

股票代碼：8215

**BENQ MATERIALS CORPORATION AND
SUBSIDIARIES**

**Consolidated Financial Statements With Independent
Auditors' Report**

For the Three Months Ended March 31, 2025 and 2024

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

Telephone: 886-3-374-8800

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.

Table of contents
Item

	Page
(3) Cover Page	1
(4) Table of Contents	2
(5) Independent Auditors' Report	3
(6) Consolidated Balance Sheets	4
(7) Consolidated Statements of Comprehensive Income	5
(8) Consolidated Statements of Changes in Equity	6
(9) Consolidated Statements of Cash Flow	7
(10) Notes to the Consolidated Financial Statements	
(1) Organization and business	8
(2) Date and Procedure of financial statements	8
(3) Application of New and Revised Accounting Standards and Interpretations	8~10
(4) Summary of significant accounting policies	10~11
(5) Critical accounting judgments and key sources of estimation and assumption uncertainty	11
(6) Description of Significant Accounts	11~39
(7) Related-party transactions	40~44
(8) Pledged assets	45
(9) Significant commitments and contingencies	45
(10) Significant loss from disaster	45
(11) Significant subsequent events	45
(12) Others	45
(13) Additional disclosures	
a. Information of significant transactions	46~50
b. Information of investees	50~51
c. Information of investments in Mainland China	52~53
(14) Segment information	53~54

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, 2025 and 2024, the related Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Equity and Cash Flows for the three months ended March 31, 2025 and 2024, 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 [8], the equity accounted investments of BenQ Materials Corporation and its subsidiaries in the investee companies amounted to NT\$563,179 thousand and NT\$466,540 thousand as of March 31, 2025 and 2024, respectively, as well as the equity in net earnings on the joint ventures using the equity method of NT\$27,717 thousand and NT\$22,267 thousand for the three months ended March 31, 2025 and 2024, 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, 2025 and 2024, and the Consolidated Financial Performance and the Consolidated Cash Flows for the three months ended March 31, 2025 and 2024, 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
April 30th, 2025

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2025, December 31 and March 31, 2024

(Unit: NT\$ thousand)

Assets	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
Current assets:						
1100 Cash and cash equivalents (Note 6 [1])	\$ 793,576	4	684,063	3	787,144	4
1110 Financial assets at fair value through profit or loss – Current (Note 6 [3])	491	-	1,457	-	-	-
1120 Financial assets at fair value through other comprehensive income - Current (Note 6 [4])	65,839	-	64,764	-	74,743	-
1170 Notes and accounts receivable, net (Note 6 [5] and [22])	2,288,918	10	2,471,930	11	2,161,245	10
1180 Accounts receivable - Related parties, net amount (Note 6 [5] , [22] and 7)	1,178,148	5	1,522,617	7	1,205,539	5
1200 Other receivables (Note 6 [5] , [6] , [24] and 7)	245,475	1	204,116	1	123,954	1
1210 Other receivables - Related parties (Note 6 [6] and 7)	47,604	-	188	-	22,432	-
1310 Inventories net (Note 6 [7])	3,689,976	16	3,435,844	15	3,128,128	14
1479 Other current assets	446,553	2	354,071	2	365,220	2
1476 Other financial assets – Current (Note 6 [2] and 8)	58,148	-	57,814	-	773,005	4
Total current assets	8,814,728	38	8,796,864	39	8,641,410	40
Non-current assets:						
1517 Financial assets at fair value through other comprehensive income – Non-current (Note 6 [4])	92,087	-	96,751	-	95,988	1
1550 Investment accounted for using equity method (Note 6 [8])	563,179	3	570,747	3	466,540	2
1600 Real estate, plant, and equipment (Note 6 [10] , 7 and 8)	12,117,302	53	11,852,477	52	10,809,445	50
1755 Right-of-use asset (Note 6 [11])	679,439	3	665,992	3	746,535	4
1760 Net Investment property (Note 6 [12])	139,847	1	140,209	1	147,228	1
1780 Intangible assets (Note [13] and 7)	165,173	1	170,528	1	187,406	1
1840 Deferred tax assets	234,221	1	243,669	1	267,444	1
1920 Guarantee deposits paid	15,467	-	14,960	-	16,278	-
1980 Other financial assets – No-current (Note 6 [2] and 8)	10,939	-	10,452	-	9,252	-
1995 Other non-current assets	66,234	-	69,941	-	66,159	-
Total non-current assets	14,083,888	62	13,835,726	61	12,812,275	60
Total assets	\$ 22,898,616	100	22,632,590	100	21,453,685	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, 2025, December 31 and March 31, 2024

(Unit: NT\$ thousand)

	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
Liabilities and Equity						
Current liabilities:						
2100 Short-term borrowings (Note 6 [14])	\$ 2,300,000	10	2,200,000	10	1,550,000	7
2120 Financial liabilities at fair value through profit or loss – Current (Note 6 [3])	27,872	-	32,997	-	34,441	-
2170 Accounts payable	2,980,494	13	2,926,647	13	2,812,095	13
2180 Accounts payable – Related parties (Note 7)	75,552	-	64,977	-	100,416	1
2200 Other payables (Note 6 [23])	1,508,690	7	1,708,867	8	1,338,073	6
2216 Dividends payable (Note 6 [20] and 7)	198,818	1	-	-	384,809	2
2220 Other payables – Related parties (Note 7)	24,911	-	27,703	-	34,051	-
2320 Long-term borrowings due within one year (Note 6 [15] and 8)	400,692	2	342,313	2	460,443	2
2281 Lease liabilities – Current (Note 6 [16])	10,216	-	11,045	-	9,031	-
2282 Lease liabilities – Related parties – Current (Note 6 [16] and 7)	95,176	-	94,852	-	93,820	1
2399 Other current liabilities (Note 6 [22])	209,670	1	213,377	1	163,035	1
Total current liabilities	7,832,091	34	7,622,778	34	6,980,214	33
Non-current liabilities:						
2540 Long-term borrowings (Note 6 [15] and 8)	6,077,647	27	5,917,818	26	5,164,740	24
2570 Deferred tax liabilities	502,282	2	504,703	2	494,153	3
2581 Lease liabilities – Non-current (Note 6 [16])	48,464	-	38,043	-	36,542	-
2582 Lease liabilities – Related parties – Non-current (Note 6 [16] and 7)	170,590	1	194,527	1	265,766	1
2600 Other non-current liabilities (Note 6 [15])	37,324	-	38,140	-	39,304	-
Total non-current liabilities	6,836,307	30	6,693,231	29	6,000,505	28
Total liabilities	14,668,398	64	14,316,009	63	12,980,719	61
Equity (Note 6 [20]):						
3110 Common stock	3,206,745	14	3,206,745	14	3,206,745	15
3200 Capital reserve	193,114	1	193,114	1	192,352	1
Retained earnings:						
3310 Legal reserve	582,115	3	582,115	3	540,821	3
3320 Special reserve	92,684	-	92,684	-	68,835	-
3350 Undistributed earnings	1,478,794	7	1,629,020	7	1,531,703	7
3400 Other equity	60,905	-	11,576	-	(37,095)	-
Total equity attributable to the owners of parent company	5,614,357	25	5,715,254	25	5,503,361	26
36XX Non-controlling (Note 6 [9] , and [20])	2,615,861	11	2,601,327	12	2,969,605	13
Total equity	8,230,218	36	8,316,581	37	8,472,966	39
Total liabilities and equity	\$ 22,898,616	100	22,632,590	100	21,453,685	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 Statements of Comprehensive Income
For the Three Months Ended March 31, 2025 and 2024

(Unit: NT\$ thousand)

		Three Months Ended March 31			
		2025		2024	
		Amount	%	Amount	%
4000	Net sales revenue (Note 6 [22] , 7 and 14)	\$ 4,580,499	100	4,593,008	100
5000	Operating expenses				
	(Note 6 [7] , [10] , [11] , [12] , [13] , [16] , [18] , [23] , 7 and 12)	(3,655,740)	(80)	(3,817,040)	(83)
	Gross operating profit	924,759	20	775,968	17
	Operating expenses: (Note 6 [5] , [10] , [11] , [13] , [16] , [18] , [23] , 7 and 12):				
6100	Selling expenses	(326,866)	(7)	(341,856)	(8)
6200	General and administrative expenses	(91,806)	(2)	(89,184)	(2)
6300	Costs of research and development	(277,429)	(6)	(247,903)	(5)
		(696,101)	(15)	(678,943)	(15)
	Net operating income	228,658	5	97,025	2
	Non-operating income and expenses (Note 6 [8] , [15] , [16] , [24] and 7)				
7100	Interest revenue	2,012	-	5,166	-
7010	Other income	3,739	-	21,152	-
7020	Other profits and loss	(139,543)	(3)	(59,656)	(1)
7050	Financial cost	(38,388)	(1)	(30,604)	-
7370	Share of profits of associates accounted for using the equity method	27,717	1	22,267	-
		(144,463)	(3)	(41,675)	(1)
	Income before income tax	84,195	2	55,350	1
7950	Less: Income tax expense (Note 6 [19])	(24,661)	(1)	(15,995)	-
	Net profit	59,534	1	39,355	1
	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss (Note 6 [8] , [20] and [25])				
8316	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	(3,589)	-	10,884	-
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	-	-	-	-
		(3,589)	-	13,784	-
8360	Items that may be reclassified subsequently to profit or loss (Note 6 [8] and [20])				
8361	Exchanges differences arising on translation of financial statements of foreign operations	44,193	1	50,638	1
8370	Share of other comprehensive income of associates accounted for using the equity method	12,317	-	(2,055)	-
8399	Income tax related to items that may be reclassified	-	-	-	-
		56,510	1	48,583	1
	Other Comprehensive Income (loss)	52,921	1	62,367	1
8500	Total comprehensive income for the period	\$ 112,455	2	101,722	2
	Net profit after tax for the period attributable to:				
8610	Owners of the parent company	\$ 48,592	1	36,351	1
8620	Non-controlling interests	10,942	-	3,004	-
		\$ 59,534	1	39,355	1
	Total comprehensive income attributable to:				
8710	Owners of the parent company	\$ 97,921	2	91,940	2
8720	Non-controlling interests	14,534	-	9,782	-
		\$ 112,455	2	101,722	2
	Earnings per share (Unit: NT\$, Note 6 [21])				
9750	Basic earnings per share	\$ 0.15		0.11	
9850	Diluted earnings per share	\$ 0.15		0.11	

