	6,533
Interest payment	(30,088)	(29,858)
Income tax paid	(7,805)	(10,295)
Net cash inflow from operating activities	222,624	402,100

(Continued on the next page)

BENQ MATERIALS CORPPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows (Continued)****For the Three Months Ended March 31, 2024 and 2023****(Unit: NT\$ thousand)**

	For the Three Months Ended March 31	
	2024	2023
Cash flows from investing activities:		
Net cash inflows from merger of subsidiaries	-	(1,464,838)
Acquisition of real estate, plant and equipment	(898,672)	(142,522)
Disposal of real estate, plant and equipment	5	-
Decrease in refundable deposits	89	17,032
Acquisition of intangible assets	(6,666)	(11,283)
Increase in other financial assets	(6,913)	(546,071)
Increase in other non-current assets	(12,095)	(32,386)
Net cash outflow from investing activities	(924,252)	(2,180,068)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	60,000	(101,460)
Proceeds from long-term borrowings	1,090,000	3,360,000
Repayments of long-term borrowings	(265,986)	(468,333)
Decrease in deposits received	(2,141)	(2,281)
Repayments of lease principal	(29,258)	(28,415)
Net cash inflow from financing activities	852,615	2,759,511
Impact on exchange rates changes	16,467	8,691
Increase in cash and cash equivalents for the period	167,454	990,234
Cash and cash equivalents at the beginning of the year	619,690	653,134
Cash and cash equivalents at the end of the year	\$ 787,144	1,643,368

(See the attached notes to the Consolidated Financial Statements)

Chairman:**Zhien-Chi (Z.C.) Chen****General Manager:****Ray, Liu****Accounting Manager:****James, Wang**

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Three Months Ended March 31, 2024 and 2023
(Unless otherwise indicated, the unit for all amounts is in NT\$ thousand.)

1. Company History

BenQ Materials Corporation (hereinafter referred to as "the Company," formerly known as Daxon Technology Inc. and had renamed in June 2010) was established on July 16, 1998, with the approval of the Ministry of Economic Affairs. The registered address is No. 29, Jianguo E. Rd., Guishan Dist., Taoyuan City 333403, Taiwan (R.O.C.). The main business items of the Company and its subsidiaries (hereinafter referred to as "the Combined Company") are manufacturing and sales of film sheet products and medical equipment.

2. Date and Procedures of Authorization of Financial Statements

The Consolidated Financial Statements were published upon approval by the Board of Directors on May 6, 2024.

3. Application of New, Amended and Revised Accounting Standards and Interpretations

- (1) The Impact of adopting newly released and revised standards and interpretations endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC").

The Combined Company has been applied to the application of the newly recognized IFRSs specified above will not have a material impact on the Consolidated Financial Statements since January 1, 2024.

- Amendments to IAS 1 "Classification of Liabilities as Current and Non-Current"
- Amendments to IAS 1 "Non-Current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Arrange for the financing of the Supplier"
- Amendments to IFRS 16 "Lease Liabilities for Sale and Leaseback"

- (2) Newly issued and revised standards and interpretations not yet endorsed by FSC

The Combined Company expects that the following other newly issued and revised standards that have not yet been approved by the FSC will not have 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"
- Amendments to IFRS 17 "Insurance Contract"
- Amendments to IAS 21 "Lack of Exchangeability"
- Amendments to IFRS 18 "Presentation and Disclosure of Financial Statements"

4. Summary of Significant Accounting Policies:

- (1) Statement of compliance

The Consolidated Financial Statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations") and the International Accounting Standards 34, "Interim financial reporting" as endorsed by the FSC. The Company's accompanying consolidated financial statements have been prepared in accordance with the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC (collectively as "Taiwan-IFRSs").

Except for the following, the accounting policies applied in these Consolidated Financial Statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2023. Please refer to Note 4 for the Consolidated Financial Statements for the year ended December 31, 2023 for the details.

(2) Basis of consolidation

a. List of subsidiaries in the Consolidated Financial Statements:

Investment company name	Subsidiary name	Business type	Proportion of ownership(%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
BenQ	BenQ Materials (L) Co. (BMLB)	Holding company	100.00	100.00	100.00	-
BenQ	Sigma Medical Supplies Corp. (Sigma-Medical)	Sale of medical consumables and equipment	100.00	100.00	100.00	-
BenQ	Genejet Biotech Co., Ltd (Genejet)	Development, manufacturing and sale of medical consumables and equipment	75.63	75.63	70.00	-
BenQ	Cenefom Corp. (Cenefom)	Development, manufacturing and sale of medical consumables and equipment	50.98	50.98	51.34	-
BenQ	Web-Pro Corp. (Web-Pro)	Development, manufacturing and sale of hygienic medical consumables and equipment production	51.00	51.00	51.00	(Note 1)
BMLB	BenQ Material (Suzhou) Corp. (BMS)	Processing of functional film products	100.00	100.00	100.00	-
BMLB	Daxon Biomedical (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	100.00	100.00	100.00	-
BMLB	BenQ Materials (Wuhu) Corp. (BMW)	Manufacture and sale of film sheet and cosmetic-related	100.00	100.00	100.00	-
BMLB	BenQ Materials Medical (Suzhou) Co., Ltd. (BMM)	Manufacture and sale of medical consumables and equipment	100.00	100.00	100.00	-
Sigma-Medical	Suzhou Sigma Medical Supply Co., Ltd. (Suzhou Sigma-Medical)	Sale of medical consumables and equipment	100.00	100.00	100.00	-
Web-Pro	Beyond Top Pte Ltd (WPSG)	Holding company	51.00	51.00	51.00	(Note 1)
WPSG	Web-Pro (Vietnam) Co., Ltd (WPNV)	Manufacture and sale of hygienic medical consumables and equipment production	51.00	51.00	51.00	(Note 1)

(Note 1): On January 3, 2023 the Combined Company acquired the control of Web-Pro and it (Web-Pro) and its subsidiaries became a subsidiary; therefore, it was brought into the consolidated particular from that date.

b. List of subsidiaries which excluded in the Consolidated Financial Statements: None.

(3) Assets and liabilities classified as current and non-current

The Combined Company shall classify an asset as current, and shall classify all other assets as non-current.

- It is expected to be realized when the Combined Company is operating, or intended to be sold or consumed in the normal operating cycle;
- Assets are held primarily for trading purposes;
- It is expected to be realized within twelve months after the reporting period; or
- The asset is cash or a cash equivalent (as definition in the IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Combined Company shall classify a liability as current, and shall classify all other liabilities as non-current.

- It is expected to be settled in the normal operating cycle;
- Liabilities held primarily for trading purposes;

- c. The liability is expected to be realized within twelve months after the reporting period; or
- d. Liabilities that do not have the right to unconditionally defer the repayment period to at least twelve months after the reporting period.

(4) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of prior fiscal year, adjusted for significant market fluctuations subsequent to the end of prior fiscal year and for significant curtailments, settlements, or other significant one-time events.

(5) Income taxes

The Combined Company measures and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34, "Interim Financial Reporting". Income tax expense is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate and is recognized as current tax expense.

Income taxes that are recognized directly in equity or Other Comprehensive Income are measured in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding tax bases at the tax rates that are expected to be applied in the year in which the asset is realized or the liability is settled.

5. The Primary Sources of Uncertainties in Major Accounting Judgement Estimates and Assumptions

The preparation of the Consolidated Financial Statements in conformity with the Regulations and IAS 34, "Interim Financial Reporting", as endorsed and issued into effect by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. The actual results may differ from these estimates.

In preparing the Consolidated Financial Statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in note 5 of the Consolidated Financial Statements for the year ended December 31, 2023.

6. Description of Significant Accounts

Except as described below, the description of significant accounts in the accompanying Consolidated Financial Statements is not materially different from those described in Note 6 of the Consolidated Financial Statements for the year ended December 31, 2023.

(1) Cash and Cash Equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Working capital	\$ 794	637	430
Demand deposit and cheque deposit	754,011	607,645	794,177
Time deposits with original maturity within three months	32,339	11,408	848,761
	<u>\$ 787,144</u>	<u>619,690</u>	<u>1,643,368</u>

As of March 31, 2024 and December 31, and March 31, 2023, bank time deposits with original maturity exceeding three months (excluding time deposits pledged) amounted to NT\$762,014 thousand, NT\$751,809 thousand and NT\$584,000 thousand, respectively, classified as other financial assets - current.

(2) Financial assets and liabilities at fair value through profit or loss-current

	March 31, 2024	December 31, 2023	March 31, 2023
Mandatory financial assets measured at fair value through profit or loss			
– current:			
Foreign exchange forward contracts	\$ -	28,705	1,441
Foreign exchange swaps	-	36,591	-
	<u>\$ -</u>	<u>65,296</u>	<u>1,441</u>

	March 31, 2024	December 31, 2023	March 31, 2023
Financial liabilities held for trading – current:			
Foreign exchange forward contracts	(\$2,204)	-	(4,708)
Foreign exchange swaps	(32,237)	-	(4,940)
	<u>(\$34,441)</u>	<u>-</u>	<u>(9,648)</u>

Fair value remeasurement was recognized in profit or loss. Refer to Note 6 [24] for details.

a. Derivatives

The Combined Company engages in derivative financial instrument transactions to avoid exchange rate risks exposed by business and financing activities. Because hedging accounting is not applied, the details of the derivative instruments of financial assets and liabilities measured at fair value through profit and loss are as follows:

a) Foreign exchange forward contracts

March 31, 2024		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD\$ <u>15,000</u>	Sell USD / Buy RMB	April 26, 2024
USD <u>6,000</u>	Sell USD / Buy JPY	April 24, 2024
December 31, 2023		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD\$ <u>31,000</u>	Sell USD / Buy JPY	January 24, 2024~February 22, 2024
USD <u>15,000</u>	Sell USD / Buy RMB	January 25, 2024
March 31, 2023		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD\$ <u>30,000</u>	Sell USD / Buy RMB	April 28, 2023
USD <u>24,000</u>	Sell USD / Buy JPY	April 24, 2023~May 24, 2023

b) Foreign exchange swaps

March 31, 2024		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD\$ <u>108,000</u>	Sell USD / Buy NTD	April 12, 2024~April 30, 2024
December 31, 2023		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD\$ <u>97,000</u>	Sell USD / Buy NTD	January 19, 2024~January 30, 2024
March 31, 2023		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD\$ <u>40,000</u>	Sell USD / Buy NTD	April 28, 2023

(3) Financial assets measured at fair value through other comprehensive income

	March 31, 2024	December 31, 2023	March 31, 2023
Equity instruments measured at fair value through other comprehensive income:			
Stocks listed in the emerging stock market in Taiwan	\$ 74,743	63,840	66,595
Unlisted stocks	95,988	96,007	96,305
	<u>\$ 170,731</u>	<u>159,847</u>	<u>162,900</u>
Current	\$ 74,743	63,840	66,595
Non-current	95,988	96,007	96,305
	<u>\$ 170,731</u>	<u>159,847</u>	<u>162,900</u>

The Combined Company originally recognized and designated the aforementioned investments as the financial assets at FVTOCI because these equity instruments were not held for trading.

For the three months ended March 31, 2024 and 2023, no disposal of the aforementioned strategical investments for the Combined Company, and the accumulated profits and loss for the period weren't transferred within the equity.

