

# **BENQ MATERIALS CORPORATION AND SUBSIDIARIES**

## **Consolidated Financial Statements**

### **With Independent Auditors' Report**

**For the Six Months Ended June 30, 2023 and 2022**

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

Telephone: 886-3-374-8800

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## **Independent Auditors' Report**

To the Board of Directors of BenQ Materials Corporation:

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of BenQ Materials Corporation and its subsidiaries as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income, for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows then ended, 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 \$431,681 thousand and \$240,662 thousand as of June 30, 2023 and 2022, respectively, as well as the equity in net earnings on the joint ventures using the equity method of \$7,393 thousand, \$30,221 thousand, \$16,906 thousand and \$56,923 thousand for the three months and the six months ended June 30, 2023 and 2022, 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 June 30, 2023 and 2022, and the consolidated financial performance for the three months and the six months ended June 30, 2023 and 2022, and the consolidated cash flows for the six months ended June 30, 2023 and 2022, 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

Philips Tang

CPA:

Steven Shih

Approved audit number: FSC (6) No. 0940100754

Approved audit number: FSC (audited) No. 1060005191

August 2<sup>nd</sup>, 2023

# BENQ MATERIALS CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

June 30, 2023, December 31 and June 30, 2022

(Unit: NT\$ thousand)

		June 30, 2023		December 31, 2022		June 30, 2022	
Assets		Amount	%	Amount	%	Amount	%
<b>Current assets:</b>							
I100	Cash and cash equivalents (Note6 [ 1 ] )	\$ 1,104,702	6	653,134	5	229,384	2
I110	Financial assets at fair value through profit or loss – Current (Note 6 [ 2 ] )	-	-	17,316	-	1,230	-
I120	Financial assets at fair value through other comprehensive income - Current (Note 6 [ 3 ] )	64,713	-	54,549	-	63,941	1
I170	Notes and accounts receivable, net (Note 6 [ 4 ] and [ 23 ] )	2,581,022	13	2,156,403	16	2,377,119	19
I180	Notes and accounts receivable - Related parties, net amount (Note 6 [ 4 ] , [ 23 ] and 7)	1,006,321	5	853,146	6	850,754	7
I200	Other receivables (Note 6 [ 4 ] and [ 5 ] )	129,198	1	141,119	1	134,683	1
I210	Other receivables - Related parties (Note 6 [ 5 ] and 7)	51,386	-	10	-	39,345	-
I310	Inventories net (Note 6 [ 6 ] )	2,914,535	15	2,719,984	20	2,681,270	21
I479	Other current assets	285,153	1	209,242	2	233,410	2
I476	Other financial assets – Current (Note 8)	253,141	1	52,052	-	42,060	-
I460	Non-current assets held for sale (Note 6 [ 7 ] )	-	-	-	-	301,762	2
<b>Total current assets</b>		<b>8,390,171</b>	<b>42</b>	<b>6,856,955</b>	<b>50</b>	<b>6,954,958</b>	<b>55</b>
<b>Noncurrent assets:</b>							
I517	Financial assets at fair value through other comprehensive income – Non-current (Note 6 [ 3 ] )	96,050	-	96,504	1	11,473	-
I550	Investment accounted for using equity method (Note 6 [ 8 ] )	431,681	2	480,749	4	240,662	2
I600	Real estate, plant, and equipment (Note 6 [ 11 ] , 7 and 8)	9,648,729	48	5,064,453	37	4,824,610	38
I755	Right-of-use asset (Note6 [ 12 ] )	838,246	4	569,198	4	141,815	1
I760	Net Investment property (Note 6 [ 13 ] )	151,247	1	161,272	1	168,475	1
I780	Intangible assets (Note 6 [ 9 ] , [ 14 ] and 7)	184,170	1	141,383	1	155,990	1
I840	Deferred tax assets	281,941	2	262,820	2	183,388	2
I920	Guarantee deposits paid	16,112	-	26,268	-	26,720	-
I980	Other financial assets –Non-current (Note 8)	9,252	-	-	-	-	-
I995	Other non-current assets	68,527	-	44,966	-	53,274	-
<b>Total non-current assets</b>		<b>11,725,955</b>	<b>58</b>	<b>6,847,613</b>	<b>50</b>	<b>5,806,407</b>	<b>45</b>
<b>Total assets</b>		<b>\$ 20,116,126</b>	<b>100</b>	<b>13,704,568</b>	<b>100</b>	<b>12,761,365</b>	<b>100</b>

(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

June 30, 2023, December 31 and June 30, 2022

(Unit: NT\$ thousand)

		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%
<b>Liabilities and Equity</b>							
<b>Current liabilities:</b>							
2100	Short-term borrowings (Note 6 [ 15 ] )	\$ 650,000	4	1,051,460	8	478,320	4
2120	Financial liabilities at fair value through profit or loss – Current (Note 6 [ 2 ] )	41,603	-	1,800	-	37,990	-
2170	Accounts payable	2,810,766	14	2,541,222	19	2,803,153	22
2180	Accounts payable – Related parties (Note 7)	51,470	-	34,905	-	73,604	1
2200	Other payables (Note 6 [ 9 ] and [ 24 ] )	1,830,595	9	1,527,559	11	1,636,292	13
2216	Dividends payable (Note 6 [ 21 ] and 7)	641,349	3	-	-	481,012	4
2220	Other payables – Related parties (Note 7)	23,652	-	20,098	-	23,916	-
2320	Long-term borrowings due within one year (Note 6 [ 16 ] and 8)	247,865	1	181,486	1	62,127	-
2281	Lease liabilities – Current (Note 6 [ 17 ] )	12,208	-	7,787	-	7,829	-
2282	Lease liabilities – Related parties – Current (Note 6 [ 17 ] and 7)	92,570	1	91,746	1	46,395	-
2399	Other current liabilities (Note 6 [ 7 ] and [ 23 ] )	173,243	1	170,683	1	393,691	3
<b>Total current liabilities</b>		<b>6,575,321</b>	<b>33</b>	<b>5,628,746</b>	<b>41</b>	<b>6,044,329</b>	<b>47</b>
<b>Non-current liabilities</b>							
2540	Long-term borrowings (Note 6 [ 16 ] and 8)	4,130,702	21	1,084,002	8	1,204,273	10
2570	Deferred tax liabilities	497,793	2	268,184	2	140,736	1
2581	Lease liabilities – Non-current (Note 6 [ 17 ] )	43,619	-	44,595	-	48,510	-
2582	Lease liabilities – Related parties – Non-current (Note 6 [ 17 ] and 7)	336,288	2	382,780	3	755	-
2600	Other non-current liabilities (Note 6 [ 16 ] )	49,830	-	45,616	-	49,683	1
<b>Total non-current liabilities</b>		<b>5,058,232</b>	<b>25</b>	<b>1,825,177</b>	<b>13</b>	<b>1,443,957</b>	<b>12</b>
<b>Total liabilities</b>		<b>11,633,553</b>	<b>58</b>	<b>7,453,923</b>	<b>54</b>	<b>7,488,286</b>	<b>59</b>
<b>Equity (Note 6 [ 21 ] ):</b>							
3110	Common stock	3,206,745	16	3,206,745	23	3,206,745	25
3200	Capital reserve	192,352	1	192,352	2	5,808	-
Retained earnings:							
3310	Legal reserve	540,821	3	414,305	3	414,305	3
3320	Special reserve	68,835	-	103,309	1	103,309	1
3350	Undistributed earnings	1,660,555	8	2,200,624	16	1,489,972	12
3400	Other equity	(115,209)	-	(68,835)	(1)	(55,720)	(1)
Total equity attributable to the owners of parent company		5,554,099	28	6,048,500	44	5,164,419	40
36XX	Non-controlling (Note 6 [ 9 ] , [ 10 ] and [ 21 ] )	2,928,474	14	202,145	2	108,660	1
<b>Total equity</b>		<b>8,482,573</b>	<b>42</b>	<b>6,250,645</b>	<b>46</b>	<b>5,273,079</b>	<b>41</b>
<b>Total liabilities and equity</b>		<b>\$ 20,116,126</b>	<b>100</b>	<b>13,704,568</b>	<b>100</b>	<b>12,761,365</b>	<b>100</b>

(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 and Six Months Ended June 30, 2023 and 2022

(Unit: NT\$ thousand)

		For the Three Months Ended June 30				For the Six Months Ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net sales revenue (Note 6 [ 23 ] , 7 and 14)	\$ 4,635,046	100	4,111,680	100	8,701,990	100	8,275,740	100
5000	Operating cost (Note [ 6 ] , [ 11 ] , [ 12 ] , [ 13 ] , [ 14 ] , [ 17 ] , [ 19 ] , [ 24 ] 7 and 12)	(3,817,151)	(82)	(3,266,478)	(79)	(7,185,025)	(83)	(6,675,386)	(81)
	Gross operating profit	817,895	18	845,202	21	1,516,965	17	1,600,354	19
	Operating expenses: (Note 6 [ 4 ] , [ 11 ] , [ 12 ] , [ 14 ] , [ 17 ] , [ 19 ] , [ 24 ] ,7 and 12):								
6100	Selling expenses	(333,890)	(8)	(310,858)	(8)	(622,443)	(7)	(588,224)	(7)
6200	General and administrative expenses	(86,671)	(2)	(80,082)	(2)	(169,471)	(2)	(157,654)	(2)
6300	Research and development expenses	(238,109)	(5)	(209,041)	(5)	(448,756)	(5)	(403,001)	(5)
		(658,670)	(15)	(599,981)	(15)	(1,240,670)	(14)	(1,148,879)	(14)
	Net operating income	159,225	3	245,221	6	276,295	3	451,475	5
	Non-operating income and expenses (Note 6 [ 7 ] , [ 8 ] , [ 16 ] , [ 17 ] , [ 25 ] and 7):								
7100	Interest revenue	6,043	-	575	-	12,576	-	1,147	-
7010	Other revenue	24,033	1	6,539	-	27,051	1	7,796	-
7020	Other profits and loss	62,214	2	50,752	1	37,123	1	156,582	2
7050	Financial cost	(30,857)	(1)	(14,741)	-	(60,403)	(1)	(25,581)	-
7370	Share of profits of associates accounted for using the equity method	7,393	-	30,221	1	16,906	-	56,923	1
		68,826	2	73,346	2	33,253	1	196,867	3
	Income before income tax	228,051	5	318,567	8	309,548	4	648,342	8
7950	Less: Income tax expense (Note 6 [ 20 ] )	(46,963)	(1)	(59,051)	(2)	(65,747)	(1)	(98,443)	(1)
	Net profit	181,088	4	259,516	6	243,801	3	549,899	7
	Other comprehensive income:								
8310	Items that will not be reclassified to profit or loss (Note 6 [ 21 ] )								
8316	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	(2,137)	-	6,434	-	9,710	-	8,450	-
8349	Income tax related to items that will not be reclassified	-	-	-	-	-	-	-	-
		(2,137)	-	6,434	-	9,710	-	8,450	-
8360	Items that may be reclassified subsequently to profit or loss (Note 6 [ 8 ] and [ 21 ] )								
8361	Exchanges differences arising on translation of financial statements of foreign operations	(54,456)	(1)	(24,499)	-	(39,199)	(1)	37,983	-
8370	Share of other comprehensive income of associates accounted for using the equity method	(9,015)	-	(5,725)	-	(14,638)	-	1,156	-
8399	Income tax related to items that may be reclassified	-	-	-	-	-	-	-	-
		(63,471)	(1)	(30,224)	-	(53,837)	(1)	39,139	-
	Other Comprehensive Income (loss)	(65,608)	(1)	(23,790)	-	(44,127)	(1)	47,589	-
8500	Total comprehensive income for the period	\$ 115,480	3	235,726	6	199,674	2	597,488	7
	Net profit after tax for the period attributable to:								
8610	Owners of the parent company	\$ 143,790	3	261,729	6	193,623	2	554,512	7
8620	Non-controlling interests	37,298	1	(2,213)	-	50,178	1	(4,613)	-
		\$ 181,088	4	259,516	6	243,801	3	549,899	7
	Total comprehensive income attributable to:								
8710	Owners of the parent company	\$ 75,315	2	237,939	6	147,249	2	602,101	7
8720	Non-controlling interests	40,165	1	(2,213)	-	52,425	-	(4,613)	-
		\$ 115,480	3	235,726	6	199,674	2	597,488	7
	Earnings per share (Unit: NT\$, Note 6 [ 22 ] )								
9750	Basic earnings per share	\$ 0.45		0.82		0.60		1.73	
9850	Diluted earnings per share	\$ 0.45		0.81		0.60		1.71	