(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, 2025 and 2024

(Unit: NT\$ thousand)

Profit and / loss attributable to the owners of parent company

	Retained earnings					Other equity items				Total equity attributable to the owners of parent company	Non-controlling	Total equity	
	Common stock	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Total	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
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
Balance as of January 1, 2025	\$ 3,206,745	193,114	582,115	92,684	1,629,020	2,303,819	53,701	(18,343)	(23,782)	11,576	5,715,254	2,601,327	8,316,581
Appropriation and distribution of retained earnings:													
Cash dividend of common stock	-	-	-	-	(198,818)	(198,818)	-	-	-	-	(198,818)	-	(198,818)
Net profit	-	-	-	-	48,592	48,592	-	-	-	-	48,592	10,942	59,534
Other Comprehensive Income (Loss)	-	-	-	-	-	-	52,918	(3,589)	-	49,329	49,329	3,592	52,921
Total comprehensive income for the period	-	-	-	-	48,592	48,592	52,918	(3,589)	-	49,329	97,921	14,534	112,455
Balance as of March 31, 2025	\$3,206,745	193,114	582,115	92,684	1,478,794	2,153,593	106,619	(21,932)	(23,782)	60,905	5,614,357	2,615,861	8,230,218

(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 Cash Flows
For the Three Months Ended March 31, 2025 and 2024

(Unit: NT\$ thousand)

	Three Months Ended March 31	
	2025	2024
Cash flows from operating activities:		
Income before income tax for the period	\$ 84,195	55,350
Adjusted item:		
Depreciation expenses	267,253	224,475
Amortization expenses	13,822	19,665
Expected credit losses	724	251
Valuation (profit) loss on financial liabilities measured at fair value through net profit or loss	(4,159)	99,737
Interest expenses	38,388	30,604
Interest revenue	(2,012)	(5,166)
Share of profit of affiliated companies accounted under the equity method	(27,717)	(22,267)
Profits from disposal of real estate, plant and equipment	(4)	(5)
Amortization of deferred expenses transferred to expenses	35,911	38,023
Amortization of syndication fee costs	428	428
Claim for the insurance income	(1,282)	-
Total adjustments to reconcile profit (loss)	321,352	385,745
Changes in operating assets / liabilities:		
Net changes in operating assets:		
Notes and accounts receivable	170,567	(1,042)
Accounts receivable – related parties	316,425	(277,420)
Other receivables	(312)	(794)
Other accounts receivable – related parties	186	23
Inventory	(254,132)	263,767
Other current assets	(121,946)	(101,901)
Total net changes in operating assets	110,788	(117,367)
Net changes in operating liabilities:		
Accounts payable	53,847	45,883
Accounts payable – related parties	10,575	45,943
Other payables	(259,252)	(143,327)
Other payables - related parties	(2,792)	4,264
Other current liabilities	(3,707)	(20,451)
Net defined benefit liability	(401)	(689)
Total net changes in operating liabilities	(201,730)	(68,377)
Total net changes in operating assets and liabilities	(90,942)	(185,744)
Total adjustments	230,410	200,001
Cash inflow generated from operations	314,605	255,351
Interest received	2,012	5,166
Interest payment	(37,777)	(30,088)
Income tax paid	(1,867)	(7,805)
Net cash inflow from operating activities	276,973	222,624

(Continued on the next page)

(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 (Continued)
For the Three Months Ended March 31, 2025 and 2024

(Unit: NT\$ thousand)

	Three Months Ended March 31	
	2025	2024
Cash flows from investing activities:		
Acquisition of real estate, plant and equipment	(433,615)	(898,672)
Disposal of real estate, plant and equipment	4	5
(Increase) decrease in refundable deposits	(507)	89
Acquisition of intangible assets	(8,448)	(6,666)
Increase in other financial assets	(821)	(6,913)
Increase in other non-current assets	(3,038)	(12,095)
Net cash outflow from investing activities	(446,425)	(924,252)
Cash flows from financing activities:		
Increase in short-term loans	100,000	60,000
Proceeds from long-term borrowings	296,700	1,090,000
Repayments of long-term borrowings	(79,488)	(265,986)
Increase (decrease) in deposits received	581	(2,141)
Repayments of lease principal	(56,031)	(29,258)
Net cash inflow from financing activities	261,762	852,615
Impact on exchange rates changes	17,203	16,467
Increase in cash and cash equivalents for the period	109,513	167,454
Cash and cash equivalents at the beginning of the year	684,063	619,690
Cash and cash equivalents at the end of the year	\$ 793,576	787,144

(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 (Continued)

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 April 30, 2025.

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, 2025.

- Amendments to IAS 21 "Lack of Exchangeability"

- (2) Impacts from IFRSs are endorsed by FSC that are not adopted yet

The Combined Company evaluates that the application of the following newly endorsed IFRSs amended since January 1, 2026, will not have a material impact on the Consolidated Financial Statements.

- Amendments to IFRS 9 and 7 "Amendment to Classify and Measure the Financial Instrument"; guidance on the application of section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

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

The standards and interpretations have been issued and amended by IASB that are not yet recognized by FSC, they maybe relate to Combined Company as follows:

New or amended standards	Major amendments	The effective date of issuance by IASB
IFRS 18 "Presentation and Disclosure of Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and a single note on management's performance measurement. The three revisions and reinforcement the guidance how to segment information in financial statements, to lay the foundation for providing users with better and more consistent information and will impact all companies.	January 1, 2027

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

New or amended standards	Major amendments	The effective date of issuance by IASB
IFRS 18 "Presentation and Disclosure of Financial Statements"	<ul style="list-style-type: none"> • More structured income statements: Under current standards, companies use different formats to express their operating results, making it difficult for investors to compare financial performance across companies. The new standard adopts a more structured income statement, introduces a new "Operating Profit" subtotal of definition, and stipulates that all income and expenses and losses will be classified into three new different categories based on the company's main operating activities. • Management performance measures (MPMs): The new standard introduces the definition of management performance measurement and requires companies to explain why it may provide useful information, how to calculate, and how to make the recognized measurement indicator to reconciled with the IFRS for each measurement indicator in a single note to the financial statements, • More granular information: The new standard includes the guidance how companies to enhance the grouping of information in the financial statements. The guidance includes whether the information should be included in the main financial statements or further broken down into the notes. 	January 1, 2027

The Combined Company is continuously evaluating the aforementioned standards and interpreting the financial status and impact of the operating results for the Combined Company. Besides, the relevant impact will be disclosed when the evaluation is completed.

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"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- IFRS 19 "Subsidiaries without Public Accountability"
- Amendments to IFRS 9 and 7 "Amendments to the Classification and Measurement of Financial Instruments"; guidance on the application of paragraphs 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

- Amendments to IFRS 9 and 7 "Contracts Referencing Nature-dependent Electricity"

4. Summary of Significant Accounting Policies

(3) 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, 2024. Please refer to Note 4 for the Consolidated Financial Statements for the year ended December 31, 2024 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, 2025	December 31, 2024	March 31, 2024	
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)	R&D, manufacturing and sale of medical consumables and equipment	79.35	79.35	75.63	-
BenQ	Cenefom Corp. (Cenefom)	R&D, manufacturing and sale of medical consumables and equipment	50.98	50.98	50.98	-
BenQ	Web-Pro Corp. (Web-Pro)	R&D, manufacturing and sale of hygienic medical consumables and equipment production	51.00	51.00	51.00	-
BMLB	BenQ Material (Suzhou) Corp. (BMS)	Processing of functional film products	100.00	100.00	100.00	-
BMLB	Daxon Biomedical (Suzhou) Co., Ltd. (DTB)	Manufacture 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	-
BMLB	BenQ Materials Beautech (Wuhu) Co., Ltd (BME)	Manufacture and sale of cosmetic-related	100.00	100.00	-	(Note 1)
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	-
WPSG	Web-Pro (Vietnam) Co., Ltd (WPVN)	Manufacture and sale of hygienic medical consumables and equipment production	51.00	51.00	51.00	-

(Note 2): BME was established in June, 2024 and the capital injection was completed in August of the year.