(4) Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 31,692	28,834	27,819
Accounts receivable	2,151,965	2,193,988	2,463,090
Deduction: allowance for loss	(22,412)	(21,749)	(33,047)
	2,161,245	2,201,073	2,457,862
Accounts receivable - related parties	1,205,539	930,453	605,815
	<u>\$ 3,366,784</u>	<u>3,131,526</u>	<u>3,063,677</u>

- a. The Combined Company adopted a simplified approach to estimate expected credit losses for all note and account receivables (including related parties), that is, the expected credit losses during the lifetime are measured, and

forward-looking information has been incorporated. The expected credit loss analysis of notes receivable and accounts receivable (including related-parties) of the Combined Company as of March 31, 2024, December 31, and March 31, 2023 was as follows:

March 31, 2024			
	Carrying amount of accounts receivable and bills	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 3,338,318	0.0436%	1,457
Past due 1~30 days	30,756	3.7619%	1,157
Past due 31~60 days	446	27.3543%	122
Past due over 91 days	19,676	100%	19,676
	\$ 3,389,196		22,412

December 31, 2023			
	Carrying amount of accounts receivable and bills	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 3,104,478	0.0542%	1,684
Past due 1~30 days	28,751	2.5773%	741
Past due 31~60 days	650	7.8462%	51
Past due 61~90 days	136	9.5588%	13
Past due over 91 days	19,260	100%	19,260
	\$ 3,153,275		21,749

March 31, 2023			
	Carrying amount of accounts receivable and bills	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 2,976,866	0.0635%	1,890
Past due 1~30 days	25,122	4.0761%	1,024
Past due 31~60 days	38,027	4.8255%	1,835
Past due 61~90 days	30,894	8.0372%	2,483
Past due over 91 days	25,815	100%	25,815
	\$ 3,096,724		33,047

- b. The table of changes in allowance loss for notes receivable and accounts receivable of the Combined Company is as follows:

Three Months Ended March 31		
	2024	2023
Balance at the beginning of the year	\$ 21,749	33,711
Effect of first-time incorporation of subsidiaries	-	2,447
Impairment loss (reverse benefits)	251	(2,696)
Unrecoverable money offset for the period	-	(556)
Gain and loss of foreign currency exchange	412	141
Balance at the end of the year	<u>\$ 22,412</u>	<u>33,047</u>

- c. The Combined Company and the financial institution sign a non-recourse agreement for the sale of accounts receivable. According to the contract, the Combined Company does not have to bear the risk that the accounts receivable cannot be recovered, but only bears the losses caused by commercial disputes. Since the Combined Company has transferred almost all the risks and rewards of the ownership of the above accounts receivable and has not continued to participate in it, it has met the conditions for derecognizing financial assets. After derecognizing the claims on accounts receivable, the claims on financial institutions are listed in other receivables. Relevant information about undue factoring accounts receivable on the reporting date was as follows:

March 31, 2024						
Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Range of interest rate	Other important matters
Taipei Fubon Bank	\$ 541,555	-	487,400	54,155	1.86%	Guaranteed Promissory Note 96,000
KGI Bank	171,556	-	154,400	17,156	2.34%	Guaranteed Promissory Note 96,000
E.Sun Bank	137,529	-	123,776	13,753	6.28%	None
	<u>\$ 850,640</u>	<u>-</u>	<u>765,576</u>	<u>52,098</u>		<u>192,000</u>

December 31, 2023						
Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Range of interest rate	Other important matters
Taipei Fubon Bank	\$ 247,778	-	223,000	24,778	1.90%	Guaranteed Promissory Note 92,250
KGI Bank	196,667	-	177,000	19,667	2.20%	Guaranteed Promissory Note 92,250
	<u>\$ 444,445</u>	<u>-</u>	<u>400,000</u>	<u>44,445</u>		<u>184,500</u>

March 31, 2023

Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Range of interest rate	Other important matters
Taipei Fubon Bank	331,456	-	298,310	33,146	5.94%	None
E.Sun Bank	189,518	-	170,566	18,952	5.71%	None
	\$ 520,974	-	468,876	52,098		

For the relevant information about the accounts receivable that meet the derecognition conditions - the transfer of creditor's rights of related parties, please refer to Note 7.

(5) Other receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Other receivables – accounts receivable sale minus advance price balance (Note 6 [4] and 7)	\$ 118,064	75,111	138,288
Other receivables - dividends receivable - related parties	22,401	-	51,336
Other receivables - other	5,890	5,096	6,840
Other receivables - related parties	31	54	58
	<u>146,386</u>	<u>80,261</u>	<u>196,522</u>
Deduction: Allowance for loss	-	-	-
	<u>\$ 146,386</u>	<u>80,261</u>	<u>196,522</u>

As of March 31, 2024, December 31, and March 31, 2023, the Combined Company's other receivables have no overdue amounts and no expected credit losses after assessment.

(6) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 1,365,698	1,436,328	1,289,318
Work in process	977,580	1,039,051	894,114
Finished goods	784,850	916,516	845,784
	<u>\$ 3,128,128</u>	<u>3,391,895</u>	<u>3,029,216</u>

The details of inventory-related costs and expenses recognized in the cost of goods sold in the current period are as follows:

	Three Months Ended March 31	
	2024	2023
Inventories cost has been sold	\$ 3,831,249	3,351,574
Loss from inventory falling price (gain on recovery)	(19,357)	12,431
	<u>\$ 3,811,892</u>	<u>3,364,005</u>

The loss on inventory is the inventory falling price loss recognized as net realizable value due to inventory write-down. Inventory falling price recovery benefit is due to the increase in the price of some raw materials for which allowance for falling price loss has been provided at the beginning of the period, or the inventory has been sold or used, resulting in a decrease in the amount of allowance for inventory falling price loss to be recognized.

(7) Investments accounted by equity method

	March 31, 2024 (Not audited)	December 31, 2023	March 31, 2023 (Not audited)
Associates	<u>\$ 466,540</u>	<u>465,829</u>	<u>433,303</u>

a) Associate companies

Name of associates	Nature of Relationship with the Company	Principal business place/ country of incorporation	March 31, 2024		December 31, 2023		March 31, 2023	
			Voting rights%	Book amount (not audited)	Voting rights%	Book amount	Voting rights%	Book amount (not audited)
Visco Vision Inc. (Visco Vision)	Its main business is to manufacture and sell disposable contact lenses, and it is a strategic partner of the Company.	Taiwan	14.82%	458,288	14.82%	457,486	14.82%	424,219
MLK Bioscience Co., Ltd. (MLK)	Its main business is to research, develop and sell medical devices, and it is a strategic partner of the Company.	Taiwan	20.00%	4,022	20.00%	4,086	20.00%	4,270
Coatmed Incorporation (Coatmed)	Its main business is to sell medical devices, and it is a strategic partner of the Company.	Taiwan	9.98%	4,230	9.98%	4,257	9.98%	4,814
				<u>\$ 466,540</u>		<u>465,829</u>		<u>433,303</u>

The share of net profit of the Combined Company for the three months ended March 31, 2024 and 2023 was NT\$22,267 thousand and NT\$9,513 thousand respectively.

The fair value of a listed related enterprise of significance to the Combined Company is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Visco Vision	\$ 2,137,434	2,025,429	2,496,784

The aggregate financial information of a related enterprise of material significance to the Combined Company is as follows:

b) Aggregated financial information of Visco Vision

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 1,939,557	1,783,674	2,218,424
Non-current assets	3,031,039	2,940,284	2,772,076
Current liabilities	(1,123,965)	(884,926)	(1,162,339)
Non-current liabilities	(840,459)	(856,615)	(1,039,740)
Net asset	\$ 3,006,172	2,982,417	2,788,421
Net assets attributable to non-controlling interests	\$ 16,327	17,477	22,997
Net assets attributable to owners of the investee company	\$ 2,989,845	2,964,940	2,765,424

	Three Months Ended March 31	
	2024	2023
Operating revenue	\$ 815,946	525,825
Net profit for the current period	169,222	37,522
Other comprehensive income	5,733	(11,341)
Total comprehensive income	\$ 174,955	26,181
Total comprehensive profit or loss attributable to non-controlling interests	(\$1,150)	(1,531)
Total comprehensive profit or loss attributable to the owners of the investee company	\$ 176,105	27,712

	Three Months Ended March 31	
	2024	2023
Share in net assets of related enterprise of the Combined Company at the beginning of the period	\$ 457,486	471,428
Net profit attributable to the Combined Company in the current period	22,350	9,749
Other comprehensive income attributable to the Combined Company in the current period	853	(5,622)
Dividends received from associates in the current period	(22,401)	(51,336)
Carrying amount on the equity at the end of period from the Combined Company to the associate companies	\$ 458,288	424,219

- a) The aggregate financial information of individual insignificant related enterprises under the equity method of the Combined Company is as follows, and such financial information is the amount included in the consolidated financial report:

	March 31, 2024	December 31, 2023	March 31, 2023
The carrying amount of equity of individually immaterial associates at the end of period	\$ 8,252	8,343	9,084

	Three Months Ended March 31	
	2024	2023
Share attributable to the Combined Company:		
Net loss for the period	(\$83)	(236)
Other comprehensive income	(8)	(1)
Total comprehensive income	(\$91)	(237)

- c) Investments accounted by equity method not reviewed

The Company's share of the profit and other comprehensive income from the investments accounted by equity method of the financial statements were not reviewed by independent auditors.

(8) Business merges

- a. Acquisition of a subsidiary – Web-Pro Corp. (Web-Pro) and its subsidiaries
 - a) Acquisition of transfer consideration from subsidiaries

On January 3, 2023 (the acquisition date), the Combined Company bought the stocks of 51% from the shareholders of Web-Pro by total amounted of NT\$3,161,999 thousand and obtained the control over the company. Therefore, from the acquisition date onwards, the company (Web-Pro) and its subsidiaries were

included in the Combined Company. Web-Pro and its subsidiaries are mainly engaged in the professional manufactured and processed of spunlace nonwoven and all kinds of PE breathable films. The Combined Company purchase Web-Pro and its subsidiaries are order to speed the layout for the group on the medical business and spread the core technology of research, development and manufacturer to the development of medical-related materials, and acquired the existing base customers and the overseas stronghold.

In addition, according to the rule of the stock transaction for the contract, the Combined Company should reserve 10% of the total amount for the transaction within six months after delivery and balance to compensate the seller by the clause of the contract. As of March 31, 2023, the reserved amount will total to NT\$316,200 thousand and be listed under other payables.

b) Acquisition of identifiable net assets

The fair value of the identifiable assets acquired and liabilities assumed by Web-Pro on January 3, 2023 (acquisition date) are as follows:

Transfer consideration:

Cash		\$	3,161,999
Non-controlling interests (measured as identifiable net assets in proportion to non-controlling interests)			3,014,592
Fair value of identifiable assets acquired and liabilities assumed:			
Cash and Cash Equivalents	\$	1,380,961	
Notes and accounts receivable, net		268,543	
Other receivables		6,926	
Inventories, net		262,705	
Other current assets		45,959	
Real estate, plant and equipment		4,279,762	
Right-of-use assets		329,406	
Intangible assets - patent		23,250	
Deferred tax assets		15,282	
Other financial assets - non-current		9,252	
Guarantee deposits paid		7,386	
Other non-current assets		35,041	
Notes and accounts payable		(80,201)	
Other payables		(183,262)	
Lease liabilities - current		(4,112)	
Other current liabilities		(2,584)	
Deferred tax liabilities		(234,453)	
Lease liabilities - non-current		(7,042)	
Other non-current liabilities		(590)	(6,152,229)
Goodwill		\$	<u>24,362</u>

c) Intangible assets

The above patent is amortized on a straight-line basis over 5 years, based on the expected future economic benefits.