(See the attached notes to the Consolidated Financial Stat

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 Six Months Ended June 30, 2023 and 2022**

(Unit: NT\$ thousand)

	Profit and / loss attributable to the owners of parent company						Other equity items						
	Retained earnings												
	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	Total equity attributable to the owners of parent company	Non-controlling	Total equity
<b>Balance as of January 1, 2022</b>	\$ 3,206,745	5,808	317,262	83,534	1,533,290	1,934,086	(51,470)	(22,910)	(28,929)	(103,309)	5,043,330	113,273	5,156,603
Appropriation and distribution of retained earnings:													
Account for legal reserve	-	-	97,043	-	(97,043)	-	-	-	-	-	-	-	-
Account for special reserve	-	-	-	19,775	(19,775)	-	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(481,012)	(481,012)	-	-	-	-	(481,012)	-	(481,012)
Net profit	-	-	-	-	554,512	554,512	-	-	-	-	554,512	(4,613)	549,899
Other Comprehensive Income (Loss)	-	-	-	-	-	-	39,139	8,450	-	47,589	47,589	-	47,589
Total comprehensive income for the period	-	-	-	-	554,512	554,512	39,139	8,450	-	47,589	602,101	(4,613)	597,488
<b>Balance as of June 30, 2022</b>	<b>\$ 3,206,745</b>	<b>5,808</b>	<b>414,305</b>	<b>103,309</b>	<b>1,489,972</b>	<b>2,007,586</b>	<b>(12,331)</b>	<b>(14,460)</b>	<b>(28,929)</b>	<b>(55,720)</b>	<b>5,164,419</b>	<b>108,660</b>	<b>5,273,079</b>
<b>Balance as of January 1, 2023</b>	\$ 3,206,745	192,352	414,305	103,309	2,200,624	2,718,238	(5,823)	(28,805)	(34,207)	(68,835)	6,048,500	202,145	6,250,645
Appropriation and distribution of retained earnings:													
Account for legal reserve	-	-	126,516	-	(126,516)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(34,474)	34,474	-	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(641,349)	(641,349)	-	-	-	-	(641,349)	-	(641,349)
Changes in the ownership equity recognized by the subsidiary	-	-	-	-	(301)	(301)	-	-	-	-	(301)	301	-
Capital injection in the non-controlling interest from the shareholder	-	-	-	-	-	-	-	-	-	-	-	2,016	2,016
Increase in non-controlling	-	-	-	-	-	-	-	-	-	-	-	3,014,587	3,014,587
Distribution of cash dividend to the non-controlling from the subsidiary	-	-	-	-	-	-	-	-	-	-	-	(343,000)	(343,000)
Net profit	-	-	-	-	193,623	193,623	-	-	-	-	193,623	50,178	243,801
Other Comprehensive Income (Loss)	-	-	-	-	-	-	(56,084)	9,710	-	(46,374)	(46,374)	2,247	(44,127)
Total comprehensive income for the period	-	-	-	-	193,623	193,623	(56,084)	9,710	-	(46,374)	147,249	52,425	199,674
<b>Balance as of June 30, 2023</b>	<b>\$ 3,206,745</b>	<b>192,352</b>	<b>540,821</b>	<b>68,835</b>	<b>1,660,555</b>	<b>2,270,211</b>	<b>(61,907)</b>	<b>(19,095)</b>	<b>(34,207)</b>	<b>(115,209)</b>	<b>5,554,099</b>	<b>2,928,474</b>	<b>8,482,573</b>

(See the attached notes to the Financial Consolidated Statements)

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

General Manager: Ray, Liu

Accounting Manager: James, Wang

# **BENQ MATERIALS CORPORATION AND SUBSIDIARIES**

## **Consolidated Statements of Cash Flows** **For the Six Months Ended June 30, 2023 and 2022**

(Unit: NT\$ thousand)

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Income before income tax for the period	\$ 309,548	648,342
Adjusted item:		
Depreciation expenses	444,883	298,352
Amortization expenses	24,282	29,973
Expected credit losses from reverse benefits	(12,834)	(10)
Valuation loss on financial liabilities measured at fair value through net profit or loss	57,119	33,307
Interest expenses	60,403	25,581
Interest revenue	(12,576)	(1,147)
Share of profit of affiliated companies accounted under the equity method	(16,906)	(56,923)
Loss (profits) from disposal of real estate, plant and equipment	(224)	12,903
Profits from disposal of non-current assets held for sale	-	(109,790)
Amortization of deferred expenses transferred tp expenses	89,043	76,822
Amortization of syndication fee costs	856	2,917
Total adjustments to reconcile profit (loss)	634,046	311,985
Changes in operating assets / liabilities:		
Net changes in operating assets:		
Notes and accounts receivable	(146,261)	(129,108)
Notes and accounts receivable – related parties	(135,996)	(186,694)
Other receivables	4,687	263
Other accounts receivable – related parties	(40)	10
Inventory	68,154	126,598
Other current assets	(81,056)	(13,885)
Total net changes in operating assets	(290,512)	(202,816)
Net changes in operating liabilities:		
Accounts payable	189,343	(338,032)
Accounts payable – related parties	16,565	25,168
Other payables	(112,122)	(9,588)
Other payables - related parties	3,554	(192)
Other current liabilities	(24)	28,202
Net defined benefit liability	(654)	(972)
Other non-current liabilities	(223)	-
Total net changes in operating liabilities	96,439	(295,414)
Total net changes in operating assets and liabilities	(194,073)	(498,230)
Total adjustments	439,973	(186,245)
Cash inflow generated from operations	749,521	462,097
Interest received	12,576	1,147
Interest payment	(60,178)	(25,534)
Income tax paid	(155,414)	(125,963)
<b>Net cash inflow from operating activities</b>	<b>546,505</b>	<b>311,747</b>

(Continued on the next page)



# BENQ MATERIALS CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows (Continued)

For the Six Months Ended June 30, 2023 and 2022

(Unit: NT\$ thousand)

	For the Six Months Ended June 30	
	2023	2022
<b>Cash flows from investing activities:</b>		
Acquisitions of financial assets at fair value through other comprehensive income	\$ -	(2,286)
Net cash inflows from merger of subsidiaries	(1,464,838)	-
Sale of non-current assets held for sale	-	273,699
Acquisition of real estate, plant and equipment	(701,245)	(579,735)
Disposal of real estate, plant and equipment	224	221
Decrease in refundable deposits	17,542	2,254
Acquisition of intangible assets	(18,976)	(17,242)
Decrease (increase) in other financial assets	(201,089)	45,024
Advance receipts increase on disposal of property, plant and equipment	-	150,416
Increase in other non-current assets	(30,717)	(37,318)
<b>Net cash outflow from investing activities</b>	<b>(2,399,099)</b>	<b>(164,967)</b>
<b>Cash flows from financing activities:</b>		
Decrease in short-term loans	(401,460)	(108,529)
Proceeds from long-term borrowings	4,240,200	262,850
Repayments of long-term borrowings	(1,119,639)	(303,365)
Ddecrease in deposits received	(2,981)	(5,785)
Repayments of lease principal	(53,377)	(49,714)
Capital increase of subsidiary by non-controlling interest shareholders	2,016	-
Issuance of cash dividends to the non-controlling from subsidiary	(343,000)	-
<b>Net cash inflow (outflow) from financing activities</b>	<b>2,321,759</b>	<b>(204,543)</b>
<b>Impact on exchange rates changes</b>	<b>(17,597)</b>	<b>9,020</b>
<b>Increase (decrease) in cash and cash equivalents for the period</b>	<b>451,568</b>	<b>(48,743)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>653,134</b>	<b>278,127</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>\$ 1,104,702</b>	<b>229,384</b>

(See the attached notes to the Consolidated Financial Statements)

**Chairman:**

**Zhien-Chi (Z.C.) Chen**

**General Manager:**

**Ray, Liu**

**Accounting Manager:**

**James, Wang**

**BENQ MATERIALS CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**For the Six Months Ended June 30, 2023 and 2022**  
(Unless otherwise indicated, the unit for all amounts is in NT\$ thousand.)

**1. Company History**

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

**2. Date and Procedures of Authorization of Financial Statements**

The Consolidated Financial Statements were published upon approval by the Board of Directors on August 2, 2023.

**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, 2023.
- Amendments to IAS 1 "Disclosure of the Accounting Policy"
  - Amendments to IAS 8 "Definition of the Accounting Evaluation"
  - Amendments to IAS 12 "Related to Referred Tax Assets and Liabilities from Unity Transaction"
- (2) 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
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	<p>The current IAS 1 stipulates that liabilities for which an enterprise has not unconditionally deferred the repayment period to at least 12 months after the reporting period shall be classified as current. The amendment to deletion of the right should be unconditional, stipulating that the right must exist on the end date of the reporting period and mustbe material.</p> <p>The amendments clarify how companies should classify liabilities repaid by issuing their own equity instruments (such as convertible bonds)</p>	January 1, 2024

New or amended standards	Major amendments	The effective date of issuance by IASB
Amendments to IAS 1 "The Contractual Clauses of Non-Current Liabilities"	<p>After renewing to consider that some parts of IAS 1 are amended in 2020, The new amendments clarify only the contractual clauses which is followed before the reporting period could affect the classification of liabilities under the current or non-current.</p> <p>The enterprise must follow the contractual clauses (the clauses in the future) that don't affect the classification of liabilities after the reporting period. Only the non-current liabilities are limited by the contractual clauses in the future, the enterprise have to disclose the information so as to aid the user of the financial report understand the liabilities maybe have the risk of the repayment within 12 months after the reporting period.</p>	January 1, 2024
<p>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.</p> <p>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.</p> <ul style="list-style-type: none"> <li>• Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"</li> <li>• Amendments to IFRS 17 "Insurance Contract"</li> <li>• Amendments to IFRS 16 "Lease Liabilities for Sale and Leaseback"</li> <li>• Amendments to IAS 7 and IFRS 7 "Arrange for the financing of the Supplier"</li> <li>• Amendments to IAS 12 "National Taxation Revolution – Pillar 2 Model Rules"</li> </ul>		

4. Summary of Significant Accounting Policies:

(1) Statement of compliance

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

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022. Refer to Note 4 for the consolidated financial statements for the year ended December 31, 2022 for the details.

(2) Basis of consolidation

I) List of subsidiaries in the Consolidated Financial Statements:

Investment company name	Subsidiary name	Business type	Proportion of ownership(%)			
			June 30, 2023	December 31, 2022	June 30, 2022	Description
BenQ	BenQ Materials (L) Co. (BMLB)	Holding company	100.00	100.00	100.00	-
BenQ	Sigma Medical Supplies Corp. (Sigma-Medical )	Sale of medical equipment	100.00	100.00	100.00	-
BenQ	Genejet Biotech Co., Ltd (Genejet)	Development, manufacturing and sale of medical equipment	70.00	70.00	70.00	-
BenQ	Cenefom Corp. (Cenefom)	Development, manufacturing and sale of medical equipment	50.98	51.34	34.83	-
BenQ	Web-Pro Corp. (Web-Pro)	Development, manufacturing and sale of hygienic medical consumables and equipment production	51.00	-	-	(Note 1)
BMLB	BenQ Materials (Suzhou) Corp. (BMS)	Processing of functional film products	100.00	100.00	100.00	-
BMLB	Daxon Biomedical (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	100.00	100.00	100.00	-
BMLB	BenQ Materials (Wuhu) Corp. (BMW)	Manufacture and sale of film sheet and cosmetic-related	100.00	100.00	100.00	-
BMLB	BenQ Materials Medical (Suzhou) Co., Ltd. (BMM)	Manufacture and sale of medical consumables and equipment	100.00	100.00	100.00	-
Sigma-Medical	Suzhou Sigma Medical Supply Co., Ltd. (Suzhou Sigma-Medical)	Sale of medical equipment	100.00	100.00	100.00	-
Web-Pro	Beyond Top Pte Ltd (WPSG)	Holding company	51.00	-	-	(Note 1)
WPSG	Web-Pro (Vietnam) Co., Ltd (WPVN)	Manufacture and sale of hygienic medical consumables and equipment production	51.00	-	-	(Note 1)

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

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

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

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

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

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2022.