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

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

(3) 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.

(4) Income taxes

The Combined Company measures and discloses income tax expense for the interim period in accordance with paragraph B12 of IAS 34, "Interim Financial Reporting". Income tax expense is measured by multiplying the net profit before tax during the interim reporting period by management's best estimate of the estimated average effective tax rate for the full year, and is fully recognized as income tax expense for the current period.

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 by the FSC, the management requires to make judgments and estimates for the future (including the climate-related risk and opportunities), 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, 2024.

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, 2024.

(1) Cash and Cash Equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Working capital	\$ 416	368	794
Demand deposit and cheque deposit	743,666	663,550	754,011
Time deposits with original maturity within three months	49,494	20,145	32,339
	\$ 793,576	684,063	787,144

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

(2) Other Financial Assets

	March 31, 2025	December 31, 2024	March 31, 2024
Time deposits with original maturity over three months	\$ 36,000	38,470	762,014
Restricted deposits of the bank	18,065	15,060	9,252
Customs deposits	15,022	14,736	10,991
	\$ 69,087	68,266	782,257
Current	\$ 58,148	57,814	773,005
Non-current	10,939	10,452	9,252
	\$ 69,087	68,266	782,257

The combined company assesses that these assets are held until maturity to collect contractual cash flows, and the cash flows of these financial assets are entirely the payment of principal and interest from the outstanding principal amount, so they are measured at amortized cost.

For details of the above-mentioned financial assets pledged and guaranteed by the combined company, please refer to Note 8.

(3) Financial assets and liabilities at fair value through profit or loss – current

	March 31, 2025	December 31, 2024	March 31, 2024
Mandatory financial assets measured at fair value through profit or loss – current:			
Foreign exchange forward contracts	\$ 491	1,457	-
	March 31, 2025	December 31, 2024	March 31, 2024
Financial liabilities held for trading – current:			
Foreign exchange forward contracts	\$ (726)	(1,570)	(2,204)
Foreign exchange swaps	(27,146)	(31,427)	(32,237)
	\$ (27,872)	(32,997)	(34,441)

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

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

a. Derivative financial instrument

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:

1) Foreign exchange forward contracts

March 31, 2025		
Contract amount (NT\$ thousand)	Type of currency	Due date
USD\$ <u>3,000</u>	Sell USD / Buy JPY	April 24, 2025
USD <u>15,000</u>	Sell USD / Buy RMB	April 25, 2025
December 31, 2024		
Contract amount (NT\$ thousand)	Type of currency	Due date
USD\$ <u>6,000</u>	Sell USD / Buy JPY	January 22, 2025
USD <u>15,000</u>	Sell USD / Buy RMB	January 22, 2025
March 31, 2024		
Contract amount (NT\$ thousand)	Type of currency	Due date
USD\$ <u>6,000</u>	Sell USD / Buy JPY	April 24, 2024
USD <u>15,000</u>	Sell USD / Buy RMB	April 26, 2024

2) Foreign exchange swaps

March 31, 2025		
Contract amount (NT\$ thousand)	Type of currency	Due date
USD\$ <u>111,400</u>	Sell USD / Buy NTD	April 2, 2025~April 29, 2025
December 31, 2024		
Contract amount (NT\$ thousand)	Type of currency	Due date
USD\$ <u>113,000</u>	Sell USD / Buy NTD	January 3, 2025~January 23, 2025
March 31, 2024		
Contract amount (NT\$ thousand)	Type of currency	Due date
USD\$ <u>108,000</u>	Sell USD / Buy NTD	April 12, 2024~April 30, 2024

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

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

	March 31, 2025	December 31, 2024	March 31, 2024
Equity instruments measured at fair value through other comprehensive income:			
Stocks listed in the emerging stock market in Taiwan	\$ 65,839	64,764	74,743
Unlisted stocks	92,087	96,751	95,988
	\$ 157,926	161,515	170,731
Current	\$ 65,839	64,764	74,743
Non-current	92,087	96,751	95,988
	\$ 157,926	161,515	170,731

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, 2025 and 2024, 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.

(5) Notes and accounts receivable

	March 31, 2025	December 31, 2024	March 31, 2024
Notes receivable	\$ 39,230	23,836	31,692
Accounts receivable	2,252,935	2,470,332	2,151,965
Deduction: Allowance for loss	(3,247)	(22,238)	(22,412)
	2,288,918	2,471,930	2,161,245
Accounts receivable - related parties	1,178,148	1,522,617	1,205,539
	\$ 3,467,066	3,994,547	3,366,784

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

- 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 and accounts receivable (including related-parties) of the Combined Company as of March 31, 2025, December 31, and March 31, 2024 was as follows:

	March 31, 2025		
	Carrying amounts of accounts receivable and bills	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 3,421,222	0.0383%	1,312
Past due 1~30 days	36,770	1.5420%	567
Past due 31~60 days	6,326	4.7739%	302
Past due 61~90 days	5,757	14.3825%	828
Past due over 91 days	238	100%	238
	\$ 3,470,313		3,247

	December 31, 2024		
	Carrying amounts of accounts receivable and bills	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 3,954,179	0.0360%	1,422
Past due 1~30 days	40,511	1.9624%	795
Past due 31~60 days	2,126	2.5400%	54
Past due 61~90 days	3	33.3333%	1
Past due over 91 days	19,966	100%	19,966
	\$ 4,016,785		22,238

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

March 31, 2024

	Carrying amounts 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

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	
	2025	2024
Balance at the beginning of the year	\$ 22,238	21,749
Impairment loss	724	251
Unrecoverable money offset for the period	(19,663)	-
Gain and loss of foreign currency exchange	(52)	412
Balance at the end of the year	\$ 3,247	22,412

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, 2025

Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [6])	Range of interest rate	Other important matters
Taipei Fubon Bank	\$ 461,477	-	415,329	46,148	2.09%	Guaranteed Promissory Note 219,153
KGI Bank	221,889	-	199,700	22,189	2.10%	Guaranteed Promissory Note 99,615
E.Sun Bank	145,882	-	124,000	21,882	2.10%	None -
	\$829,248	-	739,029	90,219		318,768

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

December 31, 2024

Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [6])	Range of interest rate	Other important matters
Taipei Fubon Bank	\$ 488,200	-	439,380	48,820	2.16%	Guaranteed Promissory Note 216,381
E.Sun Bank	152,333	-	137,100	15,233	2.05%	None -
KGI Bank	144,445	-	130,000	14,445	2.29%	Guaranteed Promissory Note 98,355
	<u>\$784,978</u>	<u>-</u>	<u>706,480</u>	<u>78,498</u>		<u>314,736</u>

March 31, 2024

Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [6])	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>85,064</u>		<u>192,000</u>

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.

(6) Other receivables

	March 31, 2025	December 31, 2024	March 31, 2024
Other receivables – claim the insurance	\$ 125,710	124,428	-
Other receivables– accounts receivable sale minus advance price balance (Note 6 [5] and 7)	118,263	78,498	118,064
Other receivables – dividends receivable – related - parties	47,602	-	22,401
Other receivables - other	1,502	1,190	5,890
Other receivables - related parties	2	188	31
	<u>293,079</u>	<u>204,304</u>	<u>146,386</u>
Deduction: Allowance for loss	-	-	-
	<u>\$ 293,079</u>	<u>204,304</u>	<u>146,386</u>

As of March 31, 2025, December 31, and March 31, 2024, the Combined Company's other receivables have no overdue amounts and no expected credit losses after assessment.

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

(7) Inventory

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	\$ 1,674,646	1,595,901	1,365,698
Work in process	1,205,189	1,017,925	977,580
Finished goods	810,141	822,018	784,850
	\$ 3,689,976	3,435,844	3,128,128

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	
	2025	2024
Inventories cost has been sold	\$ 3,630,934	3,831,249
Loss from inventory falling price (gain on recovery)	18,811	(19,357)
	\$ 3,649,745	3,811,892

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.

(8) Investments accounted by equity method

	March 31, 2025 (Not audited)	December 31, 2024	March 31, 2024 (Not audited)
Affiliated companies	\$ 563,179	570,747	466,540

a. Affiliated companies

Name of associates	Nature of Relationship with the Company	Principal business place/ country of incorporation	March 31, 2025		December 31, 2024		March 31, 2024	
			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%	559,076	14.82%	566,281	14.82%	458,288
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%	-	20.00%	-	20.00%	4,022

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

Name of associates	Nature of Relationship with the Company	Principal business place/ country of incorporation	March 31, 2025		December 31, 2024		March 31, 2024	
			Voting rights%	Book amount (not audited)	Voting rights%	Book amount	Voting rights%	Book amount (not audited)
Coatmed Incorporation (Coatmed)	Its main business is to sell medical devices, and it is a strategic partner of the Company.	Taiwan	7.48%	4,103	7.48%	4,466	9.98%	4,230
				<u>\$ 563,179</u>		<u>570,747</u>		<u>466,540</u>

Coatmed Incorporation (hereinafter referred to as "Coatmed") made a cash capital increase in November, 2024, and the Combined Company did not participate in the capital increase, which reduced the Combined Company's interest in Coatmed to 7.48%. However, the Combined Company still serves as a director of the company and participates in decision-making, so it has not lost significant loss of influence.