The goodwill is mainly derived from the value of the human resources team of Web-Pro. These benefits do not meet the criteria for recognition as identifiable intangible assets and are not separately recognizes as goodwill, but the goodwill recognized is not expected to have any income tax effect.

d) The adjustment of the fair value from the date of acquisition

The Combined Company acquired the report of allocation from the acquired price from Web-Pro and its subsidiaries in July, 2023, and had adjusted the accounting treatment and the provisional amount from the acquisition for the nine months ended September 30, 2023,

The relative to the item of adjustments of Balance Sheet are as follows:

	The provisional amount from the acquisition date	The fair value from the acquisition date
Real estate, plant and equipment	\$ 4,185,423	4,279,762
Goodwill	\$ 76,418	24,362
Intangible assets - patents	\$ -	23,250
Deferred tax liabilities	(\$218,936)	(234,453)
Non-controlling interests	\$ 2,964,576	3,014,592

The relative to the item of adjustments of Statements of Comprehensive Income are as follows:

	Three Months Ended March 31, 2023
Operating cost	\$ 889
Income tax expenses	(\$178)

(9) The subsidiaries have the significant non-controlling equity

The significant non-controlling equity for subsidiaries to the Combined Company is as follows:

Name of subsidiaries	Principal business place/ country of incorporation	Owenship equity of the non-controlling and the propotion of voting rights		
		March 31, 2024	December 31, 2023	March 31, 2023
Web-Pro	Taiwan	49.00%	49.00%	49.00%

The aggregate financial information of above subsidiaries is as follows, the financial information is audited according to the IFRS which are recognized by Financial Supervisory Commission and have expressed the fair

value which is adjusted by the Combined Company in the acquisition date, besides, the financial information is the amount which is not eliminate from the Combined Company before inter transaction:

a) Aggregated financial information of Web-Pro

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 1,725,558	1,616,521	2,090,654
Non-current assets	4,592,282	4,614,903	4,605,343
Current liabilities	(389,094)	(326,911)	(316,543)
Non-current liabilities	(221,416)	(225,776)	(220,676)
Net asset	\$ 5,707,330	5,678,737	6,158,778
The carrying amount of the controlling equity at the end of the period	\$ 2,784,654	2,770,643	2,980,356

	Three Months Ended March 31	
	2024	2023
Net operating revenue	\$ 603,630	540,355
Net profit for the current period	\$ 14,762	33,468
Other comprehensive income	13,831	(1,265)
Total comprehensive income	\$ 28,593	32,203
Net profit attributable to non-controlling interests	\$ 7,234	16,399
Total comprehensive profit or loss attributable to non-controlling interests	\$ 14,011	15,780

	Three Months Ended March 31	
	2024	2023
Cash flow from operating activities	\$ 73,439	67,919
Cash flow from investing activities	(24,610)	(563,221)
Cash flow from financing activities	(4,092)	(3,495)
Impact on exchanges rates changes	3,402	822
Increase (decrease) amount on cash and cash equivalents	\$ 48,139	(497,975)
Dividends payable for the non-controlling interests	\$ -	-

(10) Real estate, plant and equipment

	Land	Housing and Buildings	Machinery equipment	Others	Total
Cost:					
Balance as of January 1, 2024	\$ 4,178,994	5,161,688	8,397,966	4,382,541	22,121,189
Addition	-	1,475	17,689	846,698	865,862
Disposal	-	-	(3,650)	(22,326)	(25,976)
Reclassification and effect of foreign exchange rate changes	-	58,184	168,139	(162,260)	64,063
Balance as of March 31, 2024	<u>\$ 4,178,994</u>	<u>5,221,347</u>	<u>8,580,144</u>	<u>5,044,653</u>	<u>23,025,138</u>
Balance as of January 1, 2023	\$ 1,344,108	3,625,582	6,350,404	2,958,091	14,278,185
Acquired from merging the companies	2,615,106	1,390,108	1,789,372	486,722	6,281,308
Addition	-	182	14,025	1,999,690	213,897
Disposal	-	-	(198)	(428)	(626)
Reclassification and effect of foreign exchange rate changes	-	6,941	52,005	(44,371)	14,575
Balance as of March 31, 2023	<u>\$ 3,959,214</u>	<u>5,022,813</u>	<u>8,205,608</u>	<u>3,599,704</u>	<u>20,787,339</u>
Accumulated depreciation:					
Balance as of January 1, 2024	\$ -	2,694,408	7,100,893	2,218,784	12,014,085
Depreciation for the period	-	50,581	97,770	42,903	191,254
Disposal	-	-	(3,650)	(22,326)	(25,976)
Reclassifications and effect of foreign exchange rate changes	-	16,506	16,297	3,527	36,330
Balance as of March 31, 2024	<u>\$ -</u>	<u>2,761,495</u>	<u>7,211,310</u>	<u>2,242,888</u>	<u>12,215,693</u>
Balance as of January 1, 2023	\$ -	2,140,069	5,239,509	1,834,154	9,213,732
Acquired from merging companies	-	369,842	1,488,106	237,937	2,095,885
Depreciation for the period	-	49,003	99,832	40,077	188,912
Disposal	-	-	(198)	(428)	(626)
Reclassifications and effect of foreign exchange rate changes	-	4,747	4,272	697	9,716
Balance as of March 31, 2023	<u>\$ -</u>	<u>2,563,661</u>	<u>6,831,521</u>	<u>2,112,437</u>	<u>11,507,619</u>
Carrying value:					
January 1, 2024	<u>\$ 4,178,994</u>	<u>2,467,280</u>	<u>1,297,073</u>	<u>2,163,757</u>	<u>10,107,104</u>
March 31, 2024	<u>\$ 4,178,994</u>	<u>2,459,852</u>	<u>1,368,834</u>	<u>2,801,765</u>	<u>10,809,445</u>
January 1, 2023	<u>\$ 1,344,108</u>	<u>1,485,513</u>	<u>1,110,895</u>	<u>1,123,937</u>	<u>5,064,453</u>
March 31, 2023	<u>\$ 3,959,214</u>	<u>2,459,152</u>	<u>1,374,087</u>	<u>1,487,267</u>	<u>9,279,720</u>

For the details of real estate, plant and equipment that have been used as guarantee for long-term loans and financing lines, please refer to Note 8 for details.

(11) Right-of-use assets

	Land use rights	Housing and buildings	Transport of equipment	Total
Right-of-use assets cost:				
Balance as of January 1, 2024	\$ 454,631	543,255	1,977	999,863
Effect of changes in exchange rate	3,334	-	-	3,334
Balance as of March 31, 2024	\$ 457,965	543,255	1,977	1,003,197
Balance as of January 1, 2023	\$ 57,125	543,255	-	600,380
Acquired from merging companies	401,619	-	1,977	403,596
Effect of changes in exchange rate	79	-	-	79
Balance as of March 31, 2023	\$ 458,823	543,255	1,977	1,004,055
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2024	\$ 104,127	120,431	1,098	225,656
Depreciation for the period	4,275	25,831	165	30,271
Effect of changes in exchange rate	735	-	-	735
Balance as of March 31, 2024	\$ 109,137	146,262	1,263	256,662
Balance as of January 1, 2023	\$ 14,078	17,104	-	31,182
Acquired from merging companies	73,751	-	439	74,190
Depreciation for the period	2,832	27,281	165	30,278
Effect of changes in exchange rate	53	-	-	53
Balance as of March 31, 2023	\$ 90,714	44,385	604	135,703
Carrying value:				
January 1, 2024	\$ 350,504	422,824	879	774,207
March 31, 2024	\$ 348,828	396,993	714	746,535
January 1, 2023	\$ 43,047	526,151	-	569,198
March 31, 2023	\$ 368,109	498,870	1,373	868,352

The land use right (including the land use right listed in investment real estate) is the Combined Company signed with the Mainland China Land and Resources Bureau to obtain the land use right of Suzhou Industrial Park and Gejiang District High-tech Industrial Development Zone in Wuhu City for the purpose of building factories. The period of using is from 2005 to 2055 and from 2012 to 2062. Besides, The Combined Company obtain the land use right to build the factories in KCN Nhon Trach III Industrial Park of Vietnam and the period of using is from 2016 to 2058.

(12) Investment property

	Housing and buildings	The usings rights of land	Total
Cost:			
Balance as of January 1, 2024	\$ 303,534	58,541	362,075
Effect of changes in exchange rate	6,524	1,258	7,782
Balance as of March 31, 2024	\$ 310,058	59,799	369,857
Balance at January 1, 2023	\$ 308,385	59,477	367,862
Effect of changes in exchange rate	2,240	432	2,672
Balance at March 31, 2023	\$ 310,625	59,909	370,534
Accumulated depreciation:			
Balance as of January 1, 2024	\$ 194,045	20,979	215,024
Depreciation for the period	2,647	303	2,950
Effect of changes in exchange rate	4,201	454	4,655
Balance as of March 31, 2024	\$ 200,893	21,736	222,629
Balance as of January 1, 2023	\$ 186,494	20,096	206,590
Depreciation for the period	2,675	306	2,981
Effect of changes in exchange rate	1,362	147	1,509
Balance as of March 31, 2023	\$ 190,531	20,549	211,080
Carrying value:			
January 1, 2024	\$ 109,489	37,562	147,051
March 31, 2024	\$ 109,165	38,063	147,228
January 1, 2023	\$ 121,891	39,381	161,272
March 31, 2023	\$ 120,094	39,360	159,454

The fair value of the Combined Company's investment property was not materially different from those disclosed in Note 6 [13] of the Consolidated Financial Statements for the year ended December 31, 2023