## 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, 2022.

### (1) Cash and Cash Equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Working capital	\$ 529	175	197
Demand deposit and cheque deposit	1,052,724	452,959	210,237
Time deposits with original maturity within three months	51,449	200,000	18,950
	<u>\$ 1,104,702</u>	<u>653,134</u>	<u>229,384</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Mandatory financial assets measured at fair value through profit or loss – current:			
Foreign exchange forward contracts	<u>\$ -</u>	<u>17,316</u>	<u>1,230</u>
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Financial liabilities held for trading – current:	(\$32,735)	-	(34,415)
Foreign exchange forward contracts	(8,868)	(1,800)	(3,575)
Foreign exchange swaps	<u>(\$41,603)</u>	<u>(1,800)</u>	<u>(37,990)</u>

Fair value remeasurement was recognized in profit or loss. Refer to Note 6 [25] for details.

I) Derivatives

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

a. Foreign exchange forward contracts

June 30, 2023		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD\$ <u>15,000</u>	Sell USD / Buy RMB	July 28, 2023
USD <u>24,000</u>	Sell USD / Buy JPY	July 24, 2023~August 24, 2023
December 31, 2022		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD\$ <u>30,000</u>	Sell USD / Buy RMB	January 31, 2023
USD <u>18,000</u>	Sell USD / Buy JPY	January 19, 2023~February 24, 2023
June 30, 2022		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD\$ <u>16,000</u>	Sell USD / Buy RMB	July 29, 2022
USD <u>32,400</u>	Sell USD / Buy JPY	July 22, 2022~August 24, 2022
USD <u>10,000</u>	Sell USD / Buy NTD	July 22, 2022

b. Foreign exchange swaps

June 30, 2023		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD\$ <u>52,000</u>	Sell USD / Buy NTD	July 28 2023~July 31, 2023
December 31, 2022		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD\$ <u>40,000</u>	Sell USD / Buy NTD	January 31, 2023

June 30, 2022		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD\$ <u>48,000</u>	Sell USD / Buy NTD	July 29, 2022

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

	June 30, 2023	December 31, 2022	June 30, 2022
Equity instruments measured at fair value through other comprehensive income:			
Stocks listed in the emerging stock market in Taiwan	\$ 64,713	54,549	63,941
Unlisted stocks	96,050	96,504	11,473
	<u>\$ 160,763</u>	<u>151,053</u>	<u>75,414</u>
Current	\$ 64,713	54,549	63,941
Non-current	96,050	96,504	11,473
	<u>\$ 160,763</u>	<u>151,053</u>	<u>75,414</u>

The Combined Company designated the aforementioned investments as the financial assets at FVTOCI because these equity instruments were held for the long-term strategical purposes and not for trading.

For the six months ended June 30, 2023 and 2022, no disposal of the aforementioned strategical investments for the Combined Company, and the accumulated profits and loss for the period weren't transferred within the equity.

(4) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 30,717	13,871	27,763
Accounts receivable	2,572,560	2,176,243	2,369,075
Deduction: allowance for loss	(22,255)	(33,711)	(19,719)
	2,581,022	2,156,403	2,377,119
Accounts receivable - related parties	1,006,321	853,146	850,754
	<u>\$ 3,587,343</u>	<u>3,009,549</u>	<u>3,227,873</u>

- 1) The Combined Company adopted a simplified approach to estimate expected credit losses for all note and account receivables (including related parties), that is, the expected credit losses during the lifetime are measured, and forward-looking information has been incorporated. The expected credit loss analysis of notes receivable and accounts receivable (including related-parties) of the Combined Company as of June 30, 2023, December 31 and June 30, 2022 was as follows:

June 30, 2023			
	Carrying amount of accounts receivable and bills	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 3,570,062	0.0622%	2,219
Past due over 1~30 days	17,211	4.7586%	819
Past due over 31~60 days	3,270	4.9541%	162
Past due over 91 days	19,055	100%	19,055
	<u>\$ 3,609,598</u>		<u>22,255</u>

December 31, 2022			
	Carrying amount of accounts receivable and bills	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 2,925,756	0.0278%	812
Past due over 1~30 days	28,997	1.4450%	419
Past due over 31~60 days	32,501	2.6891%	874
Past due over 61~90 days	25,652	4.8807%	1,252
Past due over 91 days	30,354	100%	30,354
	<b>\$ 3,043,260</b>		<b>33,711</b>

  

June 30, 2022			
	Carrying amount of accounts receivable and bills	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 3,221,769	0%	-
Past due over 1~30 days	4,062	0.0492%	2
Past due over 31~60 days	1,833	0.3273%	6
Past due over 61~90 days	219	0.9132%	2
Past due over 91 days	19,709	100%	19,709
	<b>\$ 3,247,592</b>		<b>19,719</b>

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

Six Months Ended June 30		
	2023	2022
Balance at the beginning of the year	\$ 33,711	19,316
Effect of first-time incorporation of subsidiaries	2,447	-
Impairment loss on reverse benefits	(12,834)	(10)
Unrecoverable money offset for the period	(556)	-
Gain and Loss of foreign exchange	(513)	413
Balance at the end of the year	<b>\$ 22,255</b>	<b>19,719</b>

- 3) 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:

June 30, 2023

Sale object	Sale amount	Amount still available in advance	Advance amount	Show as	Range of interest rates	Other important matters
				other receivables (Note 6 [5])		
Taipei Fubon Bank	\$ 371,457	-	334,312	37,145	6.37%	None
E.Sun Bank	161,133	-	145,019	16,114	6.16%	None
	<b>\$ 532,590</b>	<b>-</b>	<b>479,331</b>	<b>53,259</b>		

December 31, 2022

Sale object	Sale amount	Amount still available in advance	Advance amount	other	Range of interest rates	Other important matters
				receivables (Note 6 [5])		
E.Sun Bank	\$ 225,506	-	202,956	22,550	4.97~5.10%	None
Taipei Fubon Bank	218,941	-	197,047	21,894	5.29%	None
						Guaranteed promissory
KGI Bank	57,962	-	52,166	5,796	5.73%	note 921,900
	<b>\$ 502,409</b>	<b>-</b>	<b>452,169</b>	<b>50,240</b>		<b>921,900</b>

June 30, 2022

Sale object	Sale amount	Amount still available in advance	Advance amount	other	Range of interest rates	Other important matters
				receivables (Note 6 [5])		
Taipei Fubon Bank	\$ 217,978	-	196,180	21,798	2.52%	None
E.Sun Bank	198,133	-	178,320	19,813	2.31%	None
						Guaranteed promissory
KGI Bank	146,772	-	132,095	14,677	2.55%	note 891,600
	<b>\$ 562,883</b>	<b>-</b>	<b>506,595</b>	<b>56,288</b>		<b>891,600</b>

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

(5) Other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Other receivables – accounts receivable sale minus advance price balance (Note 6 [4] and 7)	\$ 123,490	137,650	133,890
Other receivables - dividends receivable - related parties	51,336	-	39,335
Other receivables - other	5,708	3,469	793
Other receivables - related parties	50	10	10
	180,584	141,129	174,028
Deduction: Allowance for loss	-	-	-
	<b>\$ 180,584</b>	<b>141,129</b>	<b>174,028</b>

The Combined Company's other receivables as of June 30, 2023, December 31 and June 30, 2022, have no expected credit losses after assessment.



(6) Inventories

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Raw materials	\$ 1,276,721	1,090,770	1,166,226
Work in process	857,556	786,853	738,680
Finished goods	780,258	842,361	776,364
	<b>\$ 2,914,535</b>	<b>2,719,984</b>	<b>2,681,270</b>

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

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Inventories cost has been sold	\$ 3,770,701	3,300,969	7,122,275	6,586,947
Reversal of allowance for inventory market price decline	41,385	(40,412)	53,816	73,521
	<b>\$ 3,812,086</b>	<b>3,260,557</b>	<b>\$ 7,176,091</b>	<b>6,660,468</b>

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

(7) Non-current assets held for sale

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Land and structure held for sale	\$ -	-	<b>301,762</b>

- 1) In May, 2021, the board of directors of SMS decided to sell the lands, structures, and equipment of machinery in Ruifang District, New Taipei City, and these assets on the carrying value was NT\$163,909 thousand. The sale transaction had been finished in the season first, 2022, and besides, the net price on the disposal of the assets was NT\$273,699 thousand, the derivative gains on the disposal was NT\$109,790 thousand, was listed under “the other profits and loss”. Some of the machinery equipment was sold to the others-related of the Combined Company, refer to Note 7 for the details.
- 2) In July, 2021, the board of directors of BMS decided to sell parts of the real estate and assets-related (the land use rights, buildings, and machinery equipment on the book of first record and deferred expenses) located in the Industrial Park of Suzhou, Suzhou City, China. BMS had signed the bargains with the buyer in March, 2022, and sold the assets by RMB264,036 thousand (included fax), as of June 30, 2022, the advance amount was RMB52,807 thousand which was recorded under “other current liabilities”, and the aforementioned assets on the carrying amount of \$301,762 thousand will be classified as the non-current held for sale. The aforementioned transaction had been finished for sale on the third season in 2022, besides, the net price on the disposal of the assets was NT\$1,079,231 thousand, the derivative gains on the disposal were NT\$780,563 thousand (the relevant to the land value increment tax and the income tax deduction), was listed under “The Other Profits and Loss”, as of December 31, 2022, the relevant to the amount had received.

(8) Investments accounted by equity method

	June 30, 2023 (Not audited)	December 31, 2022	June 30, 2022 (Not audited)
Associates	\$ 431,681	480,749	240,662

l) Associate companies:

Name of associates	Nature of Relationship with the Company	Principal business place/ country of incorporati on	June 30, 2023		December 31, 2022		June 30, 2022	
			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%	422,870	14.82%	471,428	17.97%	232,611
MLK Bioscience Co., Ltd. (MLK)	Its main business is to research, develop and sell medical devices, and it is a strategic partner of the Company.	Taiwan	20.00%	4,224	20.00%	4,347	20.00%	4,436
Coatmed Incorporation (Coatmed)	Its main business is to sell medical devices, and it is a strategic partner of the Company.	Taiwan	9.98%	4,587	9.98%	4,974	20.00%	3,615
				<u>\$ 431,681</u>		<u>480,749</u>		<u>240,662</u>

In November 2022, the Company disposing of some of the equity of Visco with a cash amount of NT\$84,000 thousand resulting in disposal of an investment benefit of NT\$67,230 thousand. In addition, the consolidated company did not participate in the capital increase handled by Visco Vision in November 2022, which reduced the consolidated company's equity in Visco to 14.82% (but it did not result in a significant loss of influence), resulting in an increase in the capital surplus of NT\$184,705 thousand and a disposal investment loss of NT\$3,131 thousand.

Coatmed Incorporation (hereinafter referred to as "Coatmed") made a cash capital increase in October 2022, and the Combined Company did not participate in the capital increase, which reduced the Combined company's interest in Coatmed to 9.98%. 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 and the six months ended June 30, 2023 and 2022 was \$7,393 thousand, \$30,221 thousand, \$16,906 thousand and \$56,923 thousand respectively.

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

	June 30, 2023	December 31, 2022	June 30, 2023
<b>Visco Vision</b>	<u>\$ 2,025,429</u>	<u>2,655,458</u>	<u>-</u>

The above ordinary shares of Visco Vision began to be listed on the Taiwan Stock Exchange on November 28, 2022.