The share of net profit of the Combined Company for the three months ended March 31, 2025 and 2024 was NT\$27,717 thousand and NT\$22,267 thousand respectively.

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

	March 31, 2025	December 31, 2024	March 31, 2024
Visco Vision	<u>\$ 1,502,737</u>	<u>1,670,745</u>	<u>2,137,434</u>

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

I) Aggregated financial information of Visco Vision

	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	\$ 2,192,443	1,898,817	1,939,557
Non-current assets	3,445,431	3,404,447	3,031,039
Current liabilities	(1,520,398)	(1,076,187)	(1,123,965)
Non-current liabilities	(447,365)	(510,697)	(840,459)
Net assets	<u>\$ 3,670,111</u>	<u>3,716,380</u>	<u>3,006,172</u>
Net assets attributable to non-controlling interests	<u>\$ 19,336</u>	<u>19,333</u>	<u>16,327</u>
Net assets attributable to owners of the investee company	<u>\$ 3,650,775</u>	<u>3,697,047</u>	<u>2,989,845</u>

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

	Three Months Ended March 31	
	2025	2024
Operating revenue	\$ 947,118	815,946
Net profit for the current period	\$ 193,916	169,222
Other comprehensive income	83,112	5,733
Total comprehensive income	<u>\$ 277,028</u>	<u>174,955</u>
Total comprehensive profit or loss attributable to non-controlling interests	<u>\$ 3</u>	<u>(1,150)</u>
Total comprehensive profit or loss attributable to the owners of the investee company	<u>\$ 277,025</u>	<u>176,105</u>

	Three Months Ended March 31	
	2025	2024
Share in net assets of related enterprise of the Combined Company at the beginning of the period	\$ 566,281	457,486
Net profit attributable to the Combined Company in the current period	28,080	22,350
Other comprehensive income attributable to the Combined Company in the current period	12,317	853
Dividends received from affiliated companies in the current period	(47,602)	(22,401)
Carrying amount on the equity at the end of period from the Combined Company to the associate companies	<u>\$ 559,076</u>	<u>458,288</u>

2) 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, 2025	December 31, 2024	March 31, 2024
The carrying amount of equity of individually immaterial associates at the end of the period	<u>\$ 4,103</u>	<u>4,466</u>	<u>8,252</u>

	Three Months Ended March 31	
	2025	2024
Share attributable to the Combined Company:		
Net loss for the period	\$ (363)	(83)
Other comprehensive income	-	(8)
Total comprehensive income	<u>\$ (363)</u>	<u>(91)</u>

b. Investments accounted by equity method not reviewed

The Combined 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

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

(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	Ownership equity of the non-controlling and the proportion of voting rights		
		March 31, 2025	December 31, 2024	March 31, 2024
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:

1) Aggregated financial information of Web-Pro:

	March 31, 2025	March 31, 2024
Current assets	\$ 1,064,956	1,725,558
Non-current assets	4,538,142	4,592,282
Current liabilities	(365,254)	(389,094)
Non-current liabilities	(228,004)	(221,416)
Net assets	\$ 5,009,840	5,707,330
The carrying of amount of the controlling at the end of the period	\$ 2,442,884	2,784,654

	Three Months Ended March 31	
	2025	2024
Operating revenue	\$ 641,916	603,630
Net profit for the current period	\$ 26,120	14,762
Other comprehensive income	7,329	13,831
Total comprehensive income	\$ 33,449	28,593
Net profit attributable to non-controlling interests	\$ 12,799	7,234
Total comprehensive profit or loss attributable to non-controlling interests	\$ 16,391	14,011

	Three Months Ended March 31	
	2025	2024
Cash flow from operating activities	\$ 59,434	73,439
Cash flow from investing activities	(25,772)	(24,610)
Cash flow from financing activities	(29,950)	(4,092)
Impact on exchanges rates changes	1,046	3,402
Increase amount on cash and cash equivalents	\$ 4,758	48,139
Dividends payable for the non-controlling interests	\$ -	-

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

(10) Real estate, plant and equipment

	<u>Land</u>	<u>Housing and Buildings</u>	<u>Machinery equipment</u>	<u>Others</u>	<u>Total</u>
Cost:					
Balance as of January 1, 2025	\$ 4,178,994	5,359,307	9,103,036	5,858,813	24,500,150
Addition	-	131,529	41,710	303,202	476,441
Disposal	-	-	(40,662)	(1,978)	(42,640)
Reclassification and effect of foreign exchange rate changes	-	802,619	135,932	(880,508)	58,043
Balance as of March 31, 2025	\$ 4,178,994	6,293,455	9,240,016	5,279,529	24,991,994
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	\$ 4,178,994	5,221,347	8,580,144	5,044,653	23,025,138
Accumulated depreciation:					
Balance as of January 1, 2025	\$ -	2,926,844	7,350,284	2,370,545	12,647,673
Depreciation for the period	-	54,756	121,978	56,997	233,731
Disposal	-	-	(40,662)	(1,978)	(42,640)
Reclassifications and effect of foreign exchange rate changes	-	15,676	15,174	5,078	35,928
Balance as of March 31, 2025	\$ -	2,997,276	7,446,774	2,430,642	12,874,692
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	\$ -	2,761,495	7,211,310	2,242,888	12,215,693

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

	Land	Housing and Buildings	Machinery equipment	Others	Total
Carrying value:					
January 1, 2025	\$ 4,178,994	2,432,463	1,752,752	3,488,268	11,852,477
March 31, 2025	\$ 4,178,994	3,296,179	1,793,242	2,848,887	12,117,302
January 1, 2024	\$ 4,178,994	2,467,280	1,297,073	2,163,757	10,107,104
March, 2024	\$ 4,178,994	2,459,852	1,368,834	2,801,765	10,809,445

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, 2025	\$ 458,383	542,831	1,977	1,003,191
Addition	42,010	-	-	42,010
Exclude for the period	(36,200)	-	-	(36,200)
Effect of changes in exchange rate	2,372	197	-	2,569
Balance as of March 31, 2025	\$ 466,565	543,028	1,977	1,011,570
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
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2025	\$ 122,133	213,308	1,758	337,199
Depreciation for the period	4,335	25,992	165	30,492
Exclude for the period	(36,200)	-	-	(36,200)
Effect of changes in exchange rate	602	38	-	640
Balance as of March 31, 2025	\$ 90,870	239,338	1,923	332,131
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
Carrying value:				
January 1, 2025	\$ 336,250	329,523	219	665,992
March 31, 2025	\$ 375,695	303,690	54	679,439
January 1, 2024	\$ 350,504	422,824	879	774,207
March 31, 2024	\$ 348,828	396,993	714	746,535

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

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	Land use rights	Total
Cost:			
Balance as of January 1, 2025	\$ 314,390	60,635	375,025
Effect of changes in exchange rate	6,104	1,177	7,281
Balance as of March 31, 2025	\$ 320,494	61,812	382,306
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
Accumulated depreciation:			
Balance as of January 1, 2025	\$ 211,845	22,971	234,816
Depreciation for the period	2,719	311	3,030
Effect of changes in exchange rate	4,161	452	4,613
Balance as of March 31, 2025	\$ 218,725	23,734	242,459
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
Carrying value:			
January 1, 2025	\$ 102,545	37,664	140,209
March 31, 2025	\$ 101,769	38,078	139,847
January 1, 2024	\$ 109,489	37,562	147,051
March 31, 2024	\$ 109,165	38,063	147,228

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, 2024.

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

(13) Intangible assets

	Goodwill	Patent	Expertise	Customer relationship	Purchased software	Other	Total
Cost:							
Balance as of Jan. 1, 2025	\$ 56,624	23,250	130,668	34,925	397,377	1,884	644,728
Separate acquisition	-	-	-	-	8,448	-	8,448
Reduction of the period	-	-	-	-	(3,026)	-	(3,026)
Reclassification and effect of exchange rate changes	-	-	699	-	40	20	759
Balance as of Mar. 31, 2025	<u>\$ 56,624</u>	<u>23,250</u>	<u>131,367</u>	<u>34,925</u>	<u>402,839</u>	<u>1,904</u>	<u>650,909</u>
Balance as of Jan. 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 Mar. 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>
Accumulated amortization:							
Balance as of Jan. 1, 2025	\$ -	9,300	91,440	11,232	360,564	1,664	474,200
Amortization for the year	-	1,162	1,937	887	9,832	4	13,822
Reduction of the period	-	-	-	-	(3,026)	-	(3,026)
Reclassification and effect of exchange rate changes	-	-	699	-	21	20	740
Balance as of Mar. 31, 2025	<u>\$ -</u>	<u>10,462</u>	<u>94,076</u>	<u>12,119</u>	<u>367,391</u>	<u>1,688</u>	<u>485,736</u>
Balance as of Jan. 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 Mar. 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>
Carrying value							
January 1, 2025	\$ 56,624	13,950	39,228	23,693	36,813	220	170,528
March 31, 2025	<u>\$ 56,624</u>	<u>12,788</u>	<u>37,291</u>	<u>22,806</u>	<u>35,448</u>	<u>216</u>	<u>165,173</u>
January 1, 2024	\$ 56,624	18,600	46,972	27,240	50,702	242	200,380
March 31, 2024	<u>\$ 56,624</u>	<u>17,438</u>	<u>45,035</u>	<u>26,253</u>	<u>41,719</u>	<u>237</u>	<u>187,406</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 on December 31, 2024, and goodwill didn't reduce the loss for the result, please refer to the Note 6 [14] of the Consolidated Financial Statement for the year ended December 31, 2024.