(13) Intangible assets

	Goodwill	Patent	Patented technology	Customer relationship	Purchased software	Other	Total
Cost:							
Balance as of January 1, 2024	\$ 56,624	23,250	127,280	34,925	364,754	1,849	608,682
Separate acquisition	-	-	-	-	6,666	-	6,666
Reclassification and effect of exchange rate changes	-	-	2,080	-	44	21	2,145
Balance as of March 31, 2024	<u>\$ 56,624</u>	<u>23,250</u>	<u>129,360</u>	<u>34,925</u>	<u>371,464</u>	<u>1,870</u>	<u>617,493</u>
Balance as of January 1, 2023	\$ 32,262	-	127,248	34,925	296,034	1,864	492,333
Acquired from merging companies	76,418	-	-	-	-	-	76,418
Separate acquisition	-	-	-	-	11,283	-	11,283
Reclassification and effect of exchange rate changes	-	-	(416)	-	487	7	78
Balance as of March 31, 2023	<u>\$ 108,680</u>	<u>-</u>	<u>126,832</u>	<u>34,925</u>	<u>307,804</u>	<u>1,871</u>	<u>580,112</u>
Accumulated amortization:							
Balance as of January 1, 2024	\$ -	4,650	80,308	7,685	314,052	1,607	408,302
Amortization for the year	-	1,162	1,937	887	15,674	5	19,665
Reclassification and effect of exchange rate changes	-	-	2,080	-	19	21	2,120
Balance as of March 31, 2024	<u>\$ -</u>	<u>5,812</u>	<u>84,325</u>	<u>8,572</u>	<u>329,745</u>	<u>1,633</u>	<u>430,087</u>
Balance as of January 1, 2023	\$ -	-	72,529	4,138	272,682	1,601	350,950
Amortization for the year	-	-	1,937	887	7,372	5	10,201
Reclassification and effect of exchange rate changes	-	-	(416)	-	6	6	(404)
Balance as of March 31, 2023	<u>\$ -</u>	<u>-</u>	<u>74,050</u>	<u>5,025</u>	<u>280,060</u>	<u>1,612</u>	<u>360,747</u>
Carrying amount:							
Balance as of January 1, 2024	<u>\$ 56,624</u>	<u>18,600</u>	<u>46,972</u>	<u>27,240</u>	<u>50,702</u>	<u>242</u>	<u>200,380</u>
Balance as of March 31, 2024	<u>\$ 56,624</u>	<u>17,438</u>	<u>45,035</u>	<u>26,353</u>	<u>41,719</u>	<u>237</u>	<u>187,406</u>
Balance as of January 1, 2023	<u>\$ 32,262</u>	<u>-</u>	<u>54,719</u>	<u>30,787</u>	<u>23,352</u>	<u>263</u>	<u>141,383</u>
Balance as of March 31, 2023	<u>\$ 108,680</u>	<u>-</u>	<u>52,782</u>	<u>29,900</u>	<u>27,744</u>	<u>259</u>	<u>219,365</u>

The Combined Company evaluate the deduction for loss to recycle amount for the goodwill during annual the financial report. The Combined Company performance the test of the deduction for loss in December 31, 2023, and goodwill didn't reduce the loss for the result, please refer to the Note 6 [14] of Consolidated Financial Statement in 2023.

In March 31, 2024 and 2023, for the three months ended March 31, 2024 and 2023, the Combined Company evaluated the operating revenue and the net profit (loss) of operating were generated the relative cash. Besides, the assessment of the budget of the operating income and profits in the future will not reduce the losses.

(14) Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank notes	\$ 1,550,000	1,490,000	950,000
Unused limit	\$ 8,504,625	8,721,559	8,343,989
Interest rate range	1.72%~2.01%	1.75%~1.85%	1.57%~2.03%

(15) Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank notes	\$ 4,225,183	3,358,841	2,717,128
Secured bank notes	1,400,000	1,440,000	1,440,000
Less: Long-term borrowings due within one year	(460,443)	(381,943)	(234,076)
Total	\$ 5,164,740	4,416,898	3,923,052
Unused limit	\$ 6,519,340	7,206,340	4,395,500
Expiry year (in year Republic of China)	113-122	113-122	112-122
Interest rate range	1.88%~2.38%	1.75%~2.27%	1.75%~2.11%

a. Borrowings and repayments

For the three months ended March 31, 2024 and 2023, the Combined Company's borrow amount of long-term loan was NT\$1,090,000 thousand and NT\$3,360,000 thousand. For the three months ended March 31, 2024 and 2023, the repayment amount of long-term loan principal was NT\$265,986 thousand and NT\$468,333 thousand.

b. Collateral for bank borrowings

Please refer to Note 8 for details on collateral pledged on secured bank borrowings.

c. Low interest loan from government

The Combined Company obtained low-interest bank loans in accordance with the "Action Plan for Welcoming Overseas Taiwanese Business to Return to Invest in Taiwan" in 2020. As of March 31, 2024, December 31, and March 31, 2023, the actual repayment preferential interest rate was 1.38%~1.73%, 1.25%~1.60% and 1.25%~1.40%, the actual amount of transfer amounted on NT\$2,214,584 thousand, NT\$2,280,070 thousand, and NT\$1,370,017 thousand. The fair value of the loans was NT\$2,174,361 thousand, NT\$2,239,880 thousand, and NT\$1,344,013 thousand based on the market interest rate of 1.88%~2.03%, 1.75%~1.90% and 1.75%~1.90%, besides, the difference of NT\$40,223 thousand, NT\$40,190 thousand, and NT\$26,004 thousand is regarded as the government subsidy and recognized as deferred income. For the three months ended March 31, 2024 and 2023, the amount of the aforementioned deferred income transferred to "other income" amounted to NT\$2,361 thousand and NT\$1,397 thousand.

d. Financial ratio agreement in loan contract

According to the provisions of the joint loan contract with the bank, the Combined Company shall calculate and maintain the agreed current ratio, debt ratio and minimum tangible net worth, and other financial ratios during the duration of the loan in accordance with the annual Consolidated Financial Statements verified by the accountant. If the aforementioned financial ratios do not meet the agreed standards, the Combined Company may submit an exemption application and improvement plan to the management bank in accordance with the provisions of the joint loan contract. Most syndicated lending banks do not regard it as a breach of contract until they reach a resolution.

The financial ratios of the Combined Company as of December 31, 2023, was in compliance with the agreed standards in the joint loan contract.

(16) Lease liabilities

The book value of the Combined Company's lease liabilities is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Current:			
Related parties	\$ 93,820	93,401	92,157
Non-related parties	\$ 9,031	11,218	12,330
Non-current:			
Related parties	\$ 265,766	289,379	359,586
Non-related parties	\$ 36,542	40,419	45,574

Please refer to Note 6 [25] for the expiry analysis.

The amounts recognized in profit or loss were as follows:

	Three Months Ended March 31	
	2024	2023
Short-term lease expense	\$ 4,510	4,013
Interest expense of lease liabilities	\$ 1,975	2,369

The amounts in the statements of cash flows are as follows:

	Three Months Ended March 31	
	2024	2023
Total cash outflows on lease	\$ 35,743	34,797

a. Lease of housings and buildings

The Combined Company leases houses and buildings as factories and dormitories. The lease term of the plant is usually five to ten years. If the lease expires, a new contract and price must be negotiated, the Combined Company will reassess the relevant right-of-use assets and lease liabilities.

b. Other leases

The Combined Company rented the part of the factory and automobiles that the lease is the expiry within one year. These leases are short-term leases. The Combined Company chooses to apply the exemption requirements and does not recognize its related right-of-use assets and lease liabilities.

(17) Operating leases - Leaser

There was no significant addition in the Company's operating lease contracts for the three months ended March 31, 2024 and 2023. Please refer to Note 6 [18] for the Consolidated Financial Statements for the year ended December 31, 2023 for the details.

(18) Employee benefits

a. Defined benefit plans

Due to the report of December 31, 2023, there was no significant market volatility, significant curtailment, reimbursement and settlement or other significant one-time events. Therefore, the pension cost in the consolidated interim financial statements was measured and disclosed by the Company according to the pension cost valued by actuary as of December 31, 2023 and 2022.

The expenses recognized were as follows:

	Three Months Ended March 31	
	2024	2023
Operating cost	\$ 29	38
Operating expenses	23	34
	\$ 52	72

b. Defined contribution plans

Pension expenses under the method of determining the appropriation of pensions are as follows:

	Three Months Ended March 31	
	2024	2023
Operating cost	\$ 16,836	15,579
Operating expenses	11,350	10,655
	\$ 28,186	26,234

(19) Income taxes

a. Income tax expenses:

	Three Months Ended March 31	
	2024	2023
Income tax for the period	\$ 15,995	18,784

- b. There was no income tax that was directly recognized in equity or other comprehensive profit or loss for the three months ended in March 31, 2024 and 2023.
- c. The ROC income tax authorities have examined the Company's income tax returns through 2021.

(20) Capital and other equity

a. Common stock

As of March 31, 2024, December 31, and March 31, 2023, the total value of nominal common stocks amounted to NT\$ 4,800,000 thousand, with a par value of NT\$ 10 per share, consisting of 4,80,000 thousand shares issued. There were 320,675 thousand shares of ordinary shares already issued.

b. Capital reserve

The details of capital surplus of the Combined Company were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Changes in net equity of associates accounted for using equity method	\$ 192,352	192,352	192,352

In accordance with the Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. The aforementioned realized capital reserve includes capital reserve resulting from premium on issuance of capital stock and earnings from donated assets received. In accordance with the provisions of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus may be capitalized, and the combined amount of any portions capitalized may not exceed 10% of the paid-in capital each year.

c. Retained earnings

According to the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, tax should be paid first to make up for previous losses, 10% of the statutory surplus reserve should be raised, and the special surplus reserve should be set aside or converted according to laws and regulations. If there is still surplus and accumulate undistributed surplus, the Board of Directors shall draft a surplus distribution plan and submit it to the shareholders meeting for resolution and distribution.

If the aforementioned profits distribution proposal is based on cash dividends, the Board of Directors shall be authorized to make a resolution and report to the shareholders meeting.

According to the Company's Articles of Incorporation, the Company is a technology- and capital-intensive industry that is in the midst of a growth period. In order to cooperate with long-term capital planning and meet shareholders' demand for cash flow, the Company's dividend policy adopts a residual dividend policy to improve the Company's growth and sustainable operation. If the Company has a surplus after the annual final accounts, it shall pay taxes in accordance with the regulations to make up for the previous losses. The 10% of the second increase is the statutory surplus reserve, and after the special surplus reserve is drawn or converted in accordance with the law. If there is still a surplus, the dividend distribution shall not be less than 10% of the aforementioned calculated surplus. When dividends are distributed, in order to consider the needs of future expansion of the scale of operations and cash flow, the proportion of annual cash dividends shall not be less than 10% of the combined cash and stock dividends of the current year.

a) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash, only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

b) Special reserve

According to FSC, when the Company distributes the distributable surplus, the net deduction of other shareholders' equity in the current year is reported, The amount of items other than the net profit after tax for the current period plus the net profit after tax for the current period is included in the undistributed earnings of the current period and the undistributed earnings of the previous period are set aside as special surplus reserves; for the deduction of other shareholders' equity accumulated in the previous period, the same amount of special surplus reserve shall not be distributed from the undistributed surplus in the previous period. If other stockholders' equity deductions are reversed afterward, the reversal may be applicable for the appropriation of earnings.

c) Earnings distribution

The 2023 and 2022 distributions of earnings were resolved at the shareholders' meetings on February 22, 2024 and February 23, 2023. The dividends distributed to owners are as follows:

	2023		2022	
	Earnings per share(TWD)	Amount	Earnings per share (TWD)	Amount
Dividends distributed to the common shareholders:				
Cash	\$ 1.20	<u>384,809</u>	2.00	<u>641,349</u>

Relevant information can be inquired through channels such as public information observatories.

d. Other equity (after tax)

	Exchange differences arising on translation of financial statements of foreign operations	Remeasurement of defined welfare plan	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	Total
January 1, 2024	(\$44,495)	(28,178)	(20,011)	(92,684)
The exchange differences yielded by net assets of overseas operating institutions:				
The Combined Company	43,860	-	-	43,860
Associates	(2,055)	-	-	(2,055)
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	10,884	10,884
Share of other comprehensive income (loss) of associates for using the equity method	-	-	2,900	2,900
Balance as of March 31, 2024	(\$2,690)	(28,178)	(6,227)	(37,095)
January 1, 2023	(\$5,823)	(34,207)	(28,805)	(68,835)
The exchange differences yielded by net assets of overseas operating institutions:				
The Combined Company	15,877	-	-	15,877
Associates	(5,623)	-	-	(5,623)
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	11,847	11,847
Balance as of March 31, 2023	\$ 4,431	(34,207)	(16,958)	(46,734)

e. Non-controlling equity (after tax)