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

a. Aggregated financial information of Visco Vision

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Current assets	\$ 2,080,971	2,651,705	1,327,025
Non-current assets	2,810,717	2,642,290	2,291,945
Current liabilities	(1,168,532)	(956,308)	(1,137,287)
Non-current liabilities	(964,837)	(1,228,947)	(1,243,361)
Net assets	<b>\$ 2,758,319</b>	<b>3,108,740</b>	<b>1,238,322</b>
Net assets attributable to non-controlling interests	<b>\$ 21,782</b>	<b>24,528</b>	<b>27,451</b>
Net assets attributable to owners of the investee company	<b>\$ 2,736,537</b>	<b>3,084,212</b>	<b>1,210,871</b>

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Operating revenue	<b>\$ 535,625</b>	<b>733,261</b>	<b>1,061,450</b>	<b>1,375,364</b>
Net profit for the current period	55,670	153,591	93,192	308,149
Other comprehensive income(loss)	(85,772)	(30,854)	(97,113)	7,511
Total comprehensive income	<b>(\$30,102)</b>	<b>122,737</b>	<b>(3,921)</b>	<b>315,660</b>
Total comprehensive profit or loss attributable to non-controlling interests	<b>(\$1,215)</b>	<b>(801)</b>	<b>(2,746)</b>	<b>(801)</b>
Total comprehensive profit or loss attributable to the owners of the investee company	<b>(\$28,887)</b>	<b>123,538</b>	<b>(1,175)</b>	<b>316,461</b>

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Share in net assets of related enterprise of the Combined Company at the beginning of the period	\$ 424,219	207,723	471,428	213,301
Net profit attributable to the Combined Company in the current period	7,679	30,620	17,428	57,484
Other comprehensive income(loss) attributable to the Combined Company in the current period	(9,028)	(5,732)	(14,650)	1,161
Dividends received from associates in the current period	-	-	(51,336)	(39,335)
Carrying amount on the equity at the end of period from the Company to the associate companies	<b>\$ 422,870</b>	<b>232,611</b>	<b>422,870</b>	<b>232,611</b>

b. 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:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
The carrying amount of equity of individually immaterial associates at the end of the period	<b>\$ 8,811</b>	<b>9,321</b>	<b>8,051</b>

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Share attributable to the Combined Company:				
Net loss	(\$286)	(399)	(522)	(561)
Other comprehensive income(loss)	13	7	12	(5)
Total comprehensive income	<b>(\$273)</b>	<b>(392)</b>	<b>(510)</b>	<b>(566)</b>

2) Investments accounted by equity method not reviewed

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

(9) Business merges

1) Acquisition of a subsidiary – Web-Pro Corp. (Web-Pro) and its subsidiaries

a. Acquisition of transfer consideration from subsidiaries

On January 3, 2023 (the acquisition date), the Combined Company bought the stocks of 51% from the shareholders of Web-pro by total amounted of 3,161,999 thousand and obtained the control over the company. Therefore, from the acquisition date onwards, the company was included in the Combined Company. Web-Pro and its subsidiaries are mainly engaged in the professional manufactured and processed of spunlace nonwoven and all kinds of PE breathable films. The Combined Company purchase Web-Pro and its subsidiaries are order to speed the layout for the group on the medical business and spread the core technology of research, development and manufacturer to the development of medical-related materials, and acquired the existing base customers and the overseas stronghold.

In addition, according to the rule of the stock transaction for the contract, the Combined Company should reserve 10% of the total amount for the transaction within six months after delivery and balance to compensate the seller by the clause of the contract. As of June 30, 2023, the reserved amount will total to 316,200 thousand and be listed under other payables.

b. Acquisition of identifiable net assets

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

Transfer consideration:

Cash	\$	3,161,999
Non-controlling interests (measured as identifiable net assets in proportion to non-controlling interests)		3,014,587
Fair value of identifiable assets acquired and liabilities assumed:		
Cash and Cash Equivalents	\$	1,380,961
Notes and accounts receivable, net		268,543
Other receivables		6,926
Inventories, net		262,705
Other current assets		45,959
Real estate, plant and equipment		4,279,751
Right-of-use assets		329,406
Intangible assets - patent		23,250
Deferred tax assets		15,282
Other financial assets - non-current		9,252
Guarantee deposits paid		7,386
Other non-current assets		35,041

(continued)

Notes and accounts payables	(80,201)	
Other payables	(183,262)	
Lease liabilities - current	(4,112)	
Other current liabilities	(2,584)	
Deferred tax liabilities	(234,453)	
Lease liabilities - non-current	(7,042)	
Other non-current liabilities	(590)	(6,152,218)
Goodwill		<u>\$ 24,368</u>

The Combined Company will keep the above matters under review during the measurement period. If new information becomes available within one year of the acquisition date relating to facts and circumstances existing at the acquisition date that would identify an adjustment to the provisional amounts described above or any additional provision for abilities existing at the acquisition date, the accounting treatment for the acquisition will be modified.

3) Intangible assets

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

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

4) Temporary information on the operating results

From the date of acquisition to June 30, 2023, the operating results of Web-Pro were consolidated into the consolidated statement of comprehensive income of the Combined Company, contributing operating income and net income after tax of NT\$1,169,935 thousand and NT\$108,794 thousand, respectively.

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

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

Name of subsidiaries	Principal business place/ country of incorporation	Owenship equity of the non-controlling and the		
		June 30, 2023	December 31, 2022	June 30, 2022
Web-Pro	Taiwan	49.00%	-	-

The aggregate financial information of above subsidiaries is as follows, the financial information is audited according to the IFRS which is 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:

I) Aggregated financial information of Visco Vision

	<b>June 30, 2023</b>
Current assets	\$ 1,546,460
Non-current assets	4,613,113
Current liabilities	(335,660)
Non-current liabilities	(233,947)
Net assets	<b>\$ 5,589,966</b>
The carrying amount of the controlling equity at the end of the period	<b>\$ 2,727,143</b>

	<b>Three Months Ended June 30</b>	<b>Six Months Ended June 30</b>
	<b>2023</b>	<b>2023</b>
Operating revenue	<b>\$ 629,580</b>	<b>1,169,935</b>
Net profit for the current period	\$ 75,326	108,794
Other comprehensive income(loss)	5,851	4,586
Total comprehensive income	<b>\$ 81,777</b>	<b>\$ 113,380</b>
Net profit attributable to non-controlling interests	<b>\$ 36,910</b>	<b>\$ 53,309</b>
Total comprehensive profit or loss attributable to non-controlling interests	<b>\$ 39,776</b>	<b>\$ 55,556</b>

	<b>Six Months Ended June 30</b>
	<b>2023</b>
Cash flow from operating activities	\$ 158,899
Cash flow from investing activities	(206,988)
Cash flow from financing activities	(703,837)
Impact on exchanges rates changes	(4,164)
Decrease amount on cash and cash equivalents	<b>(\$756,090)</b>
Dividends payable for the non-controlling interests	<b>(\$343,000)</b>

(11) Real estate, plant and equipment

	Land	Housing and Buildings	Machinery equipment	Others	Total
Cost:					
Balance as of January 1, 2023	\$ 1,344,108	3,625,582	6,350,404	2,958,091	14,278,185
Acquired from merging the companies	\$ 2,655,099	1,444,443	1,789,372	486,722	6,375,636
Addition	152,115	76,178	47,132	425,658	701,083
Diposal	-	-	(628)	(1,805)	(2,433)
Reclassifications and effect of foreign exchange rate changes	27,672	(8,824)	54,456	(126,469)	(53,165)
Balance as of June 30, 2023	<u>\$ 4,178,994</u>	<u>5,137,379</u>	<u>8,240,736</u>	<u>3,742,197</u>	<u>21,299,306</u>
Balance as of January 1, 2022	\$ 1,344,108	3,585,151	6,137,565	2,324,470	13,391,294
Addition	-	10,567	89,124	475,343	575,034
Diposal	-	-	(186,974)	(9,661)	(196,635)
The non-current assets held for sale to be reclassified	-	(4,430)	(16,318)	-	(20,748)
Other reclassifications and effect of foreign exchange rate changes	-	22,943	106,578	(86,279)	43,242
Balance as of June 30, 2022	<u>\$ 1,344,108</u>	<u>3,614,231</u>	<u>6,129,975</u>	<u>2,703,873</u>	<u>13,792,187</u>
Accumulated depreciation:					
Balance as of January 1, 2023	\$ -	2,140,069	5,239,509	1,834,154	9,213,732
Acquired from merging the companies	-	369,842	1,488,106	237,937	2,095,885
Depreciation for the period	-	97,752	201,579	79,046	378,377
Disposal	-	-	(628)	(1,805)	(2,433)
Reclassifications and effect of foreign exchange rate changes	-	(17,146)	(15,683)	(2,155)	(34,984)
Balance as of June 30, 2023	<u>\$ -</u>	<u>2,590,517</u>	<u>6,912,883</u>	<u>2,147,177</u>	<u>11,650,577</u>
Balance as of January 1, 2022	\$ -	2,008,466	5,162,709	1,726,890	8,898,065
Depreciation for the period	-	61,484	125,100	55,655	242,239
Disposal	-	-	(173,850)	(9,661)	(183,511)
The non-current assets held for sale to be reclassified )	-	-	(16,318)	-	(16,318)
Other reclassifications and effect of foreign exchange rate changes	-	13,413	11,361	2,328	27,102
Balance as of June 30, 2022	<u>\$ -</u>	<u>2,083,363</u>	<u>5,109,002</u>	<u>1,775,212</u>	<u>8,967,577</u>
Carrying value:					
January 1, 2023	<u>\$ 1,344,108</u>	<u>1,485,513</u>	<u>1,110,895</u>	<u>1,123,937</u>	<u>5,064,453</u>
June 30, 2023	<u>\$ 4,178,994</u>	<u>2,546,862</u>	<u>1,327,853</u>	<u>1,595,020</u>	<u>9,648,729</u>
January 1, 2022	<u>\$ 1,344,108</u>	<u>1,576,685</u>	<u>974,856</u>	<u>597,580</u>	<u>4,493,229</u>
June 30, 2022	<u>\$ 1,344,108</u>	<u>1,530,868</u>	<u>1,020,973</u>	<u>928,661</u>	<u>4,824,610</u>

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

(12) Right-of-use assets

	Land use right	Housing and buildings	Total
Right-of-use assets cost:			
Balance as of January 1, 2023	\$ 57,125	543,255	600,380
Acquired from merging companies	401,619	1,977	403,596
Effect of changes in exchange rate	113	-	113
Balance as of June 30, 2023	<b>\$ 458,857</b>	<b>545,232</b>	<b>1,004,089</b>
Balance as of January 1, 2022	\$ 63,352	482,953	546,305
Addition	-	1,170	1,170
Reclassified as the non-current assets held for sale	(7,114)	-	(7,114)
Effect of changes in exchange rate	1,320	-	1,320
Balance as of June 30, 2022	<b>\$ 57,558</b>	<b>484,123</b>	<b>541,681</b>
Accumulated depreciation of right- of-use assets:			
Balance as of January 1, 2023	\$ 14,078	17,104	31,182
Acquired from merging companies	\$ 73,751	439	74,190
Depreciation for the period	8,567	51,993	60,560
Effect of changes in exchange rate	(89)	-	(89)
Balance as of June 30, 2023	<b>\$ 96,307</b>	<b>69,536</b>	<b>165,843</b>
Balance as of January 1, 2022	\$ 15,035	340,980	356,015
Depreciation for the period	623	45,286	45,909
Reclassified as the non-current assets held for sale	(2,367)	-	(2,367)
Effect of changes in exchange rate	309	-	309
Balance as of June 30, 2022	<b>\$ 13,600</b>	<b>386,266</b>	<b>399,866</b>
Carrying value:			
January 1, 2023	<b>\$ 43,047</b>	<b>526,151</b>	<b>569,198</b>
June 30, 2023	<b>\$ 362,550</b>	<b>475,696</b>	<b>838,246</b>
January 1, 2022	<b>\$ 48,317</b>	<b>141,973</b>	<b>190,290</b>
June 30, 2022	<b>\$ 43,958</b>	<b>97,857</b>	<b>141,815</b>

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.



(13) Investment property

	Housing and buildings	Land use right	Total
Cost:			
Balance as of January 1, 2023	\$ 308,385	59,477	367,862
Effect of changes in exchange rate	(8,120)	(1,566)	(9,686)
Balance as of June 30, 2023	<b>\$ 300,265</b>	<b>57,911</b>	<b>358,176</b>
Balance at January 1, 2022	890,396	67,711	958,107
Reclassified as the non-current assets held for sale	(595,028)	(9,184)	(604,212)
Effect of changes in exchange rate	15,355	1,400	16,755
Balance at June 30, 2022	<b>\$ 310,723</b>	<b>59,927</b>	<b>370,650</b>
Accumulated depreciation:			
Balance as of January 1, 2023	\$ 186,494	20,096	206,590
Depreciation for the period	5,336	610	5,946
Effect of changes in exchange rate	(5,061)	(546)	(5,607)
Balance as of June 30, 2023	<b>\$ 186,769</b>	<b>20,160</b>	<b>206,929</b>
Balance as of January 1, 2022	\$ 505,452	21,583	527,035
Depreciation for the period	9,546	658	10,204
Reclassified as the non-current assets held for sale	(341,222)	(3,056)	(344,278)
Effect of changes in exchange rate	8,764	450	9,214
Balance as of June 30, 2022	<b>\$ 182,540</b>	<b>19,635</b>	<b>202,175</b>
Carrying value:			
January 1, 2023	<b>\$ 121,891</b>	<b>39,381</b>	<b>161,272</b>
June 30, 2023	<b>\$ 113,496</b>	<b>37,751</b>	<b>151,247</b>
January 1, 2022	<b>\$ 384,944</b>	<b>46,128</b>	<b>431,072</b>
June 30, 2022	<b>\$ 128,183</b>	<b>40,292</b>	<b>168,475</b>

The fair value of the Company's investment property was not materially different from those disclosed in Note 6 [12] of the consolidated financial statements for the year ended December 31, 2022.