As of March 31, 2025 and 2024, for the three months ended March 31, 2025 and 2024, 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, 2025	December 31, 2024	March 31, 2024
Unsecured bank notes	<u>\$ 2,300,000</u>	<u>2,200,000</u>	<u>1,550,000</u>
Unused limit	<u>\$ 9,305,125</u>	<u>9,483,111</u>	<u>8,504,625</u>
Interest rate range	<u>1.88%~1.98%</u>	<u>1.87%~1.99%</u>	<u>1.72%~2.01%</u>

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

(15) Long-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
Unsecured bank notes	\$ 5,056,779	4,881,571	4,225,183
Secured bank notes	1,421,560	1,378,560	1,400,000
Less: Long-term borrowings due within one year	(400,692)	(342,313)	(460,443)
Total	\$ 6,077,647	5,917,818	5,164,740
Unused limit	\$ 4,784,180	5,080,880	6,519,340
Expiry year (in year Republic of China)	114-123	114-123	113-122
Interest rate range	1.88%~2.32%	1.88%~2.38%	1.88%~2.38%

a. Borrowings and repayments

For the three months ended March 31, 2025 and 2024, the Combined Company's borrow amount of long-term loan was NT\$296,700 thousand and NT\$1,090,000 thousand. For the three months ended March 31, 2025 and 2024, the repayment amount of long-term loan principal was NT\$79,488 thousand and NT\$265,986 thousand.

b. Collateral for bank borrowings

The Combined Company pledged the assets as collateral for bank loans, please refer to Note 8 for details.

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, 2025, December 31, and March 31, 2024, the actual repayment preferential interest rate was 1.38%~1.73%, 1.38%~1.73% and 1.38%~1.73%, the actual amount of transfer amounted on NT\$3,431,241 thousand, NT\$3,243,027 thousand, and NT\$2,214,584 thousand. The fair value of the loans was NT\$3,377,686 thousand, NT\$3,191,663 thousand, and NT\$2,174,361 thousand based on the market interest rate of 1.88%~2.03%, 1.88%~2.03% and 1.88%~2.03%, besides, the difference of NT\$53,555 thousand, NT\$51,364 thousand, and NT\$40,223 thousand is regarded as the government subsidy and recognized as deferred income. As of March 31, 2025, December 31, and March 31, 2024, the above-mentioned deferred income balance was NT\$20,461 thousand, NT\$21,457 thousand, and NT\$18,901 thousand. For the three months ended March 31, 2025 and 2024, the amount of the aforementioned deferred income transferred to "Other Income" amounted to NT\$3,187 thousand and NT\$2,361 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, 2024, was in compliance with the agreed standards in the joint loan contract.

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

(16) Lease liabilities

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

	March 31, 2025	December 31, 2024	March 31, 2024
Current:			
Related parties	\$ 95,176	94,852	93,820
Non-related parties	\$ 10,216	11,045	9,031
Non-current:			
Related parties	\$ 170,590	194,527	265,766
Non-related parties	\$ 48,464	38,043	36,542

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	
	2025	2024
Short-term lease expense	\$ 4,697	4,510
Interest expense of lease liabilities	\$ 1,494	1,975

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

	Three Months Ended March 31	
	2025	2024
Total cash outflows on lease	\$ 62,222	35,743

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 three 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 Combined Company's operating lease contracts for the three months ended March 31, 2025 and 2024. Please refer to Note 6 [18] for the Consolidated Financial Statements for the year ended December 31, 2024 for the details.

(18) Employee benefits

a. Defined benefit plans

Due to the report for the year ended December 31, 2024, 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, 2024 and 2023.

The expenses recognized were as follows:

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

	Three Months Ended March 31	
	2025	2024
Operating cost	\$ 65	29
Operating expenses	12	23
	\$ 77	52

b. Defined contribution plans

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

	Three Months Ended March 31	
	2025	2024
Operating cost	\$ 16,337	16,836
Operating expenses	11,921	11,350
	\$ 28,258	28,286

(19) Income taxes

a. Income tax expenses:

	Three Months Ended March 31	
	2025	2024
Income tax for the period	\$ 24,661	15,995

b. There was no income tax that was directly recognized in equity or other comprehensive profit or loss for the three months ended March 31, 2025 and 2024.

c. The ROC income tax authorities have examined the Company's income tax returns through 2022.

(20) Capital and other equity

a. Common stock

As of March 31, 2025, December 31, and March 31, 2024, 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:

	Maech 31, 2025	December 31, 2024	March 31, 2024
Changes in net equity of associates accounted for using equity method	\$ 193,114	193,114	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.

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

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.

1) 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.

2) 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.

3) Earnings distribution

The 2024 and 2023 distributions of earnings were resolved at the shareholders' meetings on February 24, 2025 and February 22, 2024. The dividends distributed to owners are as follows:

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

	2024		2023	
	Earnings per share (TWD)	Amount	Earnings per share (TWD)	Amount
Dividends distributed to the common shareholders:				
Cash	\$ 0.62	<u>198,818</u>	1.20	<u>384,809</u>

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

d. Other equity (after tax)

	Exchange differences arising on translation of financial statements of foreign operations	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	Remeasurement of defined welfare plan	Total
January 1, 2025	\$ 53,701	(18,343)	(23,782)	11,576
The exchange differences yielded by net assets of overseas operating institutions:				
The Combined Company	40,601	-	-	40,601
Affiliated company	12,317	-	-	12,317
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	(3,589)	-	(3,589)
Balance as of March 31, 2025	<u>\$ 106,619</u>	<u>(21,932)</u>	<u>(23,782)</u>	<u>60,905</u>
January 1, 2024	\$ (44,495)	(20,011)	(28,178)	(92,684)
The exchange differences yielded by net assets of overseas operating institutions:				
The Combined Company	43,860	-	-	43,860
Affiliated company	(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	<u>\$ (2,690)</u>	<u>(6,227)</u>	<u>(28,178)</u>	<u>(37,095)</u>

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

d. Non-controlling equity (after tax)

	Three Months Ended March 31	
	2025	2024
Balance at the beginning of year	\$ 2,601,327	2,959,823
Share attributable to non-controlling interests:		
Net profit of the period	10,942	3,004
The exchange differences converted by the financial statement of overseas operating institutions	3,592	6,778
	\$ 2,615,861	2,969,605

(21) Earnings per share

a. Basic earnings per share

	Three Months Ended March 31	
	2025	2024
Net profit attributable to holders of common equity of the Company	\$ 48,592	36,351
The weighted average number of shares outstanding (thousand shares)	320,675	320,675
Basic earnings per share (in dollars)	\$ 0.15	0.11

b. Diluted earnings per share

	Three Months Ended March 31	
	2025	2024
Net profit attributable to holders of common equity of the Company	\$ 48,592	36,351
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	731	951
The weighted average number of shares outstanding (thousand shares) (after adjusting the number of dilutive potential common shares impact)	321,406	321,626
Diluted earnings per share (in dollars)	\$ 0.15	0.11

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

(22) Revenue from contracts with customers

a. Disaggregation of revenue

Three Months Ended March 31, 2025			
	Film sheet segment	Medical segment	Total
Primary geographical market:			
China	\$ 2,113,393	278,025	2,391,418
Taiwan	1,045,746	293,298	1,339,044
Japan	24,798	216,297	241,095
USA	-	216,153	216,153
Others	68,311	324,478	392,789
	\$ 3,252,248	1,328,251	4,580,499
Major products / services:			
Functional sheet	\$ 3,252,248	-	3,252,248
Medical production	-	1,328,251	1,328,251
	\$ 3,252,248	1,328,251	4,580,499

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:			
Functional sheet	\$ 3,367,200	-	3,367,200
Medical production	-	1,225,808	1,225,808
	\$ 3,367,200	1,225,808	4,593,008

b. Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024
Notes and accounts receivable (including related parties)	\$ 3,470,313	4,016,785	3,389,196
Deduction: Allowance for loss	(3,247)	(22,238)	(22,412)
Total	\$ 3,467,066	3,994,547	3,366,784

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

	March 31, 2025	December 31, 2024	March 31, 2024
Contract liabilities (accounted under other current liabilities)	\$ 42,912	52,538	51,212

Refer to Note 6 [5] for details on accounts receivable and related loss allowance.