	Three Months Ended March 31	
	2024	2023
Balance at the beginning of year	\$ 2,959,823	202,145
Acquisition of subsidiaries	-	2,964,576
Share attributable to non-controlling interests:		
Net profit of the period	3,004	12,880
The exchange differences converted by the financial statement of overseas operating institutions:	6,778	(620)
	<u>\$ 2,969,605</u>	<u>3,178,981</u>

(21) Earnings per share

a. Basic earnings per share

	Three Months Ended March	
	2024	2023
Net profit attributable to holders of common equity of the Company	\$ 36,351	49,833
The weighted average number of shares outstanding (thousand shares)	320,675	320,675
Basic earnings per share (in dollars)	<u>\$ 0.11</u>	<u>0.16</u>

b. Diluted earnings per share

	Three Months Ended March 31	
	2024	2023
Net profit attributable to holders of common equity of the Company	\$ 36,351	49,833
The weighted average number of shares outstanding (thousand shares)	320,675	320,675
Effect of potentially dilutive shares of common stocks (thousand shares):		
Impact of employee compensation	951	2,825
The weighted average number of shares outstanding (thousand shares) (After adjusting the number of dilutive potential common shares impact)	321,626	323,500
Diluted earnings per share (in dollars)	<u>\$ 0.11</u>	<u>0.15</u>

(22) Revenue from contracts with customers

a. Disaggregation of revenue

Three Months Ended March 31, 2024			
	Film sheet segment	Medical segment	Total
Primary geographical market:			
China	\$ 2,132,037	246,274	2,378,311
Taiwan	1,190,244	239,618	1,429,862
Japan	22,723	216,250	238,973
USA	-	232,481	232,481
Others	22,196	291,185	313,381
	\$ 3,367,200	1,225,808	4,593,008
Major products/services:			
Optoelectronics	\$ 3,367,200	-	3,367,200
Medical production	-	1,225,808	1,225,808
	\$ 3,367,200	1,225,808	4,593,008

Three Months Ended March 31, 2023			
	Film sheet segment	Medical segment	Total
Primary geographical market:			
China	\$ 2,018,449	208,762	2,227,231
Taiwan	990,122	202,136	1,192,258
Japan	8,940	202,650	211,590
USA	121	124,296	124,417
Others	19,387	292,061	311,448
	\$ 3,037,019	1,029,925	4,066,944
Major products/services:			
Optoelectronics	\$ 3,037,019	-	3,037,019
Medical production	-	1,029,925	1,029,925
	\$ 3,037,019	1,029,925	4,066,944

b. Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023
Notes and accounts receivable (including related parties)	\$ 3,389,196	3,153,275	3,096,724
Deduction: Allowance for loss	(22,412)	(21,749)	(33,047)
Total	\$ 3,366,784	3,131,526	3,063,677

	March 31, 2024	December 31, 2023	March 31, 2023
Contract liabilities (accounted under other current liabilities)	\$ 51,212	63,386	68,395

Refer to Note 6 [4] for details on accounts receivable and related loss allowance.

Amount of contract liabilities for the period starting from January 1, 2024 and 2023, have been recognized as income for the three months ended March 31, 2024 and 2023 that were NT\$51,152 thousand and NT\$45,936 thousand, respectively.

(23) Employee and directors' compensation

According to the Company's Articles of Incorporation, if there is any profit in the year, 5%-20% shall be allocated for employee compensation and no more than 1% for directors' compensation. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration. The employee compensation in the preceding paragraph may include employees of affiliated companies who meet certain conditions for the payment of stocks or cash.

For the three months ended March 31, 2024 and 2023, BenQ accrued the remuneration to employees amounting to NT\$4,570 thousand and NT\$6,370 thousand, respectively, remuneration to directors amounting to NT\$343 thousand and NT\$478 thousand respectively, and the remuneration to directors were estimated based on the amount expected to pay and recognized together with the remuneration to employees as cost of sales or operating expenses. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year's profit or loss.

Remuneration to employees for 2023 and 2022, in the amounting to NT\$52,739 thousand and NT\$165,978 thousand, respectively, remuneration to directors amounting to NT\$3,955 thousand and NT\$12,448 thousand, respectively, in cash for payment had been approved in the meeting of board of directors. The information about the remuneration to employees and directors is available at the Market Observation Post System website.

(24) Non-operating profit and loss

a. Interest revenue

	Three Months Ended March 31	
	2024	2023
Interest on bank deposits	\$ 5,166	6533

b. Other Income

	Three Months Ended March 31	
	2024	2023
Government subsidy revenue	\$ 21,152	3,018

c. Other gains and losses

	Three Months Ended March 31	
	2024	2023
Profits (losses) foreign currency exchange	160,862	(21,481)
Net loss from financial assets (liabilities) measured at fair value through profits (losses) - derivative instruments	(223,941)	(13,110)
Disposal of real estate, plant and equipment interests	5	-
Others	3,418	9,500
	(\$59,656)	(25,091)

d. Finance costs

	Three Months Ended March 31	
	2024	2023
Interest expense of bank loans	(\$28,629)	(27,177)
Lease liabilities	(1,975)	(2,369)
	(\$30,604)	(29,546)

(25) Types of financial instruments and fair value

Except as described below, the fair value of the Combined Company's financial instruments and the exposure to credit risk, liquidity risk and market risk were not materially different from those disclosed in Note 6 [26], [27] of the Consolidated Financial Statements for the year ended December 31, 2023.

a. Types of financial instruments

a) Financial assets

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets at fair value through profit or loss:			
Foreign currency forward contract	\$ -	28,075	1,441
Foreign exchange swaps	-	36,591	-
Subtotal	-	65,296	1,441
Financial assets at fair value through profit or loss	170,731	159,847	162,900
Financial assets at amortized cost:			
Cash and cash equivalents	787,144	619,690	1,643,368
Notes and accounts receivable and other receivables (including related parties)	3,513,170	3,211,787	3,260,199
Other financial assets - current	782,257	775,344	607,375
Guarantee deposits paid	16,278	16,367	16,622
Subtotal	5,098,849	4,623,188	5,527,564
Total	\$ 5,269,580	4,848,331	5,691,905

b) Financial liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Financial liabilities at fair value through profit or loss:			
Foreign currency forward contract	\$ 2,204	-	4,708
Foreign exchange swaps	32,237	-	4,940
Subtotal	34,441	-	9,648
Financial liabilities measured at amortized cost:			
Short-term borrowings	1,550,000	1,490,000	950,000
Notes and accounts payable and other payables (including related parties)	4,159,414	4,238,944	4,546,773
Dividends payable	384,809	-	641,349
Long-term borrowings (including loans due within one year)	5,625,183	4,798,841	4,157,128
Lease liabilities – current and non-current (including related parties)	405,159	434,417	509,647
Guarantee deposit received	8,976	11,117	11,009
Subtotal	12,133,541	10,973,319	10,815,906
Total	\$ 12,167,982	10,973,319	10,825,554

b. Liquidity risk

Current risk refers to the risk that the Combined Company fails to deliver cash or other financial assets to pay off financial liabilities and fails to fulfill relevant obligations. The Combined Company regularly monitors current and expected medium and long-term funding needs, and manages liquidity risks by maintaining sufficient cash and cash equivalents and bank financing lines, and ensuring compliance with the terms of the loan contract.

The unused loan amounts of the Combined Company as of March 31, 2024, December 31, and March 31, 2023 totaled NT\$15,023,965 thousand, NT\$15,927,899 thousand and NT\$12,739,489 thousand, respectively.

The following table illustrates the analysis of the remaining contractual maturity of financial liabilities during the agreed repayment period of the Combined Company, including interest payable, which is based on the earliest date on which the Combined Company may be required to repay and is compiled with undiscounted cash flows.

	Contractual cash flows	Within 6 months	6-12 months	1-5 years	More than 5 years
March 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,556,743	1,055,320	501,423	-	-
Accounts payable (including related parties)	2,912,511	2,912,511	-	-	-
Other payables (including related parties)	1,246,903	1,246,903	-	-	-
Dividends payable	384,809	384,809	-	-	-
Long-term borrowings (including loans due within one year) (floating rate)	5,989,067	251,555	323,577	4,856,757	557,178
Lease liabilities (including related parties)	420,502	53,691	55,590	297,050	14,171
Guarantee deposit received	8,976	2,676	-	2,793	3,507
	\$ 12,519,511	5,907,465	880,590	5,156,600	574,856
Derivative financial instruments					
Foreign currency forward contracts - total delivery:					
Inflow	(\$671,166)	(671,166)	-	-	-
Outflow	673,370	673,370	-	-	-
Foreign exchange swaps - net delivery	32,237	32,237	-	-	-
	\$ 34,441	34,441	-	-	-
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,499,828	996,134	503,694	-	-
Accounts payable (including related parties)	2,820,685	2,820,685	-	-	-
Other payables (including related parties)	1,418,259	1,418,259	-	-	-
Long-term borrowings (including loans due within one year) (floating rate)	5,084,845	174,296	294,195	3,785,468	830,886
Lease liabilities (including related parties)	451,664	58,190	53,327	324,504	15,643
Guarantee deposit received	11,117	1,915	1,742	3,044	4,416
	\$ 11,286,398	5,469,479	852,958	4,113,016	850,945

	Contractual cash flows	Within 6 months	6-12 years	1-5 years	More than 5 years
March 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 956,302	554,664	401,638	-	-
Accounts payable (including related parties)	2,821,233	2,821,233	-	-	-
Other payables (including related parties)	1,725,540	1,725,540	-	-	-
Dividends payable	641,349	641,349	-	-	-
Long-term borrowings(including loans due within one year) (floating rate)	4,467,175	150,637	160,551	3,889,566	266,421
Lease liabilities (including related parties)	533,297	54,419	58,375	400,446	20,057
Guarantee deposit received	11,009	1,933	989	5,258	2,829
	\$ 11,155,905	5,949,775	621,553	4,295,270	289,307
Derivative financial instruments					
Foreign currency forward contracts - total delivery:					
Inflow	(\$357,812)	(357,812)	-	-	-
Outflow	362,520	362,520	-	-	-
Foreign exchange swaps - net delivery	4,940	4,940	-	-	-
	\$ 9,648	9,648	-	-	-

The Combined Company does not expect that the occurrence timing of cash flow analyzed on due date would arrive significantly earlier, or the actual amount would significantly vary.

c. Exchange rate risk

The exchange rate risk of the Combined Company mainly comes from foreign currency denominated cash and cash equivalents, accounts receivable (payment) (including related parties), other receivables (payments) (including related parties), bank loans, etc. Foreign currency exchange gains and losses occur at the time of conversion. The book values of major monetary assets and liabilities of the Combined Company that are not denominated in functional currencies at the reporting date are as follows (including monetary items denominated in non-functional currencies that have been offset in the Consolidated Financial Statements):