#### (14) Intangible assets

	Goodwill	Patent	Patented technology	Customer relationship	Purchased software	Other	Total
Cost:							
Balance as of January 1, 2023	\$ 32,262	-	127,248	34,925	296,034	1,864	492,333
Acquired from merging companies	24,368	23,250	-	-	-	-	47,618
Separate acquisition	-	-	-	-	18,976	-	18,976
Reclassification and effect of exchange rate changes	-	-	614	-	452	(26)	1,040
Balance as of June 30, 2023	<u>\$ 56,630</u>	<u>23,250</u>	<u>127,862</u>	<u>34,925</u>	<u>315,462</u>	<u>1,838</u>	<u>559,967</u>
Balance as of January 1, 2022	\$ 32,262	-	122,173	34,925	264,009	1,850	455,219
Separate acquisition	-	-	-	-	17,242	-	17,242
Reclassification and effect of exchange rate changes	-	-	3,395	-	2,736	21	6,152
Balance as of June 30, 2022	<u>\$ 32,262</u>	<u>-</u>	<u>\$ 125,568</u>	<u>34,925</u>	<u>283,987</u>	<u>1,871</u>	<u>478,613</u>
Accumulated amortization:							
Balance as of January 1, 2023	\$ -	-	72,529	4,138	272,682	1,601	350,950
Amortization for the year	-	2,325	3,873	1,774	16,299	11	24,282
Reclassification and effect of exchange rate changes	-	-	614	-	(22)	(27)	565
Balance as of June 30, 2023	<u>\$ -</u>	<u>2,325</u>	<u>77,016</u>	<u>5,912</u>	<u>288,959</u>	<u>1,585</u>	<u>375,797</u>
Balance as of January 1, 2022	\$ -	-	54,393	591	232,897	1,565	289,446
Amortization for the year	-	-	7,515	1,773	20,674	11	29,973
Reclassification and effect of exchange rate changes	-	-	3,166	-	17	21	3,204
Balance as of June 30, 2022	<u>\$ -</u>	<u>-</u>	<u>65,074</u>	<u>2,364</u>	<u>253,588</u>	<u>1,597</u>	<u>322,623</u>
Carrying amount:							
Balance as of January 1, 2023	<u>\$ 32,262</u>	<u>-</u>	<u>54,719</u>	<u>30,787</u>	<u>23,352</u>	<u>263</u>	<u>141,383</u>
Balance as of June 30, 2023	<u>\$ 56,630</u>	<u>20,925</u>	<u>50,846</u>	<u>29,013</u>	<u>26,503</u>	<u>253</u>	<u>184,170</u>
Balance as of January 1, 2022	<u>\$ 32,262</u>	<u>-</u>	<u>67,780</u>	<u>34,334</u>	<u>31,112</u>	<u>285</u>	<u>165,773</u>
Balance as of June 30, 2022	<u>\$ 32,262</u>	<u>-</u>	<u>60,494</u>	<u>32,561</u>	<u>30,399</u>	<u>274</u>	<u>155,990</u>

The Combined Company evaluate the deduction for loss to recycle amount for the goodwill during annual the financial report. The Combined Company performance the test of the deduction for loss in December 31, 2022, and goodwill didn't reduce the loss for the result, please refer to the note 6 [13] of consolidated financial statement in 2022.

In June 30, 2022, the anticipate operating revenue and the net profit (loss) of operating were evaluated to derivate cash for the goodwill, that didn't reduce the loss.

#### (15) Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank notes	<u>\$ 650,000</u>	<u>1,051,460</u>	<u>478,320</u>
Unused limit	<u>\$ 9,187,930</u>	<u>8,163,599</u>	<u>9,067,001</u>
Interest rate range	<u>1.80%~1.88%</u>	<u>1.37%~4.80%</u>	<u>1.23%~2.45%</u>

#### (16) Long-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank notes	\$ 2,938,567	1,265,488	1,166,400
Secured bank notes	1,440,000	-	100,000
Less: Long-term borrowings due within one year	(247,865)	(181,486)	(62,127)
Total	<b>\$ 4,130,702</b>	<b>1,084,002</b>	<b>1,204,273</b>
Unused limit	<b>\$ 6,398,340</b>	<b>5,796,100</b>	<b>5,769,150</b>
Expiry year (in year Republic of China)	112-122	112-119	112-119
Interest rate range	<b>1.75%~2.17%</b>	<b>1.63%~1.68%</b>	<b>1.25%~1.79%</b>

#### 1) Borrowings and repayments

For the six months ended June 30, 2023 and 2022, the Company's borrow amount of long-term loan was \$4,240,200 thousand and \$262,850 thousand. For the six months ended June 30, 2023 and 2022, the Company's repayment amount of long-term loan principal was \$1,119,639 thousand and \$303,365 thousand.

#### 2) Collateral for bank borrowings

Refer to note 8 for details on collateral pledged on secured bank borrowings.

#### 3) 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 and 2023. As of June 30, 2023, December 31, and June 30, 2022, the actual repayment preferential interest rate is 1.25%~1.60%, 1.13%~1.18% and 0.75%~0.80%, the actual amount of transfer amounted on \$2,198,910 thousand, \$1,278,350 thousand, and \$1,180,850 thousand. The fair value of the loans was \$2,163,835 thousand, \$1,253,770 thousand, and \$1,157,250 thousand based on the market interest rate of 1.75%~1.90%, 1.63%~1.68% and 1.25%~1.30%, besides, the difference of \$35,075 thousand, \$24,580 thousand, and \$23,600 thousand is regarded as the government subsidy and recognized as deferred income. For the three months and six months ended June 30, 2023 and 2022, the amount of the aforementioned deferred income transferred to "other income" amounted to \$1,616 thousand, \$1,168 thousand, \$3,013 thousand and \$2,304 thousand.

#### 4) 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, 2022, was in compliance with the agreed standards in the joint loan contract.

#### (17) Lease liabilities

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current:			
Related parties	\$ 92,570	91,746	46,395
Non-related parties	\$ 12,208	7,787	7,829
Non-current:			
Related parties	\$ 336,288	382,780	755
Non-related parties	\$ 43,619	44,595	48,510

Please refer to note 6 [26] for the expiry analysis.

The amounts recognized in profit or loss were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Short-term lease expense	\$ 4,274	3,520	8,287	6,166
Interest expense of lease liabilities	\$ 2,248	540	4,617	1,189

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

	Six Months Ended June 30	
	2023	2022
Total cash flows on lease	\$ 66,281	57,069

1) Lease of housings and buildings

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

2) Other leases

The lease period for the part of the factory and automobiles that the Combined Company leases is 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.

(18) Operating leases - Leaser

There was no significant addition in the Company's operating lease contracts for the six months ended June 30, 2023 and 2022. Refer to Note 6 [17] for the Consolidated Financial Statements for the year ended December 31, 2022 for the details.

(19) Employee benefits

1) Defined benefit plans

Due to the report of December 31, 2022, 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, 2022 and 2021.

The expenses recognized were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Operating cost	\$ 50	15	88	30
Operating expenses	44	14	78	27
	\$ 94	29	166	57

2) Defined contribution plans

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

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Operating cost	\$ 15,878	14,236	31,457	27,918
Operating expenses	10,726	9,561	21,381	18,530
	\$ 26,604	23,797	52,838	46,448

(20) Income taxes

1) Income tax expenses:

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Income tax for the period	\$ 46,963	59,051	65,747	98,443

- 2) There was no income tax that was directly recognized in equity or other comprehensive profit or loss for the six months ended in June 30, 2023 and 2022.
- 3) The ROC income tax authorities have examined the Company's income tax returns through 2020.

(21) Capital and other equity

1) Common stock

As of June 30, 2023, and December 31 and June 30, 2022, the total value of nominal common stocks amounted to \$4,800,000 thousand, with a par value of NT\$ 10 per share, consisting of 480,000 thousand shares issued. There were 320,675 thousand shares of ordinary shares already issued.

2) Capital reserve

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

	June 30, 2023	December 31, 2022	June 30, 2022
Changes in net equity of associates accounted for using equity method	\$ 192,352	192,352	5,808

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.

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

a. Legal reserve

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

b. Special reserve

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

c. Earnings distribution

The 2022 and 2021 distributions of earnings were resolved at the shareholders' meetings on February 23, 2023 and May 3, 2022. The dividends distributed to owners are as follows:

	2022		2021	
	Earnings per share(NT\$)	Amount	Earnings per share (NT\$)	Amount
Cash	\$ 2.00	<u>641,349</u>	\$ 1.50	<u>481,012</u>

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

4) Other equity (after tax)

	Exchange differences arising on translation of financial statements of foreign operations	Remeasurement of defined welfare plan	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	Total
January 1, 2023	(\$5,823)	(34,207)	(28,805)	(68,835)
The exchange differences yielded by net assets of overseas operating institutions:				
Consolidated company	(41,446)	-	-	(41,446)
Associates	(14,638)	-	-	(14,638)
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	9,710	9,710
Balance as of June 30, 2023	<b>(\$61,907)</b>	<b>(34,207)</b>	<b>(19,095)</b>	<b>(115,209)</b>
Balance as of January 1, 2022	(\$51,470)	(28,929)	(22,910)	(103,309)
The exchange differences yielded by net assets of overseas operating institutions:				
Consolidated company	37,983	-	-	37,983
Associates	1,156	-	-	1,156
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	8,450	8,450
Balance as of June 30, 2022	<b>(\$12,331)</b>	<b>(28,929)</b>	<b>(14,460)</b>	<b>(55,720)</b>

## 5) Non-controlling equity (after tax)

	Six Months Ended June 30	
	2023	2022
Balance at the beginning of the year	\$ 202,145	113,273
Acquisition of subsidiaries	3,014,587	-
Share attributable to non-controlling interests:		
Net profit (loss) of the period	50,178	(4,613)
The exchange differences converted by the financial statement of overseas operating institutions:	2,247	-
Distribution the cash dividend to the non- controlling interest from the subsidiary	(343,000)	-
Capital injection in the non-controlling interest from the shareholder	2,016	-
Recognized as the changes in the ownership equity of subsidiaries	301	-
	<b>\$ 2,928,474</b>	<b>108,660</b>

## (22) Earnings per share

1) Basic earnings per share

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Net profit attributable to holders of common equity of the Company	\$ 143,790	261,729	193,623	554,512
The weighted average number of shares outstanding (thousand shares)	320,675	320,675	320,675	320,675
Basic earnings per share (in dollars)	\$ 0.45	0.82	0.60	1.73

2) Diluted earnings per share

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Net profit attributable to holders of common equity of the Company	\$ 143,790	261,729	193,623	554,512
The weighted average number of shares outstanding (thousand shares)	320,675	320,675	320,675	320,675
Effect of potentially dilutive shares of common stocks (thousand shares):				
Employee bonuses	642	2,315	1,959	3,463
The weighted average number of shares outstanding (thousand shares) (After adjusting the number of dilutive potential common shares)	321,317	322,990	322,634	324,138
Diluted earnings per share (in dollars)	0.45	0.81	0.60	1.71

(23) Revenue from contracts with customers

1) Disaggregation of revenue

	Three Months Ended June 30, 2023		
	Film sheet segment	Medical segment	Total
Primary geographical market:			
China	\$ 2,304,744	301,637	2,606,381
Taiwan	1,061,913	221,821	1,283,734
USA	-	243,385	243,385
Japan	17,637	198,489	216,126
Others	19,163	266,257	285,420
	\$ 3,403,457	1,231,589	4,635,046
Major products/services:			
Optoelectronics	\$ 3,403,457	-	3,403,457
Medical production	-	1,231,589	1,231,589
	\$ 3,403,457	1,231,589	4,635,046



Three Months Ended June 30, 2022			
	Film sheet segment	Medical segment	Total
Primary geographical market:			
China	\$ 2,471,014	264,713	2,735,727
Taiwan	1,017,599	111,398	1,128,997
Others	106,552	140,404	246,956
	<b>\$ 3,595,165</b>	<b>516,515</b>	<b>4,111,680</b>
Major products/services:			
Optoelectronics	\$ 3,595,165	-	3,595,165
Medical production	-	516,515	516,515
	<b>\$ 3,595,165</b>	<b>516,515</b>	<b>4,111,680</b>

Six Months Ended June 30, 2023			
	Film sheet segment	Medical segment	Total
Primary geographical market:			
China	\$ 4,323,193	510,419	4,833,612
Taiwan	2,052,035	423,957	2,475,992
USA	121	367,681	367,802
Japan	26,577	401,139	427,716
Others	38,550	558,318	596,868
	<b>\$ 6,440,476</b>	<b>2,261,514</b>	<b>8,701,990</b>
Major products/services:			
Optoelectronics	\$ 6,440,476	-	6,440,476
Medical production	-	2,261,514	2,261,514
	<b>\$ 6,440,476</b>	<b>2,261,514</b>	<b>8,701,990</b>

Six Months Ended June 30, 2022			
	Film sheet segment	Medical segment	Total
Primary geographical market:			
China	\$ 4,872,637	471,614	5,344,251
Taiwan	2,240,223	230,112	2,470,335
Others	209,682	251,472	461,154
	<b>\$ 7,322,542</b>	<b>953,198</b>	<b>8,275,740</b>
Major products/services:			
Optoelectronics	\$ 7,322,542	-	7,322,542
Medical production	-	953,198	953,198
	<b>\$ 7,322,542</b>	<b>953,198</b>	<b>8,275,740</b>

2) Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Notes and accounts receivable (including related parties)	\$ 3,609,598	3,043,260	3,247,592
Deduction: Allowance for loss	(22,255)	(33,711)	(19,719)
Total	<u>\$ 3,587,343</u>	<u>3,009,549</u>	<u>3,227,873</u>

	June 30, 2023	December 31, 2022	June 30, 2022
Contract liabilities (accounted under other current liabilities)	<u>\$ 68,405</u>	<u>56,633</u>	<u>43,760</u>

Refer to Note 6 (4) for details on accounts receivable and related loss allowance.