Amount of contract liabilities for the period starting from January 1, 2025 and 2024, have been recognized as income for the three months ended March 31, 2025 and 2024 that were NT\$50,605 thousand and NT\$51,152 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, 2025 and 2024, BenQ accrued the remuneration to employees amounting to NT\$6,242 thousand and NT\$4,570 thousand, respectively, remuneration to directors amounting to NT\$468 thousand and NT\$343 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 the year ended December 31, 2024 and 2023, in the amounting to NT\$25,491 thousand and NT\$52,739 thousand, respectively, remuneration to directors amounting to NT\$1,912 thousand and NT\$3,955 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	
	2025	2024
Interest on the bank deposits	\$ 2,012	5,166

b. Other Income

	Three Months Ended March 31	
	2025	2024
Government subsidy revenue	\$ 3,739	21,152

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

c. Other gains and losses

	Three Months Ended March 31	
	2025	2024
Disposal of real estate, plant and equipment interests	\$ 4	5
Profits (losses) of foreign currency exchange	(71,885)	160,862
Net losses from financial assets (liabilities) measured at fair value through profits and losses – derivative financial instruments	(71,476)	(223,941)
Losses on the disaster from the earthquake	(1,282)	-
Claim the insurance	1,282	-
Other	3,814	3,418
	\$ (139,543)	(59,656)

As a result of the earthquake that occurred on April 3, 2024, the Company's factories, equipment and inventories were damaged. As of March 31, 2025, the amount of damage before claims was NT\$125,710 thousand (including the inventory losses of NT\$ 110,936 thousand, and equipment repair losses of NT\$14,774 thousand), the loss of NT\$124,428 thousand was recognized for the year ended December 31, 2024, and increase of the losses from the equipment repair of NT\$1,282 thousand recognized for the three months ended March 31, 2025. Derivative losses for the current period were be recorded under other profits and losses. However, the Company had purchased the property insurance and business interruption insurance. According to the aforementioned property insurance contract, the Company can receive compensation for the aforementioned earthquake losses. Therefore, the Company shall not exceed the recognized losses of the insured subject matter. As of March 31, 2025, and December 31, 2024, the insurance claims were recorded under other receivables.

d. Finance costs

	Three Months Ended March 31	
	2025	2024
Interest expense of bank loans	\$ (36,894)	(28,629)
Lease liabilities	(1,494)	(1,975)
	\$ (38,388)	(30,604)

(25) Types of financial instruments and the 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, 2024.

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

a. Types of financial instruments

1) Financial assets

	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets at fair value through profit or loss:			
Foreign currency forward contract	\$ 491	1,457	-
Financial assets at fair value through other comprehensive income	157,926	161,515	170,731
Financial assets at amortized cost:			
Cash and cash equivalents	793,576	684,063	787,144
Notes and accounts receivable and other receivables (including related parties)	3,760,145	4,198,851	3,513,170
Other financial assets – current and non-current	69,087	68,266	782,257
Guarantee deposits paid	15,467	14,960	16,278
Subtotal	4,638,275	4,966,140	5,098,849
Total	\$ 4,796,692	5,129,112	5,269,580

2) Financial liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Financial liabilities at fair value through profit or loss:			
Foreign currency forward contract	\$ 726	1,570	2,204
Foreign exchange swaps	27,146	31,247	32,237
Subtotal	27,872	32,997	34,441
Financial liabilities at amortized cost:			
Short-term borrowings	2,300,000	2,200,000	1,550,000
Notes and accounts payable and other payables (including related parties)	4,556,141	4,710,326	4,159,414
Dividends payable	198,818	-	384,809
Long-term borrowings (including loans due within one year)	6,478,339	6,260,131	5,625,183
Lease liabilities – current and non-current (including related parties)	324,446	338,467	405,159
Guarantee deposit received	9,698	9,117	8,976
Subtotal	13,867,442	13,518,041	12,133,541
Total	\$ 13,895,314	13,551,038	12,167,982

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

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, 2025, December 31, and March 31, 2024 totaled NT\$14,089,305 thousand, NT\$14,563,991 thousand and NT\$15,023,965 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.

	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-5 years</u>	<u>More than 5 years</u>
March 31, 2025					
Non-derivative financial liabilities					
Short-term borrowings	\$ 2,311,390	1,809,912	501,478	-	-
Accounts payable (including related parties)	3,056,046	3,056,046	-	-	-
Other payables (including related parties)	1,500,095	1,500,095	-	-	-
Dividends payable	198,818	198,818	-	-	-
Long-term borrowings (including loans due within one year) (floating rate)	6,896,516	241,120	291,745	5,287,662	1,075,989
Lease liabilities (including related parties)	334,882	54,357	55,997	210,977	13,551
Guarantee deposit received	9,698	3,579	48	3,515	2,556
	<u>\$14,307,445</u>	<u>6,863,927</u>	<u>849,268</u>	<u>5,502,154</u>	<u>1,092,096</u>
Derivative financial instruments					
Foreign currency forward contracts – total delivery:					
Inflow	\$ (497,158)	(497,158)	-	-	-
Outflow	497,884	497,884	-	-	-
Foreign exchange swaps – net delivery	27,146	27,146	-	-	-
	<u>\$ 27,872</u>	<u>27,872</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2024					
Non-derivative liabilities					
Short-term borrowings	\$ 2,210,766	1,706,868	503,898	-	-
Accounts receivable (including related-parties)	2,991,624	2,991,624	-	-	-
Other receivables (including related-parties)	1,718,702	1,718,702	-	-	-
Long-term borrowings (including loans due within one year) (floating rate)	6,675,578	230,852	240,118	5,184,619	1,019,989
Lease liabilities (including related parties)	349,056	56,857	54,211	228,231	9,757
Guarantee deposit received	9,117	3,114	47	3,448	2,508
	<u>\$13,954,843</u>	<u>6,708,017</u>	<u>798,274</u>	<u>5,416,298</u>	<u>1,032,254</u>

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Derivative financial instruments					
Foreign currency toward contracts – total delivery:					
Inflow	\$ (491,637)	(491,637)	-	-	-
Outflow	493,207	493,207	-	-	-
Foreign exchange swaps – net delivery	31,427	31,427	-	-	-
	<u>\$ 32,997</u>	<u>32,997</u>	<u>-</u>	<u>-</u>	<u>-</u>
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
	<u>\$12,519,511</u>	<u>5,907,465</u>	<u>880,590</u>	<u>5,156,600</u>	<u>574,856</u>
Derivative financial instruments					
Foreign currency toward contracts – total delivery:					
Inflow	\$ (671,166)	(671,166)	-	-	-
Outflow	673,370	673,370	-	-	-
Foreign exchange swaps – net delivery	32,237	32,237	-	-	-
	<u>\$ 34,441</u>	<u>34,441</u>	<u>-</u>	<u>-</u>	<u>-</u>

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):

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

Currency Unit: NT\$ Thousand

March 31, 2025					
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact
<u>Financial assets</u>					
<u>Monetary</u>					
USD	\$ 135,490	33.205	4,498,945	1%	44,989
JPY	150,900	0.2226	33,590	1%	336
<u>Financial liabilities</u>					
<u>Monetary</u>					
USD	59,770	33.205	1,984,663	1%	19,847
JPY	7,310,818	0.2226	1,627,388	1%	16,274
December 31, 2024					
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact
<u>Financial assets</u>					
<u>Monetary</u>					
USD	\$ 141,434	32.785	4,636,914	1%	46,369
JPY	55,527	0.2099	11,655	1%	117
<u>Financial liabilities</u>					
<u>Monetary</u>					
USD	56,882	32.785	1,864,876	1%	18,649
JPY	8,067,737	0.2099	1,693,418	1%	16,934
March 31, 2024					
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact
<u>Financial assets</u>					
<u>Monetary</u>					
USD	\$ 145,734	32.000	4,663,488	1%	46,635
JPY	128,108	0.2115	27,095	1%	271
<u>Financial liabilities</u>					
<u>Monetary</u>					
USD	60,407	32.000	1,933,024	1%	19,330
JPY	6,546,257	0.2115	1,384,533	1%	13,845

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, 2025 and 2024, please refer to the Note 6 [24] for details.

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

d. Fair value information

1) 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.

2) 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 (i.e. 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, 2025				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL:					
Foreign currency forward contracts	\$ 491	-	491	-	491
Financial assets at fair value through other comprehensive income:					
Stocks listed in the emerging stock market in Taiwan	\$ 65,839	-	65,839	-	65,839
Non-listed Stocks	92,087	-	-	92,087	92,087
	157,926	-	65,839	92,087	157,926
Financial liabilities at FVTPL:					
Foreign currency forward contracts	\$ (726)	-	(726)	-	726
Foreign exchange swaps	(27,146)	-	(27,146)	-	(27,146)
Subtotal	(27,872)	-	(27,872)	-	(27,872)

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

		December 31, 2024			
		Fair Value			
Carrying amount	Level 1	Level 2	Level 3	Total	
Financial assets at FVTPL:					
Foreign currency forward contracts	\$ 1,457	-	1,457	-	1,457
Financial assets at fair value through other comprehensive income:					
Stocks listed in the emerging stock market in Taiwan	\$ 64,764	-	64,764	-	64,764
Non-listed Stocks	96,751	-	-	96,751	96,751
	\$ 161,515	-	64,764	96,751	161,515
Financial liabilities at FVTPL:					
Foreign currency forward contracts	\$ (1,570)	-	(1,570)	-	(1,570)
Foreign exchange swaps	(31,427)	-	(31,427)	-	(31,427)
	(32,997)	-	(32,997)	-	(32,997)
		March 31, 2024			
		Fair Value			
Carrying amount	Level 1	Level 2	Level 3	Total	
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)
Subtotal	\$ (34,441)	-	(34,441)	-	(34,441)

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

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

1) 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.