Currency Unit: NT\$ Thousand

March 31, 2024					
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact
Financial assets					
Monetary items					
USD	\$ 145,734	32.000	4,663,488	1%	46,635
JPY	128,108	0.2115	27,095	1%	271
Financial liabilities					
Monetary items					
USD	60,407	32.000	1,933,024	1%	19,330
JPY	6,546,257	0.2115	1,384,533	1%	13,845
December 31, 2023					
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact
Financial assets					
USD	\$ 130,563	30.750	4,014,812	1%	40,148
JPY	102,223	0.2175	22,234	1%	222
Financial liabilities					
USD	52,494	30.750	1,614,191	1%	16,142
JPY	6,753,814	0.2175	1,468,955	1%	14,690
March 31, 2023					
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact
Financial assets					
Monetary items					
USD	\$ 147,409	30.480	4,493,026	1%	44,930
JPY	185,003	0.2286	42,292	1%	423
Financial liabilities					
Monetary items					
USD	68,942	30.480	2,101,352	1%	21,014
JPY	6,750,979	0.2286	1,543,274	1%	15,433

As the Combined Company deal in diverse functional currencies, gains and losses on monetary items were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gains (losses) for the three months ended March 31, 2024 and 2023, please refer to the Note 6 [24] for details.

d. Fair value information

a) Financial instruments not measured at fair value

The management of the Combined Company believes that the financial assets and financial liabilities of the Combined Company classified as amortized cost is close to their fair value in the Consolidated Financial Statements.

b) Financial instruments measured at fair value

The following financial instruments are measured at fair value for the basis of repeatability. The table below provides an analysis of financial instruments measured subsequently to initial recognition at fair value, which are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Each level of the fair value hierarchy is defined as follows:

- A. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- B. Level 2: Other than quoted prices included within Level 1, inputs are observable for the asset or liability, either directly (ie. as prices) or indirectly (i.e. derived from prices).
- C. Level 3: Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

March 31, 2024					
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income:					
Stocks listed in the emerging stock market in Taiwan	\$ 74,743	-	74,743	-	74,743
Non-listed Stocks	95,988	-	-	95,988	95,988
	\$ 170,731	-	74,743	95,988	170,731
Financial liabilities at FVTPL:					
Foreign currency forward contracts	(\$2,204)	-	(2,204)	-	(2,204)
Foreign exchange swaps	(32,237)	-	(32,237)	-	(32,237)
	(\$34,441)	-	(34,441)	-	(34,441)
December 31, 2023					
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL:					
Foreign currency forward contracts	\$ 28,705	-	28,705	-	28,705
Foreign exchange swaps	36,591	-	36,591	-	36,591
	\$ 65,296	-	65,596	-	65,296
Financial assets at fair value through other comprehensive income:					
Stocks listed in the emerging stock market in Taiwan	\$ 63,840	-	63,840	-	63,840
Non-listed Stocks	96,007	-	-	96,007	96,007
	\$ 159,847	-	63,840	96,007	159,847

March 31, 2023					
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL:					
Foreign currency forward contracts	\$ 1,441	-	1,441	-	1,441
Financial assets at fair value through other comprehensive income:					
Stocks listed in the emerging stock market in Taiwan	66,595	-	66,595	-	66,595
Non-listed Stocks	96,305	-	-	96,305	96,305
	\$ 162,900	-	66,595	96,305	162,900
Financial liabilities at FVTPL:					
Foreign currency forward contracts	(\$4,708)	-	(4,708)	-	(4,708)
Foreign exchange swaps	(4,940)	-	(4,940)	-	(4,940)
	(\$9,648)	-	(9,648)	-	(9,648)

e. The assessment methods and assumptions followed for assessing fair value

a) Non-derivative financial instruments

If there is open quotation to financial instruments at active market, then the open quotation will be taken as fair value.

If the public quotation of a financial instrument can be obtained from an exchange, broker, underwriter, industry association, pricing service agency or competent authority in a timely and frequent manner, and the price represents the actual and regular fair market transactions, then the financial instrument has an active market quotation. If the aforesaid conditions fail, the market is not deemed as active.

The fair value of the domestic stocks held by the Combined Company is estimated based on the average transaction price of the stock market on the day.

The fair value of the Combined Company's holding of unlisted stocks for which no active market exists is estimated by using the market approach, which refers to the valuation of similar entities, the net worth of an entity and the operating performance. In addition, the significant unobservable inputs mainly comprise liquidity discount, in which the possible changes would not result in a potentially material financial effect. Therefore, the Combined Company does not disclose the quantitative information.

b) Derivative financial instruments

It is evaluated with evaluation model widely accepted by market users. The foreign currency forward contracts and the foreign exchange swaps are usually valued based on current forward exchange rates.

f. Fair value level and transfer

The Combined Company did not have any financial assets and liabilities transferred in the fair value hierarchy for the three months ended March 31, 2024 and 2023.

g. Level 3 sheet of changes

Financial assets measured at fair value through other comprehensive profit and loss:

	Three Months Ended March 31	
	2024	2023
Beginning balances	\$ 96,007	96,504
Changes in other comprehensive profit and loss recognized in the current period	(19)	(199)
Ending balances	<u>\$ 95,988</u>	<u>96,305</u>

(26) Financial risk management

Both the goals and policies of the Combined Company's financial risk management were not materially different from those disclosed in Note 6 [27] of the Consolidated Financial Statements for the year ended December 31, 2023.

(27) Capital management

The objectives, policies and procedures of the Combined Company's capital management have been applied consistently with those described in the Consolidated Financial Statements for the year ended December 31, 2023. For the relevant information, please refer to Note 6 [28] for the Consolidated Financial Statements for the year ended December 31, 2023.

(28) Non-cash transactions of investments and financing activities

- a. For details of the acquisition of the right-of-use assets by the Combined Company through leasing for the three months ended March 31, 2024 and 2023, please refer to Note 6 [11].

b. Only part of the received cash of investments activities:

a) Acquisition of the real estate, plant and equipment

	Three Months Ended March 31	
	2024	2023
Increase of the real estate, plant and equipment	\$ 865,862	213,897
Deduction: Equipment payable at the end of the year	(177,933)	(227,040)
Increase: Equipment payable at the beginning of the year	210,743	155,669
Increase: Reclassification from equipment payable in advance	-	(4)
Net cash outflows from acquired the real estate, plant and equipment for the period	<u>\$ 898,672</u>	<u>142,522</u>

b) Merger of the subsidiaries

	Three Months Ended March 31	
	2024	2023
Acquisition cost from subsidiaries	\$ -	3,161,999
Deduction: Accounts payable for the end of the year	-	(316,200)
Cash and equivalent cash listed on the subsidiaries from acquisition date	-	(1,380,961)
Net cash outflows from mergeing the subsidiaries for the period	<u>\$ -</u>	<u>1,464,838</u>

c. The adjustment of liabilities from financing activities is as follows:

	January 1, 2024	Cash flows	Changes in non-cash		March 31, 2024
			Effect from the subsidiaries merged in the first time	Assessment adjustment	
Short-term borrowings	\$ 1,490,000	60,000	-	-	1,550,000
Long-term borrowings (including loans due within one year)	4,798,841	824,014	-	2,328	5,625,183
Guarantee deposit received	11,117	(2,141)	-	-	8,976
Lease liabilities (including related parties)	434,417	(29,258)	-	-	405,159
Total liabilities from financing activities	<u>\$ 6,734,375</u>	<u>852,615</u>	<u>-</u>	<u>2,328</u>	<u>7,589,318</u>

	Changes in non-cash				
			Effect from the subsidiaries merged in the first time	Assessment adjustment	
	January 1, 2023	Cash flows			March 31, 2023
Short-term borrowings	\$ 1,051,460	(101,460)	-	-	950,000
Long-term borrowings	1,265,488	2,891,667	-	(27)	4,157,128
Guarantee deposit received	12,923	(2,281)	367	-	11,009
Lease liabilities (including related parties)	526,908	(28,415)	11,154	-	509,647
Total liabilities from financing activities	\$ 2,856,779	2,759,511	11,521	(27)	5,627,784

7. Related Party Transactions

(I) The names and relationships of related parties

Name of related parties	Relationship with the Company
Qisda Corporation (Qisda)	Parent company of the Combined Company
Visco Vision Inc. (Visco Vision)	Affiliated company of the Combined Company
MLK Bioscience Co., Ltd	Affiliated company of the Company
Visco Technology Sdn. Bhd.(VVM)	Subsidiary of Visco Vision
Other related parties:	
BenQ Foundation	The actual related parties of Qisda
Suzhou BenQ Foundation	The actual related parties of Qisda
Darfon Electronics Corp. (Darfon)	Affiliated company of Qisda
NORBEL BABY CO., LTD.	Affiliated company of Qisda
AU Optronics Corp. (AU)	The corporate shareholder of Qisda accounting for using the equity method
AU Optronics (Suzhou) Corp. (AUS)	Subsidiary of AUO
AU Optronics (Kunshan) Corp.	Subsidiary of AUO
AU Optronics (Xiamen) Corp. (AUX)	Subsidiary of AUO
Darwin Precisions Industry (Xiamen) Corp.	Subsidiary of AUO
Darwin Precisions Industry Corp.	Subsidiary of AUO
Fuxun Optoelectronics Industry (Suzhou) Co.,	Subsidiary of AUO
AUO Display Plus Corp.	Subsidiary of AUO
Suzhou BenQMedical Hospital (SMH)	Subsidiary of Qisda
Aon Medical Equipment Trading (Suzhou)	Subsidiary of Qisda
Lily-Medical Corp.	Subsidiary of Qisda
Darly Venture Inc.	Subsidiary of Qisda
Darly Consulting Corporation	Subsidiary of Qisda
BenQ Asia Pacific Corp.	Subsidiary of Qisda
BenQ Asia Pacific Singapore Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific Thailand Co., Ltd.	Subsidiary of Qisda
ACE Energy Co., Ltd	Subsidiary of Qisda
Metaguru Corporation	Subsidiary of Qisda
BenQ Corp.	Subsidiary of Qisda
BenQ Technology (Shanghai) Co., Ltd.	Subsidiary of Qisda
Partner Tech Corp.	Subsidiary of Qisda
BenQ Medical Technology Corp.	Subsidiary of Qisda
BenQ AB DentCare Corporation	Subsidiary of Qisda
BenQ HEALTHCARE CORPORATION	Subsidiary of Qisda
BenQ Intelligent Technology (Shanghi) Co., Ltd	Subsidiary of Qisda
Metaage Corporation	Subsidiary of Qisda
Ace Pillar Co., Ltd.	Subsidiary of Qisda

(Continued on the next page)

Name of related parties	Relationship with the Combined Company
Suzhou Qusida Optoelectronics Co., Ltd	Subsidiary of Qisda
Data Image Crop.	Subsidiary of Qisda
Aewin Technologies Co., Ltd	Subsidiary of Qisda
AdvancedTEK International Crop.	Subsidiary of Qisda
Global intelligence Network Co., Ltd	Subsidiary of Qisda
Simula Technology Inc.	Subsidiary of Qisda
BenQ Medical Equipment (Shanghai) Co., Ltd.	Subsidiary of Qisda
Alpha Network Inc.	Subsidiary of Qisda
Epic Cloud information Intergation Corp.	Subsidiary of Qisda
Statinc Company	Subsidiary of Qisda
Action Star Technology Co., Ltd.	Subsidiary of Qisda
Standard Technology Corp.	Subsidiary of Qisda
CONCORD MEDICAL CO., LTD	Subsidiary of Qisda
EASTECH CO., LTD	Subsidiary of Qisda
Diva Laboratories Ltd.	Subsidiary of Qisda
Transnet Corporation	Subsidiary of Qisda
GOLDEN SPIRIT CO., LTD	Subsidiary of Qisda
Bigmin Bio-Tech Company Ltd	Subsidiary of Qisda
E-STRONG MEDICAL TECHNOLOGY CO., LTD	Subsidiary of Qisda
CONCORD Healthcare Corporation	Subsidiary of Qisda