Amount of contract liabilities for the period starting from January 1, 2023 and 2022, have been recognized as income for the six months ended June 30, 2023 and 2022 were NT\$46,180 thousand and NT\$38,395 thousand, respectively.

(24) 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 and six months ended June 30, 2023 and 2022, BenQ accrued the remuneration to employees amounting to \$18,863 thousand, \$35,575 thousand, \$25,233 thousand and \$72,694 thousand, respectively, remuneration to directors amounting to \$1,415 thousand, \$2,668 thousand, \$1,893 thousand and \$5,452 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 2022 and 2021, in the amounting to \$165,978 thousand and \$134,276 thousand, respectively, remuneration to directors amounting to \$12,448 thousand and \$10,071 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.

(25) Non-operating profit and loss

1) Interest revenue

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Interest on bank deposits	<u>\$ 6,043</u>	<u>575</u>	<u>12,576</u>	<u>1,147</u>

2) Other Income

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Government subsidy revenue	<u>\$ 24,033</u>	<u>6,539</u>	<u>27,051</u>	<u>7,796</u>

3) Other gains and losses

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Disposal of real estate, plant and equipment interests (losses)	\$ 224	(2,564)	224	(12,903)
Profits in the disposal of non-current assets held for sale (note 6 [7])	-	-	-	109,790
Net foreign currency exchange profits	186,786	192,071	165,305	272,915
Net loss from financial assets (liabilities) measured at fair value through profits (losses) -				
Derivative instruments	(128,287)	(142,296)	(141,397)	(219,338)
Others	3,491	3,541	12,991	6,118
	<b>\$ 62,214</b>	<b>50,752</b>	<b>37,123</b>	<b>156,582</b>

4) Finance costs

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Interest expense of bank loans	(\$28,609)	(14,201)	(55,786)	(24,392)
Lease liabilities	(2,248)	(540)	(4,617)	(1,189)
	<b>(\$30,857)</b>	<b>(14,741)</b>	<b>(60,403)</b>	<b>(25,581)</b>

(26) Types of financial instruments and fair value

Except as described below, both the goals and policies of the Company’s financial risk management and the Company’s exposure to credit risk, liquidity risk and market risk were not materially different from those disclosed in Note 6 [25] [26] of the consolidated financial statements for the year ended December 31, 2022.

1) Types of financial instruments

a. Financial assets

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at fair value through profit or loss:			
Foreign exchange forward contract	\$ -	17,316	1,230
Financial assets at fair value through profit or loss	160,763	151,053	75,414
Financial assets measured at amortized cost:			
Cash and cash equivalents	1,104,702	653,134	229,384
Notes and accounts receivable and other receivables (including related parties)	3,767,927	3,150,678	3,401,901
Other financial assets - current and non-current	262,393	52,052	42,060
Guarantee deposits paid	16,112	26,268	26,720
Subtotal	5,151,134	3,882,132	3,700,065
Total	<b>\$ 5,311,897</b>	<b>4,050,501</b>	<b>3,776,709</b>

b. Financial liabilities

	June 30, 2023	December 31, 2022	June 30, 2023
Financial liabilities at fair value through profit or loss:			
Foreign currency forward contract	\$ 32,735	-	34,415
Foreign Exchange swaps	8,868	1,800	3,575
Subtotal	41,603	1,800	37,990
Financial liabilities measured at amortized cost:			
Short-term borrowings	650,000	1,051,460	478,320
Notes and accounts payable and other payables (including related parties)	4,637,914	4,011,849	4,412,840
Dividends payable	641,349	-	481,012
Long-term borrowings (including loans due within one year)	4,378,567	1,265,488	1,266,400
Lease liabilities – current and non-current (including related parties)	484,685	526,908	103,489
Guarantee deposit received	10,309	12,923	20,127
Subtotal	10,802,824	6,868,628	6,762,188
Total	\$ 10,844,427	6,870,428	6,800,178

2) 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 June 30, 2023, December 31 and June 30, 2022 totaled \$15,586,270 thousand, \$13,959,699 thousand and \$14,836,151 thousand, respectively.

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

	Contractual cash flows	Within 6 months	6-12 months	1-5 years	More than 5 years
<b>June 30, 2023</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 650,704	650,704	-	-	-
Accounts payable (including related parties)	2,862,236	2,862,236	-	-	-
Other payables (including related parties)	1,775,678	1,775,678	-	-	-
Dividends payable	641,349	641,349	-	-	-
Long-term borrowings (including loans due within one year) (floating rate)	4,714,225	164,896	165,240	3,670,549	713,540
Lease liabilities (including related parties)	506,088	54,424	58,190	374,888	18,586
Guarantee deposit received	10,309	1,847	512	4,113	3,837
	<u>\$ 11,160,589</u>	<u>6,151,134</u>	<u>223,942</u>	<u>4,049,550</u>	<u>735,963</u>
Derivative financial instruments					
Foreign exchange forward contracts - total delivery:					
Inflow	(\$1,177,053)	(1,177,053)	-	-	-
Outflow	1,209,788	1,209,788	-	-	-
Foreign exchange swaps - net delivery	8,868	8,868	-	-	-
	<u>\$ 41,603</u>	<u>41,603</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>December 31, 2022</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,056,403	854,991	201,412	-	-
Accounts payable (including related parties)	2,576,127	2,576,127	-	-	-
Other payables (including related parties)	1,435,722	1,435,722	-	-	-
Long-term borrowings (including loans due within one year) (floating rate)	1,327,529	68,641	130,497	886,503	241,888
Lease liabilities (including related parties)	552,720	54,080	54,086	423,025	21,529
Guarantee deposit received	12,923	3,253	1,093	4,600	3,977
	<u>\$ 6,961,424</u>	<u>4,992,814</u>	<u>387,088</u>	<u>1,314,128</u>	<u>267,394</u>
Derivative financial instruments					
Foreign exchange swaps - Net delivery	<u>\$ 1,800</u>	<u>1,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>June 30, 2022</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 480,214	480,214	-	-	-
Accounts payable (including related parties)	2,876,757	2,876,757	-	-	-
Other payables (including related parties)	1,536,083	1,536,083	-	-	-
Dividends payable	481,012	481,012	-	-	-
Long-term borrowings (including loans due within one year) (floating rate)	1,328,050	5,465	67,460	1,007,293	247,832
Lease liabilities (including related parties)	107,825	50,908	4,536	27,910	24,471
Guarantee deposit received	20,127	1,104	986	16,484	1,553
	<u>\$ 6,830,068</u>	<u>5,431,543</u>	<u>72,982</u>	<u>1,051,687</u>	<u>273,856</u>
Derivative financial instruments					
Foreign exchange forward contracts - total delivery:					
Inflow	(\$837,664)	(837,664)	-	-	-
Outflow	872,079	872,079	-	-	-
Foreign exchange swaps - net delivery	3,575	3,575	-	-	-
	<u>\$ 37,990</u>	<u>37,990</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.

### 3) Exchange rate risk

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

Currency Unit: NT\$ Thousand					
June 30, 2023					
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact
Financial assets					
Monetary items					
USD	\$ 170,239	31.100	5,294,433	1%	52,944
JPY	97,794	0.2148	21,006	1%	210
Financial liabilities					
Monetary items					
USD	70,584	31.100	2,195,162	1%	21,952
JPY	6,450,018	0.2148	1,385,464	1%	13,855
December 31, 2022					
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact
Financial assets					
USD	\$ 129,516	30.730	3,980,027	1%	39,800
JPY	39,987	0.233	9,317	1%	93
Financial liabilities					
USD	52,762	30.730	1,621,376	1%	16,214
JPY	5,803,273	0.233	1,352,163	1%	13,522
June 30, 2022					
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact
Financial assets					
Monetary items					
USD	\$ 126,791	29.720	3,768,229	1%	37,682
JPY	281,266	0.2182	61,372	1%	614
Financial liabilities					
Monetary items					
USD	56,913	29.720	1,691,454	1%	16,915
JPY	6,973,513	0.2182	1,521,621	1%	15,216

As the 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 (losses) gains for the three and six months ended June 30, 2023 and 2022, Refer to note 6 [25] for the details.

- 4) Fair value information
- a. Financial instruments not measured at fair value
- The management of the Combined Company believes that the financial assets and financial liabilities of the Combined Company classified as amortized cost is close to their fair value in the Consolidated Financial Statements.

b. Financial instruments measured at fair value

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

- a. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- b. Level 2: Other than quoted prices included within Level 1, inputs are observable for the asset or liability, either directly (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).

June 30, 2023					
		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	\$ 64,713	-	64,713	-	64,713
Non-listed Stocks	96,050	-	-	96,050	96,050
	<u>\$ 160,763</u>	<u>-</u>	<u>64,713</u>	<u>96,050</u>	<u>160,763</u>
Financial liabilities at FVTPL:					
Foreign exchange forward contracts	(\$32,735)	-	(32,735)	-	(32,735)
Foreign exchange swaps	(8,868)	-	(8,868)	-	(8,868)
	<u>(\$41,603)</u>	<u>-</u>	<u>(41,603)</u>	<u>-</u>	<u>(41,603)</u>
December 31, 2022					
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:					
Foreign exchange forward contracts	\$ 17,316	-	17,316	-	17,316
Financial assets at fair value through Other Comprehensive Income:	\$ 54,549	-	54,549	-	54,549
Stocks listed in the emerging stock market in Taiwan	96,504	-	-	96,504	96,504
Non-listed Stocks	<u>\$ 151,053</u>	<u>-</u>	<u>54,549</u>	<u>96,504</u>	<u>151,053</u>
Financial liabilities at FVTPL:					
Foreign exchange swaps	<u>(\$1,800)</u>	<u>-</u>	<u>(1,800)</u>	<u>-</u>	<u>(1,800)</u>

June 30, 2022					
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL:					
Foreign exchange forward contracts	\$ 1,230	-	1,230	-	1,230
Financial assets at fair value through Other Comprehensive Income:					
Stocks listed in the emerging stock market in Taiwan	63,941	-	63,941	-	63,941
Non-listed Stocks	11,473	-	-	11,473	11,473
	<b>75,414</b>	<b>-</b>	<b>63,941</b>	<b>11,473</b>	<b>75,414</b>
Financial liabilities at FVTPL:					
Foreign exchange forward contracts	(\$34,415)	-	(34,415)	-	(34,415)
Foreign exchange swaps	(3,575)	-	(3,575)	-	(3,575)
	<b>(\$37,990)</b>	<b>-</b>	<b>(37,990)</b>	<b>-</b>	<b>(37,990)</b>

5) The assessment methods and assumptions followed for assessing fair value

a. Non-derivative financial instruments

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

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

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

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

b. Derivative financial instruments

It is evaluated with evaluation model widely accepted by market users. Forward exchange contracts and exchange contracts are usually valued based on current forward exchange rates.

6) Fair value level and transfer

The Combined Company did not have any financial assets and liabilities transferred in the fair value hierarchy for the six months ended June 30, 2023 and 2022.