2) 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.

e. 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, 2025 and 2024.

f. Level 3 sheet of changes

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

	Three Months Ended March 31	
	2025	2024
Beginning balances	\$ 96,751	96,007
Changes in other comprehensive profit and loss recognized in the current period	(4,664)	(19)
Ending balances	\$ 92,087	95,988

(26) Financial risk management

Both the goals, policies and procedure 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, 2024.

(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, 2024. For the relevant information, please refer to Note 6 [28] for the Consolidated Financial Statements for the year ended December 31, 2024.

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

(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, 2025 and 2024, please refer to Note 6 [11].

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

1) Acquisition of the real estate, plant and equipment

	Three Months Ended March 31	
	2025	2024
Increase of the real estate, plant and equipment	\$ 476,441	865,862
Deduction: Equipment payable at the end of the year	(346,301)	(177,933)
Increase: Equipment payable at the beginning of the year	303,475	210,743
Net cash outflows from acquired the real estate, plant and equipment for the period	\$ 433,615	898,672

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

	January 1, 2025	Cash flows	Changes in non-cash		March 31, 2025
			Additional the lease liabilities	Assessment adjustment	
Short-term borrowings	\$ 2,200,000	100,000	-	-	2,300,000
Long-term borrowings (including loans due within one year)	6,260,131	217,212	-	996	6,478,339
Guarantee deposit received	9,117	581	-	-	9,698
Lease liabilities (including related parties)	338,467	(56,031)	42,010	-	324,446
Total liabilities from financing activities	\$ 8,807,715	261,762	42,010	996	9,112,483

	January 1, 2024	Cash flows	Changes in non-cash	
			Assessment adjustment	March 31, 2024
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	\$ 6,734,375	852,615	2,328	7,589,318

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

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:	
Suzhou BenQ Foundation	The actual related parties of Qisda
Darfon Electronics Corp. (Darfon)	Affiliated company of Qisda
AU Optronics Corp. (AU)	The corporate director of Qisda
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 (Xiamen) Corp.	Subsidiary of AUO
Darwin Precisions Corp.	Subsidiary of AUO
Fortech Electronics (Suzhou) Co., Ltd.	Subsidiary of AUO
Jector Digital Corporation	Subsidiary of AUO
AUO Display Plus Corp.	Subsidiary of AUO
Suzhou BenQ Hospital Co., Ltd. (SMH)	Subsidiary of Qisda
BenQ Smart Healthcare (Shanghai) Co., Ltd.	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 Singapore Pte Ltd.	Subsidiary of Qisda
ACE Energy Co., Ltd	Subsidiary of Qisda
Metaguru Corporation	Subsidiary of Qisda
BenQ Corp. (New BenQ)	Subsidiary of Qisda
BenQ Technology (Shanghai) Co., Ltd.	Subsidiary of Qisda
BenQ Dialysis Technology Corp.	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
Qisda Electronics(Suzhou) Co. Ltd.	Subsidiary of Qisda
Data Image Crop.	Subsidiary of Qisda
Aewin Technologies Co., Ltd	Subsidiary of Qisda

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

Name of related parties	Relationship with the Company
AdvancedTEK International Crop.	Subsidiary of Qisda
Global intelligence Network Co., Ltd	Subsidiary of Qisda
Simula Technology Inc.	Subsidiary of Qisda
BenQ Medical (Shanghai) Co., Ltd	Subsidiary of Qisda
Alpha Network Inc.	Subsidiary of Qisda
Epic Cloud CO., LTD.	Subsidiary of Qisda
DSI Group co., Ltd.	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
NORBEL BABY CO., LTD	Subsidiary of Qisda
CONCORD Healthcare Corporation	Subsidiary of Qisda
TEKPAK CORPORATION	Subsidiary of Qisda
CHAN GUARE INDUSTRY CO., LTD	Subsidiary of Qisda
NAISEN KELIN INDUSTRY Co., LTD	Subsidiary of Qisda

(2) Significant transactions with related parties

a. Sales revenue

	Three Months Ended March 31	
	2025	2024
Other related parties:		
AUO	\$ 918,146	1,055,370
AUS	220,188	177,340
AUX	101,467	137,871
Others	16,408	6,218
Affiliated company – VVM	56,922	39,189
Affiliated company –Visco Vision	214	-
Parent company	664	-
	\$ 1,314,009	1,415,988

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 transaction

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

b. Purchases

	Three Months Ended March 31	
	2025	2024
Affiliated company – Visco Vision	\$ 96,817	141,364

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 items	Three Months Ended March 31	
		2025	2024
Other related parties	Intangible assets	\$ 4,830	4,572
Other related parties	Real estate, plant and equipment	5,087	101
		\$ 9,917	4,673

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, 2025, and 2024, recognized the related interest expense as the lease liabilities, which amounted to NT\$1,259 thousand, and NT\$1,677 thousand. As of March 31, 2025, December 31, and March 31, 2024, the lease liabilities balances amounted to \$265,766 thousand, NT\$289,379 thousand and NT\$359,586 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	
	2025	2024
Other related parties	\$ 135	278

e. Donation

As of the three months ended March 31, 2025 and 2024, the Combined Company donated to Suzhou BenQ Foundation, amounted to NT\$1,128 thousand, and NT\$1,094 thousand, respectively.

f. Dividend

1) As of March 31, 2025, December 31, and March 31, 2024, the dividends receivable of the related parties (are recorded under the other receivables - related parties) for the Combined Company, the details are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
	Affiliated company	\$ 47,602	-

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

2) As of March 31, 2025, December 31, and March 31, 2024, the dividends payable of the related parties (are recorded under the dividends payable) for the Combined Company, the details are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Parent company	\$ 27,069	-	52,391
Other related parties	59,539	-	115,237
	\$ 86,608	-	167,628

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 items	Related-party categories	Three Months Ended March 31	
		2025	2024
Operating costs	Parent company	\$ -	372
	Other related parties	848	1,089
Operating expenses	Parent company	1,250	1,250
	Other related parties	3,024	4,222
		\$ 5,122	6,933

g. Accounts receivable from related parties

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

Account items	Related-party categories	March 31, 2025	December 31, 2024	March 31, 2024	
Accounts receivable - related parties, net	Others related parties- AUO	\$ 1,003,867	1,010,257	1,065,741	
	Others related parties- AUS	63,994	283,434	69,733	
	Other related parties- AUX	48,028	153,949	36,283	
	Other related parties- others	19,852	37,887	6,629	
	Affiliated company - VVM	41,487	36,411	26,654	
	Other affiliated companies	224	224	-	
	Parent company	696	455	499	
	Subtotal	<u>1,178,148</u>	<u>1,522,617</u>	<u>1,205,539</u>	
	Other receivables – related parties	Other related-parties	2	188	-
		Affiliated company – Visco Vision	47,602	-	22,401
Parent company		-	-	31	
Subtotal		<u>47,604</u>	<u>188</u>	<u>22,432</u>	
		\$ 1,225,752	1,522,805	1,227,971	

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

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, 2025

Underwriter	Factored amount	Amount of advance available	Advance amount	Amount transferred to other accounts receivable (Note 6 [6])	Range of interest rate	Other important matters
CTBC Bank	\$ 280,444	-	252,400	28,044	2.23%	None

March 31, 2024

Underwriter	Factored amount	Amount of advance available	Advance amount	Amount transferred to other accounts receivable (Note 6 [6])	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
	\$ 330,000	-	297,000	33,000		150,000

h. Accounts payable – related parties

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

Account items	Related-party categories	March 31, 2025	December 31, 2024	March 31, 2024
Accounts payable – related parties	Affiliated company	\$ 75,552	64,977	100,416
Other payables – related parties	Other related parties	22,792	26,453	30,933
	Parent company	2,119	1,250	3,118
	Subtotal	24,911	27,703	34,051
		\$ 100,463	92,680	134,467

(3) Compensation of major managerial personnel

	Three Months Ended March 31	
	2025	2024
Short-term employee benefits and compensation	\$ 11,940	11,303
Retirement benefits	81	81
	\$ 12,021	11,384

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

8. Pledged assets

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

Name of asset	Purpose of pledge	March 31, 2025	December 31,	
			2024	March 31, 2024
Land, buildings and structures	Pledges of short-term and long-term borrowings	\$ 837,464	840,957	851,436
Other financial assets - current	Customs deposits	15,022	14,736	10,991
Other financial assets - current	Litigation on the asset preservation	2,518	-	-
Other financial assets - current - deposit certificated	Project guarantee deposits	4,608	4,608	-
Other financial assets - non-current - deposit certificated	Performance guarantee bonds	10,939	10,452	9,252
		<u>\$ 870,551</u>	<u>870,753</u>	<u>871,679</u>

9. Material contingent liabilities and unrecognized contractual commitments

Significant unrecognized contract commitments:

	March 31, 2025	December 31, 2024	March 31, 2024
Unused letters of credit issued	\$ 979,185	741,016	947,726
Signed and unpaid major engineering and equipment payments	1,191,788	1,377,832	2,619,854

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	Three Months Ended March 31					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Nature						
Employee benefits expenses:						
Salaries expenses	429,031	244,122	673,153	375,996	228,093	604,089
Labor insurance and national health insurance	38,461	20,321	58,782	35,345	18,920	54,265
Pension expenses	16,402	11,933	28,335	16,865	11,373	28,238
Other employee benefits expenses	28,934	9,604	38,538	25,783	9,557	35,340
Depreciation	224,686	42,567	267,253	185,722	38,753	224,475
Amortization	5,721	8,101	13,822	8,132	11,533	19,665