(2) Significant transactions with related parties

a. Sales revenue

	Three Months Ended March 31	
	2024	2023
Other related parties:		
AU	\$ 1,055,370	833,044
AUS	177,340	229,361
AUX	137,871	192,033
Others	6,218	3,876
Affiliated of company - VVM	39,189	35,903
	\$ 1,415,988	1,294,217

The transaction price sold to related parties is not significantly different from the general sales prices, except that there is no general action price to compare due to the different specifications of some commodities. The collection period is 60~120 days, which is not significantly different from ordinary transactions.

b. Purchases

	Three Months Ended March 31	
	2024	2023
Affiliated of company-Visco Vision	\$ 141,364	63,526

The price at which the Combined Company purchases goods from related parties cannot be compared with the general transaction price due to different product specifications. It is performed in accordance with the agreed purchase price and conditions.

c. Property transaction

The aggregated prices of the Combined Company acquired other assets from related parties were as follows:

Related-party categories	Account	Three Months Ended March 31	
		2024	2023
Other related parties	Intangible assets	4,572	6,178
Other related parties	Real estate, plant and equipment	101	-
		\$ 4,673	6,178

d. Lease

The Combined Company rent and pay for the plants and offices from AUO, and the rent is paid on a monthly basis with reference to the rent prices in the neighboring areas. For the three months ended March 31, 2024, and 2023, recognized the related interest expense as the lease liabilities, which amounted to NT\$1,677 thousand and NT\$2,089 thousand. As of March 31, 2024, December 31, and March 31, 2023, the lease liabilities amounted to \$359,586 thousand, NT\$382,780 thousand and NT\$451,743 thousand, respectively.

The Combined Company rent its plants and offices to related parties. The aggregated rental income (are recorded under the operating revenue) was as follows:

	Three Months Ended March 31	
	2024	2023
Other related parties	\$ 278	353

e. Donation

As of the three months ended March 31, 2024 and 2023, the Combined Company donated to Suzhou BenQ Foundation, amounted to NT\$1,094 thousand, and NT\$1,102 thousand, respectively.

f. Dividend

- a) As of March 31, 2024, December 31, and March 31, 2023, the dividends receivable of the related parties (are recorded under the other receivable - related parties) for the Combined Company, the details are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Affiliated of company	\$ 22,401	-	51,336

- b) As of March 31, 2024, December 31, and March 31, 2023, the dividends payable of the related parties (are recorded under the dividends payable) for the Combined Company, the details are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
The parent company	\$ 52,391	-	87,319
Other related parties	115,237	-	192,062
	\$ 167,628	-	279,381

g. Operating costs and expenses

The detail of operating costs and expenses incurred by the Company for services such as technical consulting, marketing promotion, and the expenses of disbursement by related parties are as follows:

Account item	Related parties category	Three Months Ended March 31	
		2024	2023
Operating costs	Parent company	\$ 372	-
	Other related parties	1,089	478
Operating expenses	Parent company	1,250	1,250
	Other related parties	4,222	2,616
		\$ 6,933	4,344

h. Accounts receivable from related parties

In summary, the Company's accounts receivable of related parties are detailed below:

Account	Related-party categories	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable - related parties, net	Others related parties- AUO	\$ 1,065,741	770,725	419,407
	Others related parties- AUS	69,733	69,998	79,218
	Other related parties- AUX	36,283	51,067	78,956
	Other related parties- others	6,629	8,003	4,961
	Affiliated company - VVM	26,654	29,811	23,273
	Other affiliated companies	-	340	-
	Parent company	499	509	-
	Subtotal	<u>1,205,539</u>	<u>930,453</u>	<u>605,815</u>
Other receivables – related parties	Other related-parties	-	23	58
	Affiliated company - Visco	22,041	-	51,336
	Parent company	31	31	-
	Subtotal	<u>22,432</u>	<u>54</u>	<u>51,394</u>
		<u>\$ 1,227,971</u>	<u>930,507</u>	<u>657,209</u>

The Combined Company entered factoring contracts with financial institutions to sell its accounts receivable from related parties without recourse. The relevant information related to the transfer of creditor's rights in accounts receivable from related parties that meets the derecognition conditions is as follows:

March 31, 2024

Underwriter	Factored amount	Amount of advance available	Advance amount	Amount transferred to other accoiunts receivable (Note 6 [5])	Range of interest rate	Other important matters
CTBC Bank	\$ 276,667	-	249,000	27,667	1.95%	None -
Mega Bank	53,333	-	48,000	5,333	6.37%	Promissory note 150,000
	\$ 330,000	-	297,000	33,000		150,000

December 31, 2023

Underwriter	Factored amount	Amount of advance available	Advance amount	Amount transferred to other accoiunts receivable (Note 6(5))	Range of interest rate	Other important matters
CTBC Bank	\$ 306,666	-	276,000	30,666	1.97%	None -

March 31, 2023

Underwriter	Factored amount	Amount of advance available	Advance amount	Amount transferred to other accoiunts receivable (Note 6(5))	Range of interest rate	Other important matters
Mega Bank	\$ 474,133	-	426,720	47,413	5.97%	Promissory note 150,000
CTBC Bank	387,773	-	348,996	38,777	5.74%	None -
	\$ 861,906	-	775,716	86,190		150,000

i. Accounts payable – related parties

In summary, the Company's accounts payable – related parties are detailed below:

Account	Categories of the related parties	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable - related parties	Associates - Visco Vision	\$ 100,416	54,473	55,002
Other payables - related parties	Other related parties	30,933	28,128	18,848
	Parent company	3,118	1,659	5,469
	Subtotal	34,051	29,787	24,317
		\$ 134,467	84,260	79,319

(3) Compensation of major managerial personnel

	Three Months Ended March 31	
	2024	2023
Short-term employee benefits and compensation	\$ 11,303	11,069
Retirement benefits	81	81
	\$ 11,384	11,150

8. Pledged assets

The details of the carrying value of pledged assets by the Combined Company were as follows:

Asset name	Purpose of pledge	March 31, 2024	Dece. 31, 2023	March 31, 2023
Land, buildings and structures	Pledges of long-term borrowings	\$ 851,436	605,565	1,543,609
Other financial assets - current	Customs deposits	10,991	9,675	9,515
Other financial assets - current - deposit certificated	Project guarantee deposits	-	4,608	4,608
Other financial assets - non-current - deposit certificated	Performance guarantee bonds	9,252	9,252	9,252
		\$ 871,679	629,100	1,566,984

9. Material contingent liabilities and unrecognized contractual commitments

Significant unrecognized contract commitments:

	March 31, 2024	December 31, 2023	March 31, 2023
Unused letters of credit issued	\$ 947,726	630,311	1,585,844
Signed and unpaid major engineering and equipment payments	2,619,854	2,803,717	2,112,183

10. Significant Loss from disaster: None

11. Significant subsequent events: None

12. Others

(1) The function of employee benefits, depreciation, and amortization expenses are summarized as follows:

Function Nature	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses:						
Salaries expenses	375,996	228,093	604,089	362,046	210,266	572,312
Labor insurance and national health insurance	35,345	18,920	54,265	34,442	18,745	53,187
Pension expenses	16,865	11,373	28,238	15,617	10,689	26,306
Other employee benefits expenses	25,783	9,557	35,340	21,091	8,681	29,772
Depreciation	185,722	38,753	224,475	186,361	35,810	222,171
Amortization	8,132	11,533	19,665	2,286	7,915	10,201

(2) The Combined Company's operations are not materially influenced by seasonality or periodicity

13. Additional disclosures

(I) Information on significant transactions:

For the three months ended March 31, 2024, the Combined Company should disclose relevant information on significant transactions in accordance with preparation of financial reports:

a. Financing provided to other parties:

(Unit: NT\$ thousand)

No	Lending company	Lending subject	Contact accounts	Whether he/she is related party	Highest endorsement or guarantee amount for current period	Balance at the end of year	Actual amount expenditure	Interest rate range	Nature of financing (Note 4)	Transaction amount	Reason for financing	Allowance for allowance for loss amount	Collateral		Limit on loans granted to a single party	Fund loan and total limit	Note
													Name	Value			
1	BMS (Note 1)	BenQ Materials (Wuhu) Corp.	Other receivables - related parties	Yes	1,173,844 (RMB 265,000)	1,173,844 (RMB 265,000)	887,249 (RMB 200,300)	1.30%	2	-	Operating turnover	-	-	-	1,945,985	1,945,985	(Note 1)
2	BMS (Note 1)	BenQ Materials Medical (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	442,960 (RMB 100,000)	442,960 (RMB 100,000)	30,564 (RMB 6,900)	1.30%	2	-	Operating turnover	-	-	-	1,945,985	1,945,985	(Note 1)
3	Web-Pro	Web-Pro (Vietnam Co., Ltd)	Other receivables - related parties	Yes	224,000 (USD 7,000)	224,000 (USD 7,000)	128,000 (USD 4,000)	2.87%	2	-	Operating turnover	-	-	-	637,800	1,275,600	(Note 2)
4	DTB	BenQ Materials Medical (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	35,437 (RMB 8,000)	35,437 (RMB 8,000)	16,390 (RMB 3,700)	1.30%	2	-	Operating turnover	-	-	-	38,842	38,842	(Note 3)

(Note 1): The total amount of the BMS fund loan and the 100%-owned subsidiary of the ultimate parent company and the fund loan and limit for individual objects are the net value of the latest financial statement of BMS with the certificate of accountant.

(Note 2): The maximum limit for the total amount of the Web-Pro fund loan is set at 40% of the most recent audited net asset value of the financial statements, certified by the accountant. Individual loan amounts shall not exceed 20% of the most recent audited net asset value of the financial statements, certified by the accountant.

(Note 3): The total amount of the DTB fund loan and the 100%-owned subsidiary of the ultimate parent company and the fund loan and limit for individual objects are the net value of the latest financial statement of DTB with the certificate of accountant

(Note 4): Those who have business dealings with the nature of capital loans are 1, and 2 for those who require short-term financing.

(Note 5): It has already been written off during compilation of the Consolidated Financial Statements.

b. Endorsements and guarantees provided for others: None.

- c. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliated and joint equity):

Name of company held	Type and name of marketable securities	Relationship with the securities issuer	Listed accounts	Ending Balance				Note
				Shares	Book amount	Ownership (%)	Fair Value	
BenQ	Shares of Biodenta Corporation	-	Financial assets at fair value through the profit and loss	225	(Note)	2.50%	-	-
BenQ	Shares of Lagis Corporation	-	Financial assets at fair value through other comprehensive income	1,680	74,743	5.25%	74,743	-
BenQ	Shares of Summed Corporation	-	Financial assets at fair value through other comprehensive income	300	1,910	2.73%	1,910	-
BenQ	Shares of Cuumed Catheter Medical Co., Ltd	-	Financial assets at fair value through other comprehensive income	3,429	94,078	8.76%	94,078	-

(Note): It was all recognized as impairment losses.