7) Level 3 sheet of changes

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



	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Beginning balances	\$ 96,305	11,473	96,504	9,187
Purchase for the period	-	-	-	2,286
Changes in other comprehensive profit and loss recognized in the current period	(255)	-	(454)	-
Ending balances	<u>\$ 96,050</u>	<u>11,473</u>	<u>96,050</u>	<u>11,473</u>

(27) Financial risk management

Both the goals and policies of the Company's financial risk management were not materially different from those disclosed in Note 6[26] of the consolidated financial statements for the year ended December 31, 2022.

(28) Capital management

The objectives, policies and procedures of the Company's capital management have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Refer to note 6 [27] for the consolidated financial statements for the year ended December 31, 2022 for the relevant information.

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

1) Only part of the received cash of investments activities:

Acquisition the subsidiaries

	Six Months Ended June 30	
	2023	2022
Acquisition cost from subsidiaries	\$ 3,161,999	-
Decton: Accounts payable for the end of the year	(316,200)	-
Cash and equivalent cash listed on the subsidiaries from acquisition date	(1,380,961)	-
Net cash inflow from mergeing the subsidiaries in the period	<u>\$ 1,464,838</u>	<u>-</u>

2) The reconciliation of liabilities from financing activities was as follows:

	January 1, 2023	Cash flows	Changes in non-cash		June 30, 2023
			Effect from subsidiaries the first time	Assessment adjustment	
Short-term borrowings	\$ 1,051,460	(401,460)	-	-	650,000
Long-term borrowings (including loans due within one year)	1,265,488	3,120,561	-	(7,482)	4,378,567
Guarantee deposit received	12,923	(2,981)	367	-	10,309
Lease liabilities (including related parties)	523,908	(53,377)	11,154	-	484,685
Total liabilities from financing activities	<u>\$ 2,856,779</u>	<u>2,662,743</u>	<u>11,521</u>	<u>(7,482)</u>	<u>5,523,561</u>

	January 1, 2022	Cash flows	Changes in non-cash		June 30, 2022
			Amendment lease	Assessment adjustment	
Short-term borrowings	\$ 586,849	(108,529)	-	-	478,320
Long-term borrowings (including loans due within one year)	1,306,694	(40,515)	-	221	1,266,400
Guarantee deposit received	25,912	(5,785)	-	-	20,127
Lease liabilities (including related parties)	152,033	(49,714)	1,170	-	103,489
Total liabilities from financing activities	<u>\$ 2,071,488</u>	<u>(204,543)</u>	<u>1,170</u>	<u>221</u>	<u>1,868,336</u>

## 7. Related-party Transactions

### (I) Name and relationship of related parties

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

(Continued on the previous page)

Name of related parties	Relationship with the Combined Company
Ace Pillar Co., Ltd.	Subsidiary of Qisda
Data Image Corp.	Subsidiary of Qisda
Aewin Technologies Co., Ltd.	Subsidiary of Qisda
AdvancedTEK International Corp.	Subsidiary of Qisda
Global intelligence Network Co., Ltd.	Subsidiary of Qisda
Simula Technology Inc.	Subsidiary of Qisda
BenQ Medical Equipment (Shanghai) Co., Ltd.	Subsidiary of Qisda
Alpha Network Inc.	Subsidiary of Qisda
Epic Cloud information Intergation Corp.	Subsidiary of Qisda
Statinc Company	Subsidiary of Qisda
Action Star Technology Co., Ltd.	Subsidiary of Qisda
Standard Technology Corp.	Subsidiary of Qisda
CONCORD MEDICAL CO., LTD	Subsidiary of Qisda
EASTECH CO., LTD	Subsidiary of Qisda
Diva Laboratories Ltd.	Subsidiary of Qisda

(2) The Company’s significant related party transactions

1) Operating income

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Other related parties:				
AU	\$ 947,468	866,505	1,780,512	1,937,936
AUS	253,780	199,658	483,141	522,417
AUX	234,650	253,025	426,683	423,002
Others	8,670	4,373	12,546	11,438
Affiliated of company - VVM	33,901	42,615	69,804	78,487
Other affiliated companies	-	240	-	480
	<b>\$ 1,478,469</b>	<b>1,366,416</b>	<b>2,772,686</b>	<b>2,973,760</b>

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

2) Purchases

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Affiliated of company-Visco Vision	<b>\$ 76,937</b>	<b>90,280</b>	<b>140,463</b>	<b>179,557</b>

The purchase prices for the transactions of related parties were not comparable to the purchase prices for the third-party customers as the specifications of products were different. The purchase prices were under the purchase arrangement and conditions.

3) Property transaction

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

Related-party categories	Account	Three Months Ended June 30		Six Months Ended June	
		2023	2022	2023	2022
Parent of company	Intangible assets	\$ -	450	-	1,749
Other related parties	Intangible assets	368	2,171	6,456	5,509
	Real estate, plant and				
Other related parties	equipment	795	3,240	795	3,240
		<u>\$ 1,163</u>	<u>5,861</u>	<u>7,341</u>	<u>10,498</u>

In January, 2022, the Combined Company sold the machinery equipment to Other related parties by \$320 thousand, derived the disposal of the loss of \$2,405 thousand, the related expenses had been received as of the end of June 30, 2022.

4) Lease

The Combined Company rent and pay for the plants and offices from AUO every month, which is referred to neighboring areas for the rental. In 2022, the Combined Company signed a new contract with AUO to rent the office from them, and recognized the same amount as right-of-use assets and lease liabilities was amounted to \$474,749 thousand. Interest expense for the three and six months ended June 30, 2023, and 2022, amounted to \$1,987 thousand, \$275 thousand, \$4,076 thousand and \$652 thousand. As of June 30, 2023, December 31, and June 30, 2022, the lease liabilities amounted to \$428,858 thousand, \$474,526 thousand, and \$47,150 thousand.

The 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 June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Other related parties	<u>\$ 352</u>	<u>357</u>	<u>705</u>	<u>709</u>

5) Dividend

(1) As of June 30, 2023, December 31 and June 30 2022, the dividends of the related parties of the receivable (are recorded under the related parties of the other receivables) for the Combined Company, the details are as follows:

	June 30, 2023	December 31, 2022	June 30, 2023
Affiliated of company	<u>\$ 51,336</u>	<u>-</u>	<u>39,335</u>

(2) As of June 30, 2023, December 31 and June 30 2022, the dividends of the related parties of the payable (are recorded under the dividends of payables) for the Combined Company, the details are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Parent of company	\$ 87,319	-	65,489
Other related parties	192,062	-	144,046
	<u>\$ 279,381</u>	<u>-</u>	<u>209,535</u>

6) Donation

As of the three and six month ended June 30, 2023 and 2022, the Combined Company donated to BenQ foundation, amounted to \$2,500 thousand, \$3,000 thousand, \$2,500 thousand and \$3,000 thousand, respectively.

7) Accounts receivable – related parties

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

<b>Account</b>	<b>Related-party categories</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Accounts receivable - related parties, net	Others related parties- AUC	\$ 804,722	495,602	618,447
	Others related parties- AUS	85,129	155,639	143,612
	Other related parties- AUX	76,626	165,969	46,523
	Other related parties- other:	9,622	4,406	5,187
	Affiliated company - VVM	30,222	31,231	36,481
	Other affiliated companies	-	299	504
	Subtotal	1,006,321	853,146	850,754
Other receivables – related parties	Other related-parties	50	10	10
	Affiliated company - Visco			
	Vision	51,336	-	39,335
	Subtotal	51,386	10	39,345
		<b>\$ 1,057,707</b>	<b>853,156</b>	<b>890,099</b>

The Company entered factoring contracts with financial institutions to sell its accounts receivable from related parties without recourse. These contracts met the condition of financial asset derecognition, details of these contracts were as follows:

<b>June 30, 2023</b>						
<b>Underwriter</b>	<b>Factored amount</b>	<b>Amount of advance available</b>	<b>Advance amount</b>	<b>Amount transferred to other accounts receivable (Note 6(5))</b>	<b>Range of interest rate</b>	<b>Other important matters</b>
Mega International Bank	\$ 241,889	-	217,700	24,189	6.41%	Promissory note 150,000
CTBC Bank	460,418	-	414,376	46,042	5.95%	None -
	<b>\$ 702,307</b>	<b>-</b>	<b>632,076</b>	<b>70,231</b>		<b>150,000</b>

<b>December 31, 2022</b>						
<b>Underwriter</b>	<b>Factored amount</b>	<b>Amount of advance available</b>	<b>Advance amount</b>	<b>Amount transferred to other accounts receivable (Note 6(5))</b>	<b>Range of interest rate</b>	<b>Other important matters</b>
Mega International Bank	\$ 512,167	-	460,950	51,217	5.44%	Promissory note 150,000
CTBC Bank	361,931	-	325,738	36,193	5.10%	None -
	<b>\$ 874,098</b>	<b>-</b>	<b>786,688</b>	<b>87,410</b>		<b>150,000</b>

<b>June 30, 2022</b>						
<b>Underwriter</b>	<b>Factored amount</b>	<b>Amount of advance available</b>	<b>Advance amount</b>	<b>Amount transferred to other accounts receivable (Note 6(5))</b>	<b>Range of interest rate</b>	<b>Other important matters</b>
Mega International Bank	\$ 330,222	-	297,200	33,022	3.18%	Promissory note 150,000
CTBC Bank	445,800	-	401,220	44,580	2.55%	None -
	<b>\$ 776,022</b>	<b>-</b>	<b>698,420</b>	<b>77,602</b>		<b>150,000</b>

#### 8) Accounts payable – related parties

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

<b>Account</b>	<b>Categories of the related parties</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Accounts payable - related parties	Affiliated companies	\$ 51,470	34,905	73,604
Other payables - related parties	Other related parties	18,083	19,987	19,575
	Parent company	5,473	100	4,341
	Affiliated companies	96	11	-
	Subtotal	23,652	20,098	23,916
		<b>\$ 75,122</b>	<b>55,003</b>	<b>97,520</b>

(3) Compensation of major managerial personnel

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Short-term employee benefits and compensation	\$ 14,521	16,626	25,590	32,800
Retirement benefits	81	81	162	162
	<b>\$ 14,602</b>	<b>16,707</b>	<b>25,752</b>	<b>32,962</b>

## 8. Pledged assets

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

<b>Asset name</b>	<b>Purpose of pledge</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
	Short-term and Long-term			
Land, buildings and structures	borrowings	\$ 1,538,298	617,584	623,593
Other financial assets - current	Customs deposits	8,133	10,464	-
Other financial assets - current - deposit certificated	Project guarantee deposit	4,608	4,608	-
Other financial assets - non-current - deposit certificated	Performance bond	9,252	-	-
		<b>\$ 1,560,291</b>	<b>632,656</b>	<b>623,593</b>

## 9. Material contingent liabilities and unrecognized contractual commitments

Significant unrecognized contract commitments:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Unused letters of credit issued	\$ 1,269,128	1,552,960	1,453,649
Signed and unpaid major engineering and equipment payments	1,963,782	2,181,554	1,100,813

## 10. Significant Loss from disaster: None

## 11. Significant subsequent events: None

## 12. Others

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

Function Nature	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses:						
Salaries expenses	404,375	244,087	648,462	400,143	234,457	634,600
Labor insurance and national health insurance	32,266	16,710	48,976	29,482	14,641	44,123
Pension expenses	15,928	10,770	26,698	14,251	9,575	23,826
Other employee benefits expenxes	20,108	8,618	28,726	21,863	8,776	30,639
Depreciation	185,736	36,976	222,712	121,409	28,044	149,453
Amortization	5,378	8,703	14,081	4,286	10,838	15,124

Function Nature	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses:						
Salaries expenses	766,421	454,353	1,220,774	790,762	445,279	1,236,041
Labor insurance and national health insurance	66,708	35,455	102,163	62,036	31,481	93,517
Pension expenses	31,545	21,459	53,004	27,948	18,557	46,505
Other employee benefits expenxes	41,199	17,299	58,498	41,966	16,405	58,371
Depreciation	372,097	72,786	444,883	245,404	52,948	298,352
Amortization	7,664	16,618	24,282	8,688	21,285	29,973

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

### 13. Additional disclosures

#### (1) Information on significant transactions:

For the six months ended June 30, 2022, the Company should disclose relevant information on significant transactions in accordance with preparation of financial reports:

#### 1) Financing provided to other parties:

(Unit: NT\$ thousand)

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 2)	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			
BMS (Note 1)	BenQ Materials (Wuhu) Corp.	Other receivables-related parties	Yes	1,180,045 (RMB 265,000)	1,136,771 (RMB 265,000)	884,965 (RMB 206,300)	1.30%	2	-	Operating turnover	-	-	-	1,857,561	1,857,561	(Note 1)
BMS (Note 1)	BenQ Materials Medical (Suzhou) Co., Ltd.	Other receivables-related parties	Yes	444,170 (RMB 10,000)	428,970 (RMB 10,000)	288,697 (RMB 67,300)	1.30%	2	-	Operating turnover	-	-	-	1,857,561	1,857,561	(Note 1)
Web-Pro	Web-Pro (Vietnam Co., Ltd)	Other receivables-related parties	Yes	860,000	860,000	456,536	1.00%	2	-	Operating turnover	-	-	-	610,089	1,220,179	(Note 2)
DTB	BenQ Materials Medical (Suzhou) Co., Ltd.	Other receivables-related parties	Yes	22,209 (RMB 5,000)	21,449 (RMB 5,000)	18,017 (RMB 4,200)	1.30%	2	-	Operating turnover	-	-	-	31,895	31,895	(Note 3)

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

(Note 2): The maximum amount of Web-Pro capital loan is limited to 40% of the net value of the latest financial statement certified by an accountant. The individual loan amount shall not exceed 20% of the net value of the latest financial statement certified by an accountant.