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

13. Additional disclosures

(1) Information on significant transactions:

For the three months ended March 31, 2025, the Combined Company should disclose relevant information on significant transactions in accordance with preparation of financial reports:

a. Financing provided to other parties:

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	BenQ Materials (Wuhu) Corp.	Other receivables - related parties	Yes	1,213,356 (RMB 265,000)	1,213,356 (RMB 265,000)	780,668 (RMB 170,500)	1.30%	2	-	Operating turnover	-	-	-	2,025,648	2,025,648	(Note 1)
2	BMS	BenQ Medical (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	457,870 (RMB 100,000)	457,870 (RMB 100,000)	98,900 (RMB 21,600)	1.30%	2	-	Operating turnover	-	-	-	2,025,648	2,025,648	(Note 1)
3	Web-Pro	Web-Pro(Vietnam Co., Ltd)	Other receivables - related parties	Yes	232,435 (USD 7,000)	232,435 (USD 7,000)	166,025 (USD 5,000)	1.85%	2	-	Operating turnover	-	-	-	503,954	1,007,908	(Note 2)
4	DTB	BenQ Medical (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	36,630 (RMB 8,000)	36,630 (RMB 8,000)	34,340 (RMB 7,500)	1.30%	2	-	Operating turnover	-	-	-	40,763	40,763	(Note 3)

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

(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 significant marketable securities at the end of the period (excluding investment in subsidiaries, affiliated company 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	23	(Note)	2.50%	-	-
BenQ	Shares of Lagis Corporation	-	Financial assets at fair value through other comprehensive income	1,680	65,839	5.24%	65,839	-
BenQ	Shares of Summed Corporation	-	Financial assets at fair value through other comprehensive income	300	2,099	2.73%	2,099	-
BenQ	Shares of Cuumed Catheter Medical Co., Ltd	-	Financial assets at fair value through other comprehensive income	3,429	89,988	8.76%	89,988	-

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

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

d. Those who purchase or sell with a related party in the amount of NT\$100 million or more than 20% of the paid-in capital:

Purchases (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	918,146	24%	OA90	(Note 1)	(Note 3)	1,003,867	33%	
BenQ	AUS	Other related parties	Sales	220,188	6%	OA90	(Note 1)	(Note 3)	63,994	2%	
BenQ	BMM	Parent company and subsidiary	Sales	135,137	4%	OAI80	(Note 1)	(Note 3)	178,892	6%	(Note 4)
BenQ	AUX	Other related parties	Sales	101,467	3%	OA90	(Note 1)	(Note 3)	48,028	2%	
BenQ	BMS	Parent company and subsidiary	Purchases	(238,003)	9%	OAI80	(Note 2)	(Note 3)	(733,454)	20%	(Note 4)

(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.

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

e. 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 (Note 1)	Overdue amounts receivable from related parties		Amount to be recovered after the due date from the related party	Amount of provision for losses
					Amount	Disposal of method		
BenQ	AUO	Other related parties	1,003,867	3.65	-	-	374,342	-
BenQ (Note 2)	BMM	Parent company and subsidiary	178,892	2.98	-	-	50,165	-
BMS (Note 2)	BenQ	Parent company and subsidiary	733,454	0.33	255,211	-	84,499	-

(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.

f. Business relationships and significant intercompany transactions among parent and subsidiaries.

No (Note 1)	Company name	Transaction objects	Relationship with the dealer (Note 2)	Transaction (Note 3)			
				Subject	Amount	Condition of transaction	Percentage of consolidated total operating revenues or total assets (Note 4)
0	BenQ	BMM	1	Sales	135,137	OA180	2.95%
0	BenQ	Sigma-Medical	1	Sales	71,997	OA180	1.57%
1	BMS	BenQ	2	Account receivable	733,454	OA180	3.20%
1	BMS	BenQ	2	Processing income	238,003	OA180	5.20%

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

1) Number 0 represents the parent.

2) Subsidiaries are numbered in order from number 1.

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

(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 (excluding investees in China):

The information of investee companies for the three months ended March 31, 2025 (excluding investees in China):

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of March 31, 2025			Net profit (loss) of the investee for the period	Investment income (loss) recognized for the period	Commentary
				Balance as of March 31, 2025	Balance as of December 31, 2024	Number of shares	Ownership(%)	Carrying value			
BenQ	BMLB	Malaysia	Holding company Sales of medical consumables and equipment	499,790	499,790	14,082	100.00%	1,903,332	42,206	42,206	
BenQ	Sigma-Medical	Taiwan	Manufacture and sales of contact lenses	231,727	231,727	2,000	100.00%	56,256	11,211	11,211	
BenQ	Visco Vision	Taiwan	R&D, manufacture and sales of medical consumables and equipment	168,771	168,771	9,334	14.82%	559,076	193,913	28,080	
BenQ	Cenefom	Taiwan	R&D, manufacture and sales of medical consumables and equipment	272,968	272,968	11,646	50.98%	199,845	(2,288)	(1,875)	
BenQ	Genejet	Taiwan	equipment	50,460	50,460	4,270	79.35%	45,482	283	(206)	

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of March 31, 2025			Net profit (loss) of the investee for the period	Investment income (loss) recognized for the period	Commentary
				Balance as of March 31, 2025	Balance as of December 31, 2024	Number of shares	Ownership(%)	Carrying value			
BenQ	Web-Pro	Taiwan	R&D, manufacture and sales of hygienic medical production	3,161,999	3,161,999	35,700	51.00%	2,566,956	33,184	13,321	
BenQ	MLK	Taiwan	R&D, and sales of medical consumables and equipment	6,000	6,000	217	20.00%	-	(143)	-	
BenQ	Coatmed	Taiwan	Sales of medical consumables and equipment	5,980	5,980	598	7.48%	4,103	(4,859)	(363)	
Web-Pro	WPSG	Singapore	Holding company	895,139	895,139	30,000	100.00%	706,037	(17,172)	-	
WPSG	WPVN	Vietnam	Manufacture and sales of hygienic medical production	926,053	926,053	-	100.00%	699,398	(17,094)	-	

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

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

(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)	Accumulated amount of remittance from Taiwan as of January 1, 2025	Amount remitted from Taiwan or amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan as of March 31, 2025	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 value of investments as of March 31, 2025	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	265,640 (USD 8,000)	(3)	265,640 (USD 8,000)	-	-	265,640 (USD 8,000)	11,141	100.00%	11,141 (Note 2)	2,025,648 (Note 4)	-
Daxon Biomedical (Suzhou) Co., Ltd. (DTB)	Manufacture and sales of related products such as medical equipment	50,366 (RMB 11,000)	(2)	-	-	-	-	(3,759)	100.00%	(3,759) (Note 2)	40,763 (Note 4)	-
BenQ Materials (Wuhu) Corp. (BMW)	Manufacture and sales of film sheet and cosmetic-related products	366,296 (RMB 80,000)	(3)	183,148 (RMB 40,000)	-	-	183,148 (RMB 40,000) (Note 3)	39,285	100.00%	39,285 (Note 2)	(207,814) (Note 4)	-
BenQ Materials Medical (Suzhou) Co., Ltd. (BMM)	Manufacture and sales of medical consumables and equipment	68,681 (RMB 15,000)	(2)	-	-	-	-	2,541	100.00%	2,541 (Note 2)	59,173 (Note 4)	-
BenQ Materials Beautech (Wuhu) Co., Ltd (BME)	Manufacture and sales of cosmetic-related products	22,894 (RMB 5,000)	(2)	-	-	-	-	(484)	100.00%	(484) (Note 2)	21,536 (Note 4)	-
Suzhou Sigma Medical Supply Co., Ltd. (Suzhou Sigma)	Sales of medical consumables and equipment	23,974 (USD 722)	(1)	23,974 (USD 722)	-	-	23,974 (USD 722)	-	100.00%	- (Note 2)	1,135 (Note 4)	-

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

(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.

(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 September 30, 2024	Investment amounts authorized by Investment Commission, MOEA	Investment limits in mainland China by Commission, MOEA
BenQ	448,788 (RMB 40,000 and USD 8,000)	590,499 (RMB 70,950 and USD 8,000)	(Note)
Sigma-Medical	23,974 (USD 722)	23,974 (USD 722)	80,000

It is converted according to the exchange rate of USD to NTD of 33.205 and RMB to NTD of 4.5787 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:

The direct or indirect transactions in China have been eliminated when preparing the consolidated financial statements for the three months ended March 31, 2025 please refer to "Information on significant transactions" for the details.

I4. 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 medical segment is mainly engaged in the sales, manufacturing and research and development of various medical-related 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.

BENQ MATERIALS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

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

Three Months Ended March 31, 2025				
	Film sheet segment	Medical segment	Adjustments and Eliminations	Total
External revenue	\$ 3,252,248	1,328,251	-	4,580,499
Intra-segment revenue	-	-	-	-
Total revenue	\$ 3,252,248	1,328,251	-	4,580,499
Net profit (loss) after tax	\$ (23,693)	83,227	-	59,534
Three Months Ended March 31, 2024				
	Film sheet segment	Medical segment	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 after tax	\$ (21,383)	60,738	-	39,355

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.