- d. Acquisition or sale of the same security with the accumulated cost reaching NT\$300 million or more than 20% of the paid-in capital or more: None
- e. Acquisition of the real estate reaching NT\$300 million or more than 20% of paid-in capital or more: None.
- f. Disposal of the real estate reaching NT\$300 million or more than 20% of paid-in capital or more: None.

g. Those who purchase or sell with a related party in the amount of NT\$100 million or more than 2% of the paid-in capital.

Purchaser (seller)	Counter party	Relationship with the counter party	Transaction detail				Differences in transaction terms compared to third-party transactions		Notes/accounts receivable (payable)		Commentary
			Purchases (sales)	Amount	Ratio to total purchase (sell)	Credit period	Unit price	Credit period	Balance	Ratio to total notes or accounts receivable (payable)	
BenQ	AUO	Other related parties	Sales	1,055,370	27%	OA90	(Note 1)	(Note 3)	1,065,741	33%	
BenQ	AUS	Other related parties	Sales	177,340	5%	OA90	"	"	69,733	2%	
BenQ	AUX	Other related parties	Sales	137,871	4%	OA90	"	"	36,283	1%	
BenQ	BMM	Parent company and subsidiary	Sales	184,921	5%	OA180	"	"	342,362	11%	(Note 4)
BenQ	BMS	Parent company and subsidiary	Purchases	(229,318)	10%	OA180	(Note 2)	"	(595,774)	18%	(Note 4)
BenQ	Visco Vision	Joint venture	Purchases	(141,364)	6%	OA60	"	"	(100,416)	3%	

(Note 1): The price of the Company's sales to related parties is not significantly different from the general sales except that there is no general transaction price to compare due to the different specifications of some products.

(Note 2): The Company's purchase price from related parties is incomparable with the general transaction price due to different product specifications. It is processed in accordance with the agreed purchase price and conditions.

(Note 3): There is no significant difference between the transaction price and general transaction.

(Note 4): The transactions have been eliminated when preparing the Consolidated Financial Statements.

(Note 5): For purchases and sales with subsidiaries, only the amount of the parent company will be disclosed, and the amount of its subsidiary will not be restated.

h. Receivables from related parties reaching NT\$100 million or more than 20% of paid-in capital or more:

Company name	Counter party	Relationship	Balance dues from related parties	Turnover rate (Note 1)	Overdue receivables		Amount collected subsequent to the balance sheet date	Provision for allowance for loss amount
					Amount	Diposal of method		
BenQ	AUO	Other related parties	1,065,741	4.47	-	-	-	-
BMS (Note 2)	BenQ	Parent company and subsidiary	595,774	1.66	-	-	59,584	-
BenQ (Note 2)	BenQ	Parent company and subsidiary	342,362	2.56	-	-	-	-

(Note 1): The turnover rate is calculated by adding back of the amount of account receivables sold to financial institutions.

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

i. Trading in derivative instruments: The transactions information of trading in derivative instruments by the Combined Company, please refer to Note 6 [2] for the Consolidated Financial Statements for the details.

j. Business relationships and significant intercompany transactions among parent and subsidiaries:

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Transaction (Note 3)			
				Account	Amount	Transaction term	Percentage of consolidated total operating revenues or total assets (Note 4)
0	BenQ	BMM	1	Accounts receivable	342,362	OA180	1.60%
0	BenQ	BMM	1	Sales	184,921	OA180	4.03%
0	BenQ	Sigma-Medical	1	Sales	72,865	OA180	1.59%
1	BMS	BenQ	2	Accounts receivable	595,774	OA180	2.78%
1	BMS	BenQ	2	Processing income	229,318	OA180	4.99%

(Note 1): The number is filled in as follows:

1) Number 0 represents the parent.

2) Subsidiaries are numbered in order from number 1.

(Note 2): The transaction relationships with the counterparties are as follows:

- 1) The parent to the subsidiary.
- 2) The subsidiary to the parent.
- 3) The subsidiary to another subsidiary.

(Note 3): The significant inter-company transactions, only the transactions of sales and accounts receivable have been disclosed, over consolidated operating and assets up to 1%, due to the amounts of transactions of purchases and accounts payable between the Company and related parties are insignificant, combined disclosure is adopted.

(Note 4): The percentage is divided by consolidated operating revenues or consolidated total assets.

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

(2) Information on investees:

The information of investee companies for the three months ended March 31, 2024 (excluding investees in China):

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of March 31, 2024			Net profit (loss) of the investee for the current period	Investment income (loss) recognized for the period	Commentary
				Balance as of March 31, 2024	Balance as of Dec. 31 2023	Number of shares	Ownership(%)	Carrying amount			
BenQ	BMLB	Malaysia	Holding company	499,790	499,790	14,082	100.00%	1,665,719	(29,424)	(29,424)	(Note 1)
BenQ	Sigma-Medical	Taiwan	Manufacture and sales of medical consumables and equipment	231,727	231,727	2,000	100.00%	42,987	4,558	4,438	(Note 1)
BenQ	Visco Vision	Taiwan	Manufacture and sales of contact lenses	168,771	168,771	9,334	14.82%	458,288	170,372	22,350	-
BenQ	Cenefom	Taiwan	R&D, manufacture and sales of medical consumables and equipment	272,968	272,968	11,646	50.98%	209,698	(6,993)	(4,273)	(Note 1)
BenQ	Genejet	Taiwan	R&D, manufacture and sales of medical consumables and equipment	47,860	47,860	4,070	75.63%	44,530	48	(375)	(Note 1)
BenQ	Web-Pro	Taiwan	R&D, manufacture and sales of hygienic medical production	3,161,999	3,161,999	35,700	51.00%	2,922,676	21,828	7,529	(Note 1)
BenQ	MLK	Taiwan	R&D, and sales of medical consumables and equipment	6,000	6,000	217	20.00%	4,022	(278)	(56)	-
BenQ	Coatmed	Taiwan	Sales of medical consumables and equipment	5,980	5,980	598	9.98%	4,230	(273)	(27)	-
Web-Pro	WPSG	Singapore	Holding company	895,139	895,139	30,000	100.00%	762,776	(16,716)	-	(Note 1)
WPSG	WPVN	Vientam	Manufacture and sales of hygienic medical production	926,053	926,053	-	100.00%	755,307	(16,429)	-	(Note 1)

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

(3) Information on investments in China:

a. Relevant information on investments in China:

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulate d amount of remittance from Taiwan as of January 1, 2024	Amount remitted from Taiwan or amount remitted back to Taiwan for the current period		Accumulate d amount of remittance from Taiwan as of March 31,2024	Profit and loss of investee for the current period	Ownership held by BenQ (direct or indirect)	Investment income (loss) recognized for the current period	Carrying amount of investments as of March 31, 2024	Investment profits repatriated by the end of the current period
					Remitted to Mainland China	Remitted back to Taiwan						
BenQ Material (Suzhou) Corp. (BMS)	Processing of functional film products	256,000 (USD 8,000)	(3)	256,000 (USD 8,000)	-	-	256,000 (USD 8,000)	(2,196)	100.00%	(2,196) (Note 2)	1,945,985 (Note 4)	-
Daxon Biomedical (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	48,726 (RMB 11,000)	(2)	-	-	-	-	161	100.00%	161 (Note 2)	38,842 (Note 4)	-
BenQ Materials (Wuhu) Corp. (BMW)	Manufacture and sales of film sheet and cosmetic- related products	354,368 (RMB 80,000)	(3)	177,184 (RMB 40,000)	-	-	177,184 (RMB 40,000) (Note 3)	(9,614)	100.00%	(9,397) (Note 2)	(280,488) (Note 4)	-
BenQ Materials Medical (Suzhou) Co., Ltd. (BMM)	Manufacture and sales of medical consumables and equipment	66,444 (RMB 15,000)	(2)	-	-	-	-	(17,106)	100.00%	(17,106) (Note 2)	30,171 (Note 4)	-
Suzhou Sigma Medical Supply Co., Ltd. (Suzhou Sigma)	Sales of medical consumables and equipment	23,104 (USD 722)	(1)	23,104 (USD 722)	-	-	23,104 (USD 722)	1	100.00%	1 (Note 2)	1,099 (Note 4)	-

(Note 1): Investment methods are classified into the following three categories:

- (1) Directly invest in a company in China.
- (2) The reinvestments in China were from the earnings of BMLB.
- (3) Indirect investment in China is through a holding company established in a third country.

(Note 2): Investment income or loss was recognized based on the reviewed financial statements issued by the auditors of the parent in Taiwan.

(Note 3): The amounts of BMLB reinvestments RMB10,950 thousand were excluded.

(Note 4): The transactions have been eliminated when preparing the Consolidated Financial Statement

b. Limits on investments in Mainland China:

(Unit: NT\$ thousand)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment by Investment Commission, MOEA
BenQ Sigma-Medical	433,184 (USD 8,000 and RMB 40,000) 23,104 (USD 722)	548,132 (USD 8,000 and RMB 65,950) 23,104 (USD 722)	(Note) 80,000

It is converted according to the exchange rate of USD to NTD of 32.00 and RMB to NTD of 4.4296 at the end of the period.

(Note): The company has already acquired the certificate of corporate operation headquarters, so there is no limit on investment in mainland China.

c. Significant transactions with investee companies in China:

The direct or indirect transactions in China have been eliminated when preparing the consolidated financial statements for the three months ended March 31, 2024, please refer to "Information on significant transactions" for the details.

(4) Major shareholders information

Name	Shares	Shareholding	Shareholding ratio
BenQ Corp.		80,847,763	25.21%
Qisda Crop.		43,659,294	13.61%

(Note): This table is calculated by Taiwan Depository & Clearing Corporation (TDCC) on the last business day of every season. To compute the shareholding companies' 5% of total of the ordinary shares and special shares of non-physical securities (including treasury shares). As for the company's financial reporting, it has written down that the share and the company's completed non-physical securities' shareholding might be discrepancy due to its different ways of factorization.

14. Segment information

The reportable business segment of the Combined Company includes the film sheet and medical segment. The film sheet segment is mainly engaged in the sales, manufacturing and research, and development of various electronic chemical membrane products.

The accounting policies of the operating segment, except for operating expenses and non-operating income (expenses) that cannot be directly attributable to each operating department, it is calculated based on the proportion of the revenue (or headcount) of each operating segment to the total revenue (or headcount). The income tax expense is not apportioned but directly included outside the film sheet segment, and the rest is the same as the summary of the important accounting policies described in Note 4. The profit and loss of the operating segment is measured by the after-tax profit and loss and used as the basis for evaluating performance. The Combined Company deems the inter-unit sales and transfer as transaction with third parties.

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

Three Months Ended March 31, 2024				
	Film sheet segment	Medical sectors	Adjustments and Eliminations	Total
External revenue	\$ 3,367,200	1,225,808	-	4,593,008
Intra-segment revenue	-	-	-	-
Total revenue	\$ 3,367,200	1,225,808	-	4,593,008
Net profit (loss) after tax	(\$21,383)	60,738	-	39,355

Three Months Ended March 31, 2023				
	Film sheet segment	Medical sectors	Adjustments and Eliminations	Total
External revenue	\$ 3,037,019	1,029,925	-	4,066,944
Intra-segment revenue	-	-	-	-
Total revenue	\$ 3,037,019	1,029,925	-	4,066,944
Net profit (loss) after tax	(\$3,490)	66,203	-	62,713

The Combined Company did not present the measured amount of total assets and total liabilities from segments to the Company's chief operating decision making.