(Note 3): The total amount of funds loaned by DTB to subsidiaries that are 100% owned by the ultimate parent company and the limit of funds loaned to individual objects are the net value of DTB's most recent financial statements certified by accountants.

(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.

#### 2) Endorsements and guarantees provided for others: None.

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

Name of company held	Type and name of marketable securities	Relationship with the securities issuer	Listed accounts	Ending Balance				Note
				Shares	Book amount	Ownership (%)	Fair Value	
BenQ	Shares of Biodenta Corporation	-	Financial assets at fair value through the profit and loss	225	(Note)	2.50%	-	-
BenQ	Shares of Lagis Corporation	-	Financial assets at fair value through other comprehensive income	1,680	64,713	5.25%	64,713	-
BenQ	Shares of Summed Corporation	-	Financial assets at fair value through other comprehensive income	300	1,972	2.73%	1,972	-
BenQ	Shares of Cuumed Catheter Medical Co., Ltd	-	Financial assets at fair value through other comprehensive income	3,429	94,078	8.76%	94,078	-

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

#### 4) Acquisition or sale of the same security with the accumulated cost reaching NT\$300 million or more than 20% of the paid-in capital or more: None.



Acquisition and sale from company	Type and name of marketable securities	Listed accounts	Transactor	Relationship	The beginning of the period		Acquisition		Sale				The end of the period (note)	
					Share	Amount	Share	Amount	Share	Selling price	Cost on carrying amount	Profit and loss on disposal	Share	Amount
The company	Wep-Pro	Investment under the equity method	Original shareholder for Web-Pro	None	-	-	35,700	3,161,999	-	-	-	-	35,700	2,862,823

- 5) Acquisition of the real estate reaching NT\$300 million or more than 20% of paid-in capital or more: None.
- 6) Disposal of the real estate reaching NT\$300 million or more than 20% of paid-in capital or more: None.
- 7) 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.

Purchaser (seller)	Counter party	Relationship with the counter party	Transaction detail				Differences in transaction terms compared to third-party transactions		Notes/accounts receivable (payable)		Commentary
			Purchases (sales)	Amount	Ratio to total purchase (sell)	Credit period	Unit price	Credit period	Balance	Ratio to total notes or accounts receivable (payable)	
BenQ	AUO	Other related parties	Sales	1,780,512	25%	OA90	(Note 1)	(Note 3)	804,722	26%	-
BenQ	AUS	Other related parties	Sales	483,141	7%	OA90	"	"	85,129	3%	-
BenQ	AUX	Other related parties	Sales	426,683	6%	OA90	"	"	76,626	2%	-
BenQ	BMM	Parent company and subsidiary	Sales	172,062	2%	OA180	"	"	95,084	3%	(Note 4)
BenQ	Sigma-Medical	Parent company and subsidiary	Sales	129,210	2%	OA180	"	"	15,196	0%	(Note 4)
BenQ	BMS	Parent company and subsidiary	Purchases	(483,672)	10%	OA180	(Note 2)	"	(252,111)	8%	(Note 4)
BenQ	Visco Vision	Joint venture	Purchases	(140,463)	3%	OA60	"	"	(51,470)	2%	-

(Note 1): The sales prices for the transactions of related parties were not comparable to the sales prices for third-party customers as the specifications of products were different. For the other transactions, there were no significant differences between the sales prices for related parties and those for third-party customers.

(Note 2): The purchase prices for the transactions of related parties were not comparable to the purchase prices for third-party customers as the specifications of products were different. For the other transactions, there were no significant differences between the purchase prices for related parties and those for third-party customers.

(Note 3): These transactions were no significant differences between related parties and those for third-party customers.

(Note 4): The transactions have been eliminated when preparing the consolidated financial statements.

(Note 5): Due to the amounts of transactions of purchases and sales between the Company and related parties is insignificant, combined disclosure is adopted.

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

Company name	Counter party	Relationship with the counter party	Balance dues from related parties	Turnover rate (note 1)	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
BenQ	AUO	Other related parties	804,722	3.47	-	-	-	-
BMS (Note 2)	BenQ	Parent company and subsidiary	252,111	1.96	-	-	41,649	-

(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.

9) Trading in derivative instruments: The transactions information of trading in derivative instruments by the Company, please refer to Note 6 [2] for the consolidated financial statements for the details.

10) Business relationships and significant intercompany transactions among parent and subsidiaries:

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Transaction (Note 3)			
				Account	Amount	Transaction term	Percentage of consolidated total operating revenues or total assets (Note 4)
1	BMS	BenQ	2	Accounts receivable	252,111	OAI80	1.25%
1	BMS	BenQ	2	Processing income	483,672	OAI80	5.56%
2	BenQ	BMM	1	Sales	172,062	OAI80	1.98%
3	BenQ	Sigma-Medical	1	Sales	129,210	OAI80	1.48%

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

(1) Number 0 represents the parent.

(2) Subsidiaries are numbered in order from number 1.

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

(1) The parent to the subsidiary.

(2) The subsidiary to the parent.

(3) The subsidiary to another subsidiary.

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

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

(Note 5): The transactions have been eliminated when preparing the consolidated financial statements.

(2) Information on investees:

The information of investee companies for the six months ended June 30, 2023 (excluding investees in China):

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of June 30, 2022			Net profit (loss) of the investee for the current	Investment income (loss) recognized	Comentary
				Balance as of June 30, 2023	Balance as of Dec. 31 2022	Number of shares	Ownership( %)	Carrying amount			
BenQ	BMLB	Malaysia	Investment holding	499,790	1,141,340	14,082	100.00%	1,666,614	(7,052)	(7,052)	(Note 1)
BenQ	Sigma-Medical	Taiwan	Manufacture and sales of medical equipment	231,727	231,727	2,000	100.00%	74,035	22,715	22,755	(Note 1)
BenQ	Visco Vision	Taiwan	Manufacture and sales of contact lenses R&D, manufacture and sales of medical equipment	168,771	168,771	9,334	14.82%	422,870	95,938	17,428	
BenQ	Cenefom	Taiwan	R&D, manufacture and sales of medical equipment	272,968	272,968	11,646	50.98%	222,592	(3,639)	(3,302)	(Note 1)
BenQ	Genejet	Taiwan	R&D, manufacture and sales of medical equipment	43,316	43,316	3,767	70.00%	42,775	1,036	(36)	(Note 1)
BenQ	Web-Pro	Taiwan	production R&D, and sales of medical equipment	3,161,999	-	35,700	51.00%	2,862,823	122,923	55,485	(Note 1)
BenQ	Bution	Taiwan	Sales of medical equipment	6,000	6,000	217	20.00%	4,224	(644)	(135)	
BenQ	Coatmed	Taiwan	Investment holding	5,980	5,980	598	9.98%	4,587	(3,602)	(387)	
Web-Pro	WPSG	Singapore	Manufacture and sales of hygienic medical production	450,714	-	15,500	100.00%	362,595	(31,117)	-	(Note 1)
WPSG	WPVN	Vientam		460,950	-	-	100.00%	346,717	(29,551)	-	(Note 1)

(Note 1): The transactions have been eliminated when preparing the consolidated financial statements

### (3) Information on investments in China:

#### 1) 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, 2023	Amount remitted from Taiwan or amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan as of June 30, 2023	Net income of investee for the current period	Ownership held by BenQ (direct or indirect)	Investment income (loss) recognized for the current period	Carrying amount of investments as of June 30, 2023	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	248,800 (USD 8,000)	(3)	901,900 (USD 29,000)	-	641,550 (USD 21,000)	248,800 (USD 8,000)	33,190	100.00%	33,190 (Note 2)	1,857,561 (Note 4)	-
Daxon Biomedical (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	47,187 (RMB 11,000)	(2)	-	-	-	-	6,215	100.00%	6,215 (Note 2)	31,895 (Note 4)	-
BenQ Materials (Wuhu) Corp. (BMW)	Manufacture and sales of film sheet and cosmetic-related products	343,176 (RMB 80,000)	(3)	171,588 (RMB 40,000)	-	-	171,588 (RMB 40,000) (Note 3)	(20,214)	100.00%	(19,357) (Note 2)	(200,040) (Note 4)	-
BenQ Materials Medical (Suzhou) Co., Ltd. (BMM)	Manufacture and sales of medical equipment	64,346 (RMB 15,000)	(2)	-	-	-	-	(27,861)	100.00%	(27,861) (Note 2)	17,727 (Note 4)	-
Suzhou Sigma Medical Supply Co., Ltd. (Suzhou Sigma)	Sales of medical equipment	22,454 (USD 722)	(1)	22,454 (USD 722)	-	-	22,454 (USD 722)	1	100.00%	1 (Note 2)	1,065 (Note 4)	-

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

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

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

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

(Note 4): The transactions have been eliminated when preparing the consolidated financial statements.

## 2) Limits on investments in Mainland China:

(Unit: NT\$ thousand)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment by Investment Commission, MOEA
BenQ Sigma-Medical	420,388 (USD 8,000 and RMB 40,000) 22,454 (USD 722)	531,706 (USD 8,000 and RMB 65,950) 22,454 (USD 722)	(Note) 80,000

It is converted according to the exchange rate of USD to NTD of 31.10 and RMB to NTD of 4.2897 at the end of the period.

## 3) Significant transactions with investee companies in China:

The direct or indirect transactions in China have been eliminated when preparing the consolidated financial statements for the six months ended June 30, 2023, please refer to "Information on significant transactions" for the details.

(4) Major shareholders information

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

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

#### 14. Segment information

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

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

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

Three Months Ended June 30, 2023				
	Film sheet segment	Medical segment	Adjustments and Eliminations	Total
External revenue	\$ 3,403,457	1,231,589	-	4,635,046
Intra-segment revenue	-	-	-	-
Total revenue	<b>\$ 3,403,457</b>	<b>1,231,589</b>	<b>-</b>	<b>4,635,046</b>
Net profit after tax	<b>\$ 44,054</b>	<b>137,034</b>	<b>-</b>	<b>\$ 181,088</b>
Three Months Ended June 30, 2022				
	Film sheet segment	Medical segment	Adjustments and Eliminations	Total
External revenue	\$ 3,595,165	516,515	-	4,111,680
Intra-segment revenue	-	-	-	-
Total revenue	<b>\$ 3,595,165</b>	<b>516,515</b>	<b>-</b>	<b>4,111,680</b>
Net profit (loss) after tax	<b>\$ 214,036</b>	<b>45,480</b>	<b>-</b>	<b>259,516</b>
Six Months Ended June 30, 2023				
	Film sheet segment	Medical segment	Adjustments and Eliminations	Total
External revenue	\$ 6,440,476	2,261,514	-	8,701,990
Intra-segment revenue	-	-	-	-
Total revenue	<b>\$ 6,440,476</b>	<b>2,261,514</b>	<b>-</b>	<b>8,701,990</b>
Net profit after tax	<b>\$ 40,564</b>	<b>203,237</b>	<b>-</b>	<b>243,801</b>
Six Months Ended June 30, 2022				
	Film sheet segment	Medical segment	Adjustments and Eliminations	Total
External revenue	\$ 7,322,542	953,198	-	8,275,740
Intra-segment revenue	-	-	-	-
Total revenue	<b>\$ 7,322,542</b>	<b>953,198</b>	<b>-</b>	<b>8,275,740</b>
Net profit after tax	<b>\$ 378,334</b>	<b>171,565</b>	<b>-</b>	<b>549,899</b>

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